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Doc#: 0530835283 Fee: \$70.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 11/04/2005 10:59 AM Pg: 1 of 24

572917
THIS INSTRUMENT PREPARED BY AND
WHEN RECORDED PLEASE RETURN TO:

David W. Silver
Mason, Silver, Wenk & Mishkin, L.L.C.
1033 Skokie Blvd., Suite 250
Northbrook, Illinois 60062

Property Addresses: 912 N. Central Park
Chicago, Illinois 60644
P.I.N. No.: 16-02-324-038-0000

1540 South Ridgeway
Chicago, Illinois 60623-2020
16-23-126-028-0000

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MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT, made September 23, 2005, MFH Investment Group, LLC, an Illinois limited liability company ("Mortgagor"), with and to STRATEGIC MANAGEMENT ADVISORS FINANCIAL, INC., an Illinois corporation ("Holder"), at its offices at 520 Lake Cook Road, Suite 450, Deerfield, Illinois 60015 ("Mortgagee").

WITNESSETH:

WHEREAS, pursuant to the terms of a certain Mortgage Note of even date herewith executed by Mortgagor and made payable to the order of and delivered to Mortgagee (the "Mortgage Note"), Mortgagor is justly indebted to Mortgagee in the principal sum of Two Hundred Five Thousand Eight Hundred Eighty and 51/100 Dollars (\$205,880.51), whereby the Mortgagor promises to pay the said principal sum, together with interest thereon, from the date thereof, as set forth therein, at the office of Mortgagee, or at such other place as may be designated in writing by the legal holder thereof, until said entire principal sum and accrued interest have been paid: provided, however, that if not sooner paid, the principal sum of the Mortgage Note secured hereby and all accrued interest thereon shall become due and payable in full on or before November 7, 2005; and

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WHEREAS, Mortgagee requires that Mortgagor execute and deliver this Mortgage to secure the payment and performance of the obligations and duties of the Mortgagor under the Mortgage Note and all other agreements and instruments executed by Mortgagor to evidence or secure the Mortgage Note (collectively, such agreements are referred to herein as the "Other Agreements").

NOW, THEREFORE, to secure (i) the payment when and as due and payable of the principal sum of and interest on each of the Mortgage Note and any extensions, renewals or modifications thereof, and substitutes therefor, (ii) the payment of all other indebtedness which this Mortgage secures pursuant to its terms or which is payable under the terms of the Mortgage Note and (iii) the performance and observance of the covenants and agreements contained in and the payment of all obligations and liabilities of the Mortgagor under this Mortgage, the Mortgage Note and the Other Agreements (all of such indebtedness, obligations, agreements and liabilities identified in the foregoing clauses (i), (ii) and (iii) and all extensions, renewals and modifications of the foregoing being hereinafter referred to as the "indebtedness secured hereby" or "the secured indebtedness"), Mortgagor does by these presents grant, transfer, bargain, set over, remise, release, assign, alien, warrant, pledge, sell, convey, and mortgage unto Mortgagee, its successors and assigns forever, the real estate described in Exhibit A attached hereto and made a part hereof (the "Real Estate") and all of Mortgagor's estate, right, title, and interest therein:

TOGETHER WITH:

- (a) all estate, right, title, and interest of Mortgagor, if any, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, vaults, roadways, strips and gores and alleys adjoining or within the boundaries of the Real Estate;
- (b) all and singular the tenements, hereditaments, easements, licenses, minerals, appurtenances, passages, waters, water courses, riparian, irrigation and drainage rights, and other rights, liberties and privileges thereof or in any way now or hereafter appertaining, including homestead and any other claim at law or in equity as well as any after-acquired title, franchise, or license and the reversion and reversions and remainder and remainders thereof;
- (c) all property and rights, if any, which by the express provisions of this Mortgage are required to be subjected to the lien thereof and any additional property and rights that from time to time hereafter, by installation or writing of any kind, may be subjected to the lien hereof by Mortgagor or by anyone on Mortgagor's behalf;
- (d) all rights in and to common areas and access roads on adjacent land heretofore or hereafter granted to Mortgagor and any after acquired title or reversion with respect thereto;
- (e) all of Mortgagor's interest and rights as lessor in and to all leases now or hereafter affecting the Real Estate or any part thereof and all rents, issues, proceeds, and profits accruing and to accrue from the Real Estate, whether payable pursuant to any present future leases or otherwise growing out of any occupancy or use of the Real Estate or any portion thereof (which are pledged primarily and on a parity with the Real Estate, and not secondarily); and
- (f) all buildings and improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction,

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alteration, and repairs of improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Real Estate immediately upon the delivery thereof to the Real Estate, all fixtures and personal property now or hereafter owned by Mortgagor and attached to or contained in and used in connection with the Real Estate, including, but not limited to, all heating, air-conditioning, sprinklers, freezing, lighting, laundry, incinerating and dynamo generating equipment: engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing and plumbing fixtures; lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating and communications apparatus; alarm systems; boilers, ranges, furnaces, oil burners or units thereof; kilns, appliances, air cooling and air-conditioning apparatus: vacuum cleaning systems, elevators, escalators, shades; awnings, screens; storm doors and windows; stoves, wall beds, refrigerators, cooking apparatus and mechanical equipment, gas and electrical fixtures; partitions, mantels, built-in mirrors, window shades, blinds, furniture of public spaces, halls and lobbies; attached cabinets, ducts and compressors; rugs and carpets; draperies; furniture furnishings used in the operations of the Premises; and all additions thereto and renewal or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to said building or buildings in any manner (the property described in this clause (f) is referred to as the "Improvements");

- (g) all proceeds or sums payable in lieu of or as compensation for the loss of or damage to the Real Estate and Improvements, all rights in and to all present and future fire and other insurance policies pertaining to the Real Estate and Improvements, any and all sums at any time on deposit for the benefit of Mortgagee or the Mortgagor or held by Mortgagee (whether deposited by or on behalf of Mortgagor or anyone else) pursuant to any of the provisions of this Mortgage, all awards paid or to be paid in connection with or in lieu of any condemnation, eminent domain, change of grade or similar proceeding for the taking or for the degradation in the value of all or any part of the Real Estate and Improvements;

it being mutually agreed, intended, and declared that all the aforesaid property shall, so far as permitted by law, be deemed to form a part and parcel of the Real Estate and for the purpose of this Mortgage to be real estate, and covered by this Mortgage, and as to any of the property aforesaid which does not so form a part and parcel of the Real Estate, this Mortgage is hereby deemed to be, and is, as well, a Security Agreement under the Uniform Commercial Code as enacted in the State of Illinois (the "Uniform Commercial Code") for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to the Mortgagee as Secured Party (as such term is defined in the Uniform Commercial Code), it being further understood and agreed that the provisions hereof shall not apply or attach to any trade fixtures or personal property of any lessee of the Real Estate (the Real Estate and Improvements and all of the other property described in clauses (a) through (g) above are collectively referred to as the "Premises");

TO HAVE AND TO HOLD the same unto the Mortgagee and its successors and assigns forever, the purposes and uses herein set forth;

PROVIDED, HOWEVER, that if the Mortgagor shall pay the principal sum of and all interest on the Mortgage Note, and shall pay all other sums provided for herein, in the Mortgage Note and Other Agreements, and shall well and truly keep and perform all of the covenants contained in this

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Mortgage, the Mortgage Note and the Other Agreements, then this Mortgage shall be released at the sole cost of the Mortgagor, otherwise to remain in full force and effect.

IN CONSIDERATION OF MORTGAGEE MAKING THE LOANS EVIDENCED BY THE MORTGAGE NOTE, MORTGAGOR REPRESENTS, WARRANTS, COVENANTS AND AGREES WITH MORTGAGEE AS FOLLOWS:

1. **Payment of Principal and Interest.** Mortgagor is pledging the Premises to secure the prompt payment, when and as due and payable, of the indebtedness secured hereby.

2. **Taxes and Other Charges.** Mortgagor shall pay, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer service charges, association charges, and all other charges of whatever kind, ordinary or extraordinary, whether public or private, which may be levied or imposed against the Premises, and shall furnish to Mortgagee official receipts therefor within thirty (30) days after payment thereof. Mortgagor shall also pay when due all charges incurred for the benefit of the Premises for utilities, including but not limited to energy, fuel, gas, electricity, water, sewer, and garbage removal, whether or not such charges are liens against the Premises.

3. **Insurance.**

(a) **Casualty.** Mortgagor shall keep the Improvements now existing or hereafter erected on the Premises, all property (whether real, personal or mixed) incorporated therein and all materials and supplies delivered to the Premises for use in connection with the construction of any Improvements, together with all equipment used for that purpose, constantly insured against loss or damage under such types and forms of insurance policies and in such amounts and for such periods as Mortgagee may from time to time require, and Mortgagor shall pay promptly, when due, any premiums on such insurance. Unless Mortgagee otherwise agrees, all such insurance shall provide "all risk" coverage and shall be carried with companies acceptable to Mortgagee, and shall have attached thereto standard noncontributing mortgage clauses in favor of Mortgagee, as well as standard waiver of subrogation endorsements. The Improvements and all such property, materials, supplies and equipment shall be insured to an amount equal to one hundred percent (100%) of the full insurable value thereof (but in no event less than actual replacement value without deduction for depreciation) at all times against loss or damage by fire, lightning, wind storm, explosion, riot and civil commotion, vandalism and malicious mischief, theft and such other risks as are usually included under what is now known as broad form extended coverage. Mortgagor shall not carry separate insurance, concurrent in kind or form and contributing in the event of loss, with any insurance required hereunder. In the event of a change of ownership or of occupancy of the Premises (without implying or creating any waiver of the right of approval thereof by Mortgagee), immediate notice thereof by mail shall be delivered to all insurers. In the event of any loss covered by such insurance, Mortgagor shall immediately notify Mortgagee in writing, and Mortgagor hereby authorizes and directs each and every insurance company concerned to make payments for such loss directly and solely to Mortgagee (which may, but need not, make proof of loss) and Mortgagee is hereby authorized to adjust, collect, and compromise in its discretion all claims under all policies, and Mortgagor shall sign, upon demand by Mortgagee, all receipts, vouchers, and releases required by such insurance companies. After deducting any costs of collection, Mortgagee may use or apply the proceeds, at its sole option, (i) as a credit upon any portion of the indebtedness secured hereby, or (ii) to repairing and restoring the Improvements, in which event Mortgagee shall not be obliged to see to the proper application thereof nor shall the amount so released or used for restoration be deemed a payment on the indebtedness secured hereby, or (iii) to deliver same to

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the Mortgagor. In the event Mortgagee shall elect to apply such proceeds to restoring the Improvements, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with satisfactory evidence of the estimated cost of such restoration and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments as Mortgagee may reasonably require and approve, and if the estimated cost of the work exceeds ten percent (10%) of the original principal amount of the indebtedness secured hereby, Mortgagor shall furnish Mortgagee with all plans and specifications for such rebuilding or restoration as Mortgagee may require and approve. No payment made prior to the final completion of such work shall exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of said proceeds remaining in the hands of Mortgagee shall be at least sufficient to pay for the cost of completion of such work, free and clear of any liens. No interest shall be allowed to Mortgagor on any proceeds of insurance paid to and held by Mortgagee. In the event of foreclosure of this Mortgage, or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title, and interest of Mortgagor, in and to any insurance policies then in force, and any claims or proceeds thereunder shall pass to Mortgagee or any purchaser or grantee. In the event Mortgagee, in its sole discretion, determines that any insurance provided by Mortgagor does not comply with the insurance requirements set forth herein, then Mortgagee may, at any time and at its sole discretion, procure and substitute for any and all of the insurance so held as aforesaid, such other policy or policies of insurance, in such amount and carried by such company as it may determine, the cost of which shall be repaid to Mortgagee by Mortgagor upon demand. Mortgagor shall furnish to Mortgagee, upon its request, and without cost to the Mortgagee, estimates or appraisals of insurable value, such as are regularly and ordinarily made by insurance companies to determine the then replacement cost of the Improvements and all other property, materials, supplies and equipment described in the first sentence of this subparagraph 3(a).

(b) Liability. Mortgagor shall carry and maintain in full force at all times comprehensive public liability insurance as may be required from time to time by Mortgagee in forms, amounts, and with companies satisfactory to Mortgagee, and Mortgagor will apply all insurance proceeds under such policies to the payment and discharge of the liabilities in respect of which such proceeds are collected. It is understood and agreed that the amounts of coverage shall not be less than One Million Dollars (\$1,000,00.00) single limit and that the policy or policies shall name Mortgagee as an additional insured party thereunder.

(c) Flood Insurance. Mortgagor shall carry and maintain in force at all times flood insurance in accordance with the provisions of the Flood Disaster Protection Act of 1973, as amended, if the area in which the Premises are situated is designated as "flood prone" or a "flood risk area," as defined in said act, in an amount satisfactory to Mortgagee, and Mortgagor shall comply with such other requirements of said act as are appropriate.

(d) Other Insurance. Mortgagor shall procure and maintain insurance against such other perils and risks (exclusive of the perils and risks insured against under subparagraphs 3(a) and (b) above) as Mortgagee shall reasonably request and, without any such request, shall procure and maintain statutory worker's compensation and occupational disease insurance, insurance against statutory structural work act liability, war risk coverage and boiler and machinery insurance. All such insurance shall be maintained under policies containing such provisions and coverages and being in such amounts as are approved by Mortgagee, which policies shall name Mortgagee as insured thereunder. Mortgagor shall cause any architects and general contractors providing services to the Premises to procure professional liability insurance in such amounts with such coverages as shall be satisfactory to Mortgagee.

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(d) **Policies.** Unless Mortgagee otherwise agrees, all policies of insurance required hereunder to be maintained by the Mortgagor, together with evidence that the premium therefor covering a period of not less than one (1) year has been prepaid, shall be deposited with Mortgagee and shall provide for, among other things, Mortgagee being named as additional insured thereunder, payment of losses notwithstanding any acts or omissions of Mortgagor and giving written notice to Mortgagee of their expiration or cancellation at least thirty (30) days prior to such event occurring. Not less than thirty (30) days prior to the expiration of any such policy, Mortgagor shall deposit an appropriate renewal or replacement policy and evidence of the premium payment therefor, as aforesaid. All policies of insurance required hereunder shall contain lender's loss payable endorsements in favor of Mortgagee.

4. **Preservation, Restoration and Use of Premises.** Mortgagor shall complete, within a reasonable time, any Improvements now or any time in the process of being constructed upon the Real Estate. No improvement shall (except as required by applicable law) be altered, removed, or demolished nor shall any fixtures, appliances or other personal property subject to the lien hereof, on, in or about the Improvements be severed, removed, sold or mortgaged, without the prior written consent of Mortgagee, and in the event of demolition or destruction in whole or in part of any of the fixtures, chattels, or articles of personal property covered hereby or by any separate security agreement given in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from any security interest in or encumbrances thereon or reservation of title thereto. Mortgagor shall promptly repair, restore, or rebuild any Improvements now or hereafter on the Premises which may become damaged or be destroyed; provided, however, that if Mortgagee has elected to apply insurance loss proceeds toward payment of the secured indebtedness as provided for herein, the provisions of this sentence shall not apply. The Improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. Mortgagor shall not permit, commit, or suffer any waste, impairment, or deterioration of the Premises or any part or improvement thereof, and shall keep and maintain the Premises and every part thereof in good repair and condition and effect such repairs as Mortgagee may require, and, from time to time, make all needful and proper replacements and additions thereto so that the Improvements will, at all times, be in good condition, fit and proper for the respective purposes for which there were originally erected or installed. Mortgagor shall not suffer or permit the Premises to be abandoned or to be used for a purpose other than that for which the Premises are presently used, or represented to Mortgagee to be used, Mortgagor shall not subject the Premises to any use covenants or restrictions and shall not initiate, join in or consent to any change in any existing private restrictive covenant, zoning ordinance, or other public or private restriction limiting or defining the uses which may be made of or the kind of improvements which can be constructed or placed on the Premises or any part thereof, and shall promptly notify Mortgagee of, and appear in and defend, at its sole cost and expense, any such proceedings seeking to effect any of the foregoing. Mortgagor shall not subdivide the Real Estate and shall not subject the Premises to the provisions of the condominium laws of the state in which the Premises are situated. No improvement on the Real Estate or on land adjoining the Real Estate which is owned or controlled by Mortgagor shall be constructed unless plans and specifications therefor have been first submitted to the Mortgagee and approved by it as entailing no prejudice to the secured indebtedness or the security then Mortgagor shall not cause or permit the person, firm or other entity responsible for the management of the Premises to be changed without Mortgagee's prior written consent.

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5. **Compliance with Governmental, Insurance and Other Requirements.** Mortgagor shall comply with all statutes, ordinances, orders, requirements, or decrees relating to the Premises or the use thereof of any federal, state, or municipal authority, and shall observe and comply with all conditions and requirements necessary to maintain in force the insurance required under paragraph 3 hereof and to preserve and extend any and all rights, consents, licenses, permits privileges, franchises, and concessions (including, but not limited to, land and use development, landmark preservation, construction, access, water rights, use, noise, pollution, zoning variances, special exceptions and nonconforming uses), which are applicable to the Premises or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Premises. In the event that any Improvements must be altered or removed to enable Mortgagor to comply with the foregoing provisions of this paragraph 5, Mortgagor shall, except in case of emergency, not commence any such alterations or removals without Mortgagee's prior approval of the need therefor and the plans and specifications pertaining thereto. After such approval, Mortgagor, at its sole cost and expense, shall immediately effect the alterations or removal so required and approved by Mortgagee. Mortgagor shall not by act or omission permit any building or other improvement on land not subject to the lien of this Mortgage to encroach onto or otherwise rely upon the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be so used. Similarly, no Improvement shall encroach onto or otherwise rely upon any land not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission impair the integrity of the Premises as a single zoning lot separate and apart from all other land. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this paragraph 5 shall be void. Mortgagor shall duly and punctually perform and comply with all covenants and conditions expressed as binding upon it under any recorded document or any other agreement of any nature whatsoever binding upon it which pertains to the Premises.

6. **Liens, Encumbrances and Transfers of Ownership.** Mortgagor shall keep the Premises free from liens of mechanics and materialmen and from all other liens, charges, and encumbrances of whatever nature regardless of (i) whether the same arise voluntarily or involuntarily on the part of Mortgagor and (ii) whether the same are subordinate to, prior to, or on a parity with the lien of this Mortgage, and shall furnish to Mortgagee satisfactory evidence of the payment and discharge of any such liens, charges, and encumbrances, asserted or claimed to exist against the Premises, excepting, however, any lien or encumbrance expressly consented to by Mortgagee, with respect to which Mortgagor shall pay, when due, the indebtedness secured thereby and upon Mortgagee's request, furnish to Mortgagee satisfactory evidence of such payment or payments. Without in any way limiting Mortgagee's right to withhold its consent to Mortgagor hereinafter granting or creating a lien against all or any part of the Premises which is subordinate to the lien hereof, any lien for which such consent is given shall be subject and subordinate to all leases pertaining to the Premises whether then in existence or thereafter arising, and further subject to any and all renewals, extensions, modifications, releases, increases, changes or exchanges pertaining to the indebtedness secured hereby, without the consent of such subordinate lien holder and without any obligation to give notice of any kind thereto, regardless of whether or not expressed in such consent or in the document granting such subordinate lien. Mortgagor shall not, without the prior written consent of Mortgagee, sell, transfer, convey, alien, pledge, hypothecate, mortgage, encumber, or assign the title or any interest (beneficial or otherwise) therein to all or any portion of the Premises, or the rents, issues, or profits therefor, whether by operation of law, voluntary, or otherwise, and shall not contract to do any of the foregoing.

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7. **Stamp Tax.** If at any time the United States of America or any state, local or municipal government shall require Internal Revenue or other documentary stamps, hereon or on any of the Mortgage Note, or shall otherwise impose a tax or impose an assessment on this Mortgage or shall require payment of an interest equalization tax upon the indebtedness secured hereby, then the principal of the secured indebtedness and the accrued interest thereon shall be and become due and payable at the election of Mortgagee thirty (30) days after the mailing of notice of such election to Mortgagor; provided, however, said election shall be unavailing and this Mortgage and the Mortgage Note shall be and remain in effect if Mortgagor lawfully may pay for such stamps or such tax, including interest and penalties thereon, to or on behalf of Mortgagee and Mortgagor does in fact pay, when payable, for all such stamps or such tax, as the case may be, including interest and penalties thereon.

8. **Effect of Change in Laws Regarding Taxation.** In the event of the enactment, after the date of this Mortgage, of any law of the United States of America or of the state in which the Premises are located which deducts from the value of the land for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holder thereof, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee therefor; provided, however, that if, in the opinion of counsel for Mortgagee, (i) it might be unlawful to require Mortgagor to make such payment or (ii) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then, and in any such event, Mortgagee may elect, by notice in writing given to Mortgagor to declare all of the indebtedness secured hereby to be and become due and payable within thirty (30) days from the giving of such notice. Notwithstanding the foregoing, Mortgagor shall not be obligated to pay any portion of Mortgagee's federal or state income tax.

9. **Certain Representations and Warranties.**

(a) **Organization and Ownership of Properties.** The Company (i) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois, (ii) has the lawful power authority to own its properties, including, but not limited to, the Premises, and to carry on its business(es) as now conducted, (iii) is qualified and in good standing as a foreign corporation in each jurisdiction wherein nature of its business(es) transacted or to be transacted by it or property owned or to be owned by it makes such qualifications necessary, (iv) is in compliance with all laws, statutes, rules, regulations, ordinances, orders and decrees of all governmental authorities with jurisdiction therefor, and (v) possesses all consents, permits, franchises, commissions and licenses necessary to operate its business(es) as now conducted by it and to own its properties, including but not limited to, the Premises.

(b) **Enforceability.** Mortgagor is empowered to perform all acts and things undertaken and done pursuant to the Mortgage Note, this Mortgage and each of the Other Agreements and has taken all corporate action necessary to authorize the execution, delivery and performance of the Mortgage Note, this Mortgage and each of the Other Agreements. The execution, delivery and performance of the Mortgage Note, this Mortgage and the Other Agreements, (i) have received all necessary governmental approval, (ii) do not violate any provisions of any law, statute, ordinance, rule, regulation, order or decree of any governmental authority, any court or any agency of government, or any indenture, agreement or other instrument to which Mortgagor is a party or by

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which Mortgagor or the Premises, or any portion thereof, may be bound, (iii) are not in conflict with, will not result in a breach of, and will not constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, and (iv) will not result in the creation or imposition of any such lien, charge or encumbrance of any nature whatsoever upon any of Mortgagor's property or assets, except as contemplated by this Mortgage and the Other Agreement. This Mortgage, the Mortgage Note and each of the Other Agreements, when delivered, will be valid, binding, and enforceable in accordance with their respective terms.

(c) Authority. Mortgagor is lawfully seized of the Premises, the same are free from all liens and encumbrances except those which have heretofore been approved by Mortgagee in writing and Mortgagor has good right, full power and lawful authority to convey and mortgage same.

(d) Litigation. There is not now pending against or affecting Mortgagor or the Mortgaged Premises, to the knowledge of Mortgagor, is there threatened, any action, suit or proceeding at law or in equity or by or before any administrative agency which if adversely determined would materially impair or affect the financial condition or operation of Mortgagor or the Premises.

10. Eminent Domain. Mortgagee is hereby authorized to collect and receive from any governmental or other local authority any and all awards heretofore or hereafter made or to be made to the present and subsequent owners of the Premises by any such governmental or other lawful authority for the taking, by condemnation or eminent domain, hereby assigned from Mortgagor to Mortgagee, as aforesaid, and Mortgagee is hereby authorized to give appropriate receipts and acquittances therefor. Mortgagor shall give Mortgagee immediate notice of the actual or threatened commencement of any such proceedings under condemnation of eminent domain, affecting all or any part of the Premises or any easement therein or appurtenance thereof, including severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings. Mortgagor shall make, execute and deliver to Mortgagee at any time or times upon request, free, clear, and discharged of any encumbrances of any kind whatsoever, any and all further assignments and instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning to Mortgagee all awards and other compensation heretofore and hereafter to be made to Mortgagor for any taking, either permanent or temporary, under any such proceeding. The proceeds of all such awards shall be paid to Mortgagee and may be applied by Mortgagee, at its option, after the payment of all of its expenses in connection with such proceedings, including costs and attorneys' fees, to the reduction of the indebtedness secured hereby or to restoring the Improvements, in which event the same shall be paid out in the same manner as is provided, with respect to insurance proceeds, in subparagraph 3(a) hereof. No interest shall be allowed to Mortgagor on any condemnation award paid to or held by Mortgagee.

11. Rents and Leases.

(a) Mortgagor's Obligations. Mortgagor, without any cost and expense to Mortgagee, shall (i) at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in all leases of all or any part of the Premises, on the part of the lessor thereunder to be kept and performed, (ii) enforce or secure the performance of all of the covenants, conditions and agreement of such leases on the part of the lessees to be kept and performed, (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with such leases or the obligations, duties or liabilities of lessor or the lessees thereunder, (iv) transfer and assign to Mortgagee upon request of Mortgagee, any lease or leases of all or any part of the Premises heretofore or hereafter entered into, and make, execute

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and deliver to Mortgagee upon demand, any and all instruments required to effect such assignment, (v) furnish Mortgagee, within fourteen (14) days after a request by Mortgagee so to do, a written statement containing the names of all lessees, terms of all leases, including the spaces occupied, and the rentals payable thereunder, and (vi) exercise within five (5) days of any demand therefor by Mortgagee any right to request from the lessees under any lease of all or any part of the Premises a certificate with respect to the status thereof. Mortgagee shall have the option to declare this Mortgage in default because of a default of lessor in any lease of all or part of the Premises, whether or not such default is cured by Mortgagee pursuant to a right granted therein. Any default under any separate assignment of Mortgagor's interest in any lease or under any assignment of rents given as additional security for the indebtedness secured hereby shall constitute a default hereunder on account of which the whole of the indebtedness secured hereby shall at once, at the option of the Mortgagee, become immediately due and payable without notice to the Mortgagor.

(b) Mortgagee Exoneration. Nothing in this Mortgage or in any other documents relating to the indebtedness secured hereby shall be construed to obligate Mortgagee, expressly or by implication, to perform any of the covenants of Mortgagor, as lessor, lessee or assignor, under any of the leases assigned to Mortgagee or to pay any sum of money or damages therein provided to be paid by the lessor or lessor's assignee, each and all of which covenants and payments Mortgagee agrees to perform and pay.

(c) Lessee Attornment. In the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee under each lease of all or any part of the Premises subordinate to the lien of this Mortgage shall, at the option of Mortgagee, attorn to any person succeeding to the interest of Mortgagor, as a result of such enforcement and shall recognize such successor in interest as lessor under such lease without change in the terms or other provisions thereof, provided, however, that said successor in interest shall not be bound by any payment of rent for more than one month in advance or any amendment or modification to any lease made without the prior consent of Mortgagee or said successor in interest.

(d) Decimation of Subordination. At the option of Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all leases of all or any part of the Premises, upon the execution by Mortgagee and recording thereof, at any time hereafter, in the Office of the County Recorder in and for the county wherein the Premises are situated, of a unilateral declaration to that effect.

12. Inspection of Premises. Mortgagor shall permit Mortgagee and its agents to inspect the Premises at all times on written notice, and access thereto shall be permitted for such purpose; provided, however, that to the extent it is reasonably practicable, no such inspection shall unreasonably interfere with the use or occupancy of the Premises by Mortgagor or any lawful lessee thereof.

13. Access by Mortgagee. Mortgagor shall at all times deliver to Mortgagee duplicate originals or certified copies of all leases, agreements and documents relating to the Premises. Mortgagor shall keep and maintain full and correct records showing in detail the income and expenses of the Premises and upon written demand therefor shall allow the Mortgagee to examine and copy such books and records and all supporting vouchers and date any time and from time to time, on request, at its offices, hereinbefore identified, or at such other location as may be mutually agreed upon.

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14. **Future Advances.** Mortgagee may, at its option upon request of Mortgagor, at any time before full payment of the secured indebtedness, make further advances to Mortgagor, and the same, with interest, shall be on a parity with, and not subordinate to, the indebtedness secured hereby and such advances shall be secured hereby in accordance with all covenants and agreements herein contained, provided, that the amount of principal secured hereby and remaining unpaid shall not, including the amount of such advances, exceed the sum of \$100,000.00, and provided, that if Mortgagee shall make further advances as aforesaid, Mortgagor shall repay all such advances in accordance with the Mortgage Note, or agreement and agreements, evidencing the same, which Mortgagor shall execute and deliver to Mortgagee and which shall be payable no later than the maturity of this Mortgage and shall include such other terms as Mortgagee shall require.

15. **Partial Invalidity.** Mortgagor and Mortgagee intend and believe that each provision in this Mortgage and each of the Mortgage Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Mortgage or any of the Mortgage Note is found by a court of law to be in violation of any applicable local, state or federal statute, law, ordinance, rule, regulation or decree, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Mortgage or any of the Mortgage Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent both of Mortgagor and Mortgagee that such portion, provision or provisions shall be given force to the fullest possible extent that it or they are legal, valid and enforceable, that the remainder of this Mortgage and all of the Mortgage Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained herein, or therein, as the case may be, and that the rights, obligations and interest of Mortgagor and Mortgagee under the remainder of this Mortgage and the Mortgage Note shall continue in full force and effect. If under the circumstances, interest in excess of the limit allowable by law shall have been paid by Mortgagor in connection with the indebtedness secured hereby, such excess shall be applied by Mortgagee to the unpaid principal balance of the Mortgage Note in such manner as Mortgagee may in its sole discretion determine, or refunded to Mortgagor in the manner to be determined by Mortgagee and if any such excess interest has accrued, Mortgagee shall eliminate such excess interest so that under no circumstances shall interest on the indebtedness secured hereby exceed the maximum rate allowed by the law.

16. **Subrogation.** In the event the proceeds of the indebtedness secured hereby, or any part then or any other amount paid out or advanced by Mortgagee shall be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Premises or any part thereof, then Mortgagee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of same.

17. **Mortgagee's Right to Deal with Transferee.** In the event of the voluntary sale, or transfer by operation of law, or otherwise, of all or any part of the Premises, Mortgagee is hereby authorized and empowered to deal with such vendee or transferee with reference to the Premises, or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might with Mortgagor, without in any way releasing, or discharging Mortgagor from Mortgagor's covenants and undertakings hereunder, specifically including paragraph 6 hereof, and without Mortgagee waiving its rights to accelerate the Mortgage Note in the event of a breach of paragraph 6.

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18. **Execution of Security Agreement and Financing Statement.** Mortgagor, within ten (10) days after request, shall execute, acknowledge and deliver to Mortgagee any security agreement, financing statement, or other similar security instrument, in form satisfactory to Mortgagee, covering all property of any kind whatsoever owned by Mortgagor which, in the sole opinion of Mortgagee, is essential to the operation of the Premises and concerning which there may be any doubt as to whether the title to same has been conveyed by or a security interest therein perfected by this Mortgage under the laws of the State of Illinois and shall further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement, or certificate or other documents as Mortgagee may request in order to perfect, preserve, maintain, continue, and extend such security interest. Mortgagor further agrees to pay to Mortgagee, on demand, all costs and expenses (including attorney's fees) incurred by Mortgagee in connection with the preparation, execution, recording, filing, and refiling of any such document. To the extent that this Mortgage may operate as a security agreement under the Uniform Commercial Code, Mortgagee shall have all rights and remedies conferred therein for the benefit of a Secured Party.

19. **Certain Acts of Mortgagee.** Mortgagee, at its sole option, without notice and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens, (i) may release any part of the Premises or any person liable for any indebtedness secured hereby, without in any way affecting the liability under either of the Mortgage Note, this Mortgage, the Other Agreements or the guaranty, if any, given as additional security for the indebtedness secured hereby, and without in any way affecting the priority of the lien of this Mortgage, (ii) may agree with any party obligated on the secured indebtedness extend the time for payment of any part or all of the indebtedness secured hereby, (iii) may accept a renewal note or notes therefor, (iv) may take or release other or additional security for the secured indebtedness, (v) may consent to any plat, map or plan of the Premises, (vi) may consent to the granting of any easement, (vii) may join in any extension or subordination agreement, (viii) may agree in writing with Mortgagor to modify the rate of interest or period of amortization of either of the Mortgage Note or change the time of payment or the amount of the monthly installments payable thereunder, or (ix) may waive or fail to exercise any right, power or remedy granted by law, this Mortgage, the Mortgage Note, the Other Agreements or any guaranty given as security for the secured indebtedness. Any such agreement shall not, in any way, release or impair the lien created by this Mortgage, or reduce or modify the liability, if any, of any person or entity personally obligated for the indebtedness secured hereby, but shall, as applicable, extend the lien hereof as against the title of all parties having any interest in the Premises which interest is subject to this Mortgage.

20. **Expenses Incurred by Mortgagee.** Any costs, damages, expenses or fees, including attorneys' fees, incurred by Mortgagee in connection with (i) sustaining the lien of this Mortgage or its priority, (ii) obtaining my abstract, title opinion, title report, title searches, commitment for title insurance or title insurance policy, (iii) protecting the Premises, (iv) protecting or enforcing any of Mortgagee's rights hereunder, (v) recovering any indebtedness secured hereby, (vi) any litigation or proceedings (including, but not limited to, bankruptcy, probate and administrative law proceedings) affecting this Mortgage, the Mortgage Note, or the Premises, or (vii) preparing for the commencement, defense or participation in any threatened litigation or proceedings as aforesaid, or as otherwise enumerated in subparagraph 21(c) hereof, shall be so much additional indebtedness secured hereby and shall be immediately due and payable by Mortgagor, without notice, with interest thereon at the default interest rate specified in the Mortgage Note.

21. **Default and Remedies.**

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(a) Events of Default. It shall constitute an event of default under this Mortgage when and (i) if any default occurs in the due and punctual payment of any of the principal of the indebtedness secured hereby, or of any installment of interest thereon, or (ii) if any default occurs in the due and punctual performance of or compliance with any other term, covenant or condition in this Mortgage, and said default continues for a period of five (5) days after Mortgagee gives written notice thereof to Mortgagor, or (iii) if any default or event of default occurs in the due and punctual performance of or compliance with any term, covenant or condition contained in the Mortgage Note, the Other Agreements or any guaranty given as additional security for the indebtedness secured hereby and said default continues beyond the applicable grace or cure period, if any, or (iv) if Mortgagor or any guarantor of the indebtedness secured hereby is voluntarily adjudicated a bankrupt or insolvent, seeks or consents to the appointment of a receiver or trustee or custodian for itself or for all or any part of its property, files a petition seeking relief under or files an answer admitting the material allegations of a petition filed against it under any bankruptcy or similar laws of the United States or any state, makes a general assignment for the benefit of creditors, takes any action for the purpose of effecting any of the foregoing, is generally not paying its debts as such debts become due, or suffers to exist any event of default under any lease of all or a portion of the Premises, or (v) if any order, judgment or decree is entered upon an application of a creditor of Mortgagor or a guarantor of the indebtedness secured hereby, without the consent of the party against whom it is entered, by a court of competent jurisdiction appointing a receiver or trustee or custodian of all or a substantial part of the assets of Mortgagor or of such guarantor, as the case may be, or approving any petition filed against Mortgagor or any such guarantor of the indebtedness secured hereby seeking relief under any bankruptcy or other similar laws of the United States or any state and remains in force, undischarged or unstayed for a period of thirty (30) days, or (vi) a default occurs under the terms, covenants and conditions of any documents evidencing any other loans made by Mortgagee to Mortgagor and said default continues beyond the applicable grace or cure period, if any, or (vii) any of the representations or warranties of Mortgagor made herein shall prove to be false in any material respect when made, or (viii) title to the Premises is held now or hereafter by a trust, the beneficial interest of which, or any portion thereof, is sold, transfer assigned, conveyed, pledged, mortgaged, hypothecated or otherwise encumbered.

(b) Remedies. In addition to any other remedy herein specified, if any default under this Mortgage shall occur, Mortgagee may, at its option, (i) declare the entire indebtedness secured hereby to be immediately due and payable, without notice or demand (each of which is hereby expressly waived by Mortgagor) whereupon the same shall become immediately due and payable, (ii) institute proceedings for the complete foreclosure of this Mortgage, (iii) institute proceedings to collect any delinquent installment or installments of the indebtedness secured hereby without accelerating the due date of the entire secured indebtedness by proceeding with foreclosure of this Mortgage with respect to any delinquent installment or installments of such indebtedness only and any sale of the Premises under such a foreclosure proceedings shall be subject to and shall not affect the unmatured part of the secured indebtedness and this Mortgage shall be and continue as a lien on the Premises securing the unmatured secured indebtedness, (iv) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Mortgage Note or in this Mortgage or in any of the Other Agreements, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall elect, (v) with respect to any part of the Premises constituting property of the type in respect of which a security interest granted thereon is governed by the Uniform Commercial Code, exercise all rights, options and remedies of secured parties under the Uniform Commercial Code, including without limitation, the right to possession of any such property or any part thereof, and the right to enter, without legal process, any premises where any such

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property may be found, it being agreed and understood by Mortgagor that any requirement of the Uniform Commercial Code for reasonable notification shall be sent by mailing written notice to Mortgagor at its address set forth below at least ten (10) days prior to sale or other event for which such notice is required, or (vi) enforce this Mortgage any Other manner permitted under the laws of the state in which the Premises are situated including, but not limited to, recording the Quit Claim Deed of even date herewith pursuant to which Mortgagor quit claims the title to the Real Estate to the Mortgagee.

(c) Expense of Litigation. In any suit to foreclose the lien of this Mortgage (including any partial foreclosure pursuant to clause (iii) of subparagraph 21(b) hereof) or enforce any other remedy of Mortgagee under this Mortgage or any of the Mortgage Note there shall be allowed and included, as additional secured indebtedness in the judgment or decree, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, survey costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title commitments, title reports, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or value of the Premises.

(d) Mortgagee's Right of Possession in the Case of Default. In any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings whether or not the entire principal of the indebtedness secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, forthwith, upon demand of Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the Premises, or any part thereof, personally or by its agent or attorneys, as for condition broken and Mortgagee in its discretion may enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers, and accounts of Mortgagor or the then manager of the Premises relating thereto, and may exclude Mortgagor, its agents, or servants, wholly therefrom and may, as attorney-in-fact or agent of Mortgagor, or in its own name as Mortgagee and under the powers herein granted: (i) hold, operate, manage, and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues and profits of the Premises including actions for recovery of rent, actions in forcible detainer and actions in distress for rent, hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagor, (ii) cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same, (iii) elect to disaffirm any lease or sublease made subsequent to this Mortgage or subordinated to the lien hereof, (iv) extend or modify any then existing leases and make any new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the secured indebtedness and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained herein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and to be also binding upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the secured indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser, (v) make all necessary or

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proper repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements to the Premises as to Mortgagee may seem judicious, (vi) insure and reinsure the Premises and all risks incidental to Mortgagee's possession, operation, and management thereof, and (vii) receive all avails, rents, issues and profits; hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter without notice to Mortgagor.

Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under said leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases. Should Mortgagee incur any such liability, loss or damage, under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and attorneys' fees and expenses, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

(e) Application of Rental Proceeds. Any avails, rents, issues and profits of the Premises received by Mortgagee after having possession of the Premises, or pursuant to any assignment thereof to Mortgagee under the provisions of this Mortgage or of any separate assignment of rents or assignment of leases, shall be applied in payment of or on account of the following, in such order as Mortgagee (or in case of a receivership, as the court) may determine: (i) to the payment of the operating expenses of the Premises, including reasonable compensation to Mortgagee or the receiver and its agent or agents, if management of the Premises has been delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring lessees and entering into leases and the payment of premiums in insurance hereinabove authorized, (ii) to the payment of taxes, special assessments, and water taxes and other charges now due or which may hereafter become due on the Premises, or which may become a lien prior to the lien of this Mortgage, (iii) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises, including the cost from time to time of installing or replacing personal property or fixtures necessary to the operation of the Premises, and of placing said priority in such condition as will, in the sole judgment of Mortgagee or receiver, make the Premises readily rentable, (iv) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale, or (v) with respect to any surplus or remaining funds, to the Mortgagor, its successors, or assigns, as their rights may appear.

(f) Appointment of Receiver. Upon, or at any time after the filing of any action to foreclose this Mortgage, Mortgagor consents, upon application by Mortgagee, to the appointment of a receiver of the Premises. Such appointment may be made either before or after sale without notice and without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness secured hereby and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not, and without bond being required of the applicant. Such receiver shall have the power to take possession, control, and care of the Premises and to collect the rents, issues, and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption (provided that the period of redemption has not been waived by Mortgagor), as well as during any further times when Mortgagor, its heirs,

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administrators, executors, successors, or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, and profits, and all other powers which may be necessary or are useful in such cases for the protection, possession, control, management, and operation of the Premises, during the whole of said period. To the extent permitted by law, said receiver may be authorized by the court to extend or modify any then existing leases to make new leases, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the secured indebtedness, it being understood and agreed that any such leases and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the secured indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser.

(g) Sale of Premises. Any Real Estate or any interest or estate therein sold pursuant to any court order or decree obtained pursuant to this Mortgage shall be sold in one parcel as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by the laws of the state in which the Premises are situated. At any such sale, Mortgagee may bid for and acquire, as purchaser, the Premises or any part thereof, and in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

(h) Application of Proceeds From Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) on account of all costs expenses incident to the foreclosure proceedings, including all such items as are mentioned in subparagraph 21(c) hereof, (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Mortgage Note, with interest thereon, at the default interest rate specified in the Mortgage Note, (iii) all principal and interest remaining unpaid on the Mortgage Note in such order as Mortgagee may, in its sole discretion, determine and (iv) any overplus to Mortgagor, its successors, or assigns, and their rights may appear.

(i) Intentionally Omitted

(j) Deficiency Decree. If, at any foreclosure proceeding, the Premises shall be sold for a sum less than the total amount of the indebtedness for which judgment is thereon given, the judgment creditor shall be entitled to the entry of a deficiency decree against Mortgagor and against the property of Mortgagor for the amount of such deficiency and Mortgagor does hereby irrevocably consent to the appointment of a receiver for the Premises and the property of Mortgagor and of the avails, rents, issues and profits thereof after such sale until such deficiency decree is satisfied in full.

(k) Waiver of Defenses. No action for the enforcement of the lien of this Mortgage shall be subject to any defense which would not be good and available to the party interposing the same in an action of law upon the Mortgage Note.

(l) Partial Payments. Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal of the indebtedness secured hereby then remaining unpaid, together with all accrued interest thereon,

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immediately due and payable without notice, or any other rights of the Mortgagee at that time or any subsequent time, nor nullify any prior exercise of such option or such rights of Mortgagee without its express consent except and to the extent otherwise provided by law.

(m) Tender of Payment After Acceleration. Upon the occurrence of an event of default hereunder and following the acceleration of maturity as aforesaid, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby made at any time prior to foreclosure sale by Mortgagor, its successors or assigns or by anyone on behalf of Mortgagor, its successors or assigns shall constitute an evasion of prepayment privilege and shall be deemed to be a voluntary prepayment hereunder and such prepayment hereunder and such prepayment, to the extent permitted by law, will therefore include a premium required under the prepayment privilege, if any, contained in the Mortgage Note. In case, after legal proceedings are instituted to foreclose the lien of this Mortgage, tender is made of the entire secured indebtedness due hereunder, Mortgagee shall be entitled to reimbursement for expenses incurred in connection with such legal proceedings including such expenditures as are enumerated above, and such expenses shall be so much additional indebtedness secured hereby, and no such suit or proceedings shall be dismissed or otherwise disposed of until such fees, expenses, and charges shall have been paid in full.

(n) Delays and Omissions. No delay in the exercise of or failure to exercise any remedy or right accruing on the occurrence of any event of default hereunder shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or of a different nature.

(o) Rescission of Election. Acceleration of maturity, once made by Mortgagee, may at the option of Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed, whereupon, in either of such events, Mortgagor and Mortgagee shall be restored to their former positions, and the rights, remedies and power of Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been commenced, as the case may be.

(p) Remedies Cumulative and Concurrent. The rights and remedies of Mortgagee as provided in the Mortgage Note, this Mortgage, the Other Agreements and in the guaranty of any guarantor shall be cumulative and concurrent and may be pursued separately, successively or together against Mortgagor, any guarantor or the Premises, or any one or more of them, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by the laws of the state in which the Premises are situated. If Mortgagee elects to proceed under one right or remedy under this Mortgage, the Mortgage Note, the Other Agreements or any such guaranty, Mortgagee may at any time cease proceeding under such right or remedy and proceed under any other right or remedy under this Mortgage, the Mortgage Note, the Other Agreements or any such guaranty.

(q) Mortgagee's Use of Counsel. Mortgagee may employ counsel for advice or other legal service at Mortgagee's discretion in connection with any dispute as to the obligations of Mortgagor hereunder, or as to the title of Mortgagee to the Premises pursuant to this Mortgage, or in any litigation to which Mortgagee may be a party which may affect the title to the Premises or the validity of the indebtedness secured hereby, and any attorneys' fees so incurred shall be added to and be a part of the debt hereby secured. Any costs and expenses incurred in connection with any other dispute or litigation affecting said debt or Mortgagee's title to the Premises, including estimated amounts to conclude the transaction, shall be added to and be a part of the indebtedness

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secured hereby. All such amounts shall be payable by Mortgagor to Mortgagee without formal demand, and if not paid, shall be included as a part of the secured indebtedness and shall include interest at the default interest rate as set forth in the Mortgage Note, from the dates of their respective expenditures.

22. **Mortgagee's Performance of Defaulted Acts.** If an event of default hereunder shall occur, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient by Mortgagee. By way of illustration and not in limitation of the foregoing, Mortgagee may, but need not, (i) make full or partial payments of principal, interest, penalties or late charges on prior encumbrances, if any, (ii) purchase, discharge, compromise, or settle any tax lien or other prior to junior lien or title or claim thereof, (iii) redeem from any tax sale or forfeiture affecting the Premises, (iv) contest any tax or assessment, (v) collect rents, (vi) prosecute collection of any sums due with respect to the Premises, and (vii) make repairs to the Premises. Mortgagee is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to taxes, assessments, water rates, sewer rentals, and other governmental charges, fines, impositions, or liens asserted against the Premises and may do so according to any bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof, and Mortgagor is further authorized to make or advance in the place and stead of Mortgagor any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, or charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this paragraph 22, and may do so whenever, in Mortgagee's sole judgement and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this Mortgage, and in connection with any such advance, Mortgagee, at its option, may and is hereby authorized to obtain a continuation abstract or report of title or commitment for title insurance or title insurance policy prepared by an abstractor or title insurance company of Mortgagee's choosing. All monies paid or incurred in connection therewith, including attorney's fees, and any other monies advanced Mortgagee to protect the Premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Mortgagor to Mortgagee without notice and with interest thereon at the default interest rate specified in the Mortgage Note. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

23. **Giving of Notice.** All notices which any party may be required or may desire to give in connection with this Mortgage shall be in writing, and shall be either personally delivered, sent by overnight express delivery by a nationally recognized delivery service, freight prepaid, or sent by United States Registered or Certified Mail, postage prepaid, addressed as follows.

If to the Mortgagor at: MFH Investment Group, LLC
742 East 95th Street
Chicago, Illinois 60619

If to Mortgagee at: Strategic Management Advisors Financial, Inc.
520 Lake Cook Road
Suite 450
Deerfield, Illinois 60015

Notices, demands and requests which shall be served in the manner aforesaid shall be deemed to be sufficiently delivered or given for all purposes hereunder (i) in the case of personal delivery upon such delivery, (ii) in case of overnight express delivery, one (1) day after delivery to such delivery

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service, and (iii) in the case of mailing by Registered or Certified Mail, two (2) business days after such notice, demand or request shall be mailed. By notice complying with the foregoing provisions of this paragraph 23, either party may from time to time change its address for notice purposes, except that any such notice shall not be deemed delivered until actually received. Except as otherwise specifically required, notice of the exercise of any option, right or remedy granted to the Mortgagee herein in the Mortgage Note or in the Other Agreements is not required to be given.

24. **Time is of the Essence.** It is specifically agreed that time is of the essence of this Mortgage. The waiver of the options, rights or remedies or obligations of indebtedness secured hereby shall not at any time thereafter be held to be abandonment of such rights.

25. **Mortgagee's Lien for Service Charge and Expenses.** At all times, regardless of whether any proceeds of the Mortgage Note have been disbursed, this Mortgage shall secure (in addition to any proceeds of any secured indebtedness disbursed from time to time) the payment of any and all loan commissions, service charges, liquidated damages, expenses, and advances due to or incurred by the Mortgagee in connection with the indebtedness secured hereby.

26. **Modifications.** This Mortgage may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the party against which enforcement of the change, waiver, discharge or termination is asserted.

27. **Covenants to Run with the Real Estate.** All the covenants of Mortgagor hereof shall run with and touch and concern the Real Estate.

28. **Captions.** The captions and headings of various paragraphs are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

29. **Construction.** This Mortgage and the rights and indebtedness secured hereby secured shall be governed by and construed and enforced according to the laws of the State of Illinois.

30. **Binding on Successors and Assigns and Certain Definitions.** This Mortgage and all provisions and covenants of Mortgagor hereof shall extend to and be binding upon Mortgagor's successors and assigns and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include and refer to, in addition to Mortgagor, (i) all such persons and all persons liable for the payment of the secured indebtedness or any part thereof, whether or not such persons shall have executed any of the Mortgage Note or this Mortgage, (ii) Mortgagor's successors and assigns and (iii) all owners from time to time of the Premises. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Mortgage Note. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. The word "person" as used herein means any natural person and any partnership, joint venture, corporation, association, or other legal entity.

31. **Further Assurances.** Mortgagor shall execute, acknowledge and deliver to Mortgagee and to subsequent holders of any of the Mortgage Note from time to time upon demand (and pay the costs of preparation recording thereof) any further instrument or instruments, including, but not limited to, mortgages, security agreements, financing statements, assignments and renewal and substitution notes, so as to re-affirm, to correct and to perfect the evidence of the

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obligations and indebtedness secured hereby and the lien of Mortgage to all or any part of the Premises intended to be hereby mortgaged, whether now mortgaged, later substituted for, or acquired subsequent to the date of this Mortgage and extensions or modifications thereof, and will do or cause to be done all such further acts and things as may be necessary fully to effectuate the intent of this Mortgage.

32. **Recording and Filing.** Mortgagor, at its expense, will cause this Mortgage and all supplements thereto for which constructive notice must be given to protect Mortgagee, at all times to be recorded and filed and re-recorded and refiled, in such manner and in such places as Mortgagee shall request, and will pay all such recording, filing, re-recording, re-filing, taxes, fees and other charges to the maximum extent permitted by the laws of the state in which the Premises are situated.

33. **Right to Contest Taxes and Mechanics' Liens.** The obligations of Mortgagor under paragraphs 2 and 6 hereof, are subject to the rights Mortgagor shall have to contest in good faith the validity or amount of any tax or assessment or lien arising from any work performed at or materials furnished to the Premises which right, however, is conditional upon (i) such contest having the effect of preventing the collection of the tax, assessment or lien so contested and the sale or forfeiture of the Premises or any part thereof or interest therein to satisfy the same, (ii) Mortgagor giving Mortgagee written notice of its intention to contest the same in a timely manner, which, with respect to any contested tax or assessment, shall mean before any such tax assessment or lien has been increased by any penalties or costs, and with respect to any contested mechanic's lien claim, shall mean within ten (10) days after Mortgagor receives actual notice of the filing thereof, (iii) Mortgagor making and thereafter maintaining with Mortgagee or such other depository as Mortgagee may designate, a deposit of cash (or United States government securities, in discount form, or other security as may, in Mortgagee's sole discretion, be acceptable to Mortgagee, and in either case having a present value equal to the amount herein specified) in an amount not less than One Hundred Fifty percent (150%) of the amount which, in Mortgagee's sole judgment, determined from time to time, shall be sufficient to pay in full such contested tax, assessment or lien and penalties, costs and interest that may become due thereon in the event of a final determination thereof adverse to Mortgagor or in the event Mortgagor fails to prosecute such contest as herein required, and (iv) Mortgagor diligently prosecuting such contest by appropriate legal proceedings. In the event Mortgagor shall fail to prosecute such contest with reasonable diligence or shall fail to maintain sufficient funds, or other security as aforesaid, on deposit as hereinabove provided, Mortgagee may, at its option, liquidate the securities deposited with Mortgagee, and apply the proceeds thereof and other monies deposited with Mortgagee in payment of, or on account of, such taxes, assessments, or liens or any portion thereof then unpaid, including the payment of all penalties and interest thereon.

34. **Waivers by Mortgagor.** To the extent permitted by applicable law, Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, redemption, stay, extension, or exemption laws or any so called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure, pursuant to rights herein granted, on behalf of the Mortgagor, the trust estate, and all persons beneficially interested therein, and each and every

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person acquiring any interest in or title to the Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by law.

35. **Condition of the Premises.** As of the date hereof, the condition of the Premises is substantially the same as that shown on the survey previously delivered to Mortgagee and Mortgagor has taken no action, nor suffered any action to be taken, which might adversely affect Mortgagor's interest in the Premises, or Mortgagor's ability to perform its covenants hereunder.

36. **After Acquired Property.** Any and all property hereafter acquired and placed, installed or incorporated on or into the Premises, which is of the kind or nature herein provided, or is intended to become subject to the lien hereof, shall ipso facto, and without any further conveyance, assignment or act of Mortgagor's become and be subject to the lien of this Mortgage as fully and completely as though specifically described herein, but nevertheless, Mortgagor shall from time to time, if requested by Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Mortgage all such property.

37. **Business Loan Recital.** The proceeds of the loan evidenced by the Mortgage Note will be used solely for the purposes specified in 815 ILCS 205/4 (1)(c), as amended, and the principal sum advanced is for a business loan which comes within the purview of such Section. Maker agrees that the obligation evidenced by this Mortgage Note is an exempted transaction under the Truth In Lending Act, 15 U.S.C., Section 1601, et seq.

38. **No Merger.** It being the desire and intention of the parties hereto that this Mortgage and the lien hereof do not merge in fee simple title to the Premises, it is hereby understood and agreed that should Mortgagee acquire an additional or other interests in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the said fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the said fee simple title.

39. **No Partnership or Joint Venture.** Mortgagor and Mortgagee acknowledge and agree that in no event shall Mortgagee be deemed to be a partner or joint venturer with Mortgagor. Without limitation of the foregoing, Mortgagee shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage, the Mortgage Note, the Other Agreements or otherwise.

40. **No Liability on Mortgagee.** This Mortgage is intended only as security for the obligations herein set forth. Notwithstanding anything contained herein to the contrary, Mortgagee shall not be obligated to perform or discharge and does not hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, whether hereunder, under any of the leases affecting the Premises, under any contract relating to the Premises or otherwise, and Mortgagor shall and does hereby agree to indemnify against and hold Mortgagee harmless of and from: (i) any and all liability, loss or damage which Mortgagee may incur under or with respect to any portion of the Premises or under or by reason of its exercise of rights hereunder and (ii) any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, covenants or agreements contained in any of the contracts, documents or instruments affecting any portion of the Premises or affecting any rights of the Mortgagor thereto. Mortgagee shall not have responsibility for the control, care, management or repair of the Premises or be responsible or liable for any negligence

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in the management, operation, upkeep, repair or control of the Premises resulting in loss or injury or death to any lessee, licensee, employee, stranger or other person. No liability shall be enforced or asserted against Mortgagee in its exercise of the powers herein granted to it, and Mortgagor expressly waives and releases any such liability. Should Mortgagee incur any such liability, loss or damage under any of the leases affecting the Premises or under or by reason hereof, or in the defense of any claims or demands, Mortgagor agrees to reimburse Mortgagee immediately upon demand for the full amount thereof, including costs, expenses and attorneys' fees.

41. **Consent and Approval.** In any instance where Mortgagee's consent or approval is required hereunder, except and to the extent otherwise specifically provided, the granting or withholding of such consent or approval shall be within Mortgagee's absolute and sole discretion. Whenever in this Mortgage or as a matter of law it is provided or held that Mortgagee's consent or approval shall not be unreasonably withheld or the actions of Mortgagee shall be reasonable or not unreasonable, the remedy of Mortgagor in the event Mortgagor shall claim and establish that Mortgagee has unreasonably withheld such consent or approval or has acted unreasonably, shall be limited to injunction or declaratory judgment and in no event shall Mortgagee be liable for a money judgment.

IN WITNESS WHEREOF, Mortgagor has signed these presents the day and year first above written.

MORTGAGOR:

MFH INVESTMENT GROUP, LLC,
an Illinois limited liability company

By: _____

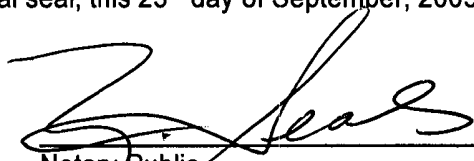
Alprentice C. Watson, Managing Member

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

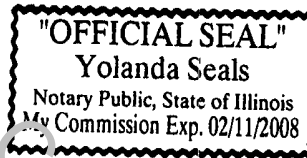
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Alprentice C. Watson, personally known to me to be the same person whose name is subscribed to the foregoing instrument as the managing member of MFH Investment Group, LLC, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 23rd day of September, 2005



Notary Public

My commission expires:



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EXHIBIT A

Legal Description

Parcel 1

THE NORTH ½ OF LOT 9 IN BLOCK 3 IN BOND'S ADDITION TO CHICAGO, SAID ADDITION BEING A SUBDIVISION OF THE WEST ½ OF THE SOUTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

P.I.N.: 16-23-126-028-0000

COMMON ADDRESS: 1540 South Ridgeway
Chicago, Illinois 60623-2020

Parcel 2

LOT 19 AND THE NORTH 5 FEET OF LOT 20 IN BLOCK 1 IN T.J DIVENS SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 2, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Property Addresses: 912 N. Central Park
Chicago, Illinois 60644

P.I.N. No.: 16-02-324-038-0000