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Eugene "Gene" Moore Fee: \$64.00
Cook County Recorder of Deeds
Date: 06/16/2003 01:31 PM Pg: 1 of 21

This instrument was prepared
by

Francis L. Keldermans, Esq.
Holland & Knight LLC
131 S. Dearborn Street
30th Floor
Chicago, Illinois 60603

After recording mail to:

Wachovia Bank
300 N. Greene Street
P.O. Box 21965
Greensboro, NC 27420
Attn: Pete Callahan

**MORTGAGE AND ASSIGNMENT OF LEASES AND RENTS
AND UCC FIXTURE FILING**

This Mortgage and Assignment of Leases and Rents and UCC Fixture Filing (this "Mortgage") is made as of the 2nd day of June, 2003, between **LCJ Investments, LLC**, a North Carolina limited liability company ("Mortgagor"), and **Wachovia Bank, National Association**, its successors and assigns ("Mortgagee").

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Article 1

DEFINITIONS

1.1 Definitions. As used herein, the following terms shall have the following meanings:

(a) Assignment: The assignment, contained in Article 3 of this Mortgage, from Mortgagor to Mortgagee, of all of Mortgagor's right, title and interest in and to the Leases and the Rents.

(b) Association: Park Hyatt Tower Associates.

(c) Awards: All awards and payments made or hereafter to be made by any municipal, township, county, state, Federal or other governmental agencies, authorities or boards or any other entity having the power of eminent domain to Mortgagor, including, but not limited to, any awards and payments for any taking of all or a portion of the Mortgaged Property, as a result of, or by agreement in anticipation of, the exercise of the right of condemnation or eminent domain, or for any change or changes of grade of streets affecting

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the Mortgaged Property.

(d) Building: All buildings, improvements, alterations or appurtenances now, or at any time hereafter, constructed or located upon the Land or any part thereof.

(e) Defaulted Interest Rate: The lesser of (i) the interest rate of the Loan Rate, as defined in the Note secured by this Mortgage, plus three percent (3.0%) per annum or (ii) the highest rate allowed by law.

(f) Event(s) of Default: The happenings and occurrences described in Article 5 of this Mortgage and as set forth in the Note.

(g) Hazardous Materials: Any flammable explosives, radioactive materials, oil or petroleum or chemical liquids or solids, liquid or gaseous products or hazardous wastes, toxic substances and similar substances and materials, including all substances and materials defined as hazardous or toxic wastes, substances or materials under any applicable rule, regulation, ordinance or law.

(h) Impositions: All (i) real estate and personal property taxes and other taxes and assessments, water and sewer rates and charges, and all other governmental charges and any interest or costs or penalties with respect thereto, which at any time prior to or after the execution of the other Loan Documents may be assessed, levied, or imposed upon the Mortgaged Property or the rent or income received therefrom or any use or occupancy thereof.

(i) Indebtedness: The principal of and interest on and all other amounts, payments and premiums due under the Note relating to or arising out of the Mortgage, or any amendments, modifications, renewals and extensions of any of the foregoing.

(j) Land: The real estate described in Exhibit A attached hereto and commonly known as 800 N. Michigan Avenue, Chicago, Illinois.

(k) Leases: Any and all leases, subleases, licenses, concessions or grants of other possessory interests now or hereafter in force, oral or written, covering or affecting the Mortgaged Property, or any part thereof, together with all rights, powers, privileges, options and other benefits of Mortgagor thereunder.

(l) Mortgaged Property: The Unit, the Leases and the Rents together with:

(i) all rights, privileges, permits, licenses, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances of the Buildings belonging or in any way appertaining thereto and all right, title and interest of Mortgagor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof;

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- (ii) all the estate, right, title, interest, claim or demand whatsoever of Mortgagor, either at law or in equity, in and to the Land, the Building, the Leases and the Rents; and
- (iii) all the estate, right, title, interest, claim or demand whatsoever of Mortgagor, either at law or in equity, in and to the Awards, or payments with respect to casualties.
- (m) Mortgagee: **Wachovia Bank, National Association**, a national banking association, and its successors and assigns and the holders, from time to time, of the Note.
- (n) Mortgagee's Address: 301 S. Tryon Street, Charlotte, North Carolina 28202.
- (c) Mortgagor: **LCJ Investments, LLC**, a North Carolina limited liability company, its successors and assigns and its successors in interest in and to the Mortgaged Property.
- (p) Mortgagor's Address: 8010 Thorndike Road, Greensboro, North Carolina 27409.
- (q) Note: The Promissory Note dated of even date with this Mortgage made by Borrower to the order of Mortgagee, in the principal amount of NINE HUNDRED THOUSAND AND NO/100 DOLLARS (\$900,000.00) secured by this Mortgage, together with any and all extensions, renewals, modifications and amendments.
- (r) Obligations: Any and all of the covenants, promises and other obligations (other than the Indebtedness) made or owing by Mortgagor and others to or due to Mortgagee under and/or as set forth in the Note and/or any of the other Loan Documents, and any and all extensions, renewals, modifications and amendments of any of the foregoing.
- (s) Loan Documents: The Note and any and all other documents executed by the Mortgagor, or others, now or hereafter securing the payment of the Indebtedness or the observance or performance of the Obligations.
- (t) Permitted Encumbrances: The encumbrances described, with particularity, in Exhibit B attached hereto.
- (u) Rents: All of the rents, revenues, income, profits, deposits, tenders and other benefits payable under the Leases and/or arising from the use and enjoyment of all or any portion of the Mortgaged Property.
- (v) Title Company: Chicago Title Insurance Company.
- (w) Unit. Unit 3403 in the Building, together with its undivided interest in the common elements.

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Article 2

GRANT

2.1 Grant. To secure the payment of the Indebtedness and the performance and discharge of the Obligations, Mortgagor by these presents hereby grants, bargains, sells, assigns, mortgages, conveys and warrants unto Mortgagee the Mortgaged Property, subject, however, to the Permitted Encumbrances, to have and to hold the Mortgaged Property unto Mortgagee, its successors and assigns forever.

2.2 Condition of Grant. Provided always, that if Mortgagor promptly shall pay the entire Indebtedness as and when the same shall become due and payable and shall observe, perform and discharge the Obligations, then the other Loan Documents and the estate and rights hereby granted shall cease, terminate and become void, and shall be released by Mortgagee, at the cost and expense of Mortgagor, and in case of failure of the Mortgagee to so release this Mortgage, all claims for statutory penalties are hereby waived.

2.3 Doctrine of Merger Upon the foreclosure of this Mortgage, no assigned Lease shall be destroyed or terminated by application of the doctrine of merger or as a matter of law unless Mortgagee or any purchaser at such foreclosure sale so elects. No act by or on behalf of Mortgagee or any such purchaser shall constitute a termination of any assigned Lease unless Mortgagee or such purchaser gives written notice thereof to the applicable tenant or subtenant.

Article 3

ASSIGNMENT OF LEASES AND RENTS

3.4 Assignment of Leases and Rents. In order to further secure payment of the Indebtedness and the observance, performance and discharge of the Obligations, Mortgagor hereby absolutely and irrevocably assigns and transfers to Mortgagee, all of Mortgagor's right, title and interest in and to any Leases and the Rents, whether now or hereafter existing, subject only to the Permitted Encumbrances. Mortgagor hereby appoints Mortgagee its true and lawful attorney-in-fact, with the right, at Mortgagee's option at any time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in Mortgagor's or Mortgagee's name, for all Rents. Notwithstanding the foregoing assignment of Leases and Rents, so long as no Event of Default has occurred which remains uncured, Mortgagor shall have a license (such license to be deemed revoked upon the occurrence of an Event of Default) provided that the existence or exercise of such right of Mortgagor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and any subsequent assignment by Mortgagor shall be subject to the rights of the Mortgagee hereunder. This Assignment shall not be deemed or construed to constitute Mortgagee as a mortgagee in possession nor obligate Mortgagee to take any action or to incur expenses or perform or discharge any obligation, duty or liability. Exercise of any rights under this Section 3.4 and the application of the Rents to the Indebtedness or the Obligations shall not cure or waive any Event of Default.

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Article 4

COVENANTS

4. Covenants. Until the entire Indebtedness shall have been paid in full, Mortgagor hereby covenants and agrees as follows:

4.1 Compliance with Laws. Mortgagor will promptly and faithfully comply with, conform to and obey all present and future laws, ordinances, rules, regulations and requirements of every duly constituted governmental authority or agency, whether or not such law, ordinance, rule, order, regulation or requirement shall necessitate structural changes or improvements or interfere with the use or enjoyment of the Mortgaged Property.

4.2 Payment of Impositions. Mortgagor will duly pay and discharge, or cause to be paid and discharged, the Impositions, such Impositions or installments thereof to be paid prior to the day before any fine, penalty, interest or cost may be added thereto or imposed by law for the non-payment thereof; provided, however, that if, by law, any Imposition may be paid in installments, Mortgagor may pay the same in such installments.

4.3 Repair. Mortgagor will keep the Mortgaged Property in good order and condition and make all necessary or appropriate repairs, replacements and renewals thereof and will use its best efforts to prevent any act or thing which might impair the value or usefulness of the Mortgaged Property, and Mortgagor will obtain the written consent of Mortgagee prior to making any alterations or additions to the Mortgaged Property.

4.4 Insurance. Mortgagor will maintain or cause the Association to maintain insurance upon the Mortgaged Property against loss by fire and such other hazards, casualties and contingencies as are normally and usually covered by extended coverage policies in effect in the locality where the Mortgaged Property is situated and such other risks as may be specified by Mortgagee, from time to time, in amounts and with insurers reasonably acceptable to Mortgagee but not less the amount of the Indebtedness.

So long as the Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Building which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lenders requires including fire and hazards included within the term "extended coverage," then Borrower's obligation is deemed satisfied to the extent that the required coverage is provided by the Association policy. Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage. In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the Unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Mortgage, with any excess paid to Borrower. Borrower shall take such actions as may be reasonable to insure that the Association maintains a public liability insurance policy acceptable in form, amount and extent of coverage to Lender.

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4.5 Performance of Leases and Other Agreements. Mortgagor will duly and punctually perform all covenants and agreements expressed as binding upon it under any Lease or Leases now or hereafter existing and other agreements to which it is a party with respect to the Mortgaged Property or any part thereof, and will use its best efforts to enforce or secure the performance of each and every obligation and undertaking of the respective lessees under the Lease, and will appear and defend, at its cost and expense, any action or proceeding arising under or in any manner connected with the Lease or the obligations and undertakings of the lessor thereunder. Mortgagor will immediately notify Mortgagee in writing of any notice of any material default received by Mortgagor from the Lessee thereunder.

4.6 Inspection. Mortgagor will permit Mortgagee, at all reasonable times, to inspect the Mortgaged Property.

4.7 Hold Harmless. Mortgagor will employ legal counsel acceptable to the Mortgagee and who is not also representing the Mortgagee in any other matter, and will defend and hold Mortgagee harmless from any action, proceeding or claim affecting the Mortgaged Property, or the validity of the Note or the other Loan Documents. Mortgagor shall appear in and defend (or pay the reasonable expenses of Mortgagee to defend, if Mortgagor elects to allow Mortgagee to handle such defense) any action or proceeding purporting to affect the security of this Mortgage and/or the rights and/or powers of Mortgagee hereunder, and Mortgagor shall pay all costs and expenses (including costs of evidence of title and attorneys' fees) in any action or proceeding in which Mortgagee may so appear and/or any suit brought by Mortgagee to foreclose this Mortgage, to enforce any obligations secured by this Mortgage, and/or to prevent the breach hereof. Mortgagor's obligations under this Section 4.8 shall survive payment of the Indebtedness.

4.8 Awards. Mortgagor will file and prosecute its claim or claims for any Awards in good faith and with due diligence and cause the same to be collected and paid over to Mortgagee, and hereby irrevocably authorizes and empowers Mortgagee, if it so desires, to file such claim and collect any Awards and agrees that the proceeds of any Awards will be applied by Mortgagee in reduction of any portion of the Indebtedness as Mortgagee may determine in accordance with Article 7 hereof.

4.9 Junior Financing. Mortgagor shall not, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, incur any additional indebtedness or create or permit to be created or to remain, any mortgage, pledge, lien, lease, encumbrance or charge on, or conditional sale or other title retention agreement, with respect to the Mortgaged Property or any part thereof or income therefrom, other than the other Loan Documents and the Permitted Encumbrances.

4.10 Representations and Covenants of Mortgagor. Mortgagor hereby represents and covenants to Mortgagee that:

- (a) Mortgagor has good and marketable title in fee simple to the Mortgaged Property, free and clear of any prior assignment, liens, charges, encumbrances, security interests and adverse claims whatsoever except the Permitted Encumbrances.

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(b) There are no Leases presently existing and Mortgagor agrees to execute a collateral assignment of any Leases which may exist in the future or of his right, title, interest therein, and delivered to Mortgagee a true and complete copy of all Leases assigned hereunder, together with all amendments, supplements and other modifications.

Breach of such representations and covenants shall constitute an Event of Default under Section 5.5 hereof. Mortgagor shall promptly give written notice to Mortgagee of any breach under this Section 4.10.

4.11 Mechanics Lien. Mortgagor shall not permit or suffer any mechanics' lien claims to be filed or otherwise asserted against the Mortgaged Property and Mortgagor shall promptly, and in any event within thirty (30) days after filing, discharge or cause to be discharged the same in case of the filing of any claims for lien or proceedings for the enforcement thereof; provided, however, that in connection with any such lien or claim which Mortgagor may in good faith desire to contest, Mortgagor may contest the same by appropriate legal proceedings diligently prosecuted, but only if Mortgagor shall cause the Title Company, to issue an endorsement to the Title Policy insuring over the exception created by such lien (including furnishing such security or indemnity as the Title Company requires to issue such endorsement) or provide such other security and indemnification as may be reasonably acceptable to Lender.

4.12 Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Association's constituent documents being the (a) Declaration of Condominium; (b) by-laws; (c) code of regulations and (d) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to such constituent documents.

Article 5

EVENTS OF DEFAULT

5. Events of Default

The term "Event(s) of Default", as used in the other Loan Documents and in the Note, shall mean the occurrence or happening, from time to time, of any one or more of the following:

5.1 Payment of Indebtedness. If Mortgagor shall default in the due and punctual payment of all or any portion of any installment of the Indebtedness or any other sums due to Mortgagee from Mortgagor under the other Loan Documents, whether at the due date thereof or at a date fixed for prepayment or by acceleration or otherwise which default shall continue for ten (10) days after notice has been given by Mortgagor as required hereunder.

5.2 Performance of Obligations. If Mortgagor shall default in the due observance or performance of any of the Obligations other than payment of money and such default shall not be curable, or if curable shall continue for a period of thirty (30) days after written notice thereof pursuant to Paragraph 8.3 herein (unless such default, if curable, requires work to be performed, acts to be done or conditions to be remedied which by their nature cannot be performed, done or remedied, as the case may be, within such thirty (30) day period and Mortgagor shall commence to

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cure such default within such thirty (30) day period and shall thereafter diligently and continuously process the same to completion but in no event shall the period for cure exceed thirty (30) days unless otherwise agreed by Mortgagee).

5.3 Bankruptcy, Receivership, Insolvency, Etc. If voluntary or involuntary proceedings under the Federal Bankruptcy Code, as amended, shall be commenced by or against Mortgagor or bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or other similar proceedings shall be instituted by or against the Mortgagor with respect to all or any part of Mortgagor's property under the Federal Bankruptcy Code, as amended, or other law of the United States or of any state or other competent jurisdiction, and if such proceedings are instituted against Mortgagor it shall consent thereto or shall fail to cause the same to be discharged within sixty (60) days of filing.

5.4 Laws Affecting Obligations and Indebtedness. If subsequent to the date of this Mortgage, any governmental entity in which the Mortgaged Property is located passes any law (i) which renders payment of the Indebtedness and/or performance of the Obligations by Mortgagor unlawful, or (ii) which prohibits Mortgagee from exercising any of its material rights and remedies under this Mortgage or any of the Loan Documents.

5.5 False Representation. If any representation or warranty made by Mortgagor or others in, under or pursuant to this Mortgage or the other Loan Documents, shall prove to have been false or misleading in any material respect as of the date on which such representation or warranty was made.

5.6 Default Under Other Mortgage. If the holder of any junior mortgage or any other lien on the Mortgaged Property (without hereby implying Mortgagee's consent to any such junior mortgage or lien) institutes foreclosure or other proceedings for the enforcement of its remedies thereunder, or if a default exists under any other mortgage or lien on the Mortgaged Property.

5.7 Loan Documents. If a default shall occur under any of the other Loan Documents.

5.8 Due On Sale. If, without the prior written consent of Mortgagee, there is (i) sale, transfer, agreement for deed, conveyance, assignment, hypothecation or encumbrance, whether voluntary or involuntary, of all or part of the Mortgaged Property or any interest therein, (ii) any sale, assignment, pledge, encumbrance or transfer to a third party of all or any part of the member interests in the Mortgagor or (iii) the seizure of the Mortgaged Property or attachment of any lien thereon, whether voluntary or involuntary, which has not been removed or bonded off to Mortgagee's satisfaction within ten (10) days of such attachment.

Article 6

DEFAULT AND FORECLOSURE

6.1 Remedies. If an Event of Default shall occur Mortgagee may, at its option, exercise one or more or all of the following remedies:

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6.1.1 Acceleration. Declare the unpaid portion of the Indebtedness to be immediately due and payable, without further notice or demand, whereupon the same shall become immediately due and payable.

6.1.2 Entry on Mortgaged Property. Enter upon the Mortgaged Property, take possession thereof, and exercise any and all remedies set forth in the Note or other Loan Documents.

6.1.3 Operation of Mortgaged Property. Hold, lease, operate or otherwise use or permit the use of the Mortgaged Property, or any portion thereof, in such manner, for such time and upon such terms as Mortgagee may deem to be in its best interest (making such repairs, alterations, additions and improvements thereto, from time to time, as Mortgagee shall deem necessary or desirable) and collect and retain all earnings, rents, profits or other amounts payable in connection therewith.

6.1.4 Enforcement of Mortgage. Mortgagee, with or without entry, personally or by their agents or attorneys, insofar as applicable may: (a) sell the Mortgaged Property and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, to the extent permitted by and pursuant to the procedures provided by law, at one or more sales, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law; (b) institute proceedings for the complete or partial foreclosure of this Mortgage; or (c) take such steps to protect and enforce their rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, (without being required to foreclose this Mortgage) or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall elect.

6.1.5 Foreclosure and Private Sale. Sell the Mortgaged Property, in whole or in part, (a) under the judgment or decree of a court of competent jurisdiction, or (b) at public auction (if permitted by the laws of the jurisdiction in which the Mortgaged Property is situated) in such manner, at such time or times and upon such terms as Mortgagee may determine, or as provided by law; at one or more public or private sales, in such manner, at such time or times and upon such terms as Mortgagee may determine, or as provided by law.

6.1.6 Receiver. Mortgagee shall be entitled, as a matter of strict right, and without regard to the value or occupancy of the security, or the solvency of the Mortgagor, or the adequacy of the Mortgaged Property as security for the Note, to have a receiver appointed to enter upon and take possession of the Mortgaged Property, collect the Rents and profits therefrom and apply the same as the court may direct such receiver to have all the rights and powers permitted under the laws of the State where the Mortgaged Property is located. Mortgagor hereby waives any requirements on the receiver or Mortgagee to post any surety or other bond. The expense (including the receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured by this Mortgage. Mortgagee shall (after payment of all costs and expenses incurred) apply such

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Rents, issues and profits received by it on the Indebtedness in the order set forth in Section 6.8 hereof. The right to enter and take possession of the Mortgaged Property, to manage and operate the same, and to collect the Rents, issues and profits thereof, whether by receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such Rents, issues and profits actually received by Mortgagee.

6.1.7 Additional Rights and Remedies. With notice, and without releasing Mortgagor from any Indebtedness or Obligations, and without becoming a mortgagee in possession, Mortgagee shall have the right to cure any breach or default of Mortgagor and, in connection therewith, to enter upon the Mortgaged Property and to do such acts and things as Mortgagee deems necessary or desirable to protect the security hereof including, but without limitation to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee hereunder; to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the judgment of Mortgagee, is prior or superior hereto, the judgment of Mortgagee being conclusive as between the parties hereto; to obtain insurance to pay any premiums or charges with respect to insurance required to be carried hereunder; and to employ counsel, accountants, contractors and other appropriate persons to assist them.

6.1.8 Other. Exercise any other remedy specifically granted under the other Loan Documents or now or hereafter existing in equity, at law, by virtue of statute or otherwise, including the rights described below.

6.2 Intentionally Deleted.

6.3 Remedies Cumulative and Concurrent. The rights and remedies of Mortgagee as provided in the Note, this Mortgage and in any other Loan Documents shall be cumulative and concurrent and may be pursued separately, successively or together against Mortgagor or any Guarantor or against other obligors or against the Mortgaged Property, or any one or more of them, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof, nor shall the choice of one remedy be deemed an election of remedies to the exclusion of other remedies.

6.4 No Cure or Waiver. Neither Mortgagee's nor any receiver's entry upon and taking possession of all or any part of the Mortgaged Property, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Indebtedness and Obligations, nor the exercise of any other right or remedy by Mortgagee or any receiver shall impair the status of the security, or cure or waive any default or notice of default under this Mortgage, or nullify the effect of any notice of default or sale or prejudice Mortgagee in the exercise of any right or remedy, or be construed as an affirmation by Mortgagee of any tenancy, lease or option or a subordination of the lien of this Mortgage.

6.5 Payment of Costs, Expenses and Attorneys' Fees. Mortgagor agrees to pay to

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Mortgagee within ten (10) days of written demand all costs and expenses incurred by Mortgagee in exercising the remedies under the Note this Mortgage and any of the other Loan Documents (including but without limit, court costs and reasonable attorneys' fees, whether incurred in litigation or not) with interest at the Loan Rate from the date of expenditure until said sums have been paid. Mortgagee shall be entitled to bid, at the sale of the Mortgaged Property held pursuant to the power of sale granted herein or pursuant to any judicial foreclosure of this instrument, the amount of said costs, expenses and interest in addition to the amount of the other Indebtedness and Obligations as a credit bid, the equivalent of cash.

6.6 Waiver of Redemption, Notice and Marshaling. Mortgagor hereby waives and releases (a) any and all statutory or equitable rights of redemption whether arising before or after the entry of a Judgment for Foreclosure and Sale, (b) all benefit that might accrue to Mortgagor and each Guarantor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any appraisal, valuation, stay of execution, exemption from civil process, moratorium, redemption or extension of time for payment; (c) any right to have the liens against Mortgaged Property marshaled, and (d) the right to plead or assert any statute of limitations as a defense or bar to the enforcement of the Note or the other Loan Documents.

6.7 Intentionally deleted.

6.8 Application of Proceeds. The proceeds of any sale of all or any portion of the Mortgaged Property and the amounts generated by any holding, leasing, operation or other use of the Mortgaged Property shall be applied by Mortgagee in the following order:

(a) First, to the payment of reasonable costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing, repairing, improving and selling the same (including, without limitation, payment of any Impositions or other taxes);

(b) Second, to the extent allowed by law, to the payment of attorneys' fees and other legal expenses, including expenses and fees incurred on appeals and legal expenses and fees of a receiver,

(c) Third, to the payment of accrued and unpaid interest on the Indebtedness; and

(d) Fourth, to the payment of the balance of the Indebtedness. The balance, if any, shall be paid to the parties entitled to receive it.

6.9 Strict Performance. Any failure by Mortgagee to insist upon strict performance by Mortgagor of any of the terms and provisions of this Mortgage or of the other Loan Documents or of the Note shall not be deemed to be a waiver of any of the terms or provisions of this Mortgage or of the other Loan Documents or the Note, and Mortgagee shall have the right thereafter to insist upon strict performance by Mortgagor any and all of them.

6.10 No Conditions Precedent to Exercise of Remedies. Neither Mortgagor nor any other

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person now or hereafter obligated for payment of all or any part of the Indebtedness shall be relieved of such obligation by reason of the failure of Mortgagee to comply with any request of Mortgagor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of this Mortgage and/or the other Loan Documents, or by reason of the release, regardless of consideration, of all or any part of the security held for the Indebtedness, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms of this Mortgage and/or the other Loan Documents without first having obtained the consent of Mortgagor or such other person; and in the latter event Mortgagor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Mortgagee.

6.11 Release of Collateral. Mortgagee may release, regardless of consideration, any part of the security held for the Indebtedness or Obligations without, as to the remainder of the security, in any way impairing or affecting the liens of the other Loan Documents or their priority over any subordinate lien. Without affecting the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of any Indebtedness secured hereby or for performance of any Obligations contained herein, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee may, at any time and from time to time, either before or after maturity of the Mortgage Note, and with notice but without consent: (a) release any person liable for payment of all or any part of the Indebtedness or for performance of any Obligations; (b) make any agreement extending the time or otherwise altering terms of payment of all or any part of the Indebtedness, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof; (c) exercise or refrain from exercising or waive any right Mortgagee may have; (d) accept additional security of any kind; (e) release or otherwise deal with any property, real or personal, securing the Indebtedness, including all or any part of the Mortgaged Property.

6.12 Other Collateral. For payment of the Indebtedness, Mortgagee may resort to any other security therefor held by Mortgagee in such order and manner as Mortgagee may elect.

6.13 Discontinuance of Proceedings. In the event Mortgagee shall have proceeded to enforce any rights under this Mortgage or the other Loan Documents and such proceedings shall have been discontinued or abandoned for any reason, then in every such case Mortgagor and Mortgagee shall be restored to their former positions and the rights, remedies and powers of Mortgagee shall continue as if no such proceedings had been taken.

Article 7

CONDEMNATION

7.1 Condemnation. To the extent of the outstanding Indebtedness, Mortgagor hereby assigns, transfers and sets over to Mortgagee all rights of Mortgagor to any award or payment in respect of (a) any taking of all or a portion of the Mortgaged Property as a result of, or by agreement in anticipation of, the exercise of the right of condemnation or eminent domain; (b) any such taking of any appurtenances to the Mortgaged Property or of vaults, areas or projections outside the

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boundaries of the Mortgaged Property, or rights in, under or above the alleys, streets or avenues adjoining the Mortgaged Property, or rights and benefits of light, air, view or access to said alleys, streets, or avenues or for the taking of space or rights therein, below the level of, or above the Mortgaged Property; and (c) any damage to the Mortgaged Property or any part thereof due to governmental action, but not resulting in, a taking of any portion of the Mortgaged Property, such as, without limitation, the changing of the grade of any street adjacent to the Mortgaged Property. Mortgagor hereby agrees to file and prosecute its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to Mortgagee, and hereby irrevocably authorizes and empowers Mortgagee, in the name of Mortgagor or otherwise, to collect and receipt for any such award or payment and, in the event Mortgagor fails to act, or in the event that an Event of Default has occurred and is continuing, to file and prosecute such claim or claims.

7.2 Application of Proceeds. All proceeds received by Mortgagee with respect to a taking of all or any part of the Mortgaged Property or with respect to damage to all or any part of the Mortgaged Property from governmental action not resulting in a taking of the Mortgaged Property, shall be applied as follows, in the order of priority indicated:

- (a) To reimburse Mortgagee for all reasonable costs and expenses, including reasonable attorneys' fees incurred in connection with collecting the said proceeds;
- (b) To the payment of accrued and unpaid interest on the Note;
- (c) To the payment of the unpaid principal of the Note, without premium; and
- (d) To the payment of the balance of the Indebtedness. The balance, if any, will be paid to Mortgagor.

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Article 8

MISCELLANEOUS

8.1 Further Assurances. Mortgagor, upon the reasonable request of Mortgagee, will execute, acknowledge and deliver such further instruments (including, without limitation, financing statements, estoppel certificates and declarations of no set-off) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of the Loan Documents, to facilitate the assignment or transfer of the Note, this Mortgage and any other Loan Documents, and to subject to the liens of the other Loan Documents, any property intended by the terms thereof to be covered thereby, and any renewals, additions, substitutions, replacements or betterments thereto. Upon any failure by Mortgagor to execute and deliver such instruments, certificates and other documents (which are reasonably requested by Mortgagee and are consistent with the terms of the Loan Documents) on or before seven (7) days after a written request therefor is given to Mortgagor, Mortgagee may make, execute and record any and all such instruments, certificates and Mortgagor irrevocably appoints Mortgagee the agent and attorney-in-fact of Mortgagor to do so.

8.2 Recording and Filing. Mortgagor, at its expense, will cause the Mortgage and the other Loan Documents, all supplements thereto and any financing statements at all times to be recorded and filed and re-recorded and re-filed in such manner and in such places as Mortgagee shall reasonably request, and will pay all such recording, filing, re-recording and re-filing taxes, fees and other charges.

8.3 Notice. All notices, communications and waivers under this Mortgage shall be in writing and shall be (i) delivered in person or (ii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or (iii) by overnight express carrier, addressed in each case as follows:

To Mortgagee: Wachovia Bank, National Association
300 N. Greene Street
P. O. Box 21965
Greensboro, North Carolina 27420
Attn: Pete Callahan, Senior Vice President

With copy to: Holland & Knight LLC
131 S. Dearborn Street
30th Floor
Chicago, Illinois 60603
Attn: Francis L. Keldermans

If to Borrower: LCJ Investments, LLC
8010 Thorndike Road
Greensboro, North Carolina 27409
Attn: Cissy Li, Member/Manager

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With a copy to: Brooks Pierce McLendon Humphrey & Leonard LLP
230 North Elm Street
2000 Renaissance Plaza
Greensboro, North Carolina 27401
Attn: William P. H. Cary

or to any other address as to any of the parties hereto, as such party shall designate in a written notice to the other party hereto. All notices sent pursuant to the terms of this Section shall be deemed received (i) if personally delivered, then on the date of delivery, (ii) if sent by overnight, express carrier, then on the next federal banking date immediately following the day sent, or (iii) if sent by registered or certified mail, then on the earlier of the fifth (5th) day following the day sent or when actually received.

8.4 Mortgagee's Right to Perform the Obligations. If Mortgagor shall fail to make any payment or perform any act required by this Mortgage or the other Loan Documents, then, at any time thereafter, upon reasonable prior notice to or demand upon Mortgagor and without waiving or releasing any obligation or default, Mortgagee may make such payment or perform such act for the account of and at the expense of Mortgagor, and shall have the right to enter the Mortgaged Property for such purpose and to take all such action thereon and with respect to the Mortgaged Property as may be necessary or appropriate for such purpose. All sums so paid by Mortgagee, and all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses so incurred together with interest thereon at the Defaulted Interest Rate, from the date of payment or incurring, shall constitute additions to the Indebtedness secured by the other Loan Documents, and shall be paid by Mortgagor to Mortgagee, on demand. If Mortgagee shall elect to pay any Imposition, Mortgagee may do so in reliance on any bill, statement or assessment procured from the appropriate public office, without inquiring into the accuracy thereof or into the validity of such Imposition. Mortgagor shall indemnify Mortgagee for all losses and expenses, including reasonable attorneys' fees, incurred by reason of any acts performed by Mortgagee pursuant to the provisions of this Paragraph 8.4 or by reason of the other Loan Documents, and any funds expended by Mortgagee to which it shall be entitled to be indemnified, together with interest thereon at the Loan Rate from the date of such expenditures, shall constitute additions to the Indebtedness and shall be secured by the other Loan Documents and shall be paid by Mortgagor to Mortgagee upon demand.

8.5 Covenants Running with the Land. All covenants contained in this Mortgage and in the other Loan Documents shall run with the Mortgaged Property.

8.6 Severability. In case any one or more of the Obligations shall be invalid, illegal or unenforceable in any respect, the validity of the Note, this Mortgage, and the other Loan Documents and remaining Obligations shall be in no way affected, prejudiced or disturbed thereby.

8.7 Modification. This Mortgage and the other Loan Documents and the terms of each of them may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing signed by the party against which enforcement of the change, waiver, discharge or termination is asserted.

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8.8 Assumption. The loan evidenced by the Note and secured by this Mortgage and the other Loan Documents is personal to Mortgagor, and Mortgagee made such loan to Mortgagor based upon the credit of Mortgagor and Mortgagee's judgment of the ability of Mortgagor to repay the entire Indebtedness and therefore this Mortgage may not be assumed by any subsequent holder of an interest in the Mortgage Property without Mortgagee's prior written consent.

8.9 Tax on Indebtedness or Mortgage. In the event of the passage, after the date of this Mortgage, of any law deducting from the value of land for the purposes of taxation, any lien thereon, or imposing upon Mortgagee the obligation to pay the whole, or any part, of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts as to affect the Mortgage or the Indebtedness, the entire unpaid balance of the Indebtedness shall, at the option of Mortgagee, after ten (10) days written notice to Mortgagor, become due and payable; provided, however, that if, in the opinion of Mortgagee's counsel, it shall be lawful for Mortgagor to pay such taxes, assessments, or charges, or to reimburse Mortgagee therefor, then there shall be no such acceleration of the time for payment of the unpaid balance of the Indebtedness if a mutually satisfactory agreement for reimbursement, in writing, is executed by Mortgagor and delivered to Mortgagee within the aforesaid period.

8.10 Maximum Rate of Interest. Notwithstanding any provision in this Mortgage, or in any instrument now or hereafter relating to or securing the Indebtedness evidenced by the Note, this Mortgage or the other Loan Documents the total liability for payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions, or other sums which may at any time be deemed to be interest, shall not exceed the limit imposed by applicable usury laws. In the event the total liability for payments of interest and payments in the nature of interest, including without limitation, all charges, fees, exactions or other sums which may at any time be deemed to be interest, shall, for any reason whatsoever, result in an effective rate of interest, which for any month or other interest payment period exceeds the limit imposed by the applicable usury laws, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice by, between, or to any party hereto, be applied to the reduction of the Indebtedness immediately upon receipt of such sums by Mortgagee, with the same force and effect as though Mortgagor had specifically designated such excess sums to be so applied to the reduction of the Indebtedness and Mortgagee had agreed to accept such sums as a premium-free payment of the Indebtedness, provided, however, that Mortgagee may, at any time and from time to time, elect, by notice in writing to Mortgagor, to waive, reduce, or limit the collection of any sums (or refund to Mortgagor any sums collected) in excess of those lawfully collectible as interest rather than accept such sums as a prepayment of the Indebtedness.

8.11 Survival of Warranties and Covenants. The warranties, representations, covenants and agreements set forth in this Mortgage, the Note and the other Loan Documents shall survive the making of the loan and the execution and delivery of the Note, and shall continue in full force and effect until the Indebtedness shall have been paid in full, except such obligations as specified in Section 4.10 hereof which shall survive.

8.12 Applicable Law. This Mortgage shall be governed by and construed according to the laws of the State of Illinois.

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8.13 Loan Expenses. Mortgagor shall pay all costs and expenses in connection with the preparation, execution, delivery and performance of this Mortgage and the other Loan Documents, including (but not limited to) fees and disbursements of its and Mortgagee's counsel, recording costs and expenses, conveyance fee, documentary stamp, intangible and other taxes, surveys, appraisals and policies of title insurance, physical damage insurance, and liability insurance.

8.14 No Representations by Mortgagee. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Mortgagee, pursuant to this Mortgage or the other Loan Documents, including (but not limited to) any officer's certificate, survey, appraisal or insurance policy, Mortgagee shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Mortgagee.

8.15 Headings. The article headings and the section and subsection captions are inserted for convenience or reference only and shall in no way alter or modify the text of such articles, sections and subsections.

8.16 Counterparts. This Mortgage may be executed in counterparts, and all said counterparts when taken together shall constitute one and the same Mortgage.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the date first above written.

MORTGAGOR:

LCJ Investments, LLC,
a North Carolina limited liability company

Cissy C. Li

Cissy C. Li, Member/Manager

Jim J. Li

Jim J. Li, Member/Manager

Property of Cook County Clerk's Office

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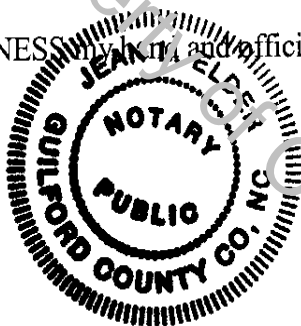
ACKNOWLEDGMENT

STATE OF North Carolina)
) SS.
COUNTY OF Guilford)

On May 29, 2003, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **Cissy C. Li**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as the Member/Manager of LCJ Investments, LLC, a North Carolina limited liability company ("LLC"), on behalf of LLC therein named and acknowledged to me that the execution thereof was the free and voluntary act and deed of LLC for the uses and purposes therein mentioned, and acknowledged to me that such limited liability company executed the within instrument pursuant to its operating agreement or a resolution of its managers or members.

WITNESS my hand and official seal.

(SEAL)



Jean L. Elder
Notary Public in and for
the State of NC

My commission expires: 5/24/07

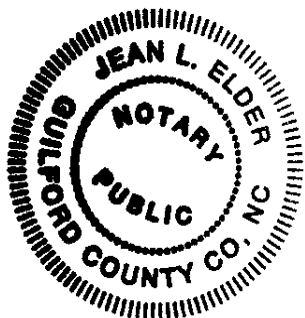
ACKNOWLEDGMENT

STATE OF North Carolina)
) SS.
COUNTY OF Guilford)

On May 29, 2003, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **Jim J. Li**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as a Member/Manager of LCJ Investments, LLC, a North Carolina limited liability company ("LLC"), on behalf of LLC therein named and acknowledged to me that the execution thereof was his free and voluntary act and deed and on behalf of the LLC for the uses and purposes therein mentioned, and acknowledged to me that such limited liability company executed the within instrument pursuant to its operating agreement or a resolution of its managers or members.

WITNESS my hand and official seal.

(SEAL)



Jean L. Elder
Notary Public in and for
the State of NC

My commission expires: 5/24/07

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EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1: UNIT NO. 3403 IN 800 NORTH MICHIGAN CONDOMINIUM AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED REAL ESTATE: LOTS 2, 7, 8 AND 9 IN THE PARK TOWER SUBDIVISION BEING A SUBDIVISION OF PART OF THE SOUTH FRACTIONAL 1/4 OF SECTION 3 TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, WHICH SURVEY IS ATTACHED AS EXHIBIT "A" TO THE DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT NUMBER 00584660 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 2: THE EXCLUSIVE RIGHT TO THE USE OF PARKING SPACE P-116 LOCATED IN THE "GARAGE PROPERTY" AS DESCRIBED IN AND AS CREATED BY THE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS RECORDED AS DOCUMENT NUMBER 00584657 AS DELINEATED ON THE PLAT OF SURVEY ATTACHED HERETO.

PARCEL 3: EXCLUSIVE AND NON-EXCLUSIVE EASEMENTS MORE PARTICULARLY DESCRIBED AND DEFINED IN DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS MADE BY AND BETWEEN PARK HYATT TOWER ASSOCIATES AND PARK TOWER, L.L.C. RECORDED AS DOCUMENT NUMBER 00584657, WHICH ARE APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 2 AFORESAID.

PINs: 17-03-231-018-1044

17-03-231-010-0000 (affects Parking Space P-116 and other property)

Commonly known as: Unit 3403, 800 N. Michigan Avenue, Chicago, Illinois

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EXHIBIT B

PERMITTED ENCUMBRANCES

1. General real estate taxes for the 2nd installment 2003 and thereafter not yet due and payable.
2. Exceptions numbered 7, 10, 11 and 12 as shown in Chicago Title Insurance Company's Commitment 1401 IL 0331969 SDA dated April 25, 2003.

CHO1 #1285049 v1

Property of Cook County Clerk's Office