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Eugene "Gene" Moore Fee: \$82.00

Cook County Recorder of Deeds

Date: 05/19/2003 10:30 AM Pa: 1 of 30

APRIL 10, 2003

Prepared by and after
Recording Return to:

MARY HOWARD
DEVON BANK
6445 NORTH WESTERN AVENUE
CHICAGO, ILLINOIS 60645-5494

LEASEHOLD MORTGAGE AND SECURITY AGREEMENT

THIS LEASEHOLD MORTGAGE AND SECURITY AGREEMENT ("Leasehold Mortgage") is dated for reference purposes only as of April 10, 2003, by Sargon G. Michael and Suham Michael, his wife ("Mortgagor"), having an address at 6338 N. Kedzie Unit W2, Chicago, Illinois 60659, to DEVON BANK of Chicago, an Illinois Banking Corporation ("Lender"), having an address at 6445 N. Western Avenue, Chicago, Illinois 60645-5494.

WITNESSETH:

A. KEDVON CORPORATION, an Illinois Corporation (KEDVON), Sublessor, and LaSalle National Bank, as Trustee under the provisions of a Trust Agreement dated the 15th day of September, 1958, identified as Trust No. 21866, Sublessee.

B. Owner and Mortgagor have entered into that certain Lease, dated as of October 1, 1958, ("Lease"), as heretofore or hereafter amended from time to time pursuant to which Mortgagor has leased the Premises. A Memorandum of the Lease was recorded with the Recorder of Cook County, Illinois as Document No. 17283873.

C. Lender has committed to make a loan to Mortgagor Sargon Michael, and his wife, Suham Michael, in the amount of \$100,000.00 (the "Loan").

D. Lender has required and Mortgagor has agreed to grant a security interest in all of its right, title and interest in the Premises to secure repayment of the Loan.

NOW THEREFORE, Mortgagor and Lender do hereby agree as follows:

In addition to those terms defined in other provisions of this Leasehold Mortgage, the following terms shall have the following meanings:

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“Land” shall mean the Land located in the State of Illinois and legally described in Exhibit “A” attached hereto and made a part hereof (the “Land”);

“Improvements” shall mean all improvements of every nature whatsoever now or hereafter situated on the Land, and all fixtures and personal property of every nature whatsoever now or hereafter located on, or used or intended to be used in connection with, the Land or the improvements, or in connection with any construction thereon, including all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing and all of the right, title and interest in and to any such personal property or fixtures, together with the benefit of any deposits or payments now or hereafter made on such personal property or fixtures;

“Easements” shall mean all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way now or hereafter belonging, relating or appertaining to the Land, and the reversions, remainders, issues and profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity;

“Fixtures” shall mean all fixtures and articles of personal property forming a part of or used in connection with the Land or the Improvements;

“Permitted Exceptions” those exceptions set forth on Exhibit B, attached hereto; and

“Premises” shall mean the Land, the Improvements, the Fixtures and the Easements.

“Loan Documents”: the Note, this Leasehold Mortgage, and each and every other agreement, document and instrument delivered by Owner, Mortgagor or any other person to evidence or secure the Loan, and all modifications, amendments, supplements, replacements, and restatements thereto or thereof, whether or not contemplated hereby.

“Notes”: Mortgagor has executed and delivered to Lender a Note in the original principal amount of \$100,000.00 dated even date hereof and all extensions on the renewal hereof (“Note”). The Note is attached hereto is Exhibit C and incorporated herein by reference as is fully set forth herein. The Note is payable to the order of Lender at 6445 N. Western Avenue, Chicago, Illinois 60645 and due payable in full, on demand, and if demand is not sooner made on or before May 1, 2017, subject to acceleration as provided for in the Note, this Leasehold Mortgage. All principal on the Note are payable in lawful money of the United States of America at the office of Lender in Chicago, Illinois or at such place as the Holder hereof may, from time to time, appoint in writing.

“Secured Obligations”: the indebtedness evidenced by the Note and/or the Loan, together with all obligations, liabilities, covenants and agreements of Owner and/or Mortgagor arising under or relating to any other Loan Document, whether now existing or hereafter arising, absolute or contingent, whether contemplated herein, any other Loan Document or any amendment, modification, supplement, replacement or restatement thereto or thereof.

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In consideration of Lender's agreement to make the Loan and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to secure the indefeasible payment and performance of all Secured Obligations, Mortgagor DOES HEREBY MORTGAGE, GRANT, HYPOTHECATE, REMISE, RELEASE, ALIENATE AND CONVEY WITH MORTGAGE COVENANTS unto Lender, its successors and assigns forever, the following described property, rights and interests, all of which property, rights and interests are hereby pledged primarily and on a parity with Mortgagor's interest in the Premises and not secondarily, all of the following (collectively, the "Collateral"):

All of Mortgagor's leasehold estate, right, title and interest in the Premises and all personal property arising under the Lease (the "Leasehold Estate");

All of Mortgagor's rights and remedies under the terms of the Lease;

All of Mortgagor's right, title and interest in the Premises and all personal property of Mortgagor;

All of Mortgagor's right to purchase or acquire the Premises pursuant to the Lease or any other agreement between Mortgagor and Owner ("Option Rights");

All of rights of Mortgagor in any goodwill, trademarks, trade names, option rights, purchase contracts, books and records and general intangibles of Mortgagor relating to the Premises, the Improvements, the Lease and all accounts, contract rights, instruments, chattel paper and other rights of Mortgagor for payment of money, for Premises sold or lent, for services rendered, for money lent, or for advances or deposits made, and any other intangible property of Mortgagor related to the Land, the Improvements, the Lease, and all accounts and monies held in possession of Lender for the benefit of Mortgagor (all of the foregoing is herein referred to collectively as the "Intangibles");

All rights of Mortgagor to rents, issues, profits, royalties, avails, income and other benefits derived or owned by Mortgagor directly or indirectly from the Land, the Improvements, the Subleases (defined below), and all proceeds of sale or other disposition of the Collateral or any portion thereof (all of the foregoing is herein collectively called the "Rents");

All rights of Mortgagor as lessor under all subleases, leases, licenses, occupancy agreements, concessions or other arrangements, including but not limited to any Residency Agreements or Ancillary Agreements (each as defined in the Lease, which definition is incorporated herein by reference), whether written or oral, whether now existing or entered into at any time hereafter, whereby any person agrees to pay money or any consideration for the use, possession or occupancy of, or any estate in, the Land, the Improvements or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof (all of the foregoing is herein referred to collectively as the "Subleases");

All rights and interests of Mortgagor in and to any and all service and other agreements relating to the operation, maintenance, and repair of the Premises or the buildings and improvements thereon ("Service Agreements");

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All rights and interests of Mortgagor in and to any plans, specifications, architectural renderings, drawings, licenses, permits, soil test reports, other reports of examinations or analyses, contracts for services to be rendered to Mortgagor, or otherwise in connection with the Premises and all other property, contracts, reports, proposals, and other materials now or hereafter existing in any way relating to the Premises or the Collateral or construction of additional improvements thereto (the "Plans");

All rights and interests of Mortgagor in and to unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor and all proceeds of the conversion, voluntary or involuntary, of the Collateral or any part hereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and compensation hereafter made to the present and all subsequent owners of the Collateral by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Collateral or any easement therein, including awards for any change of grade of streets;

All rights and interests of Mortgagor in and to judgments, awards of damages and settlements which may result from any damage to the Premises or any part thereof or to any rights appurtenant thereto; all rights of Mortgagor to compensation, awards, damages, claims, rights of action and proceeds of, or on account of (i) any damage or taking, pursuant to the power of eminent domain, of the Premises or the Leasehold Estate or any part thereof, (ii) any damage to the Premises or the Leasehold Estate by reason of the taking, pursuant to the power of eminent domain, of other property or of a portion of the Premises, or (iii) the alternation of the grade of any street or highway on or about the Premises or any part thereof; all rights of Mortgagor in and to any proceeds of any sales or other dispositions of the Premises or any part thereof (collectively "Awards");

All rights and interests of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Premises, hereafter acquired by, or released to, Mortgagor or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Leasehold Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein; and

All rights of Mortgagor in and to any proceeds of the foregoing, including, without limitation, all judgments, awards, damages and settlements hereafter made resulting from condemnation or the taking of the Premises or any portion thereof under the power of eminent domain, any proceeds of any policies of insurance maintained with respect to the Premises or proceeds of any sale, option or contract to sell the Premises or any portion thereof, together with the right, title and interest of Mortgagor whatsoever to receive the foregoing;

TO HAVE AND TO HOLD the Mortgagor's interest in and to the Premises, the Leasehold Estate and the other Collateral unto Lender, its successors and assigns, subject only to the Permitted Exceptions, forever, for the purposes and upon the uses herein set forth together

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with all right to possession of the Premises after the occurrence of and during the continuance of any Event of Default (as hereinafter defined all whether now owned or hereafter acquired or arising, securing the indefeasible payment and performance of the Secured Obligations); Mortgagor hereby **RELEASING AND WAIVING** all rights under and by virtue of the homestead exemption laws of the State of Illinois.

All, whether now owned or hereafter acquired or arising, and if at anytime Mortgagor shall be deemed to be or shall hereafter become the fee title holder of the Premises, then notwithstanding anything to the contrary contained or implied herein (including without limitation the denomination of this instrument as a "Leasehold Mortgage"), Mortgagor by this instrument shall have granted a mortgage upon and a security interest in such fee title interest and this instrument shall be deemed to create a mortgage, security interest in and lien upon such fee title. As to any part of the Collateral which does not form a part and parcel of the Leasehold Estate or a fee title interest in the Premises, this Leasehold Mortgage is hereby deemed to be, as well, a security agreement under the Uniform Commercial Code as enacted in Illinois for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to Lender as Secured Party (as said term is defined in the Uniform Commercial Code), securing the indefeasible payment and performance of all Secured Obligations.

If the Secured Obligations shall have been indefeasibly paid in full and all of the provisions herein, and in the other Loan Documents shall have been timely and fully observed and performed and provided no Event of Default shall have occurred and be continuing hereunder or thereunder, then the lien of this Leasehold Mortgage and the interest of Lender in the Premises shall be released at the cost of Mortgagor but shall otherwise remain in full force.

THIS MORTGAGE SECURES FUTURE ADVANCES.

The Note evidences a "Revolving Credit" as defined in Illinois Compiled Statutes 735 ILCS 5/15-1302(b)(2) this mortgage secures payment of any existing obligations and future advances made pursuant to the Note to the same extent as if the advances were made on the date of execution of this mortgage without regard to whether or not there is any advance made and this mortgage is executed without regarding to whether or not there is any indebtedness outstanding at any time any advance is made.

MORTGAGOR FURTHER COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations and Performance of Covenants. Mortgagor shall pay all liabilities under the Note and punctually perform and observe all of the requirements of the Note, this Leasehold Mortgage and the other Loan Documents to which it is a party.
2. Maintenance, Repair, Compliance with Law, Use, etc. Mortgagor shall (a) promptly repair or restore any portion of the Improvements which may become damaged, whether or not proceeds of insurance are available or sufficient for that purpose; (b) maintain the Premises and keep the Premises in reasonable condition and free from waste; (c) pay all operating costs of the Premises; (d) comply with all requirements of law relating to the Premises or any part thereof by any governmental authority; (e) refrain from any action and correct any condition which would increase the risk of fire or other hazard to the Improvements; (f) comply

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with any restrictions of record with respect to the Premises and the use thereof; and observe and comply with any conditions necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the Premises and are necessary for its use and occupancy; (g) cause the Premises to be operated and/or managed in a competent and professional manner; and (h) for the benefit of Lender, comply with each and every covenant in the Lease relating to the maintenance, operation, use and insuring of the Premises. Without the prior written consent of Lender, Mortgagor shall not cause, suffer or permit any (i) change in the intended use or occupancy of the Premises for which the Improvements were constructed and have historically been used; (ii) change in the identity of the firm responsible for managing the Premises; (iii) zoning reclassification with respect to the Premises; or (iv) unlawful use of, or nuisance to exist upon, the Premises.

3. Liens

3.1. Prohibition. Mortgagor shall not create or suffer or permit any encumbrance or lien to attach to or be filed against the Premises, the Leasehold Estate, any other Collateral or any part thereof, other than the Permitted Exceptions.

3.2. Contest of Mechanic's Liens Claims. Notwithstanding the foregoing prohibition against encumbrances, Mortgagor may in good faith and with reasonable diligence contest the validity or amount of any mechanic's lien and defer payment and discharge thereof during the pendency of such contest.

4. Taxes. Mortgagor shall pay all Impositions as provided in the Lease.

5. Insurance Coverage. Mortgagor shall maintain in full force and effect all insurance policies required to be maintained pursuant to the Lease, which provisions are incorporated into this Leasehold Mortgage as if fully set forth herein. Pursuant to the terms of this Leasehold Mortgage, Mortgagor has granted to Lender a security interest in all of Mortgagor's rights to proceeds of any and all insurance maintained by Mortgagor. Mortgagor hereby agrees that any and all claims shall be settled and adjusted in accordance with the provisions of Article 6 of the Lease and all insurance proceeds shall be disbursed or applied as provided in Article 7 of the Lease.

6. Security Agreement. Mortgagor and Lender agree that this Leasehold Mortgage shall constitute a security agreement within the meaning of the Illinois Uniform Commercial Code (the "Code") with respect to (i) all sums at any time on deposit for the benefit of Lender or held by Lender (whether deposited by or on behalf of Mortgagor or any other person on behalf of Mortgagor, Owner or any other Loan Party) pursuant to any of the provisions of this Leasehold Mortgage or the other Loan Documents and (ii) with respect to any personal property included in the granting clauses of this Leasehold Mortgage, which personal property may not be deemed to be affixed to the Premises or may not constitute a "fixture" (within the meaning of Section 9-313 of the Code) (which property, together with all replacements thereof, substitutions therefor, additions thereto and the proceeds thereof (all of said personal property and the replacements thereof, substitutions therefor, additions thereto and the proceeds thereof being sometimes hereafter collectively referred to as the "Personal Property Collateral"), and that a security

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interest in and to the Personal Property Collateral is hereby granted to Lender, and the Personal Property Collateral and all of Mortgagor's right, title and interest therein are hereby assigned to Lender, subject to the Permitted Exceptions, all to secure payment of the Secured Obligations. All of the provisions contained in this Leasehold Mortgage pertain and apply to the Personal Property Collateral as fully and to the same extent as to any other property comprising the Premises; and the following provisions of this Section shall not limit the applicability of any other provision of this Leasehold Mortgage but shall be in addition thereto.

6.1. Mortgagor (being the Debtor as that term used in the Code) is and will be the true and lawful owner of the Personal Property Collateral, subject to no liens, charges or encumbrances other than the Permitted Exceptions.

6.2. The Personal Property Collateral is to be used by Mortgagor solely and for business purposes.

6.3. The Personal Property Collateral will be kept at the Land and, except for Obsolete Collateral (as hereinafter defined), will not be removed therefrom without the consent of Lender (being the Secured Party as that term is used in the Code). The Personal Property Collateral may be affixed to the Land but will not be affixed to any other real estate.

6.4. The only persons having any interest in the Personal Property Collateral are Mortgagor, Owner, Lender and holders of the Permitted Exceptions.

6.5. No Financing Statement (other than Financing Statements showing Lender as the sole secured party, or with respect to liens or encumbrances, if any, expressly permitted hereby) covering any of the Personal Property Collateral or any proceeds thereof is on file in any public office except pursuant hereto; and Mortgagor will at its own cost and expense, upon demand, furnish to Lender such further information and will execute and deliver to Lender such financing statements and other documents in form satisfactory to Lender and will do all such acts as Lender may at any time or from time to time request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Personal Property Collateral as security for the Secured Obligations, subject to no other liens or encumbrances other than the Permitted Exceptions; and Mortgagor will pay the cost of filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by Lender to be desirable.

6.6. Upon the occurrence of an Event of Default hereunder and during the continuation thereof, Lender shall have the remedies of a secured party under the Code, and Lender shall be entitled to hold, maintain, preserve and prepare the Personal Property Collateral for sale, until disposed of, or may propose to retain the Personal Property Collateral subject to Mortgagor's right of redemption in satisfaction of Mortgagor's obligations, as provided in the Code. Lender will give Mortgagor at least twenty (20) days notice of the time and place of any public sale of the Personal Property Collateral or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified United States mail or equivalent, postage prepaid, to the address of Mortgagor set forth herein at least twenty (20) days before the time of the sale or disposition. Lender may buy at any public sale. Lender may buy at private sale if the Personal

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Property Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations. Any such sale may be held in conjunction with any foreclosure sale of the Premises. If Lender so elects, the Premises and the Personal Property Collateral may be sold as one lot. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling and the reasonable attorney's fees and legal expenses incurred by Lender, shall be applied against the Secured Obligations then due and owing, by acceleration or otherwise, in such order or manner as Lender shall select. Lender will account to Mortgagor for any surplus on such disposition.

6.7. The terms and provisions contained in this Section 6 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code.

6.8. This Leasehold Mortgage is intended to be a financing statement within the purview of Section 9-402(6) of the Code with respect to the Personal Property Collateral and the goods described herein, which goods are or may become Fixtures relating to the Premises. The addresses of Mortgagor (Debtor) and Lender (Secured Party) are hereinabove set forth. This Leasehold Mortgage is to be filed for record with the Recorder of Deeds of the county or counties where the Premises are located.

7. Restrictions on Transfer.

7.1. Mortgagor shall not, without the prior written consent of Lender, effect, suffer or permit any Prohibited Transfer (as defined herein). Any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing) of any of the following properties or interests shall constitute a "Prohibited Transfer":

The Premises, the Leasehold Estate, the Personal Property Collateral or any part thereof or interest therein, excepting only sales or other dispositions of Personal Property Collateral (herein called "Obsolete Collateral") no longer useful in connection with the operation of the Premises; provided that if the Obsolete Collateral is necessary for the operation of the Premises, prior to the sale or other disposition thereof, such Obsolete Collateral has been replaced by Personal Property Collateral of at least equal value and utility which is subject to the lien hereof with the same priority as with respect to the Obsolete Collateral, unless Mortgagor shall substitute additional property or collateral acceptable to Lender, in Lender's reasonable discretion;

in each case whether any such conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation is effected directly, indirectly (including pursuant to a nominee agreement), voluntarily or involuntarily, by operation of law or otherwise; provided that the foregoing provisions of this Section 7.1 shall not apply (i) to liens securing the Secured Obligations, or (ii) to the lien of current taxes and assessments not in default, or (iii) the Permitted Exceptions.

7.2. Notwithstanding anything contained in this Leasehold Mortgage or any other Loan Document, provided no Event of Default has occurred or is continuing under this

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Leasehold Mortgage or any other Loan Document, as applicable, Mortgagor may effect or cause to be effected a transfer of the Premises or the Personal Property Collateral from Owner to Mortgagor and terminate the Lease in accordance with the terms of the Lease on the condition that: (i) Mortgagor shall provide Lender with not less than ten (10) Business Days notice of its intent to acquire fee title in the Premises and (ii) Mortgagor shall execute any and all documents reasonably required by Lender to evidence Mortgagor's assumption of the obligations and liabilities of Owner, as debtor, under the Fee Mortgage, and the other Loan Documents.

8. Events of Default.

8.1. If one or more of the following events (any one of which is herein called an "Event of Default" and two or more of which are herein collectively called "Events of Default") shall occur:

- (a) the occurrence of a Prohibited Transfer;
- (b) a default under the Lease which is not cured within the time provided therein;
- (c) Mortgagor shall fail to maintain insurance as required pursuant to Section 5 of this Leasehold Mortgage;
- (d) except as expressly provided in any other provision of this Section 8.1 or any other provision of this Leasehold Mortgage or any other Loan Document, failure by Mortgagor to promptly perform any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Mortgagor under this Leasehold Mortgage within thirty (30) days after written notice thereof; provided that: (i) if such default, in the reasonable discretion of Lender, creates a hazardous condition or materially, adversely and imminently affects the value of the Premises, such default shall be cured immediately; and (ii) subject to the provisions of subsection (i) above, to the extent that such default is of such a character which reasonably requires additional time to cure the default, if Mortgagor has commenced to cure the same within said thirty (30) day period and is diligently and continuously pursuing such cure, which default shall in all circumstances be cured within ninety (90) days after delivery of the above required written notice.
- (e) the occurrence of an Event of Default under any of the other Loan Documents, or any agreement, or instrument or document heretofore, or at any time hereafter, delivered by mortgagor to lender after the expiration of all applicable cure periods contained therein, if any.

8.2. Acceleration. Upon the occurrence of an Event of Default Lender may, at its option and without affecting the lien hereby created or the priority of said lien or any other right of Lender hereunder, declare, without further notice, all Secured Obligations immediately due with interest thereon at the Default Rate (as defined in the Note), whether or not such Event of Default be thereafter remedied by Mortgagor, and Lender may immediately proceed to

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foreclose this Leasehold Mortgage and to exercise any right and/or remedy provided by this Leasehold Mortgage, the Note or any of the other Loan Documents.

9. Foreclosure. When the Secured Obligations shall become due, whether by acceleration or otherwise, Lender shall have the right to foreclose the lien hereof in accordance with the laws of Illinois and to exercise any other remedies of Lender provided in this Leasehold Mortgage or any of the other Loan Documents or which Lender may have at law, at equity or otherwise. In any suit to foreclose the lien hereof, there shall be allowed and included as additional Secured Obligations in the decree of sale, all expenditures and expenses which may be paid or incurred by or on behalf of Lender for attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Lender may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree the true conditions of the title to or the value of the Premises, and any other expenses and expenditures which may be paid or incurred by or on behalf of Lender and permitted by the laws of Illinois to be included in such decree. All expenditures and expenses of the nature mentioned in this Section, and such other expenses and fees as may be incurred in the protection of the Premises and rents and income therefrom and the maintenance of the lien of this Leasehold Mortgage, including the fees of any attorney employed by Lender in any litigation or proceedings affecting this Leasehold Mortgage or the Premises, including probate and bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suite or proceeding, or otherwise in dealing specifically therewith, shall be so much additional Secured Obligations and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate until paid.

10. Right of Possession. When the Secured Obligations shall become due, whether by acceleration or otherwise, or if Lender has a right to institute foreclosure proceedings, Mortgagor shall, forthwith upon demand of Lender, surrender to Lender, and Lender shall be entitled to be placed in possession of, the Premises and the other Collateral as provided in the statutes relating to the foreclosure of mortgages, and Lender, in its discretion and pursuant to court order, may enter upon and take and maintain possession of all or any part of the Premises and the other Collateral, together with all documents, books, records, papers and accounts of Mortgagor or the then owner of the Premises and the other Collateral relating thereto, and may exclude Mortgagor, such owner, and any agents and servants thereof wholly therefrom and may, on behalf of Mortgagor or such owner, or in its own name as Lender and under the powers herein granted:

10.1. hold, operate, manage and control all or any part of the Premises and conduct the business, if any, thereof, either personally or by its agents;

10.2. make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements in connection with the Premises as may seem judicious to Lender, to insure and reinsure the Premises and all risks incidental to Lender's possession, operation and management thereof, and to receive all rents, issues, deposits, profits and avails therefrom; and

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10.3. apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Premises, to the payment of Taxes, Premiums and other charges applicable to the Premises, or in reduction of the Secured Obligations in such order and manner as Lender shall select.

Without limiting the generality of the foregoing, Lender shall have all power, authority and duties as provided in the statutes relating to the foreclosure of mortgages. Nothing herein contained shall, be construed as constituting Lender a mortgagee in possession in the absence of the actual taking of possession of the Premises.

11. Receiver. Upon the institution of a foreclosure proceeding or at such later time as required by law, if any, or at any time thereafter, the court in which such proceeding is instituted may appoint upon petition of Lender, and at Lender's sole option, a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to solvency or insolvency of Mortgagor at the time of application for such receiver, and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not; and Lender hereunder or any employee or agent thereof may be appointed as such receiver. Such receiver shall have all powers and duties prescribed law, including the power to make leases to be binding upon all parties, including the Mortgagor, the purchaser at a sale pursuant to a judgment of foreclosure and any person acquiring an interest in the Premises after entry of a judgment of foreclosure. In addition, such receiver shall also have the power to extend or modify any then existing leases which extensions and modifications may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the final date for payment of liabilities and performance of obligations set forth in the Note, this Leasehold Mortgage and the other Loan Documents and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other provisions to be contained therein, shall be binding on Mortgagor and all the persons whose interest in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption, reinstatement, discharge of the Secured Obligations, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser. In addition, such receiver shall have the power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collection of such rents, issues and profits, and such receiver shall have all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court may, from time to time, authorize the receiver to apply the net income from the Premises in payment in whole or in part of: (a) the Secured Obligations or the indebtedness secured by a decree foreclosing this Leasehold Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to the foreclosure sale; or (b) the deficiency in case of a sale and deficiency.

12. Foreclosure Sale. Except to the extent otherwise required by the statutes relating to the foreclosure of mortgages, the proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: First, all items which under the terms

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hereof constitute Secured Obligations in such order as Lender shall elect with interest thereon as herein provided; and lastly any surplus to Mortgagor and its successors and assigns, as their rights may appear.

13. Insurance During Foreclosure. In case of an insured loss after foreclosure has been instituted, the proceeds of any Insurance Policy, if not applied in rebuilding or restoring the Improvements, as aforesaid, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. The foreclosure decree may provide that the mortgagee's clause attached to each of the casualty Insurance Policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said casualty Insurance Policies making the loss thereunder payable to said decree creditors. In the event of foreclosure sale, Lender may, without the consent of Mortgagor, assign any Insurance Policies to the purchaser at the sale, or take such other steps as Lender may deem advisable to protect the interest of such purchaser.

14. Waiver of Right of Redemption. To the full extent permitted by law, Mortgagor agrees that it will not at any time or in any manner whatsoever take any advantage of any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor take any advantage of any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale thereof to be made pursuant to any provisions herein contained, or to any decree, judgment or order of any court of competent jurisdiction; or claim or exercise any rights under any statute now or hereafter in force to redeem the property or any part thereof, or relating to the marshalling thereof, on foreclosure sale or other enforcement hereof. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights it may have to require that the Premises be sold as separate tracts or units in the event of foreclosure. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights to redemption provided by law or equity on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Mortgagor and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and such other persons are and shall be deemed to be hereby waived to the full extent permitted by applicable law. To the full extent permitted by law, Mortgagor agrees that it will not, by invoking or utilizing any applicable law or laws or otherwise, hinder, delay or impede the exercise of any right, power or remedy herein or otherwise granted or delegated to Lender, but will permit the exercise of every such right, power and remedy as though no such law or laws have been or will have been made or enacted. To the full extent permitted by law, Mortgagor hereby agrees that no action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid in an action at law upon the other Loan Documents to which Mortgagor is a party. Mortgagor acknowledges that the Premises do not constitute residential real estate.

15. Lender's Performance of Mortgagor's Obligations. Upon the occurrence of an Event of Default and during the continuation thereof, either before or after acceleration of the Secured Obligations or the foreclosure of the lien hereof, Lender may, but shall not be required to, make any payment or perform any act herein required of Mortgagor in any manner deemed expedient to Lender. Lender may, but shall not be required to, complete construction, furnishing and equipping of the Improvements and rent, operate and manage the Premises and the

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Improvements and pay operating costs, including management fees, of every kind in connection therewith, so that the Premises shall be useable for their intended purposes. All such monies paid and expenses incurred, including reasonable attorney's fees, shall be so much additional Secured Obligations, whether or not the Secured Obligations, as a result thereof, shall exceed the face amount of the Note, and shall become immediately due with interest thereon at the Default Rate. Inaction of Lender shall never be considered as a waiver of any right accruing to it on account of any Event of Default nor shall the provisions of this Section or any exercise by Lender of its rights hereunder prevent any default from constituting an Event of Default. Lender, in making any payment hereby authorized (a) relating to Taxes, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (b) for the purchase, discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction, furnishing or equipping of the Premises or the rental, operation or management of the Premises or the payment of operating costs thereof, may do so in such amounts and to such persons as Lender may deem appropriate. Nothing contained herein shall be construed to require Lender to advance monies for any purpose.

16. Rights Cumulative. Each right herein or in any of the other Loan Documents conferred upon Lender is cumulative and in addition to every other right provided by law or in equity, and Lender may exercise each such right in any manner deemed expedient to Lender. Lender's exercise or failure to exercise any right shall not be deemed a waiver of that right or any other right or a waiver of any default. Except as otherwise specifically required herein, Lender is not required to give notice of its exercise of any right given to it by this Leasehold Mortgage.

17. Successors and Assigns.

17.1. Holder of Note and Other Loan Documents. This Leasehold Mortgage and each provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner from time to time of the Collateral or any other person having an interest therein), and shall inure to the benefit of Lender and its successors and assigns. Wherever herein Lender is referred to, such reference shall be deemed to include the holder from time to time of the Guaranty Agreement and the other Loan Documents; and each such holder shall have all of the rights afforded hereby, and may enforce the provisions hereof, as fully as if Lender had designated such holder of the Guaranty Agreement and the other Loan Documents herein by name.

17.2. Covenants Run with Land; Successor Owners. All of the covenants of this Leasehold Mortgage shall run with the Land and be binding on any successor owners of the Land, including successors in interest to the Leasehold Estate. If the ownership of the Leasehold Estate (or the Premises, if Mortgagor were to hereafter become or be deemed to be the fee title owner of the Premises) or any portion thereof becomes vested in a person other than Mortgagor, Lender may, without notice to Mortgagor, deal with such person with reference to this Leasehold Mortgage in the same manner as with Mortgagor without in any way releasing Mortgagor from its obligations hereunder. Mortgagor will give immediate written notice to Lender of any conveyance, transfer or change of ownership of the Leasehold Estate or Premises, but nothing in this paragraph shall vary the effectiveness of the provisions of Section 8 hereof.

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18. Effect of Extensions and Amendments. If the payment of the Secured Obligations, or any part thereof, be extended or varied, or if any part of the security or guaranties therefor be released, all persons now or at any time hereafter liable therefor, or interested in the Premises, shall be held to assent to such extension, variation or release, and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by Lender, notwithstanding any such extension, variation or release. Any person, firm or corporation taking a junior mortgage, or other lien upon the Premises or any part thereof or any interest therein, shall take the said lien subject to the rights of Lender to amend, modify, extend or release, this Leasehold Mortgage or any other Loan Document, in each case without obtaining the consent of the holder of such junior lien and without the lien of this Leasehold Mortgage losing its priority over the rights of any such junior lien.

19. Leasehold Mortgage Provisions.

19.1. Notwithstanding anything contained herein to the contrary, and in addition to any rights, privileges and remedies granted to Lender elsewhere in this Leasehold Mortgage, Lender shall have, and Mortgagor hereby grants to Lender any and all rights, privileges and remedies of the tenant provided for in the Lease (including without limitation, any renewal rights and options to purchase contained in the Lease) without the necessity of particularly specifying any or all of such rights, privileges and remedies that are or could be granted to leasehold mortgagees pursuant to the Lease.

19.2. Mortgagor hereby represents, covenants and agrees that:

(i) This Leasehold Mortgage is lawfully executed and delivered in conformity with the Lease.

(ii) Mortgagor will pay when due the rents, taxes and other sums and charges mentioned in and made payable by Mortgagor under the Lease.

(iii) Mortgagor will promptly, in all material respects, perform and observe all of the terms, covenants and conditions required to be performed and observed by it under the Lease, within the periods (including any grace or cure periods) provided therein, and will do all things necessary to preserve and to keep unimpaired its rights under the Lease. In the event of the failure of Mortgagor to make any payment required to be made by the lessee pursuant to the provisions of the Lease or to observe, abide by, discharge or perform, or cause to be observed, kept, discharged or performed, any of the terms, obligations, covenants, conditions, agreements, indemnities, representations, warranties or liabilities of the Lease on the part of lessee thereunder to be observed, kept, discharged and performed, Mortgagor does hereby irrevocably appoint and constitute Lender as its true and lawful attorney in fact, which appointment is coupled with an interest, in its name, place and stead, to take any and all actions deemed reasonably necessary or desirable by Lender to perform and comply with all of the obligations of Mortgagor under the Lease, to do and take, but without any obligation so to do, any action which Lender deems necessary or desirable to prevent or cure any default by Mortgagor under the Lease upon five (5) Business Days notice to the Mortgagor, to enter into and upon the

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Premises or any part thereof to such extent and as often as Lender, in its reasonable discretion, deems necessary or desirable in order to prevent or cure any default of Mortgagor pursuant thereto, to the end that the rights of Mortgagor in and to the leasehold estate created by the Lease shall be kept unimpaired and free from default, and all sums so expended by Lender, shall be paid by Mortgagor to Lender promptly within five (5) Business Days after demand therefor, and any amount not paid within said five (5) Business Day period shall bear interest at the Default Rate and shall be added to the Secured Obligations and Lender shall have, in addition to any other remedy of Lender, the same rights and remedies in the event of non-payment of any such sum by the payment of any sums due under the other Loan Documents to which Mortgagor is a party. Mortgagor shall, within five (5) Business Days after written request by Lender, execute and deliver to Lender, or to any person designated by Lender, such further instruments, agreements, powers, assignments, conveyances or the like as may be necessary to complete or perfect the interest, rights or powers of Lender pursuant hereto.

(iv) Mortgagor will promptly (A) notify Lender in writing of the receipt by it of any notice of default from the lessor under the Lease; (B) notify Lender in writing of the receipt by it of any notice under the Lease of the termination of the Lease; (C) cause a copy of each such material notice received by Mortgagor from the lessor under the Lease to be delivered to Lender; and (D) cause a copy of any notice of election or the exercise of any rights of option, purchase or renewal under the Lease sent by Mortgagor to the lessor under the Lease, to be delivered to Lender.

(v) Except as provided in Section 7.2, Mortgagor will not, without prior written consent of Lender, terminate or surrender or suffer or permit any termination or surrender of the Lease, nor modify the Lease in any material respect.

(vi) Mortgagor will, after written demand from Lender, use reasonable efforts to obtain from the lessor under the Lease and deliver to Lender an estoppel certificate in the form and substance acceptable to Lender.

(vii) Mortgagor will furnish to Lender upon demand, proof of payment of all items which are required to be paid by Mortgagor pursuant to the Lease and a statement of any such payments which Mortgagor is contesting or arbitrating pursuant to the terms of the Lease.

(viii) Except as otherwise provided in the Lease, Mortgagor will not consent to the subordination of the Lease to any lien on the fee estate of the lessor under the Lease.

20. Subordination of Lease. Mortgagor hereby covenants and agrees:

20.1. If the Lender (or any other party) shall acquire title to the Premises or shall succeed to Owner's interest in the Lease, whether through foreclosure of the Fee Mortgage, conveyance in lieu of foreclosure, or otherwise, neither Lender (or such other party), nor any other party affiliated with Lender shall be:

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(a) liable for any act or omission of any prior lessor under the Lease (including the Owner) or damages (actual, punitive or consequential) arising therefrom; or

(b) subject to any offsets or defenses which Mortgagor might have against any prior lessor under the Lease (including the Owner); or

(c) bound by any amendments or modification of the Lease made without Lender's prior written consent; or

(d) bound by or required to credit Mortgagor with any prepayment of rent or any deposit, rental security or any other sums deposited with any prior lessor under the Lease (including the Owner) unless said sum is actually received by Lender; or

(e) liable for the completion of any construction of the Premises or Mortgagor improvements to the Premises commenced or agreed to by any prior lessor (including Owner which are not currently set forth in the Lease); or

(f) liable for the payment of any fees or penalties payable by any prior lessor (including Owner) to Mortgagor.

20.2. Mortgagor hereby waives, to the extent permitted by law, the provisions of any statute or rule of law now or hereafter in effect which may give or purport to give Mortgagor any right or election to terminate or otherwise adversely affect the Lease and the obligations of Mortgagor hereunder or thereunder by reason of any foreclosure proceeding.

21. Representations Relating to Lease. Mortgagor certifies, warrants, and represents to Lender as follows:

21.1. A true, correct and complete copy of the Lease and all amendments, modifications and supplements thereto have been delivered to Lender concurrently herewith.

21.2. The Lease has been duly authorized, executed and delivered by Mortgagor, is in full force and effect, has not been terminated and constitutes the binding obligations of Mortgagor in accordance with its terms, as such enforcement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally.

21.3. There presently is no default or other wrongful act or omission by Owner under the Lease or otherwise in connection with Mortgagor's occupancy of the Premises. There is no state of facts which, with the passage of time or the giving of notice or both, could ripen into a default on the part of Mortgagor, or to the best knowledge of Mortgagor, could ripen into a default on the part of Owner under the Lease.

21.4. The Lease constitutes the complete agreement between Owner and Mortgagor relating to the use and possession of the Premises, and except as modified by the Lease amendments noted above, has not been modified, altered or amended.

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21.5. Nothing contained in this Leasehold Mortgage shall in any way impair or affect the lien created by the Fee Mortgage, or any modifications, amendments, extensions or renewals thereof.

21.6. Mortgagor has accepted possession and is currently occupying the Premises, pursuant to the terms of the Lease, subject only to the rights of lessees under the Subleases.

21.7. Mortgagor will keep the Lease in full force and effect at all times during the term of the Loan and will exercise all options to extend no later than thirty (30) days prior to the last date granted therefor. Mortgagor will deliver a copy of each notice of its option to extend.

22. Future Advances. At all times, this Leasehold Mortgage secures as part of the Secured Obligations, the payment of all loan commissions, service charges, liquidated damages, reasonable attorneys' fees, expenses and advances due to or incurred by Lender in connection with the Secured Obligations, all in accordance, this Leasehold Mortgage and the other Loan Documents, provided, however, that in no event shall the total amount of the Secured Obligations, including loan proceeds disbursed plus any additional charges, exceed \$15,000,000.

23. Execution of Separate Security Agreements, Financing Statements, etc; Estoppel Letter. Mortgagor will do, execute, acknowledge and deliver all such further acts, conveyances, notes, mortgages, security agreements, financing statements and assurances as Lender shall reasonably require for the better assuring, conveying, mortgaging, assigning and confirming unto Lender all property mortgaged hereby or property intended so to be, whether now owned by Mortgagor or hereafter acquired. From time to time, Mortgagor will furnish within five (5) Business Days after Lender's request a written and duly acknowledged statement of the Secured Obligations and whether any alleged offsets or defenses exist against the Secured Obligations.

24. Subrogation. If any part of the Secured Obligations is used directly or indirectly to satisfy, in whole or in part, any prior encumbrance upon the Collateral or any part thereof, then Lender shall be subrogated to the rights of the holder thereof in and to such other encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

25. Option to Subordinate. At the option of Lender, this Leasehold Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation), to any and all Subleases of all or any part of the Premises, or other documents pursuant to which a third party occupies all or any part of the Premises, upon the execution by Lender and recording at any time, in the Office of the Recorder of Deeds for the county wherein the Premises are situated, of a unilateral declaration to that effect.

26. Exceptions to Usury. The proceeds of the Note, this Leasehold Mortgage and the other Loan Documents will be used for the purposes specified in 815 ILCS 205/4 (1987), and the principal obligation secured hereby constitutes a "business loan" coming within the definition and purview of said section. Mortgagor represents and warrants that Mortgagor is a duly

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organized, validly existing limited partnership, and that the Mortgagor will directly benefit from the consents granted by Lender concurrently herewith.

27. Use. Mortgagor represents and warrants that the Improvements are or will be in use on the date hereof principally as a senior independent and assisted living facility.

28. No Joint Ventures. Mortgagor acknowledges that the relationship between the parties is that of mortgagor and mortgagee and that in no event shall Lender be deemed to be a partner or joint venturer with Mortgagor. Lender shall not be deemed to be such a partner or joint venturer by reason of its becoming a mortgagee in possession or exercising any rights pursuant to this Leasehold Mortgage or any other of the Loan Documents.

29. Time of the Essence. Time is of the essence.

30. Captions and Pronouns. The captions and headings of the various sections of this Leasehold Mortgage are for convenience only, and are not to be construed as confirming or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

31. Severability. If all or any portion of any provision of this Leasehold Mortgage or the other Loan Documents shall be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof or thereof, and such provision shall be limited and construed in such jurisdiction as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein or therein.

1. Any notice, demand, request or other communication which any party may desire or may be required to give to any other party hereunder shall be given in writing (at the addresses set forth below) by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified United States Mail, first-class postage prepaid, return receipt requested.

If to Mortgagor:

SARGON MICHAEL
 SUHAM MICHAEL
 6338 N. KEDZIE, UNIT W2
 CHICAGO, ILLINOIS 60645

To Lender

DEVON BANK
6445 NORTH WESTERN AVENUE
CHICAGO, ILLINOIS 60645-5494

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Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand or request sent pursuant to subsection (a) hereof shall be served and effective upon such personal service or refusal, if refused. Any notice, demand or request sent pursuant to subsection (b) shall be served and effective one (1) day after deposit with the overnight courier. Any notice, demand or request sent pursuant to subsection (d) shall be served and effective three (3) days after deposit with the United States Postal Service.

32. Anti-Forfeiture. Mortgagor hereby expressly represents and warrants to Lender that there has not been committed by Mortgagor or any other person involved with the Premises any act or omission affording the federal government or any state or local government the right of forfeiture as against the Premises or any part thereof or any monies paid in performance of its obligations under the Guaranty Agreement, this Leasehold Mortgage or any of the other Loan Documents, and Mortgagor hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture. In furtherance thereof, Mortgagor agrees to indemnify, defend with counsel reasonably acceptable to Lender (at Mortgagor's sole cost) and hold Lender harmless from and against any claim or other cost (including, without limitation, reasonable attorneys' fees and costs incurred by Lender), damage, liability or injury by reason of the breach of the covenants and agreements or the warranties and representations set forth in the prior sentence. Without limiting the generality of the foregoing, the filing of formal charges or the commencement of proceedings against Mortgagor, Lender or all or any part of the Premises under any federal or state law in which forfeiture of the Premises or any part thereof or of any monies paid in performance of Mortgagor's obligations under the Guaranty Agreement, this Leasehold Mortgage or any of the other Loan Documents is a potential result shall, at the election of Lender, constitute an Event of Default hereunder without notice or opportunity to cure.

33. Jury Trial Waiver. Mortgagor waives, to the extent permitted by law, trial by jury in any actions brought by either the Mortgagor or Lender in connection with the Secured Obligations.

34. Return of Payments. Mortgagor agrees that, if at any time all or any part of the payments theretofore applied by Lender to any Secured Obligation is rescinded or returned by Lender or Lender is required to pay any amount thereof to any other party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, liquidation or reorganization of any party or the determination that such payment is held to constitute a preference under the bankruptcy laws), such Secured Obligation shall, for the purposes of this Leasehold Mortgage, be deemed to have continued in existence to the extent of such payment, notwithstanding such application by Lender, and this Leasehold Mortgage and the liens, security interests, rights and remedies created hereby shall continue to be effective or be reinstated, as the case may be, as to such Secured Obligation, whether or not released of record or a satisfaction and release has been delivered by Lender, all as though such application and release by Lender had not been made and Mortgagor agrees to pay such amount to Lender upon demand and to execute any and all documents required to effect the provisions of this Section.

35. No Merger. It is the desire and intention of the parties hereto that this Leasehold Mortgage and the lien hereof shall not merge in fee simple title to the Premises, unless a contrary intent is ever manifested by Lender as evidenced by an express statement to that effect in an

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appropriate document duly recorded. Therefore, it is hereby understood and agreed that should Lender acquire any additional or other interests in or to the Premises or the ownership thereof, then this Leasehold Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Leasehold Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

36. Advances. This Leasehold Mortgage is given to secure, in part, future advances under the Loan Agreement and the other Loan Documents, and shall secure not only the initial advance under the other Loan Documents, but also subsequent advances, the final advance, and any other advances, disbursements and other payments made under the other Loan Documents, whether such advances are obligatory or to be made at the option of Lender, or otherwise, and including advances under the other Loan Documents as are made within fifteen years from the date hereof, to the same extent as if all such advances were made at the time of execution of this Leasehold Mortgage and although there may be no outstanding Secured Obligations at the time any advance is made. The total amount of the Secured Obligations may increase or decrease from time to time, but the total unpaid principal balance of the indebtedness hereby secured at any one time outstanding shall not exceed two (2) times maximum principal amount of the Notes plus interest thereon, and any disbursements made for payment of taxes, special assessments or insurance on the Collateral, and interest on such disbursements. This Leasehold Mortgage shall be valid and shall, to the fullest extent permitted by law, have priority over any and all liens and encumbrances arising after this Leasehold Mortgage is recorded in the recorder's office in the county in which the Land is located, including (to the extent permitted by applicable law) statutory liens except taxes and assessments levied on the Collateral.

37. Governing Law; Jurisdiction.

37.1. Governing Law. THIS LEASEHOLD MORTGAGE HAS BEEN DELIVERED IN CHICAGO, ILLINOIS. THE SUBSTANTIVE INTERNAL LAWS OF THE STATE OF ILLINOIS SHALL APPLY FOR ALL PURPOSES (EXCEPT THE CREATION AND ENFORCEMENT OF LIENS ON COLLATERAL LOCATED IN OTHER JURISDICTIONS), INCLUDING, WITHOUT LIMITATION, ACTIONS ON THIS LEASEHOLD MORTGAGE, THE NOTE, OR ANY OTHER LOAN DOCUMENTS, WHETHER SUCH ACTION IS BROUGHT SEPARATELY FROM THE MORTGAGE OR BEFORE, CONCURRENTLY OR SUBSEQUENTLY TO THE FORECLOSURE OF THE MORTGAGE). MORTGAGOR UNDERSTANDS AND AGREES THAT UNDER NO CIRCUMSTANCES WOULD LENDER MAKE THE LOAN UNDER THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF INDIANA OR ANY OTHER JURISDICTION.

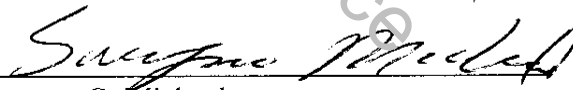
37.2. Jurisdiction and Venue. TO THE MAXIMUM EXTENT PERMITTED BY LAW, MORTGAGOR AND LENDER EACH HEREBY AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS LEASEHOLD MORTGAGE SHALL BE TRIED AND DETERMINED ONLY IN THE FEDERAL COURT LOCATED IN THE NORTHERN DISTRICT OF ILLINOIS, OR THE STATE COURT LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS, OR, AT THE SOLE OPTION OF LENDER, IN ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. TO THE MAXIMUM EXTENT PERMITTED BY LAW,

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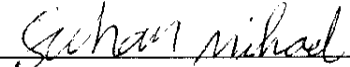
MORTGAGOR AND LENDER EACH HEREBY EXPRESSLY WAIVES ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION. MORTGAGOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF SUCH LITIGATION AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. MORTGAGOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE AT THE ADDRESS OF MORTGAGOR STATED HEREIN. TO THE EXTENT THAT MORTGAGOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, MORTGAGOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS LEASEHOLD MORTGAGE.

38. Other Jurisdictions. MORTGAGOR AGREES THAT LENDER SHALL HAVE THE RIGHT TO PROCEED AGAINST MORTGAGOR OR ITS PROPERTY IN A COURT IN ANY LOCATION TO ENABLE LENDER TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF LENDER. MORTGAGOR AGREES THAT IT SHALL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS IN ANY PROCEEDING BROUGHT IN ACCORDANCE WITH THIS PROVISION BY LENDER TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF LENDER. MORTGAGOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH LENDER HAS COMMENCED A PROCEEDING DESCRIBED IN THIS SECTION.

IN WITNESS WHEREOF, Mortgagor has caused this Leasehold Mortgage and Security Agreement to be duly signed and delivered as an instrument under seal as of the day and year first above written.



 Sargon G. Michael



 Suham Michael

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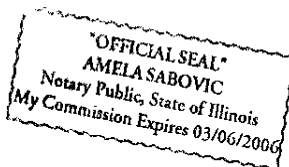
STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The Undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Sargon G. Michael and Suham Michael, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, have appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument as their own free and voluntary acts for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this 10 day of April, 03.

Amela Sabovic
Notary Public

My Commission expires: _____



Property of Cook County Clerk's Office

UNOFFICIAL COPY**1 - 4 FAMILY RIDER**

(Assignments of Rents)

LOAN NO. 6109014100

THIS 1-4 FAMILY RIDER is made this 10TH day of APRIL, 2003, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to

DEVON BANK

(the "Lender") of the same

date and covering the Property described in the Security Instrument and located at:

6338 N. KELZIE AVE., UNIT W2
CHICAGO, IL 60659-1340

[Property Address]

1-4 FAMILY COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT. In addition to the Property described in Security Instrument, the following items now or hereafter attached to the Property to the extent they are fixtures are added to the Property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, paneling and attached floor coverings, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing together with the Property described in the Security Instrument (or leasehold estate if the Security Instrument is on a leasehold) are referred to in this 1-4 Family Rider and the Security Instrument as the "Property."

B. USE OF PROPERTY; COMPLIANCE WITH LAW. Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

C. SUBORDINATE LIENS. Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

MULTISTATE 1-4 FAMILY RIDER - Single Family - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

FNMA3170 (10/00)

Page 1 of 3

FORM 3170 1/01

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D. RENT LOSS INSURANCE. Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Section 5.

E. "BORROWER'S RIGHT TO REINSTATE" DELETED. Section 19 is deleted.

F. BORROWER'S OCCUPANCY. Unless Lender and Borrower otherwise agree in writing, Section 6 concerning Borrower's occupancy of the Property is deleted.

G. ASSIGNMENT OF LEASES. Upon Lender's request after default, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

H. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. Borrower absolutely and unconditionally assigns and transfers to Lender all the rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Borrower authorizes Lender or Lender's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Lender or Lender's agents. However, Borrower shall receive Rents until (i) Lender has given Borrower notice of default pursuant to Section 22 of the Security Instrument and (ii) Lender has given notice to the tenant(s) that the Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of default to Borrower: (i) all Rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of the Property; (iii) Borrower agrees that each tenant of the Property shall pay all Rents due and unpaid to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges on the Property, and then to the sums secured by the Security Instrument; (v) Lender, Lender's agents or any judicially appointed receiver shall be liable to account for only those Rents actually received; and (vi) Lender shall be entitled to have a receiver appointed to take possession of and manage the Property and collect Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by the Security Instrument pursuant to Section 9.

Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not performed, and will not perform, any act that would prevent Lender from exercising its rights under this paragraph.

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of Rents of the Property shall terminate when all the sums secured by the Security Instrument are paid in full.

I. CROSS-DEFAULT PROVISION. Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

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BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this 1-4 Family Rider.

Sargent Michael (Seal)
-Borrower

SARGON G. MICHAEL

Suham Michael (Seal)
-Borrower

SUHAM MICHAEL

____ (Seal)
-Borrower

____ (Seal)
-Borrower

[Sign Original Only]

Property of Cook County Clerk's Office

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LOAN NO. 6108014100

DUE-ON-TRANSFER RIDER

THIS DUE-ON-TRANSFER RIDER is made this 10TH day of APRIL, 2003, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed ("Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to

DEVON BANK,
(the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at:

6338 N. KEDZIE AVE., UNIT W2
CHICAGO, IL 60659-1340

(Property Address)

AMENDED COVENANT. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing. If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

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LOAN NO. 6108014100

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenant contained in this
Duc-On-Transfer Rider.

Sargon G. Michael (Scal)
-Borrower

Suham Michael (Scal)
-Borrower

____ (Scal)
-Borrower

____ (Scal)
-Borrower

Property of Cook County Clerk's Office

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OWNER OCCUPANCY RIDER

Loan No. 6108014100

This Owner-Occupancy Rider to the Deed Of Trust is made this 10TH day of April, 2003, and is incorporated into and shall be deemed to amend and supplement a mortgage Deed Of Trust to secure debt (herein "Security Instrument") date of even date herewith, given by the undersigned (herein "Borrower") to secure Borrower's Note to DEVON BANK (herein "Lender") and covering the property described in the

Security Instrument and located at: 6338 N. KEDZIE, UNIT W2,
CHICAGO, ILL 60659-1340

Owner-Occupancy Covenant. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

Borrower(s), successors or assigns now occupies said real property as a primary residence (or within thirty (30) days after title to said real property vests in borrower(s) will occupy said real property as Borrower(s) primary residence) and will occupy such residence on a permanent basis from date of recordation of loan, except in the following cases:

- (a) death of borrower(s),
- (b) loss of employment by borrower(s),
- (c) change of place of employment of borrower(s) to beyond reasonable commuting distance from the property in this paragraph, reference to the borrower(s).

Failure to occupy said property pursuant to these terms will constitute a default under this Deed Of Trust.

In Witness Whereof, Borrower(s) has/have executed this Owner-Occupancy Rider.

THIS document was executed at
on this 10 day of April 2003

Suzanne M. Adams Sehan Michael

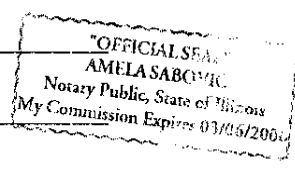
Subscribed and sworn to before me by the above affiant, personally known to me or identified to my satisfaction.

This 10 day of April 2003

County of IL

State of IL

Maria Labovic
Notary Public



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EXHIBIT ALegal Description of Real Estate

THAT PART OF THE EAST ½ OF THE NORTHEAST ¼ OF SECTION 2, TOWNSHIP 40 NORTH RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED BY LINES DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF WEST DEVON AVENUE WITH THE WEST LINE OF NORTH KEDZIE AVENUE(SAID POINT BEING 88 FEET SOUTH OF THE NORTH LINE AND 88 FEET WEST OF THE EAST LINE OF SAID SECTION 2); THENCE SOUTH ALONG SAID WEST LINE OF NORTH KEDZIE AVENUE TO A POINT 626 FEET SOUTH OF SAID SOUTH LINE OF WEST DEVON AVENUE; THENCE WEST ALONG A LINE PARALLEL TO SAID SOUTH LINE OF WEST DEVON AVENUE FOR A DISTANCE OF 188.7 FEET MORE OR LESS TO A POINT 100 FEET NORMALLY DISTANT EASTERLY FROM THE CENTERLINE OF THE NORTH SHORE CHANNEL OF THE SANITARY DISTRICT OF CHICAGO; THENCE NORTHERLY ON A CURVE PARALLEL TO SAID CHANNEL CENTERLINE AND BEING CONVEX TO THE WEST WITH A RADIUS OF 11,869.2 FEET FOR A DISTANCE OF 626 FEET, MORE OR LESS TO SAID SOUTH LINE OF WEST DEVON; THENCE EAST ALONG SAID SOUTH LINE OF WEST DEVON AVENUE FOR A DISTANCE OF 217.92 FEET, MORE OR LESS, TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

P.I.N.: 13-02-220-038-8002

Commonly known as: 6338 N. KEDZIE AVE. UNIT W2, CHICAGO, ILLINOIS 60659