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COMMERCIAL LEASE

THIS INDENTURE OF LEASE, made this 27th day of December, 1997, by and between Paul W. Swanson, an individual, (hereinafter referred to as "Swanson"), and GOLDEN AGE RETIREMENT HOMES, L.L.C., an Illinois limited liability company, (hereinafter referred to as "Golden Age").

WITNESSETH:

WHEREAS, Swanson desires to demise and lease unto Golden Age the Property, for the term of ten (10) years beginning on the 30th day of December, 1997, and ending on the 30th day of December, 2007, with Golden Age having the right to renew this Lease for two (2) additional ten (10) year terms, all subject to the terms, provisions, and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises, covenants and undertakings herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree with each other as follows:

- 1.1 **Improvements to the Property.** Swanson shall, at his expense make certain improvements on the Property ("Improvements") as indicated on Exhibit A attached hereto and incorporated herein. The Improvements are to convert the Property into a multi-tenant residential facility to be leased exclusively to elderly tenants.
- 1.2 The cost for the Improvements shall not exceed One Million Dollars (\$1,000,000). Any costs for additional improvements above \$1,000,000 must be approved in writing by Swanson and Golden Age.
- 1.3 All Improvements on the Property as indicated on Exhibit A attached hereto and incorporated herein shall be commenced immediately upon issuance of all necessary building permits by the City of Rolling Meadows.
- 1.4 All Improvements shall be completed within twelve (12) months from issuance of all necessary building permits by the City of Rolling Meadows.
- 2 **Rent.** Golden Age takes and accepts said demise and lease, and will pay to Swanson, the following rent for the Property.
 - 2.1 Golden Age shall pay Base Rent equal the sum of One Hundred Twenty Thousand (\$120,000) DOLLARS per year (the "Base Rent"), payable in equal monthly installments of Ten Thousand (\$10,000) DOLLARS. Said payments shall be made on the tenth (10th) day of each month, to the registered office of Swanson, or at such other place as Swanson may, from time to time, by written notice, appoint.

Mail to:

GOLDEN AGE RETIREMENT HOMES LLC
c/o Damir Missbrenner
8335 County Line Rd.
Burr Ridge, IL 60527



Doc#: 0400734221
Eugene "Gene" Moore Fee: \$78.50
Cook County Recorder of Deeds
Date: 01/07/2004 04:31 PM Pg: 1 of 10

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- 2.2 In addition, Golden Age shall pay all payments due to outside parties with respect to the Property, excluding any fees and expenses incurred in obtaining mortgage or refinancing, (except as indicated in paragraph 2.2.3 hereof) which shall be considered as additional rent, and shall hereinafter be cumulatively referred to with the Base Rent as the "Rental Payment" and shall include but not be limited to:
- 2.2.1 debt service on any mortgage for acquiring the Property (the principal amount of which is not to exceed Three Million Six Hundred Thousand [\$3,600,000] Dollars);
 - 2.2.2 service on the refinancing of any mortgage;
 - 2.2.3 interest, fees and expenses related to financing the cost of Improvements as referred to in paragraph 1 hereof; and
 - 2.2.4 utilities, insurance maintenance, impact fees, other fees and taxes assessed by the City of Rolling Meadows, Illinois and real estate taxes,
- 2.3 Golden Age shall not be responsible for payment of any rental amounts due under this Lease Agreement. (a) during the entire duration that said "Improvements" for the conversion are performed and (b) an occupancy permit is issued by the City of Rolling Meadows for the legal operation of the entire building by Golden Age.
- 3 **Increase of Rent.** The Base Rent shall be increased cumulatively by three and one-half percent (3.5%) on the first day of each year of the lease including the two ten-year renewal periods.
- 4 **Security Deposit.** Golden Age need not tender any sum with Swanson as a security deposit.
- 5 **Option to Renew.** Provided that Golden Age is not in default in the performance of Golden Age's obligations under this Lease, Golden Age shall have options to renew this Lease for two (2) additional ten (10) year terms, all subject to the terms and conditions herein. In order to exercise each option to renew, Golden Age must provide Swanson with written notice of Golden Age's election to exercise its option at least three hundred sixty-five (365) days prior to the expiration of the prior term.
- 6 **Use.** Golden Age will operate the Property exclusively as a retirement facility consistent with its Operating Agreement. Golden Age will, at Golden Age's own expense, keep the Property in good repair and tenable condition during said term, reasonable wear and tear excepted.
- 7 **Golden Age's Fixtures.** At the expiration of the term of this Lease, by lapse of time and otherwise, any and all improvements standing on the Property shall be and remain the property of Swanson and no compensation need be paid to Golden Age relative thereto.
- 8 **Assignment.** Golden Age shall not without Swanson's prior written consent, which consent shall not be unreasonably withheld, assign this Lease, or any interest hereunder or permit any transfer hereof or of any interest hereunder, by operation of law, or sublet the Property or any

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part thereof, or permit the use of the Property by any parties other than Golden Age and Golden Age's agents and contractors.

- 8.1 If the Property or any part thereof is subleased or occupied by any person, firm or corporation other than Golden Age, then in the event of Golden Age's default, Swanson may and is hereby empowered, at any time from and after the date of the default hereunder, to serve the notice under the provisions of paragraph 11 hereunder, to collect rent from such person, firm or corporation as long as such default or any other default shall continue, and to apply the same to the curing of any default hereunder in any order of priority Swanson may elect, any unexpended balance to be applied by Swanson against any rental obligations subsequently becoming due. For purposes of this paragraph, any agreement whereby the management or operation of any portion of the Property shall be entrusted or otherwise transferred to a third party and that will have the effect of reducing the gross rentals attributable to such portion of the property shall be deemed to be a lease or license of such portion and shall require the prior written consent of Swanson.
- 8.2 If any portion of the Property is subleased, whether or not in violation of these provisions of this Lease, Swanson may and is hereby empowered to collect the rents provided for herein and any sums payable to Golden Age under the terms of the sublease. Swanson may apply the net amount received by it from any such sublessee to the Base Rent, and other charges herein. No collection nor any action to enforce the provision of this Lease against Golden Age or sublessee shall be deemed (a) a waiver of the covenant herein against assignment, mortgage, encumbrance pledge or subletting, (b) an acceptance of the assignee or sublessee as a tenant under this Lease or (c) a release of Golden Age from the further performance of the covenants herein.

9 **Insurance.** Golden Age covenants and agrees that Golden Age will, during the entire existence of this Lease maintain, at Golden Age's sole cost and expense, a Comprehensive General Liability Insurance with Combined Single limits of liability for bodily injury and property damage of not less than TWO MILLION (\$2,000,000) DOLLARS, and property insurance in an amount equal to no less than Five Million Dollars (\$5,000,000). All policies of insurance shall identify Swanson as an additional insured. A certificate of said policy or policies shall be deposited with Swanson on or before the date Golden Age takes possession of the Property and, thereafter, at least thirty (30) days after the expiration date of the original policies or renewal policies. All policies shall require not less than thirty (30) days written notice to Swanson prior to the cancellation or expiration of same. In the event Golden Age does not timely renew any of the aforesaid policies or otherwise substitute substantially similar policies in their place or otherwise agree in writing to provide self-insurance in a manner acceptable to Swanson, Swanson may renew said policies on behalf of Golden Age and any amounts expended by Swanson, including all premium payments, shall become immediately due and owing to Swanson as additional rent.

10 **Liability for Damages.** Swanson shall not be liable for any damage sustained by Golden Age, or by other persons due to (a) the Property or any part thereof, or any appurtenances thereto belonging, becoming out of repair, or (b) the happening of any incident in or about the Property, or (c) any act of neglect of any tenant or occupant of said the Property, or of any other person.

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11 Default. (a) If default shall be made in payment of rent, or any installment thereof, or in the payment of any other sum required to be paid by Golden Age under the terms of this Lease and such monetary default is not cured within fourteen (14) days of Golden Age's receipt of written notice of said deficiency, or (b) if default shall be made in the performance of any of the other covenants or conditions in this Lease which Golden Age is required to observe or perform and such default shall not be remedied as promptly as possible after notice thereof, but, in all events, within thirty (30) days following receipt of written notice thereof by Golden Age, or, if such breach cannot reasonably be cured within said thirty (30) day period, then as promptly as possible after notice thereof; or (c) if the interest of Golden Age in this Lease shall be levied upon under execution or other legal process, or (d) if any voluntary petition in bankruptcy or for corporate reorganization, or to delay, reduce, or modify Golden Age's debts or obligations, or any similar debtor relief shall be sought by Golden Age, or (e) in any involuntary petition in bankruptcy shall be filed against Golden Age under any Federal or State bankruptcy or insolvency act, and shall not have been dismissed within sixty (60) days from the filing thereof, or (f) if a receiver shall be appointed for Golden Age or Golden Age's property in this or any other state in the United States, and such receiver shall not have been dismissed within sixty (60) days from the date of his appointment, or (g) if Golden Age shall make an assignment for the benefit of creditors, or (h) if Golden Age shall admit in writing Golden Age's inability to meet Golden Age's debts as they mature, or (i) the occurrence of three (3) or more defaults, within any twelve (12) month period, of this Lease, whether or not defaults are cured within the appropriate cure periods, then Swanson may treat the occurrence of any one or more of the foregoing events as breach of this Lease, and thereupon at Swanson's option, may, without notice, or demand of any kind to, or upon, any person other than such notice or demand as may be required by law, pursue any one or more of the following remedies:

- 11.1 Swanson may terminate this Lease, and the term and estate hereby created, in which event Swanson may repossess the Property forthwith, and be entitled to recover forthwith, as damages, in addition to any and all attorneys fees and costs incurred by Swanson, a sum of money equal to (A) the value of that portion of rent provided to be paid by Golden Age for the balance of the term of this Lease, and (B) any other sum of money and damages owed by Golden Age to Swanson.
- 11.2 Swanson may terminate Golden Age's right of possession, and may repossess the Property by forcible entry or detainer suit, or otherwise, without demand or notice of any kind to Golden Age, other than such notice or demand as may be required by law, and without terminating this Lease, in which event Swanson shall use Swanson's best efforts to relet the Property for the account, and at the risk, of Golden Age, for such rent and upon such terms, as shall be satisfactory to Swanson. For the purpose of such reletting, Swanson is authorized to redecorate or to make any repairs, changes, alterations, modifications, or additions in or to the Property that may be necessary.
- 11.3 Swanson may sue to recover any sums falling due under the terms of this paragraph, from time to time; and no suit or recovery of any portion due Swanson hereunder shall be any defense to any subsequent action brought for any amount not theretofore reduced to judgement in favor of Swanson.

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11.4 No receipt of monies by Swanson from Golden Age after the termination in any way of the term of this Lease, or of Golden Age's right of possession hereunder, or after the giving of any notice, shall reinstate, continue or extend the term of this Lease or affect any notice given to Golden Age prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of suit, or after final judgement for possession of said the Property, Swanson may receive and collect any rent due, and the payment of said rent shall not waive or affect said notice, said suit, or said judgement.

12 **Termination.** Upon termination of this Lease and the term hereby created, or upon the termination of Golden Age's right to possession, whether by lapse of time or at the option of Swanson, as aforesaid, Golden Age shall at once surrender possession of the Property to Swanson, and remove all Golden Age's property and property of Golden Age's servants and agents therefrom, and if such possession be not immediately surrendered and such property immediately removed, Swanson forthwith may reenter the Property and repossess itself thereof as of its former estate, and remove all persons and property therefrom using such force as reasonably may be necessary, without being deemed guilty of a manner of trespass or forcible entry or detainer. Without limiting the generality of the foregoing, Golden Age agrees to remove, at the termination of this Lease, all Golden Age's supplies, equipment, machinery, and all other property of Golden Age, whether of a like or different nature. If, at termination, Golden Age vacates the Property without removing such items, or any other property of Golden Age located on the Property, Golden Age shall be presumed conclusively to have abandoned the same, and title thereto thereupon shall pass to and rest in Swanson without cost, either by way of set off, credit allowance or otherwise. Swanson may, at the Swanson's option, accept the title to fixtures, trade fixtures, and such property as may become Swanson's under the term of this Lease, or remove the same, or any part thereof in any manner that Swanson shall choose, and may store the same without liability or Golden Age of any other person.

13 **Real Estate Taxes.** Golden Age shall be liable to Swanson for any and all real estate taxes related to the Property. Golden Age shall tender full payment of the real estate taxes related to the Property to Swanson within ten (10) days of receipt of a written demand from Swanson.

14 **Waiver.** No waiver of any condition expressed in this Lease shall be implied by any failure of Swanson to declare a forfeiture on account of the violation of such condition, if such violation be continued or repeated subsequently; and no express waiver shall affect any condition other than the one specified in such waiver, and that one only for the time, and in the manner specifically stated.

15 **Notice.** Any notice, communication or demand shall be deemed to have been duly given or served if delivered by personal service or sent by registered or certified mail, return receipt requested, or via facsimile transmission to the party to which it is directed, addressed as hereinafter provided. A notice, demand or other communication shall be deemed received on the date of the personal receipt, if delivered personally or, if mailed, on the date of the registered or certified mail receipt is delivered, or if sent by facsimile, the date on which a valid transmission report is created indicating a successful transmission to the intended party, or the date of

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attempted delivery if delivery is not accepted, said notice to be addressed to the parties' principal offices.

16 Condemnation. If the Property or any substantial portion of the Property shall be taken or condemned by any authority under the power of eminent domain, the term of this Lease shall end upon the date when possession of the part so taken shall be required for such use or purpose, without apportionment of the award for such taking.

17 Subordination. This Lease is and shall be subordinated to all existing and future liens and encumbrances against the Property. Golden Age shall, immediately upon receipt, execute any and all documents that may be required by Swanson or the Swanson's mortgage company to fully effectuate the aforesaid subordination, provided that Golden Age receives a Non-Disturbance Agreement from the party requiring such a subordination.

18 Rights and Remedies. All rights and remedies of Swanson under this Lease shall be cumulative and none shall exclude any other rights and remedies by law.

19 Indemnification. Golden Age hereby agrees to and shall forever indemnify and hold Swanson, Swanson's managers, members, shareholders, partners, employees, agents, officers, directors and attorneys, harmless of and from, and Swanson shall be entitled to recover from Golden Age, all debts, taxes, penalties, liabilities, claims, demands and causes of action, of whatever kind or nature, including, but not limited to, all court costs and reasonable attorneys' fees incurred by Swanson, Swanson's managers, members, shareholders, partners, employees, agents, officers, directors and attorneys in the defense, prosecution, compromise, payment or settlement of any claims which at any time may be asserted against any of them and which arise(s) out of the negligent act or omission of Golden Age arising: i) from any occurrence in or on the Property; or ii) from the use of Golden Age of any part of the Property; or iii) from any work undertaken by Golden Age on the Property. Golden Age shall have the right, subject to Swanson's written consent (which shall not be unreasonably withheld), to defend, at Golden Age's own expense and by counsel of Golden Age's own choosing (which counsel shall be reasonably satisfactory to Swanson), and shall defend against, any claim to which this indemnification would apply. Golden Age shall be relieved of its indemnification obligations hereunder to the extent such debts, taxes, penalties, liabilities, claims, demands and causes of action, of whatever kind or nature, was caused by the negligent act of Swanson, Swanson's agents or employees.

20 Binding Effect. Each of the provisions of this Lease shall extend to, and shall, as the case may require, bind, or inure to the benefit, not only of Swanson and of Golden Age, but also of their respective heirs, personal representatives, successors, and permitted assigns.

21 Governing Law. This Lease shall be subject to and governed by the laws of the State of Illinois, irrespective of whether any party hereto is a resident of another state.

22 Entire Agreement. This Lease constitutes the entire agreement, and supersedes any and

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all other agreements, whether oral or written, between the parties with respect to the leasing of the Property. No change or modification of this Lease shall be valid unless the same shall be in writing and signed by Golden Age and an authorized representative of Swanson. No waiver or suspension of any provisions of this Lease shall be valid unless in writing and signed by the person or party to be charged.

23 Severability. If any portions of this Lease shall be, for any reason, invalid or unenforceable, such portions shall be ineffective only to the extent of such invalidity or unenforceability, and the remaining portion or portions shall nevertheless be valid, enforceable and in full force and effect.

24 Construction. Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective or valid, and its provisions enforced, in accordance with the laws of the State of Illinois. If any provision of this Lease shall be prohibited by or invalid under Illinois law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Lease. The language in all parts of this Lease shall be construed according to its normal and usual meaning, and not strictly for or against any party.

25 Modification. All the representations and obligations of Swanson are contained herein, and no modification, waiver, or amendment of this Lease, or of any of its conditions or provisions, shall be binding upon Swanson unless in writing signed by Swanson or by a duly authorized agent of Swanson. No modification, waiver, or amendment of this Lease shall be binding upon Golden Age unless in writing signed by Golden Age.

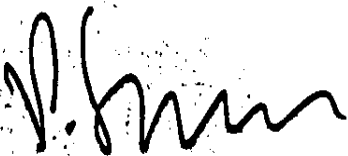
26 Ordinances and Statutes. Golden Age shall comply with all the statutes, ordinances and requirements of all municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to Golden Age's operation and use of the Property.

27 Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original.

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IN WITNESS WHEREOF, Swanson and Golden Age have duly executed and delivered this instrument as of the day and date above first written.

PAUL W. SWANSON

By: 

Paul W. Swanson

attest: 

Damir Missbrenner

GOLDEN AGE RETIREMENT HOMES, L.L.C.

By: 

Olga Missbrenner,
Operating Manager

By: 

David Audino,
Operating Manager

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EXHIBIT A
THE PROPERTY
AND
PLANNED IMPROVEMENTS

Legal Description:

THE EAST 146 FEET OF THE WEST 170 FEET AS MEASURED AT RIGHT ANGLES TO THE WEST LINE THEREOF OF THAT TRACT OF LAND DESCRIBED AS LOT 6 AND THAT PART OF LOT 5 LYING NORTH OF THE SOUTH 139 FEET AS MEASURED AT RIGHT ANGLES TO THE SOUTH LINE OF LOT 5 ALL IN ROLLING MEADOWS INDUSTRIAL CENTER UNIT NO. 2 BEING A SUBDIVISION OF THE WEST 1.2 OF SECTION 8, TOWNSHIP 41 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. 08-08-123-017-0000

COMMONLY KNOWN AS: 2801 Algonquin Road
Rolling Meadows, Illinois

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Planned Improvements:

SEE ATTACHED CONSTRUCTION AGREEMENT BETWEEN:

PAUL W. SWANSON

AND

CROWN CONTRACTING COMPANY, INC.

Property of Cook County Clerk's Office