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This instrument prepared by and after recording should be returned to:

FagelHaber LLC
55 East Monroe Street
40th Floor
Chicago, Illinois 60603
Attention: Victor A. Des Laurier, Esq.

PIN Numbers: 10-29-303-017-0000
10-29-400-008-0000

Common Address: 7420 North Lehigh Avenue
Niles, Illinois 60714



Doc#: 0500433051
Eugene "Gene" Moore Fee: \$74.00
Cook County Recorder of Deeds
Date: 01/04/2005 08:04 AM Pg: 1 of 26

MORTGAGE AND SECURITY AGREEMENT

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This Mortgage and Security Agreement (this "Mortgage") is executed and delivered as of the 16th day of December, 2004, by Perutz Properties, LLC, an Illinois limited liability company, with its principal office located at 7420 North Lehigh Avenue, Niles, Illinois 60714 ("Mortgagor"), to JPMorgan Chase Bank, N.A., a national banking association with an office located at 120 South LaSalle Street, Chicago, Illinois 60603 (the "Bank").

WITNESSETH:

WHEREAS, prior hereto, the Illinois Development Finance Authority ("Issuer") issued its Adjustable Rate Industrial Development Revenue Bonds, Series 1996 A (Tax Exempt) and Series 1996 B (Taxable) (Nimlok Company Project) in the original aggregate principal amount of \$3,600,000 (the "Bonds") pursuant to an Indenture of Trust dated as of October 1, 1996 (the "Indenture") between the Issuer and JPMorgan Chase Bank, N.A., as successor by merger to Bank One, Springfield, as Trustee ("Trustee") to obtain monies (the "Loan") which have been disbursed to Nimlok Company, a Delaware corporation ("Nimlok"), and used to finance a portion of the cost to acquire, construct, renovate and rehabilitate a manufacturing facility located at 7420 N. Lehigh, Niles, Illinois 60714 (the "Niles Property");

WHEREAS, to evidence and secure the obligations of Nimlok in connection with the Bonds, Nimlok has executed and delivered to Trustee and Issuer, as applicable, an Indenture, a Loan Agreement, an Arbitrage Compliance Agreement, a Tax Compliance Agreement, and various other certificates, indemnities, pledges, consents, contracts, notices, statements, notes, documents, instruments and agreements;

WHEREAS, the Bonds are secured by an Irrevocable Letter of Credit (the "Letter of Credit") in the original face amount of \$3,644,384 issued by the Bank in favor of the Trustee for the benefit of the owners of the Bonds, which Letter of Credit was issued pursuant to and in accordance with a Letter of Credit and Reimbursement Agreement dated as of October 1, 1996 by and between Nimlok and the Bank (as amended or restated from time to time, the "Reimbursement Agreement") whereby Nimlok is

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obligated to reimburse the Bank for all drawings made by the Trustee on the Letter of Credit and to pay certain other costs and expenses;

WHEREAS, to evidence and secure the obligations and liabilities of Nimlok to the Bank in connection with the Loan and the Letter of Credit, Nimlok has executed and delivered to Bank the Reimbursement Agreement, that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of October 1, 1996, executed and delivered by Nimlok to the Bank (the "Nimlok Mortgage"), and an Application and Agreement for Letter of Credit. Nimlok has also executed various other security agreements, assignments, certificates and indemnities relating to the obligations evidenced by the Reimbursement Agreement;

WHEREAS, Mortgagor and Nimlok have requested that the Bank (i) consent to the sale, assignment and transfer by Nimlok to Mortgagor of fee simple title to the Niles Property, and (ii) provide a new term loan to Mortgagor in the principal amount of \$750,000 which shall be used to satisfy a portion of the purchase price for the Niles Property (collectively the "Financial Accommodations");

WHEREAS, the Bank is willing to provide the Financial Accommodations to Mortgagor and Nimlok, provided, among other things, Mortgagor executes and delivers this Mortgage to the Bank; and

WHEREAS, Mortgagor acknowledges and agrees that (i) Mortgagor is benefited by the Financial Accommodations provided by the Bank to Mortgagor and Nimlok, (ii) Mortgagor's execution and delivery of this Mortgage is a material inducement to the Bank providing the Financial Accommodations to Mortgagor and Nimlok, and (iii) without this Mortgage, the Bank would not have provided the Financial Accommodations to Mortgagor and Nimlok.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and understandings of the parties hereto set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Mortgagor hereby covenants unto and agrees with the Bank as set forth in this Mortgage. The foregoing recitals are hereby incorporated into the terms and conditions of this Mortgage.

1. DEFINITIONS AND TERMS

1.1 The following words, terms or phrases shall have the meanings set forth below:

"Assignment of Rents": shall mean that certain Assignment of Rents and Lessor's Interest in Leases of even date herewith executed and delivered by Mortgagor to the Bank, as amended or restated from time to time.

"Bank's Lien": shall have the meaning ascribed to such term in Section 2.5 below.

"Charges": shall mean all national, federal, state, county, city, municipal or other governmental (including, without limitation, any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, water charges, sewer service charges, liens, claims or encumbrances upon or relating to the Mortgaged Property, the Obligors' Liabilities, or the Obligors' Covenants.

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“Debt Service Coverage Ratio”: shall mean the ratio of Mortgagor’s (1) EBITDA, less the sum of (a) income taxes paid in cash, and (b) cash dividends and other distributions paid to by Mortgagor to its members, to (2) the sum of (a) interest expense, (b) scheduled principal payments on all indebtedness that is not subordinated to the Bank pursuant to a written subordination agreement satisfactory to the Bank, (c) scheduled capital lease payments, and (d) principal payments made in satisfaction of indebtedness that is subordinated to the Bank pursuant to a written subordination agreement satisfactory to the Bank.

“Default Rate”: shall mean three percent (3%) per annum in excess of the Prime Rate.

“Documents”: shall mean any mortgage, deed of trust or similar instrument, assignment of leases, assignment of rents, promissory note, security agreement, guaranty, financing statement, assignment of insurance, loss payable clause, mortgage title insurance policy, letter of opinion, waiver letter, estoppel letter, consent letter, non-offset letter, insurance certificate, appraisal, survey and any other similar agreements, instruments or documents.

“EBITDA”: shall mean, for any period, the net earnings of such Person plus, to the extent deducted in calculating net earnings, expenses for interest, taxes and depreciation and amortization, all as determined in accordance with GAAP consistently applied.

“Encumbrances”: shall mean all liens, security interests, liabilities, claims, debts, exceptions, easements, restrictions, Charges and any other types of encumbrances.

“Environmental Indemnity Agreement” shall mean that certain Environmental Indemnity Agreement of even date herewith executed and delivered by the Obligors to the Bank, as amended, renewed or replaced from time to time.

“Equipment”: shall mean all now existing or owned and hereafter arising or acquired apparatus, machinery, equipment, furniture, fixtures and other articles of personal property of any and every kind and nature whatsoever, required for use in, on, or in connection with the Premises or the management, maintenance, operation or business thereof and all replacements thereof, substitutions therefor and accessions thereto, including, without limitation, any such item now or at any time or times hereafter situated on the Premises and used to supply or otherwise deliver heat, gas, air conditioning, water, light, electricity, power, plumbing, refrigeration, sprinkling, ventilation, mobility, communication, incineration, and all other related or other such services.

“Event of Default”: shall mean the definition ascribed to this term in Paragraph 6.1 below.

“GAAP”: shall mean generally accepted accounting principles consistently applied from time to time.

“Leases”: shall mean all present and future leases, agreements, tenancies, licenses and franchises of or relating to the Premises, the Mortgaged Property or the Equipment, or in any way, manner or respect required, existing, used or useable in connection with the Premises, the Mortgaged Property or the Equipment, or the management, maintenance, operation or business thereof, and all deposits of money as advance rent or for security under any or all of the Leases and all guaranties of any lessee’s performances thereunder.

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"Mortgaged Property": shall mean (1) the Premises; (2) the Rents; (3) the Leases; (4) the Equipment; (5) all present and future judgments, awards of damages and settlements made as a result or in lieu of any taking of the Premises, the Equipment or the Leases, or any part thereof, whether under the power of eminent domain or otherwise, or for any damage, whether caused by such taking or otherwise thereto; (6) the Personal Property; (7) all present and future insurance policies in force or effect insuring the Premises, the Rents, the Leases or the Equipment; and (8) all proceeds of each and every of the foregoing.

"Nimlok Loan Agreement": shall mean that certain Amended and Restated Loan Agreement dated as of May 15, 1997, by and between Nimlok and the Bank, as amended or restated from time to time.

"Obligor" or "Obligors": shall mean individually and collectively Mortgagor and Nimlok.

"Obligors' Covenants": shall mean all now existing or hereafter arising covenants, duties, obligations and agreements of Obligor or either Obligor to and with the Bank, whether pursuant to this Mortgage, the Reimbursement Agreement, the Term Note, the Other Agreements or otherwise.

"Obligors' Liabilities": shall mean any and all debts, claims, Rate Management Obligations, obligations, demands, monies, liabilities or indebtedness of any and every kind or nature heretofore, now or hereafter owing, arising, due or payable from Obligor or either Obligor to the Bank, however evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, indirect, absolute, contingent, fixed, determinable, undeterminable, insured and uninsured, whether pursuant to the terms and provisions of this Mortgage, the Reimbursement Agreement, the Term Note, the Other Agreements or otherwise, including, without limitation, all advances made to protect and preserve the value of the Mortgaged Property and the priority of the Bank's mortgage and lien thereon.

"Other Agreements": shall mean all agreements, instruments and documents heretofore, now or from time to time hereafter executed by, or on behalf of, any Obligor and delivered to the Bank, in connection with Obligor's Liabilities, including, without limitation, the Reimbursement Agreement, the Term Note, the Nimlok Loan Agreement, any guaranties of all or any portion of Obligor's Liabilities, the Environmental Indemnity Agreement and any renewals, modifications, amendments or substitutions to any of the foregoing.

"Person": shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government, whether national, federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof.

"Personal Property": shall mean all of the Mortgagor's now existing and/or owned and hereafter arising or acquired: (1) accounts; (2) goods for sale, lease or other disposition by Mortgagor which have given rise to accounts and have been returned to or repossessed or stopped in transit by Mortgagor; (3) contract rights and documents, instruments, contracts or other writings executed in connection therewith, including, but not limited to, all real and personal property lease rights, and all sums now due or which may become due from Mortgagor to the Bank; (4) chattel paper, electronic chattel paper, tangible chattel paper, documents of title, instruments, documents, general intangibles, payment intangibles, letter of credit rights, letters of credit and supporting obligations; (5) patents, trademarks, trade names, trademark registrations and copyrights, all applications therefor, service marks, trade secrets, goodwill, inventions, processes, designs, formulas, and other intellectual or

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proprietary rights or interests, of any kind, nature or description whatsoever, and all registrations, licenses, franchises, customer lists, tax refund claims, claims against carrier and shippers, insurance claims, guaranty claims, all other claims, proof of claims filed in any bankruptcy, insolvency or other proceeding, contract rights, choses in action, security interests, security deposits and rights to indemnification; (6) goods, including, without limitation, inventory, equipment, fixtures, trade fixtures and vehicles; (7) investment property; (8) deposits, cash and cash equivalents and any other property of Mortgagor now or hereafter in the possession, custody or control of the Bank, whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise; (9) deposit accounts held with the Bank or any other depository institution; (10) all other personal property of Mortgagor of any kind or nature, and (11) additions and accessions to, substitutions for and replacements, products and cash and non-cash proceeds of all of the foregoing property, including, but not limited to, proceeds of all insurance policies insuring the foregoing and all of Mortgagor's books and records relating to any of the foregoing and to Mortgagor's business.

"Premises": shall mean all of the real property, and all of Mortgagor's estate, right, title and interest therein, situated, lying and being in the City of Niles, County of Cook, State of Illinois, legally described on Exhibit "A" and commonly known as 7420 North Lehigh Avenue, Niles, Illinois 60714, together with all buildings, improvements, tenements, easements, hereditaments and appurtenances now or at any time or times hereafter upon, belonging or otherwise appertaining to or situated on said real estate and all heretofore or hereafter acquired roads, alleys, streets and other public ways abutting said real estate.

"Prime Rate": shall mean a rate per annum equal to the prime rate of interest announced from time to time by the Bank (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Rate Management Obligations" means any and all obligations of the Obligor or either Obligor, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Obligor or either Obligor and the Bank or an affiliate thereof which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Rents": shall mean all present and future rents, issues, deposits, income, profits and proceeds of, from or relating to the Premises, the Leases or the Equipment.

"Secured Obligations": shall mean the Obligor's Liabilities and the Obligor's Covenants, both individually and collectively.

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“Term Note”: shall mean that certain Secured Term Note of even date herewith executed and delivered by Mortgagor in favor of the Bank in the original principal amount of Seven Hundred Fifty Thousand and no/100 Dollars (\$750,000.00), as amended, renewed or restated from time to time.

2. CONVEYANCE

2.1 TO SECURE THE FULL AND TIMELY PAYMENT AND PERFORMANCE BY THE OBLIGORS OF THE SECURED OBLIGATIONS, INCLUDING, WITHOUT LIMITATION, THE SECURED OBLIGATIONS EVIDENCED BY THE REIMBURSEMENT AGREEMENT AND THE TERM NOTE, MORTGAGOR HEREBY DOES WARRANT, GRANT, GIVE, BARGAIN, CONFIRM, ASSIGN, PLEDGE, SET OVER, TRANSFER, SELL, CONVEY, REMISE, RELEASE AND OTHERWISE MORTGAGE TO THE BANK, ITS SUCCESSORS AND ASSIGNS, THE MORTGAGED PROPERTY, WHETHER REAL, PERSONAL OR MIXED. Notwithstanding anything contained herein to the contrary, the liabilities secured hereby shall in no event exceed Fifty Million and no/100 Dollars (\$50,000,000.00).

2.2 This Mortgage shall operate as and constitute a Security Agreement with respect to that portion of the Mortgaged Property constituting property or interests in property, whether real or personal, tangible or intangible, which are subject to the Uniform Commercial Code with respect to the priority and perfection of security interests or any similar law, statute, code or other governing body of law. Therefore, to secure the full and timely payment and performance by Obligors of the Secured Obligations, including, without limitation, the Secured Obligations evidenced by the Reimbursement Agreement and the Note, Mortgagor hereby grants to the Bank a security interest and lien in and to the Mortgaged Property. Mortgagor shall make appropriate entries upon its financial statements and its books and records disclosing the Bank's first position priority security interest and lien in and to the foregoing collateral.

2.3 Upon written request by the Bank, at Mortgagor's sole cost and expense, Mortgagor will promptly make, execute and deliver or will cause to be made, executed and delivered to or for the benefit of the Bank, in form and substance acceptable to the Bank, all reasonable Documents necessary or appropriate to evidence, document or conclude the transactions described in or contemplated by this Mortgage and the Other Agreements, or required to perfect or continue perfected the first position priority mortgage lien and security interest granted herein or in the Other Agreements by Mortgagor or the other Obligors to the Bank upon the Mortgaged Property (collectively the "Bank's Lien").

2.4 The Bank, through its acceptance of this Mortgage, hereby consents to the sale, assignment and transfer by Nimlok to Mortgagor of fee simple title to the Niles Property.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Mortgagor represents, warrants and covenant unto the Bank as follows:

(A) Obligors will fully and timely pay, when due or declared due, the Obligors' Liabilities, and will fully and timely perform, discharge, observe and comply with, or cause to be fully and timely performed, discharged, observed and complied with, each and every of the Obligors' Covenants.

(B) Mortgagor has and shall maintain the standing, right, power and lawful authority to own the Mortgaged Property, to enter into, execute and deliver this Mortgage and the Other Agreements to which it is a party, and to encumber the Mortgaged Property to the Bank.

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(C) Mortgagor now and at all times hereafter shall perform all of the transactions described in or contemplated by this Mortgage and the Other Agreements to which it is a party.

(D) The execution, delivery and performance by Mortgagor of and under this Mortgage and the Other Agreements to which it is a party (i) does not and will not constitute a violation of any applicable law, and (ii) does not and will not conflict with or result in a default or breach of or under any obligation arising, existing or created by or under any agreement, instrument, document, mortgage, deed, trust deed, note, judgment, order, award, decree or other restriction to which Mortgagor now is or hereafter shall become a party or by which any of them or any of the Mortgaged Property is or hereafter shall become bound.

(E) Mortgagor shall timely file all federal, state and other governmental tax and similar returns which Mortgagor is required by law to file with respect to the Mortgaged Property and the operation and business thereof. All taxes and other sums which are shown to be payable under such returns have been and shall be fully and timely paid and Mortgagor shall maintain adequate reserves in an amount to pay fully all such liabilities which hereafter may accrue.

(F) All of the Leases are and shall remain genuine, in all respects what they purport to be, free of set-offs, counterclaims or disputes and are valid and enforceable in accordance with their terms. All parties to the Leases have and shall have the capacity to contract thereunder. Except for security deposits provided for under the Leases as indicated by Mortgagor to the Bank in writing, no advance payments have been or shall be made thereunder.

(G) There is no litigation, action, claim or proceeding pending or threatened which might, in any way, manner or respect, adversely affect the Mortgaged Property, the operation or the business thereof, the Bank's Lien, the collectibility or the ability of the Obligors to repay the Obligors' Liabilities, or the financial condition of any Obligor or the operation or the respective businesses thereof.

(H) Mortgagor possesses and holds and shall maintain adequate properties, interests in properties, leases, licenses, franchises, rights and other permits, certificates, consents and approvals to conduct and operate the business of the Mortgaged Property. None of the foregoing contain or shall contain any term or condition that is burdensome to said business or different than those customarily possessed or held by other Persons conducting or operating a similar business.

(I) The location, existence and use of the Premises and the Equipment are and shall remain in compliance with all applicable laws, rules, ordinances and regulations, including, without limitation, building and zoning laws, and all covenants and restrictions of record.

(J) Obligors are in peaceful possession of the Mortgaged Property and will forever warrant and defend the Mortgaged Property from and against any and all claims and Encumbrances thereon or thereto.

(K) No Obligor is using and shall not use the Mortgaged Property for any purpose in violation of any applicable environmental, hazardous waste and substances, health or safety laws, rules or regulations, including, but not limited to, the Resource Conservation and Recovery Act, as amended ("RCRA"), the Toxic Substances Control Act, as amended ("TSCA"), the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), the Clean Air

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Act, as amended ("CAA"), and the Clean Water Act, as amended ("CWA"), regulations thereunder and corresponding state statutes and regulations. Obligor has all required permits, certificates, consents and approvals required under any applicable environmental, health or safety laws, rules or regulations. Obligor is and shall remain in compliance with all applicable environmental, health and safety laws, rules or regulations in connection with the use of the Mortgaged Property.

(L) All hazardous waste accumulations at the Mortgaged Property shall be in tanks or containers, as defined in 40 C.F.R. 260.10, and shall be in compliance with applicable United States Environmental Protection Agency and State of Illinois small quantity generator limitations under RCRA, regulations thereunder and corresponding Illinois statutes and regulations.

(M) There are no underground or above ground storage tanks on the Premises.

(N) No burial, disposal or landfilling of hazardous waste or hazardous substances, regulated substances or other pollutants (as such are defined in RCRA, TSCA, CERCLA, CAA or CWA) will be carried on at the Mortgaged Property. Further, no Obligor shall operate a surface impoundment, lagoon, or other earthen device for the purposes of treatment, storage or disposal of hazardous wastes and hazardous substances.

(O) No Obligor shall use, release or cause to be used or released asbestos as defined by 29 C.F.R. 1910.1001(a). Any repairs, maintenance or modifications to the Mortgaged Property, which may result in release of asbestos shall be performed by or under the supervision of personnel appropriately accredited by the State of Illinois or the United States Environmental Protection Agency.

(P) Mortgagor shall immediately provide the Bank a copy of any administrative, civil or criminal complaint received by Mortgagor alleging (i) violations of environmental, health and safety statutes, ordinances or regulations, or (ii) bodily injury or property damage arising from the operations or Mortgagor's ownership of the Mortgaged Property.

(Q) There are no past due assessments in connection with the Mortgaged Property nor any assessment liens arising from the non-payment of any such assessments.

(R) During the term of this Mortgage, and thereafter for so long as there are any outstanding Obligors' Liabilities owed to the Bank, Mortgagor covenants that its Debt Service Coverage Ratio shall be not less than 1.0 to 1.0, as of December 31, 2005, and as of the end of each calendar year thereafter, in each case calculated for the preceding 12 month period.

3.2 Mortgagor further represents, warrants and covenants unto the Bank as follows:

(A) Mortgagor is lawfully seized, possessed and the owner of and has good and indefeasible, marketable fee-simple title to the Mortgaged Property, free and clear of all Encumbrances, except for the Bank's Lien and those Encumbrances expressly permitted by the Bank in writing (collectively the "Permitted Encumbrances").

(B) Mortgagor will (i) not materially change the use or character of or abandon the Mortgaged Property, except as approved by the Bank in writing, (ii) keep the Mortgaged Property in good condition and repair, and (iii) not commit or suffer waste and will make all necessary repairs, replacements and renewals, including, but not limited to, the replacement of any items of the Equipment to the Mortgaged Property so that the value and operating efficiency thereof shall at all

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times hereafter be maintained and preserved. Mortgagor shall not remove any trade fixture or demolish any building or improvement located in or on the Premises without the Bank's prior written consent. Mortgagor shall (A) pay for and promptly complete any building or improvement at any time in the process of erection upon the Premises, (B) refrain from impairing or diminishing the value of the Mortgaged Property, and (C) make no material alterations to the Mortgaged Property which in the reasonable opinion of the Bank diminishes its value. Subject to the provisions of subparagraphs 4.3 and 4.5(A) of this Mortgage, if the Bank elects to make all or a portion of any insurance, eminent domain or condemnation proceeds available to Mortgagor, Mortgagor shall promptly repair, restore or rebuild any building or improvement now or hereafter on the Premises which may become damaged or destroyed. Mortgagor shall comply with all laws and municipal ordinances governing the Mortgaged Property and the use thereof. At all times during the term of this Mortgage and the Other Agreements, Mortgagor shall permit the Bank, and its agents, access to inspect the Mortgaged Property.

(C) Mortgagor shall fully and timely pay and discharge or cause to be paid and discharged, as and when due and payable, all Charges that may be at any time levied, assessed or imposed upon or against the Mortgaged Property, or any part thereof. Mortgagor shall, immediately upon the Bank's request, deliver to the Bank receipts evidencing payment thereof or partial payment thereof, if payable in installments, at least thirty (30) days before delinquency; provided, however, that Mortgagor shall have the right to contest in good faith, by an appropriate proceeding properly initiated and diligently conducted, the validity, amount or imposition of any Charges, and upon such good faith contest, to delay or refuse payment thereof, if (i) Mortgagor establishes with the Bank, adequate reserves to cover such contested Charges, and (ii) either such contest will not affect the priority or value of the Bank's Lien on the Mortgaged Property or Mortgagor otherwise takes steps acceptable to the Bank in its sole discretion to protect the priority and value of the Bank's Lien on the Mortgaged Property. If at any time the United States of America shall require internal revenue stamps to be affixed to this Mortgage, Mortgagor will pay for the same, together with any interest or penalties imposed in connection therewith.

(D) Except for the Bank's Lien and the Permitted Encumbrances, Mortgagor shall keep the Mortgaged Property free and clear of all Encumbrances of any and every kind and nature including, without limitation, mechanics' liens and other similar liens or claims for liens. Mortgagor shall promptly pay or cause to be paid, as and when due and payable or when declared due and payable, any indebtedness which may become, or be secured by, an Encumbrance and, immediately upon request by the Bank, shall deliver to the Bank evidence satisfactory to the Bank of the payment and discharge thereof. If, in accordance with the terms of this Mortgage, the Bank makes payment of any such Encumbrance, the Bank shall be subrogated to the rights of such claimant, notwithstanding that the Encumbrance may be released of record.

(E) Mortgagor shall not, at any time or times hereafter, pledge, hypothecate, encumber, sell, permit or otherwise transfer all or any portion of the Mortgaged Property or Mortgagor's interest therein.

(F) All present and future items of fixtures, equipment, furnishings or other tangible personal property, whether or not constituting a part of the Mortgaged Property, related, necessary to or used or useable in connection with any present or future building or improvement on the Premises, or the operation or business thereof, are and will be owned free and clear of all Encumbrances, except for the Bank's Lien and the Permitted Encumbrances, and Mortgagor will not acquire any such property subject to any Encumbrance, except for the Bank's Lien and the Permitted Encumbrances.

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3.3 If Mortgagor fails to (A) keep the Mortgaged Property in working and fully-operating condition and repair or to replace or maintain the same as herein agreed, (B) pay the premiums for the insurance which is required to be maintained hereunder, or (C) pay and discharge all Encumbrances as herein agreed, or upon an Event of Default, the Bank, in its sole discretion, may cause such repairs or replacements to be made, obtain such insurance or pay and discharge such Encumbrances. Any amounts paid by the Bank in taking such action together with interest thereon at the Default Rate shall be due and payable by Mortgagor to the Bank upon demand, and, until paid, shall constitute a part of the Obligors' Liabilities secured by this Mortgage and the Other Agreements. Notwithstanding the foregoing, such advances by the Bank shall not be deemed to relieve Mortgagor from any Event of Default hereunder or impair any of the Bank's rights or remedies. The exercise of the right to take such action shall be optional with the Bank and not obligatory upon the Bank, and in no event whatsoever, shall the Bank be liable to any Obligor for failure or refusal to exercise any such right. In making any payments pursuant to the exercise of any such right, the Bank may rely upon any bills delivered to it by Mortgagor or any such payee and shall not be liable for any failure to make payments in any amounts other than as set forth in any such bills.

3.4 Mortgagor hereby represents and warrants that all of the Leases set forth on Exhibit "B" attached hereto have been fully executed by the parties thereto and are fully enforceable in accordance with the terms thereof.

3.5 Mortgagor covenants unto the Bank that it will deliver to the Bank (A) as soon as available, but in no event later than forty-five (45) days after the filing thereof, Mortgagor's state and federal income tax returns, and (B) promptly upon the Bank's request therefor, such other information, financial or otherwise, as the Bank requests from time to time, which information shall be in form and substance acceptable to the Bank.

4. TAXES, INSURANCE AND CONDEMNATION

4.1 Mortgagor represents, warrants and covenants unto the Bank as follows:

(A) Mortgagor, at all times, shall keep and maintain, or cause to be kept and maintained, the Mortgaged Property fully insured, without co-insurance, against loss or damage by, or abatement of rental income resulting from, fire and such other hazards, casualties and contingencies, including, without limitation terrorist attacks, as the Bank from time to time may require with insurance companies, and in form, amounts and for such periods as are satisfactory to the Bank, but, in any event, for not less than the full replacement cost of the Mortgaged Property. All such policies and renewals thereof shall contain, in form and substance acceptable to the Bank, standard mortgagee loss payable clauses naming the Bank as a lenders loss payee and additional insured, together with a standard waiver of subrogation endorsement and shall be delivered to the Bank, with premiums therefor paid in full by Mortgagor. All policies shall provide that the insurer may not cancel same without thirty (30) days prior written notice to the Bank, unless such cancellation is for non-payment of premiums, in which case, the insurer shall give the Bank ten (10) days prior written notice. Mortgagor will provide immediate written notice to the Bank of any loss or damage to the Mortgaged Property caused by any casualty. In case of insurance policies about to expire, Mortgagor will deliver to and deposit with the Bank renewal policies not less than thirty (30) days prior to the respective dates of expiration and receipts for the payment of the premiums on all policies and renewals thereof. In the event of a deed in lieu of foreclosure or other foreclosure of title to the Mortgaged Property, all right, title and interest of Mortgagor in and to any policies then in force shall pass to the purchaser, grantee or assignee.

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4.2 Mortgagor hereby authorizes the Bank:

- (A) to settle and compromise all claims under all insurance policies;
- (B) to demand and receive all monies becoming due or payable under all insurance policies;
- (C) to execute, in the name of Mortgagor or the name of the Bank, any proofs of loss, notices or other instruments in connection with all claims under all policies; and
- (D) to assign all policies to any holder of the Obligors' Liabilities or to the grantee of the Mortgaged Property in the event of the foreclosure or other transfer of title to the Mortgaged Property.

4.3 In the event of payment under any of the policies, Mortgagor acknowledges and agrees that the proceeds of any of the insurance policies shall be paid by the insurer to the Bank and the Bank may, in its sole discretion, in whole or in part after deducting all costs of collection, including attorneys' fees, do any one or more of the following:

(A) make available to Mortgagor all or a portion of such proceeds necessary to replace, reconstruct, repair or restore the Mortgaged Property or any portion thereof;

(B) apply all or a portion of such proceeds as payment on account of the Obligors' Liabilities, whether or not then due and payable without affecting the amount or time of subsequent payments required to be made by Obligors to the Bank whether pursuant to the Other Agreements or otherwise;

(C) apply such proceeds, in whole or in part, to satisfy, perform or discharge any of the Obligors' Covenants;

(D) require that Mortgagor continue paying or cause to be paid the Obligors' Liabilities as and when due and payable notwithstanding any loss of use of all or any part of the Mortgaged Property; or

(E) if, prior to the receipt by the Bank of proceeds of such policies, the Mortgaged Property shall have been transferred pursuant to a deed in lieu of foreclosure or otherwise sold or transferred by foreclosure of this Mortgage, receive proceeds of such policies to the extent of any deficiency with interest thereon at the Default Rate, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and the attorneys' fees, costs, expenses and disbursements incurred by the Bank in connection with the collection of the proceeds of such policies.

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4.4 Mortgagor further represents, warrants and covenants unto the Bank as follows:

(A) After the occurrence of an Event of Default, upon request by the Bank, Mortgagor shall make monthly deposits to the Bank in an amount equal to one hundred ten percent (110%) of that portion of the total annual Charges arising with respect to the Mortgaged Property for the most recent ascertainable tax year. Provided that no Event of Default then exists, and no event which with notice, lapse of time or both would become an Event of Default then exists, the Bank shall pay when and to whom due and payable under applicable law, all of the aforesaid Charges from the monies deposited pursuant to this Paragraph 4.4(A). Notwithstanding the foregoing, the Bank does not assume any of Mortgagor's obligations under said laws to make such payments and nothing contained in this Mortgage or the Other Agreements shall require the Bank to perform any such obligations of Mortgagor. Upon the occurrence of an Event of Default under this Mortgage, the Bank shall not be obligated to make such payments, but, at its sole election and in its discretion, may make any or all such payments or apply such deposits to the Secured Obligations.

(B) If the monies deposited pursuant to Section 4.4(A) above are insufficient to pay the Charges for which they are provided, thirty (30) days before such Charges shall become due and payable, Mortgagor shall deposit with the Bank such additional monies as are necessary to pay, in full, such Charges.

(C) After the occurrence of an Event of Default, upon request by the Bank, Mortgagor shall establish with the Bank an insurance escrow for deposit of funds for the payment of insurance premiums for all insurance policies required to be obtained and maintained by Mortgagor, whether pursuant to this Mortgage, the Other Agreements or otherwise. Such insurance escrow shall be in such amount as is satisfactory to satisfy the required premiums under such policies as reasonably estimated by the Bank, and shall be subject to such other terms and conditions as the Bank, in its sole and absolute discretion, may determine.

4.5 Mortgagor further represents, warrants and covenants unto the Bank as follows:

(A) All awards now or hereafter made by any public or quasi-public authority to or for the benefit of Mortgagor in any way, manner or respect affecting, arising from or relating to the Mortgaged Property, or any portion thereof, by virtue of an exercise of the right of eminent domain by such authority, including, without limitation, any award for taking of title, possession, right of access to a public way or for any change of grade of streets affecting the Mortgaged Property, hereby are assigned to the Bank as additional security for the full and timely payment and performance by Obligors of the Secured Obligations, and for such purpose, Mortgagor hereby grants to the Bank a security interest therein.

(B) The Bank is hereby authorized, directed and empowered to collect and receive the proceeds of any such awards and to give proper receipts therefor whether in Mortgagor's name, in the Bank's name or in both names, and may, in the Bank's sole and absolute discretion, after deducting all costs of collection, including, but not limited to, attorneys' fees, do any one or more of the following:

(1) apply such proceeds, in whole or in part, to the Obligors' Liabilities, whether or not then matured and without affecting the amount or time of subsequent payments required to be made by Mortgagor to the Bank under this Mortgage or the Other Agreements;

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(2) apply such proceeds, in whole or in part, to satisfy, perform or discharge any of the Obligors' Covenants;

(3) make available to Mortgagor all or a portion of such proceeds to replace, repair or restore any or all of the Mortgaged Property to a condition satisfactory to the Bank; or

(4) require that Mortgagor continue to pay or cause to be paid the Obligors' Liabilities, as and when due and payable notwithstanding any loss of use of all or any part of the Mortgaged Property.

(C) Mortgagor, promptly after request by the Bank, shall make, execute and deliver or cause to be made, executed and delivered to or for the benefit of the Bank any and all assignments and other instruments sufficient to assign, and cause the payment directly to the Bank of, all such awards, free and clear of all Encumbrances, except for the Bank's Lien and the Permitted Encumbrances. Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Mortgaged Property by any public or quasi-public authority or corporation, Mortgagor shall continue to pay or cause to be paid all of the Obligors' Liabilities as and when due and payable. If, prior to the receipt by the Bank of such award or payment, the Mortgaged Property shall have been transferred by a deed in lieu of foreclosure or otherwise sold or transferred by foreclosure of this Mortgage, the Bank shall have the right to receive such award or payment to the extent of any deficiency with interest thereon at the Default Rate, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and the attorneys' fees, costs, expenses and disbursements incurred by the Bank in connection with the collection of such award or payment.

5. LEASES AND RENTS

5.1 Except as otherwise provided herein, Mortgagor shall have the right to collect all of the Rents arising from the Leases, or renewals thereof, and shall hold the same, in trust, to be applied, except as otherwise provided by applicable law, first to the payment of all Charges upon the Mortgaged Property, second to the cost of the maintenance of insurance policies upon the Mortgaged Property required hereby, and third to the maintenance and repairs required hereby, before using any part of the Rents for any other purposes.

5.2 At all times, the Bank, or any of the Bank's agents, shall have the right to verify the validity, amount or any other matter relating to any or all of the Leases, by mail, telephone, telegraph or otherwise, in the name of Mortgagor, the Bank, a nominee of the Bank or in any or all of said names.

5.3 Unless the Bank agrees otherwise in writing, Mortgagor shall: (A) promptly upon Mortgagor's receipt or learning thereof, inform the Bank, in writing, of any assertion of any claims, offsets or counterclaims by any of the obligors of the Leases; (B) not permit or agree to any extension, compromise or settlement or make any change or modification of any kind or nature of or with respect to the Leases or the terms thereof; and (C) promptly upon Mortgagor's receipt or learning thereof, furnish to and inform the Bank of all adverse information relating to or affecting the financial condition of any obligor of the Leases.

5.4 Upon demand therefor by the Bank, Mortgagor shall deliver to the Bank, in form and substance acceptable to the Bank, a detailed certified rent roll of all the Leases and such other matters and information relating thereto as the Bank may request.

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5.5 Mortgagor acknowledges and agrees that:

(A) Mortgagor shall, contemporaneously herewith, deliver to the Bank true, accurate and complete copies of the Leases, including, but not limited to, the Leases set forth on Exhibit "B" attached hereto, in form and substance acceptable to the Bank, with appropriate endorsement or other specific evidence of assignment thereto to the Bank, which endorsement or assignment shall be in form and substance acceptable to the Bank.

(B) After the occurrence of an Event of Default:

(1) The Bank may, at its election, without notice thereof to Mortgagor, notify any or all of the obligors of the Leases that the Leases have been assigned to the Bank and, the Bank, whether in its name, in the name of Mortgagor or in both names, may direct said obligors thereafter to make all payments due from them under the Leases directly to the Bank.

(2) Immediately upon the Bank's request, Mortgagor shall irrevocably direct all obligors of the Leases to make all payments under the Leases directly to the Bank.

(3) The Bank shall have the right without notice thereof to Mortgagor to enforce the terms of the Leases and obtain payment of and collect the Rents, by legal proceedings or otherwise, in the name of Mortgagor, the Bank or in both names.

(4) The Bank may (a) demand payment of the Rents and performance of the Leases; (b) enforce payment of the Rents and performance of the Leases by legal proceedings or otherwise; (c) exercise any or all of Mortgagor's rights, interests and remedies in and under the Leases and to collect the Rents; (d) settle, adjust, compromise, extend or renew the Leases or the Rents; (e) settle, adjust or compromise any legal proceeding brought to collect the Rents or obtain performance of the Leases; (f) take possession, in any manner, of the Rents; (g) prepare, file and sign Mortgagor's name on any Proof of Claim in bankruptcy, or similar document in a similar proceeding, against any obligor of the Leases; (h) endorse the name of Mortgagor upon any payments or proceeds of the Rents and deposit the same to the account of the Bank; and (i) do all acts and things necessary, in the Bank's discretion, to carry out any or all of the foregoing.

(C) All of the foregoing payments and proceeds received by the Bank shall be utilized by the Bank, at its election and in its discretion, for any one or more of the following purposes: (1) to be held by the Bank as additional collateral for the payment of the Secured Obligations; (2) to be applied against the Secured Obligations, in such manner as the Bank may determine in its sole and absolute discretion; or (3) to be applied against the costs of operation or business thereof as the Bank, at its election, shall determine.

6. EVENT OF DEFAULT

6.1 The occurrence of any one or more of the following shall constitute an "Event of Default" under this Mortgage:

(A) The Obligors' Liabilities are not fully and timely paid when due and payable or declared due and payable;

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- (B) any Obligor fails or neglects to perform, keep or observe or cause to be performed, kept or observed, any of the Obligors' Covenants;
- (C) any statement, report or certificate made or delivered by Mortgagor, or any of its partners, members, employees or agents, to the Bank is not materially true and correct;
- (D) any of Mortgagor's are seized, attached, subjected to a writ or distress warrant, or are levied upon, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors;
- (E) Mortgagor makes an assignment for the benefit of creditors, or an application is made by Mortgagor for the appointment of a receiver, trustee, custodian or conservator for any of Mortgagor's assets;
- (F) an application is made against Mortgagor for the appointment of a receiver, trustee, custodian, or conservator for any of Mortgagor's respective assets;
- (G) a petition under the United States Bankruptcy Code or any similar federal, state or local law, statute or regulation shall be filed by Mortgagor;
- (H) a petition under the United States Bankruptcy Code or any similar federal, state or local law, statute or regulation shall be filed against Mortgagor;
- (I) Mortgagor is enjoined, restrained or in any way prevented by court order from conducting any part of its business for a period in excess of sixty (60) days;
- (J) a lawsuit or other proceeding is filed by Mortgagor to liquidate any of Mortgagor's assets;
- (K) a lawsuit or other proceeding is filed against Mortgagor to liquidate Mortgagor's assets unless the potential loss with respect to such lawsuit is fully insured and the insurance company has acknowledged in writing its coverage thereof;
- (L) a notice of a lien, levy or assessment is filed of record with respect to any of Mortgagor's assets by the United States of America, any department, agency, or instrumentality thereof, or by any state, county, municipal or other governmental department, agency or instrumentality;
- (M) a breach, default or event of default occurs under any agreement, instrument or document executed and delivered by any Person to the Bank pursuant to which such Person has guaranteed to the Bank the payment of the Obligors' Liabilities subject to applicable grace or cure periods, if any, or such Person terminates or purports to terminate his guarantee of payment of the Obligors' Liabilities to the Bank;
- (N) a breach, default or event of default occurs under any of the Other Agreements;

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(O) a material breach, default or event of default occurs, whether by the lessor or the lessee, under any Lease which the Bank deems material in its sole discretion, after the expiration of any applicable notice and cure periods; or

(P) Bank, in good faith, believes its prospect of payment or performance of Obligors' Liabilities is impaired.

6.2 Upon the occurrence of an Event of Default, without further notice to or demand of Mortgagor, all of the Obligors' Liabilities shall become immediately due and payable, and the Bank, in its discretion and at its election, may do any one or more of the following:

(A) Without notice to Mortgagor, accelerate the maturity of the Obligors' Liabilities and/or foreclose upon the Bank's Lien and exercise any rights or remedies granted to the Bank under this Mortgage, the Other Agreements, or provided by law, in equity or otherwise. Upon an Event of Default, the Obligors' Liabilities shall bear interest at the Default Rate.

(B) Subject to applicable law, forcibly or otherwise, enter upon and take immediate possession of the Mortgaged Property, expel and remove any Persons, goods or chattels occupying or upon the Mortgaged Property, receive all Rents, and issue receipts therefore, manage, control and operate the Mortgaged Property as fully as Mortgagor might do if in possession thereof, including, but not limited to, the making of all repairs and replacements deemed necessary by the Bank and the leasing of the Mortgaged Property, or any part thereof, from time to time, and after deducting all reasonable attorneys' fees, costs, fees and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to the Obligors' Liabilities, as the Bank shall determine in its sole discretion. At the option of the Bank, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice in accordance with Section 7.1 of this Mortgage. Mortgagor agrees to surrender possession of the Mortgaged Property to the Bank immediately upon the occurrence of an Event of Default. If Mortgagor shall remain in physical possession of the Mortgaged Property, or any part thereof, after an Event of Default, such possession shall be as a tenant at sufferance of the Bank, and Mortgagor agrees to pay to the Bank, or to any receiver appointed as provided below, after an Event of Default, a monthly rental for the Mortgaged Property, or the part thereof so occupied by Mortgagor to be applied as provided above in the first sentence of this Subparagraph, and to be paid in advance on the first day of each calendar month, and, upon failure to do so, Mortgagor may be dispossessed by the usual summary proceedings. In the event Mortgagor shall so remain in possession of all, or any part of, the Mortgaged Property, said monthly rental shall be in amounts established by the Bank in its discretion. This covenant shall be effective irrespective of (1) whether any foreclosure proceeding shall have been instituted, and (2) any application for, or appointment of, a receiver.

(C) File one or more suits at law or in equity for the foreclosure of all or any portion of this Mortgage or to collect the Obligors' Liabilities. In the event of the commencement of any such suit by the Bank, the Bank shall have the right, either before or after sale, without notice and without requiring bond, as notice and bond are hereby expressly waived by Mortgagor, and without regard to the solvency or insolvency of Mortgagor at the time of application and without regard to the then value of the Mortgaged Property or whether the same is then occupied, to make application for and obtain the appointment of a receiver for the Mortgaged Property. Such receiver shall have the power to collect the Rents during the pendency of such suit and, in case of a sale and a deficiency, during the full statutory period of redemption as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect the Rents, and shall have all other powers

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which may be necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property. The court before which such suit is pending may from time to time authorize the receiver to apply the net income in his hands in payment, in whole or in part, of the Obligors' Liabilities. In case of a sale pursuant to foreclosure, the Premises may, but need not, be sold as one parcel.

(D) If the Bank commences any suit to foreclose this Mortgage, the Bank shall have the right to apply to the court in which such proceedings are pending for entry of an order placing the Bank in possession of the Mortgaged Property. If an order is entered placing the Bank in possession of the Mortgaged Property, the Bank may thereupon enter upon and take immediate possession of the Mortgaged Property, expel and remove any Persons, goods or chattels occupying or upon the Mortgaged Property, receive all Rents, and issue receipts therefor, manage, control and operate the Mortgaged Property, including, but not limited to, the making of all repairs and replacements deemed necessary by the Bank and the leasing of the Mortgaged Property or any part thereof, from time to time, and, after deducting all reasonable attorneys' fees, costs, fees and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any to the Obligors' Liabilities. At the option of the Bank, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice of entry of the order placing the Bank in possession in accordance with Section 7.1 of this Mortgage. If Mortgagor shall remain in physical possession of the Mortgaged Property after entry of an order placing the Bank in possession, Mortgagor's possession shall be as a tenant at sufferance of the Bank, and Mortgagor agrees to pay to the Bank, or to any other Person authorized by the Bank, after entry of such order, a monthly rental for the Mortgaged Property, or the part thereof so occupied by Mortgagor to be applied as provided above in the first sentence of Paragraph 6.2(A) and to be paid in advance on the first day of each calendar month, and, upon failure to do so, Mortgagor may be dispossessed by the usual summary proceedings. If Mortgagor shall so remain in possession of all or of any part of the Mortgaged Property, said monthly rental shall be in amounts established by the Bank in its discretion.

(E) Upon the occurrence of an Event of Default, the Bank may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code and any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Mortgage or in any of the Other Agreements and all of the Bank's rights and remedies shall be cumulative and non-exclusive to the extent permitted by law. In particular, but not by way of limitation of the foregoing, the Bank may, without notice, demand or legal process of any kind, take possession of any or all of the Personal Property (in addition to Personal Property of which it already has possession), wherever it may be found, and for that purpose may pursue the same wherever it may be found, and may enter onto any of Mortgagor's premises where any of the Personal Property may be, and search for, take possession of, remove, keep and store any of the Personal Property until the same shall be sold or otherwise disposed of, and the Bank shall have the right to store the same at any of Mortgagor's premises without cost to the Bank. At the Bank's request, Mortgagor shall, at Mortgagor's expense, assemble the Personal Property and make it available to the Bank at one or more places to be designated by the Bank and reasonably convenient to the Bank and Mortgagor. Mortgagor recognizes that if Mortgagor fails to perform, observe or discharge any of the Obligors' Liabilities, no remedy at law will provide adequate relief to Lender, and agrees that Lender shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages. Any notification of intended disposition of any of the Personal Property required by law will be deemed to be a reasonable authenticated notification of disposition if given at least ten (10) days prior to such disposition and such notice shall (i) describe the Bank and Mortgagor, (ii) describe the Personal Property that is the subject of the intended disposition, (iii) state the method of the intended

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disposition, (iv) state that Mortgagor is entitled to an accounting of the Obligor's Liabilities and state the charge, if any, for an accounting, and (v) state the time and place of any public disposition or the time after which any private sale is to be made. The Bank may disclaim any warranties that might arise in connection with the sale, lease or other disposition of the Personal Property and has no obligation to provide any warranties at such time. Any "Proceeds" (as defined by the Uniform Commercial Code) of any disposition by the Bank of any of the Personal Property may be applied by the Bank to the payment of expenses in connection with the Personal Property, including, without limitation, legal expenses and reasonable attorneys' fees, and any balance of such Proceeds may be applied by the Bank toward the payment of such of the Obligor's Liabilities, and in such order of application, as the Bank may from time to time elect.

6.3 Upon the occurrence of an Event of Default under this Mortgage, there will be added to and included as part of the Obligor's Liabilities, and allowed in any decree for sale of the Mortgaged Property or in any judgment rendered in connection with this Mortgage or the Other Agreements the following: (A) all of the costs, fees and the expenses of taking possession of the Mortgaged Property and of the holding, using, leasing, maintaining, repairing and selling of the Mortgaged Property, including, but not limited to, the reasonable costs, fees, charges, expenses and attorneys' fees specified in Paragraph 6.4 below; (B) receivers' fees; (C) any and all expenditures which may be paid or incurred by or on behalf of the Bank for appraisers' fees, documentary and expert evidence, stenographers' charges, publication costs, fees and expenses for examination of title, title searches, guaranty policies, Torrens certificates and other similar data and assurances with respect to the title to the Mortgaged Property; (D) all prepayment or similar premiums, if any; and (E) all other costs, fees and expenses, including, without limitation, reasonable attorneys' fees, which the Bank deems necessary to prosecute or enforce any right or remedy it has under this Mortgage, the Other Agreements, at law, in equity or otherwise, or to inform bidders at any sale which may be had pursuant to its rights hereunder, of the true condition of title or of the value of the Mortgaged Property. All such costs, charges, expenses, prepayment or like premiums, fees and other expenditures shall be a part of the Obligor's Liabilities, secured by this Mortgage and the Other Agreements, payable on demand and shall bear interest at the Default Rate from the date of the Bank's payment thereof until repaid to the Bank.

6.4 If foreclosure proceedings are instituted upon this Mortgage, or if the Bank shall be a party to, shall intervene, or file any petition, answer, motion or other pleading in any suit or proceeding relating to or in connection with the Obligor's Liabilities or the Obligor's Covenants, or if the Bank shall incur or pay any expenses, costs, charges, fees or reasonable attorneys' fees by reason of the employment of counsel for advice with respect to the Obligor's Liabilities or the Obligor's Covenants and whether in court proceedings or otherwise, such expenses, costs, charges and all of the Bank's reasonable attorneys' fees shall be part of the Obligor's Liabilities, secured by this Mortgage and the Other Agreements, payable on demand and shall bear interest at the Default Rate from the date of the Bank's payment thereof until paid.

6.5 The proceeds of any foreclosure sale of the Mortgaged Property shall be applied and distributed, first, on account of the fees, charges, costs and expenses described in Paragraph 6.3 and 6.4 above, second, to the balance of Obligor's Liabilities and third, the surplus, if any, to Mortgagor.

6.6 If the Bank commences judicial proceedings to foreclose this Mortgage, Mortgagor, on behalf of itself, its successors and permitted assigns, and each and every Person which Mortgagor may legally bind which acquires any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage: (A) does hereby expressly waive any and all rights of appraisalment, valuation, stay,

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extension and, to the extent permitted by law, redemption from sale under any order or decree of foreclosure of this Mortgage; and (B) does hereby agree that when sale is had under any decree of foreclosure of this Mortgage, upon confirmation of such sale, the master in chancery or other officer making such sale, or his successor in office, shall be and is hereby authorized immediately to execute and deliver to any purchaser at any sale a deed conveying the Mortgaged Property, showing the amount paid therefor, or if purchased by the Person in whose favor the order or decree is entered, the amount of his bid therefor.

6.7 The Bank shall have the right to sue for any sums, whether interest, principal or other sums required to be paid by or for the account of Mortgagor under the terms of this Mortgage or the Other Agreements, as the same become due, or for any other of the Obligors' Liabilities which shall become due, and without prejudice to the right of the Bank thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

6.8 No right or remedy of the Bank hereunder is exclusive of any other right or remedy hereunder or now or hereafter existing at law, in equity or otherwise, but is cumulative and in addition thereto and the Bank may recover judgment thereon, issue execution therefor, and resort to every other right or remedy available at law, in equity or otherwise, without first exhausting or affecting or impairing the security or any right or remedy afforded by this Mortgage. No delay in exercising, or omission to exercise, any right or remedy will impair any such right or remedy or will be construed to be a waiver of any default by Mortgagor hereunder, or acquiescence therein, nor will it affect any subsequent default hereunder by Mortgagor of the same or different nature. Every such right or remedy may be exercised independently or concurrently, and when and so often as may be deemed expedient by the Bank. No terms or conditions contained in this Mortgage may be waived, altered or changed except as evidenced in writing signed by Mortgagor and the Bank.

6.9 If any rate of interest described in this Mortgage or the Other Agreements is greater than the rate of interest permitted to be charged or collected by applicable law, as the case may be, such rate of interest shall automatically be reduced to the maximum rate of interest permitted to be charged or collected by applicable law.

6.10 Any failure of the Bank to insist upon the strict performance by Mortgagor of any of the terms and provisions of this Mortgage or the Other Agreements shall not be deemed to be a waiver of any of the terms and provisions thereof, and the Bank, notwithstanding any such failure, shall have the right at any time or times thereafter to insist upon the strict performance by Mortgagor of any and all of the terms and provisions thereof to be performed by such party. Neither Mortgagor nor any other Person now or hereafter obligated for the payment of the whole or any part of the Obligors' Liabilities, shall be relieved of such obligation by reason of (A) the sale, conveyance or other transfer of the Mortgaged Property, (B) the failure of the Bank to comply with any request of Mortgagor or of any other Person to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or the Other Agreements, (C) the release, regardless of consideration, of the whole or any part of the collateral or security held for the Obligors' Liabilities, or the Obligors' Covenants, or (D) any agreement or stipulation between any subsequent owner or owners of the Mortgaged Property and the Bank extending or modifying the time of payment of the Obligors' Liabilities or the Obligors' Covenants, without first having obtained the consent of Mortgagor or such other Person, and, in such case, Mortgagor and all such other Persons, shall continue to be liable on account of Obligors' Liabilities and to make such payments according to the terms of any such agreement, extension or modification unless expressly released and discharged in writing by the Bank. The Bank, without

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notice, may release, regardless of consideration, any part of the security held for the Obligors' Liabilities without, as to the remainder of the security therefor, in any way impairing or affecting the lien of this Mortgage or the priority of such lien over any subordinate lien. The Bank may resort for the payment of the Obligors' Liabilities to any other security therefor held by the Bank in such order and manner as the Bank may elect.

7. MISCELLANEOUS

7.1 Any and all notices, demands, requests, consents, designations, waivers and other communications required or desired hereunder shall be in writing and shall be deemed effective upon personal delivery, upon confirmed facsimile transmission, upon receipted delivery by reputable overnight carrier, or three (3) days after mailing if mailed by registered or certified mail, return receipt requested, postage prepaid, to Mortgagor or the Bank at the following addresses or facsimile numbers or such other addresses or facsimile numbers as Mortgagor or the Bank specify in like manner; provided, however, that notices of a change of address or facsimile numbers shall be effective only upon receipt thereof:

If to Mortgagor, then to:

Perutz Properties, LLC
7420 North Lehigh Avenue
Niles, Illinois 60714
Attention Mr. Simon G.A. Perutz
Facsimile No.: (847) 647-2044

with a copy to:

McLachlan, Rissman & Doll
676 North Michigan Avenue
Suite 2800
Chicago, Illinois 60611
Attention: John H. Doll, Esq.
Facsimile No.: (312) 226-3330

If to the Bank, then to:

JPMorgan Chase Bank, N.A.
120 South LaSalle Street
Chicago, Illinois 60603
Attention: Mr. Todd H. Meggos
Facsimile No.: (312) 661-0761

with a copy to:

FagelHaber LLC
55 East Monroe Street
40th Floor
Chicago, Illinois 60602
Attention: Victor A. Des Laurier, Esq.
Facsimile No.: (312) 580-2201

7.2 All the covenants contained in this Mortgage will run with the land. Time is of the essence of this Mortgage and all provisions herein relating thereto shall be strictly construed.

7.3 This Mortgage, and all the provisions hereof, will be binding upon and inure to the benefit of the successors of Mortgagor, and the successors, parents, divisions, affiliates and assigns of the Bank. This Mortgage may not be assigned by Mortgagor, but may be assigned by the Bank without notice to Mortgagor.

7.4 This Mortgage shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Illinois. Wherever possible, each provision of this Mortgage shall be interpreted in such a manner as to be valid and enforceable under applicable law, but if any provision of this Mortgage is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed herefrom and such invalidity or unenforceability shall not affect any other provision of this Mortgage, the balance of which shall remain in and have its intended full force and effect. Provided, however, if such provision may be

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modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to be modified so as to be valid and enforceable to the maximum extent permitted by law.

7.5 This Mortgage is given to secure, among other things, the Secured Obligations. This Mortgage shall secure not only presently existing indebtedness under the Other Agreements, but also future advances, whether such advances are obligatory, to be made at the option of the Bank or otherwise, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The lien of this Mortgage shall be valid as to all indebtedness secured hereby, including future advances, from the time of its filing for record in the Cook County, Illinois Recorder's Office. The total amount of the indebtedness secured hereby, including, but not limited to, any disbursements which the Bank may make under this Mortgage or the Other Agreements, at any one time outstanding shall not exceed the principal amount of Fifty Million and no/100 Dollars (\$50,000,000.00), plus interest thereon, and any disbursements made for payment of taxes, special assessments, or insurance on the Mortgaged Property, and any other costs, fees, expenses or other indebtedness owed by Mortgagor to the Bank pursuant to this Mortgage or the Other Agreements. This Mortgage shall be valid and have priority to the extent of the maximum amount secured hereby over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Mortgaged Property given priority by law.

7.6 Mortgagor agrees to pay, upon demand, all fees, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the Bank, including, but not limited to, reasonable attorneys' fees, in connection with the preparation, execution, delivery and administration of this Mortgage and the other agreements, documents and instruments executed and delivered in connection herewith or pursuant hereto.

7.7 Promptly after the funding of the Loan evidenced by the Term Note and the issuance of the final title insurance policy to the Bank insuring this Mortgage, in form and substance satisfactory to the Bank, the Bank will release that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of October 1, 1996, executed and delivered by Nimlok to the Bank.

7.8 The terms and provisions of the Other Agreements are incorporated herein by this reference thereto.

7.9 The Exhibits referred to herein are attached hereto, made a part hereof and incorporated herein by this reference thereto.

7.10 MORTGAGOR AND THE BANK IRREVOCABLY AGREE, AND HEREBY CONSENT AND SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS, AND THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION, WITH REGARD TO ANY LITIGATION, ACTIONS OR PROCEEDINGS ARISING FROM OR RELATING TO OR IN CONNECTION WITH THE OBLIGORS' LIABILITIES, THIS MORTGAGE OR THE OTHER AGREEMENTS. MORTGAGOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION, ACTIONS OR PROCEEDINGS FILED IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS, OR THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION.

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7.11 The following notification is provided to Mortgagor pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Mortgagor: When Mortgagor opens an account, if Mortgagor is an individual, Lender will ask for Mortgagor's name, taxpayer identification number, residential address, date of birth, and other information that will allow Lender to identify Mortgagor, and, if Mortgagor is not an individual, Lender will ask for Mortgagor's name, taxpayer identification number, business address, and other information that will allow Lender to identify Mortgagor. Lender may also ask, if Mortgagor is an individual, to see Mortgagor's driver's license or other identifying documents, and, if Mortgagor is not an individual, to see Mortgagor's legal organizational documents or other identifying documents.

7.12 MORTGAGOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO MORTGAGOR AS SET FORTH HEREIN IN THE MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.

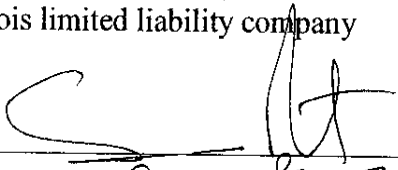
7.13 MORTGAGOR AND THE BANK EACH HEREBY ABSOLUTELY AND UNCONDITIONALLY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER OR RELATED TO THIS MORTGAGE, THE OBLIGORS' LIABILITIES, THE OBLIGORS' COVENANTS OR THE OTHER AGREEMENTS, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED AND DELIVERED IN CONNECTION THEREWITH OR RELATED THERETO.

[signature page follows]

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IN WITNESS WHEREOF, this Mortgage has been duly executed and delivered as of the day and year first above written.

Perutz Properties, LLC,
an Illinois limited liability company

By: 
Name: SIMON PERUTZ
Title: MANAGER.

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STATE OF ILLINOIS)
) S.S.
COUNTY OF Cook)

I, Clinton P. Hansen, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Simon Perutz who is personally known to me to be the [member/manager] of Perutz Properties, LLC, and the same person whose name is subscribed to the foregoing Mortgage and Security Agreement, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 10 day of December, 2004.

Clinton P. Hansen
Notary Public

My commission expires:

OFFICIAL SEAL
CLINTON P. HANSEN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 02/24/08

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EXHIBIT "A" TO MORTGAGE AND SECURITY AGREEMENT
LEGAL DESCRIPTION

THE SOUTH 425 FEET OF THE EAST 18.5 ACRES (EXCEPT THE WEST 330.0 FEET THEREOF) OF THE NORTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND THAT PART OF THE SOUTH 425 FEET OF LOT 5 OF MCDONNELL'S SUBDIVISION OF THE SOUTHEAST ¼ OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE WESTERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD, IN COOK COUNTY, ILLINOIS.

PIN NUMBERS: 10-29-303-017-0000
10-29-400-008-0000

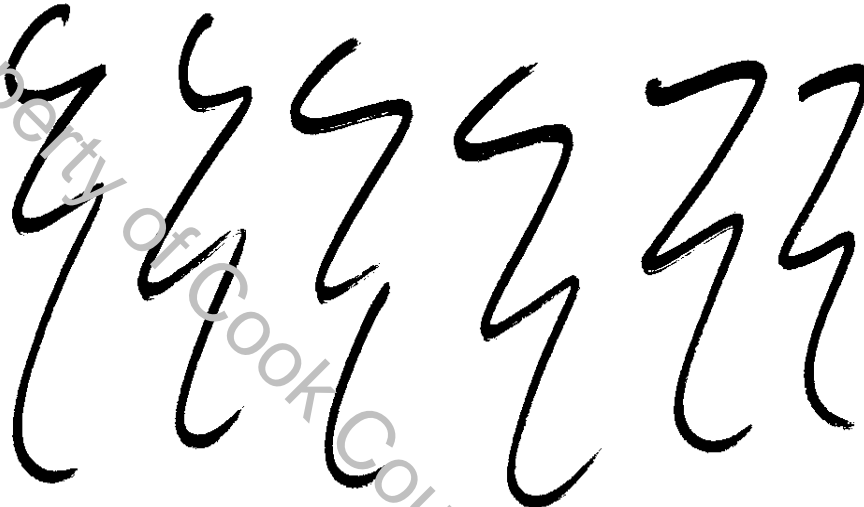
COMMON ADDRESS: 7420 North Lehigh Avenue
Niles, Illinois 60714

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EXHIBIT "B" TO MORTGAGE AND SECURITY AGREEMENT LEASES

That certain Net Lease dated as of December 16, 2004, executed by and between Perutz Properties, LLC, an Illinois limited liability company, and Nimlok Company, a Delaware corporation.

Property of Cook County Clerk's Office

A large, stylized handwritten signature in black ink, consisting of several loops and flourishes, is written across the center of the page. The signature is partially overlaid by a diagonal watermark.

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