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Doc#: 0613104130 Fee: \$108.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 05/11/2006 12:40 PM Pg: 1 of 43

**THIS INSTRUMENT WAS PREPARED
BY AND AFTER RECORDING
SHOULD BE RETURNED TO:**

Drew J. Scott, Esq.
Scott & Kraus, LLC
150 South Wacker Drive
Suite 2900
Chicago, Illinois 60606
(312) 327-1050

PROPERTY ADDRESS:

3842-3848 N. Ashland Ave.
Chicago, Illinois

PERMANENT INDEX NUMBER:

14-19-216-022-0000
14-19-216-023-0000
14-19-216-024-0000

**MORTGAGE, ASSIGNMENT OF
RENTS AND SECURITY AGREEMENT**

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (this "Mortgage") dated as of May 8, 2006, is made by **3842 ASHLAND LLC**, an Illinois limited liability company ("Mortgagor"), to and for the benefit of **INLAND BANK AND TRUST**, having a place of business at 2225 South Wolf Road, Hillside, Illinois 60162 ("Mortgagee").

W I T N E S S E I H:

WHEREAS, Mortgagor has executed and delivered to Mortgagee that certain Term Note of even date herewith in the principal amount of Five Million Eight Hundred Ninety Four Thousand Two Hundred Sixty Six and 00/100 Dollars (\$5,894,266.00) made by Mortgagor and payable to Mortgagee (said Term Note, together with all extensions and renewals thereof, amendments thereto and substitutions or replacements therefore, is hereinafter referred to as the "Term Note"), pursuant to which Mortgagor promises to pay said principal sum (or so much thereof as may be outstanding at the maturity thereof) on or before May 8, 2008, together with interest on the balance of principal from time to time outstanding and unpaid thereon at rate per annum specified in the Term Note;

WHEREAS, Mortgagor desires to grant a security interest as provided in this Mortgage to Mortgagee to secure the payment of the Term Note by Mortgagor.

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NOW, THEREFORE, to secure (i) the payment when and as due and payable of the principal of and interest on the Term Note, or so much thereof as may be advanced from time to time thereunder; (ii) the payment of the Borrower's Liabilities (as defined herein); (iii) all other indebtedness which this Mortgage by its terms secures; and (iv) the performance and observance of the covenants and agreements contained herein, the Term Note, the Other Agreements, and any other instrument or document securing the Term Note (all of such indebtedness, obligations and liabilities identified in this Section being hereinafter referred to as the "indebtedness hereby secured"), Mortgagor does hereby GRANT, SELL, CONVEY, MORTGAGE and ASSIGN unto Mortgagee, its successors and assigns and does hereby grant to Mortgagee, its successors and assigns a security interest in all and singular the properties, rights, interests and privileges described below, all of same being collectively referred to herein as the "Mortgaged Premises":

A. That certain real estate located at 3842-3848 N. Ashland Ave., Chicago, Illinois, and more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter referred to as the "Real Estate");

B. All buildings and improvements of Mortgagor of every kind and description heretofore or hereafter erected or placed on the Real Estate and all fixtures, machinery, apparatus, equipment, fittings and articles of personal property of Mortgagor of every kind and nature whatsoever, now or hereafter attached to or contained in or used in connection with the Real Estate and the buildings and improvements now or hereafter located thereon and the operation, maintenance and protection thereof, including, without limitation, all machinery, motors, fittings, radiators, awnings, shades, screens, all gas, coal, steam, electric, oil and other heating, cooking, power and lighting apparatus and fixtures, all fire prevention and extinguishing equipment and apparatus, all cooling and ventilating apparatus and systems, all plumbing, incinerating, sprinkler equipment and fixtures, all elevators and escalators, all communication and electronic monitoring equipment, all window and structural cleaning rigs and all other machinery and other equipment of every nature and fixtures and appurtenances thereto and all items of furniture, appliances, draperies, carpets, other furnishings, equipment and personal property owned by Mortgagor and used or useful in the operation, maintenance and protection of the Real Estate and the buildings and improvements now or hereafter located thereon and all renewals or replacements thereof or articles in substitution therefore, whether or not the same are or shall be attached to said buildings or improvements in any manner; 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 the balance of the property aforesaid, this Mortgage is hereby deemed to be as well a security agreement under the provisions of the Uniform Commercial Code for the purpose of creating hereby a security interest in said property, which is hereby granted by Mortgagor as debtor to Mortgagee as secured party, securing the indebtedness hereby secured. The

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addresses of Mortgagor (debtor) and Mortgagee (secured party) appear in Section 33 hereof;

C. All right, title and interest of Mortgagor now owned or hereafter acquired in and to all and singular the estates, tenements, hereditaments, privileges, easements, licenses, franchises, appurtenances and royalties, mineral, oil and water rights belonging or in any wise appertaining to the Real Estate and the buildings and improvements now or hereafter located hereon and the reversions, rents, issues, revenues and profits thereof, including all interest of Mortgagor in all rents, issues and profits of the aforementioned property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including all deposits of money as advance rent or for security) under any and all leases, and all credits, deposits, privileges, rights, options to renew, extend and any other options or rights of Mortgagor under all leases and renewals thereof or under any contracts or options for the sale of all or any part of said property (including during any period allowed by law for the redemption of said property after any foreclosure or other sale), together with the right, but not the obligation, to collect, receive and receipt for all such rents and other sums and apply them to the indebtedness hereby secured and to demand, sue for and recover the same when due or payable; provided that the assignments made hereby shall not impair or diminish the obligations of Mortgagor under the provisions of such leases or other agreements nor shall such obligations be imposed upon Mortgagee. By acceptance of this Mortgage, Mortgagee agrees that until an Event of Default (as such term is hereinafter defined) shall occur giving Mortgagee the right to foreclose this Mortgage, Mortgagor may collect, receive (but not more than thirty (30) days in advance) and enjoy such rents and shall apply same to the indebtedness hereby secured;

D. All judgments, awards of damages, settlements and other compensation hereafter made resulting from condemnation proceedings or the taking of the Real Estate or any part thereof or any building or other improvements now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including severance and consequential damage, and any award for change of grade of streets (collectively "Condemnation Awards");

E. All property and rights, if any, which are by the express provisions of this instrument required to be subjected to the lien hereof and any additional property and rights that may from time to time hereafter by installation or writing of any kind, be subjected to the lien hereof;

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F. All rights in and to common areas and access roads on adjacent properties heretofore or hereafter granted to Mortgagor and any after-acquired title or reversion in and to the beds of any ways, roads, streets, avenues and alleys adjoining the Real Estate or any part thereof;

G. All of Mortgagor's accounts, goods, general intangibles, chattel paper, notes, instruments, equipment, machinery, inventory, cash, cash equivalents and causes of action arising in connection with the Mortgaged Premises; and

H. Any and all additions and accessories to all of the foregoing and any and all products, proceeds, renewals, replacements and substitutions of all of the foregoing.

TO HAVE AND TO HOLD the Mortgaged Premises and the properties, rights and privileges hereby granted, bargained, sold, conveyed, mortgaged, pledged and assigned, and in which a security interest is granted, unto Mortgagee, its successors and assigns, forever; provided, however, that this instrument is upon the express condition that if the principal of and interest on the Term Note shall be paid in full and all other indebtedness hereby secured shall be fully paid and performed and any commitment to advance funds contained herein shall have been terminated, then this instrument and the estate and rights hereby granted shall cease, determine and be void and this instrument shall be released by Mortgagee at the expense of Mortgagor, otherwise to remain in full force and effect.

Mortgagor hereby covenants and agrees with Mortgagee as follows:

1. The Loan; Payment of the Indebtedness. Mortgagee will fund a portion of the Loan on the Acquisition Closing Date (as defined in the Loan Agreement) and the proceeds shall be used by Mortgagor to acquire the Mortgaged Premises, and the balance of the Loan shall be used for construction of the Project as set forth in the Loan Agreement. The indebtedness hereby secured will be promptly paid as and when the same becomes due.

2. Representation of Title and Further Assurances. Mortgagor will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this instrument and, without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the granting clauses hereof or intended so to be. At the time of delivery of these presents, the Mortgagor is well seized of a fee simple estate in the Mortgaged Premises which constitutes real property subject only to the matters set forth in Exhibit B attached hereto and hereby made a part hereof (the "Permitted Encumbrances"), Mortgagor is the owner of the Mortgaged Premises which constitutes personal property, and has good right, full power and lawful authority to convey, mortgage and create a security interest in the same, in the manner and form aforesaid; except as set forth in Exhibit B hereto, the same is free and clear of all liens, charges, easements, covenants, conditions, restrictions and encumbrances whatsoever, including the Mortgagor's personal

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property and fixtures, security agreements, conditional sales contracts and anything of a similar nature, and Mortgagor shall and will forever defend the fee title to the Mortgaged Premises against the claims of all persons whomsoever.

3A. Representations, Warranties and Affirmative Covenants of Mortgagor. The Mortgagor hereby represents, warrants and covenants with and to Mortgagee as of the date hereof and during the term of this Mortgage as follows:

(a) Authorization; No Conflict. The execution, delivery and performance by Mortgagor of this Mortgage and the Other Agreements to which it is a party are within Mortgagor's powers, have been duly authorized by all necessary action and do not contravene any law or any material contractual restriction binding on or affecting Mortgagor or any of its properties, and do not result in or require the creation of any Lien (except as may be created under this Mortgage or the Other Agreements) upon or with respect to any of its properties.

(b) No Approval. Except as otherwise provided herein, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Mortgagor of this Mortgage or any Other Agreement.

(c) Validity and Binding Nature. This Mortgage is, and the Other Agreements when delivered hereunder will be, legal, valid and binding obligations of Mortgagor, enforceable against Mortgagor in accordance with their respective terms, as they may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally.

(d) Financial Condition. Mortgagor has no, nor will have at any time any material contingent obligations or material forward or long-term commitments regarding the Real Estate.

(e) Litigation. There is no pending or, to the best knowledge of Mortgagor, threatened action, suit, inquiry, investigation or proceeding affecting directly or indirectly Mortgagor before any court, governmental agency or arbitrator, which, in any case, (i) may materially and adversely affect the financial condition or operation of Mortgagor, (ii) seeks to restrain or would otherwise have a material adverse effect on the transactions contemplated herein, or (iii) would affect the validity or enforceability of this Mortgage or the Other Agreements.

(f) Use of Funds. None of the funds to be derived from the Loan shall be used for personal, family, household or agricultural use. All of the funds to be derived from the Loan shall be used solely to acquire the Real Estate and construct the Project.

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(g) Homestead. No portion of the Mortgaged Premises is or will be used as the residential homestead of Mortgagor. The Mortgaged Premises does not constitute residential or agricultural real estate within the meaning of the Illinois Mortgage Foreclosure Law, 735 ILCS 5 et seq.

(h) Options. No person, corporation, partnership, association or other entity has any option to acquire ownership of the Mortgaged Premises or any portion thereof.

(j) Payment of Taxes and Other Claims. Mortgagor shall pay and discharge or cause to be paid and discharged, before the same shall become delinquent, (i) all Charges levied or imposed upon Mortgagor or upon the income, profits or property of Mortgagor, if any, and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon the property of Mortgagor; provided, however, that Mortgagor shall not be required to pay or discharge or cause to be paid or discharged any such Charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings to the extent adequate reserves have been established on the books of Mortgagor.

(k) Reporting Requirements. Mortgagor, at its sole cost and expense, so long as any loan or advance made pursuant hereto or any part thereof remains unpaid, or which there are any outstanding Borrower's Liabilities, shall prepare, submit and furnish, or cause to be prepared, submitted and furnished, to Mortgagee a written description of all material information concerning the following:

(i) As soon as possible after Mortgagor becomes aware of, and in any event within ten (10) days after receiving notice thereof, as to the following:

(A) any Event of Default or any event which, with the giving of notice or the passage of time, or both, would become an Event of Default;

(B) any action, suit, arbitration or other proceeding instituted, commenced or threatened against or affecting Mortgagor with an amount in controversy in excess of Fifty Thousand and No/100 Dollars (\$50,000);

(C) any proposed or actual change of Mortgagor's name or identity; and

(D) any other matter which has resulted or may result in a material adverse change in Mortgagor's financial condition, operations or business prospects;

(ii) within forty-five (45) days after the end of Mortgagor's fiscal year, internally-prepared financial statements of Mortgagor; and

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(iii) within thirty (30) days after the end of each fiscal quarter, internally-prepared financial statements of Mortgagor;

(iv) as soon as available, but in no event later than thirty (30) days after the applicable filing date for the tax reporting period ended, federal and other governmental tax returns of Mortgagor; and

(v) such other information respecting the condition or operations, financial or otherwise, of Mortgagor as Mortgagee may from time to time reasonably request, including, but not limited to, tax returns, rent rolls and leases.

(i) Accuracy of Information. All factual information heretofore or contemporaneously furnished by or on behalf of Mortgagor to Mortgagee for purposes of or in connection with this Mortgage or any transaction contemplated hereby is, and all other factual information (taken as a whole) hereafter furnished by or on behalf of Mortgagor to Mortgagee will be, true and accurate in every material respect on the date as of which such information is dated or certified, and Mortgagor has not omitted and will not omit any material fact necessary to prevent such information from being false or misleading. Mortgagor has disclosed to Mortgagee, in writing, all facts which Mortgagor believes might materially and adversely affect the business, credit, operations, financial condition or prospects of Mortgagor or which Mortgagor believes might materially and adversely affect any material portion of Mortgagor's properties, or Mortgagor's ability to perform his obligations under this Mortgage or the Other Agreements.

3B. Negative Covenants. Prior to the Maturity Date and thereafter for so long as any amount is due or owing to Mortgagee hereunder, unless Mortgagee shall otherwise consent in writing, Mortgagor shall not:

(a) Liens and Encumbrances. Except for the Permitted Encumbrances, Mortgagor shall not encumber, pledge, mortgage, grant a security interest in, assign, sell (except in the normal course of Mortgagor's business operations wherein Mortgagee will be paid in full upon closing), transfer, convey, release, lease or otherwise dispose of, whether by sale, merger, consolidation, liquidation, dissolution or otherwise, the Mortgaged Premises; provided, that, notwithstanding any other provision of this Mortgage, Mortgagor shall have the right to enter into residential leases and leases of commercial space of 5,000 square feet or less with respect to the Mortgaged Premises without Mortgagee's consent so long as Mortgagor delivers to Mortgagee, promptly after execution, fully executed copies of such leases and any renewals thereof ; and provided, further that all leases with respect to the Mortgaged Premises shall be in accordance with the Assignment of Rents and Leases related hereto and Mortgagor shall deliver to Mortgagee such estoppels and subordinations from the commercial tenants as reasonably required by Mortgagee.

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(b) Maintain Existence; Operations; Merger. (i) except as specifically permitted by this Mortgage, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) any of the Mortgaged Premises, any material portion of the assets or options to acquire any material portion of the assets of Mortgagor (whether now owned or hereafter acquired) to any Person; or (ii) convey, transfer, lease (except leases of real property in the ordinary course of Mortgagor's business) or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of the assets of Mortgagor (whether now owned or hereafter acquired) to any Person; or (iii) engage in any transaction or business other than in the ordinary course of Mortgagor's current business; or (iv) merge or consolidate with any Person.

(c) Debt. Incur, create, assume, become or be liable in any manner with respect to or permit to exist, any Debt applicable to the Real Estate, except Debt owed to Mortgagee.

(d) Transaction with Affiliates or Insiders. Enter into, or be a party to, any transaction with any affiliate or insider except in the ordinary course of and pursuant to the reasonable requirements of Mortgagor's business and upon fair and reasonable terms which are fully disclosed to Mortgagee and are no less favorable to Mortgagor than Mortgagor would obtain in a comparable arm's length transaction with a Person not an affiliate.

4. Provisions of Loan Agreement and Term Note. The proceeds of the Term Note are to be disbursed by Mortgagee in accordance with the terms contained in the Loan Agreement, Term Note and this Mortgage, the provisions of which are incorporated herein by reference to the same extent as if fully set forth herein. Mortgagor covenants that any and all monetary disbursements made in accordance with this Mortgage, Term Note or the Loan Agreement shall constitute adequate consideration to Mortgagor for the enforceability of this Mortgage, Loan Agreement and the Term Note, and that all advances and indebtedness arising and accruing under the Loan Agreement and the Term Note from time to time, whether or not the total amount thereof may exceed the face amount of the Term Note, shall be secured by this Mortgage; provided, however, that the total principal amount of indebtedness evidenced by the Term Note and any other document or instrument now or hereafter given as security for the indebtedness hereby secured shall not in any event exceed two hundred percent (200%) of (i) the total principal amount of the Term Note, plus (ii) the total interest which may hereafter accrue under the Term Note on such aggregate total face amount. Upon the occurrence of an Event of Default hereunder, under the Term Note or any of the Other Agreements, Mortgagee may (but need not) declare the entire principal indebtedness and interest thereon due and payable and pursue all other remedies conferred upon Mortgagee by this Mortgage or by law upon a default. All monies so expended shall be so much additional indebtedness secured by this Mortgage and shall be payable on demand with interest at the rate per annum equal to the Construction Interest Rate plus five percent (5%)(the "Default Interest Rate"). The

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provisions, rights, powers and remedies contained in the Term Note and the Other Agreements are in addition to, and not in substitution for, those contained herein.

5. Payment of Taxes. Mortgagor shall pay before any penalty attaches all general taxes and all special taxes, special assessments, water, drainage and sewer charges and all other charges, of any kind whatsoever, ordinary or extraordinary, which may be levied, assessed, imposed or charged on or against the Mortgaged Premises or any part thereof and which, if unpaid, might by law become a lien or charge upon the Mortgaged Premises or any part thereof, and shall exhibit to Mortgagee official receipts evidencing such payments, except that, unless and until foreclosure, distraint, sale or other similar proceedings shall have been commenced, no such charge or claim need be paid if being contested (except to the extent any full or partial payment shall be required by law), after notice to Mortgagee, by appropriate proceedings which shall operate to prevent the collection thereof or the sale or forfeiture of the Mortgaged Premises or any part thereof to satisfy the same, conducted in good faith and with due diligence and if Mortgagor shall have furnished such security, if any, as may be required in the proceedings or required by Mortgagee's title insurer to insure over the lien of such taxes.

6. Payment of Taxes on Term Note, Mortgage or Interest of Mortgagee. Mortgagor agrees that if any tax, assessment or imposition upon this Mortgage or the indebtedness hereby secured or the Term Note or the interest of Mortgagee in the Mortgaged Premises or upon Mortgagee by reason of any of the foregoing (including, without limitation, corporate privilege, franchise and excise taxes, but excepting therefrom any income tax on interest payments on the principal portion of the indebtedness hereby secured imposed by the United States or any State) is levied, assessed or charged, then, unless all such taxes are paid by Mortgagor to, for or on behalf of Mortgagee as they become due and payable (which Mortgagor agrees to do upon demand of Mortgagee, to the extent permitted by law), or Mortgagee is reimbursed for any such sum advanced by Mortgagee, all sums hereby secured shall become immediately due and payable, at the option of Mortgagee upon thirty (30) days' notice to Mortgagor, notwithstanding anything contained herein or in any law heretofore or hereafter enacted, including any provision thereof forbidding Mortgagor from making any such payment. Mortgagor agrees to provide to Mortgagee, upon request, official receipts showing payment of all taxes and charges which Mortgagor is required to pay hereunder.

7. Tax Deposits. Commencing on the first Business Day of the month following the occurrence of an Event of Default and continuing thereafter on the first Business Day of each successive calendar month through and including the Maturity Date or until the indebtedness secured by this Mortgage is fully paid, Mortgagor covenants and agrees to deposit with Mortgagee a sum equal to one-twelfth (1/12th) of the annual taxes and assessments (general and special) on the Mortgaged Premises (unless said taxes are based upon assessments which exclude improvements thereon now constructed or to be constructed, in which event the amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and

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assessed). If prior deposits are insufficient, Mortgagor shall deposit with Mortgagee an amount of money which, together with the aggregate of the monthly deposits made or to be made above as of one month prior to the date on which the total annual taxes and assessments for the current calendar year become due, shall be sufficient to pay in full the total annual taxes and assessments estimated by Mortgagee to become due and payable with respect to the Mortgaged Premises for the current calendar year. Such deposits are to be held without any allowance of interest and are to be used for the payment of taxes and assessments (general and special) on the Mortgaged Premises next due and payable when they become due. Mortgagee may, at its option, itself pay such taxes and assessments when the same become due and payable (upon submission of appropriate bills therefore from Mortgagor) or shall release sufficient funds to Mortgagor for payment of such taxes and assessments. If the funds so deposited are insufficient to pay any such taxes and assessments (general or special) for any year when the same shall become due and payable, Mortgagor shall within ten (10) days after receipt of demand therefore, deposit additional funds as may be necessary to pay such taxes and assessments (general and special) in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) for any year, the excess shall be applied on a subsequent deposit or deposits. Said deposits need not be kept separate and apart from any other funds of Mortgagee. Anything in this Section to the contrary notwithstanding, if the funds so deposited are insufficient to pay any such taxes and assessments (general or special) or any installment thereof, Mortgagor will, not later than the thirtieth (30th) day prior to the last day on which the same may be paid without penalty or interest, deposit with Mortgagee the full amount of any such deficiency.

8. Mortgagee's Interest In and Use of Deposits. Upon the occurrence of an Event of Default under this Mortgage, the Other Agreements or any other document securing the Term Note, Mortgagee may at its option, without being required so to do, apply any monies at the time on deposit pursuant to Section 7 hereof to the performance of any of Mortgagor's obligations hereunder or the Other Agreements in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor. Such deposits are hereby pledged as additional security for the indebtedness hereunder and shall be irrevocably applied by Mortgagee for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment for which they were deposited, accompanied by the bills for such taxes, assessments and insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of Mortgagor.

9. Recordation and Payment of Taxes and Expenses Incident Thereto. Mortgagor will cause this Mortgage, all mortgages supplemental hereto and any financing statement or other notices of a security interest required by Mortgagee at all times to be kept,

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recorded and filed at its own expense in such manner and in such places as may be required by law for the recording and filing or for the rerecording and refiling of a mortgage, security interest, assignment or other lien or charge upon the Mortgaged Premises, or any part thereof, in order fully to preserve and protect the rights of Mortgagee hereunder, and, without limiting the foregoing, Mortgagor will pay or reimburse Mortgagee for the payment of any and all taxes, fees or other charges incurred in connection with any such recordation or re-recordation, including any documentary stamp tax or tax imposed upon the privilege of having this instrument or any instrument issued pursuant hereto recorded.

10. Insurance.

(a) Mortgagor will, at its expense, maintain or cause to be maintained the following insurance with good and responsible insurance companies reasonably satisfactory to Mortgagee:

(i) All risk broad form insurance with standard non-contributory mortgage clauses providing that any loss is to be adjusted with, and any recovery payable to, Mortgagee, its successors and/or assigns, as its interest may appear. All such policies shall be in such amounts, containing such coverages and insure against such risks as shall be reasonably satisfactory to Mortgagee. Without limiting the generality of the foregoing, the improvements shall be insured to an amount equal to 100% of the full replacement value without deduction for depreciation at all times against loss or damage by fire, lightning, windstorm, explosion, theft and such other risks as are usually intended under extended coverage;

(ii) Comprehensive general liability insurance in an amount not less than \$1,000,000 and in such form reasonably satisfactory to Mortgagee, insuring Mortgagor, Mortgagee and such other persons as Mortgagee may designate, as their interests may appear, against any loss or damage for personal injury, death and property damage occasioned by an accident or casualty occurring in, upon, or about the Mortgaged Premises or the sidewalks, alleys or other property adjacent thereto;

(iii) In the event that Mortgagor contracts with or employs any person or persons upon the Mortgaged Premises, worker's compensation insurance, insuring Mortgagor and such other persons as Mortgagee may designate, as their interests may appear, against loss or damages resulting from any accident or casualty within the purview of the Illinois Worker's Compensation Law; and

(iv) Such other insurance against other insurance hazards that mortgagee may reasonably require or which are commonly insured against in the case of property similarly situated.

(b) Policy Provisions. All insurance maintained by Mortgagor shall be maintained with good and responsible insurance companies, shall provide that no

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cancellation thereof shall be effective until at least thirty (30) days after receipt by Mortgagee of written notice thereof, shall provide that losses are payable notwithstanding any acts or omissions of Mortgagor, shall contain deductible provisions reasonably acceptable to Mortgagee, shall show Mortgagee as an additional insured and as a loss payee, and shall be satisfactory to Mortgagee in all other respects.

(c) Renewal Policies. Mortgagor will deliver to Mortgagee a photocopy of such policy and an assigned certificate of insurance) and evidence of payment of premiums for each such policy and will cause renewal policies to be delivered thereto at least fifteen (15) days prior to the expiration of any such policies.

(d) Additional Policies. Mortgagor shall not take out or maintain separate insurance concurrent in kind or form or contributing in the event of loss with any insurance required hereinabove unless Mortgagee shall be named as an additional insured and loss payee.

The proceeds of such insurance shall be applied as provided in Section 11 hereof. In the event of foreclosure, Mortgagor authorizes and empowers Mortgagee to effect insurance upon the Mortgaged Premises in the amounts required by Mortgagee, for a period covering the time of redemption from foreclosure sale provided by law, and if necessary therefore, to cancel any or all existing insurance policies.

11. Damage to and Destruction of the Improvements.

(a) Notice. In the case of any material damage to or destruction of any improvements which are or will be constructed on the Mortgaged Premises or any part thereof, Mortgagor shall promptly give notice thereof to Mortgagee, generally describing the nature and extent of such damage or destruction.

(b) Restoration. Upon the occurrence of any damage to or destruction of any improvements on the Mortgaged Premises or any part thereof, provided Mortgagee permits the proceeds of insurance to be used for repairs, Mortgagor shall cause same to be restored, replaced or rebuilt as nearly as possible to its value, condition and character immediately prior to such damage or destruction. Such restoration, replacement or rebuilding shall be effected promptly and Mortgagor shall notify Mortgagee if it appears that such restoration, replacement or rebuilding may be unduly delayed. Any amounts required for repairs in excess of insurance proceeds shall be paid by Mortgagor.

(c) Application of Insurance Proceeds. Net insurance proceeds received by Mortgagee under the provisions of this Mortgage or any instrument supplemental hereto or thereto or under any policy or policies of insurance covering any improvements on the Mortgaged Premises or any part thereof shall be applied by Mortgagee at its option as and for a prepayment on the Term Note (whether or not the same is then due or otherwise adequately secured) or shall be disbursed for restoration of such improvements (in which

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event Mortgagee shall not be obligated to supervise restoration work nor shall the amount so released or used be deemed a payment of the indebtedness evidenced by the Term Note). If Mortgagee elects to permit the use of insurance proceeds to restore such improvements it may do all necessary acts to accomplish that purpose including using funds deposited by Mortgagor with it for any purpose and advancing additional funds, all such additional funds to constitute part of the indebtedness secured by this Mortgage. If Mortgagee elects to make the insurance proceeds available to Mortgagor for the purpose of effecting such a restoration, or, following an Event of Default, elects to restore such improvements, any excess of insurance proceeds above the amount necessary to complete such restoration shall be applied as and for a prepayment on the Term Note. Notwithstanding the foregoing provisions Mortgagee agrees that net insurance proceeds shall be made available for the restoration of the portion of the Mortgaged Premises damaged or destroyed if written application for such use is made within forty five(45) days after receipt of such proceeds and the following conditions are satisfied: (i) no Event of Default, or event which if uncured within any applicable cure period, would constitute an Event of Default, shall have occurred or be continuing (and if such an event shall occur during restoration, Mortgagee may, at its election, apply any insurance proceeds then remaining held by Mortgagee to the reduction of the indebtedness evidenced by the Term Note and the other indebtedness hereby secured); (ii) Mortgagor shall have submitted to Mortgagee plans and specifications for the restoration which shall be reasonably satisfactory to Mortgagee; (iii) Mortgagor shall submit to Mortgagee evidence reasonably satisfactory to Mortgagee (including, at Mortgagee's election, fixed price contracts with good and responsible contractors and materialmen covering all work and materials necessary to complete restoration), that the cost to complete restoration is not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, Mortgagor shall have deposited the amount of such deficiency with Mortgagee or otherwise demonstrates to Mortgagee's reasonable satisfaction that sufficient funds are available to pay the deficiency; (iv) Mortgagor shall have obtained a waiver of the right of subrogation from any insurer under such policies of insurance; and (v) in Mortgagee's reasonable judgment, all restoration can be completed prior to the due date of the Term Note. Any insurance proceeds to be released pursuant to the foregoing provisions may at the option of Mortgagee be disbursed monthly if the other conditions contained herein shall have been satisfied as restoration progresses to pay for restoration work completed and in place and such disbursements shall be disbursed in such manner as Mortgagee may reasonably determine. Mortgagee may impose such further reasonable conditions upon the release of insurance proceeds (including the receipt of title insurance) as are customarily imposed by prudent construction mortgagees to insure the completion of the restoration work free and clear of all liens or claims for lien. All title insurance charges and other reasonable costs and expenses paid to or for the account of Mortgagee in connection with the release of such insurance proceeds shall constitute so much additional indebtedness secured by this Mortgage to be payable upon demand and if not paid upon demand shall bear interest at the Default Interest Rate. Upon prior notice, Mortgagee may deduct any such costs and expenses from insurance proceeds at any time held by Mortgagee. No interest shall be payable to Mortgagor upon insurance proceeds held by Mortgagee.

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12. Eminent Domain.

(a) Notice. Mortgagor covenants and agrees that Mortgagor will give Mortgagee notice within five (5) Business Days of the actual or to Mortgagor's knowledge threatened commencement of any proceedings under condemnation or eminent domain affecting all or any part of the Mortgaged Premises including any easement therein or appurtenance thereof or severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served upon Mortgagor in connection with any such proceedings.

(b) Assignment of Claim, Power of Attorney to Collect, Etc. Any and all awards heretofore or hereafter made or to be made to the Mortgagor as owner of the Mortgaged Premises by any governmental body for taking or affecting the whole or any part of said Mortgaged Premises, the improvements on the Mortgaged Premises or any easement therein or appurtenance thereto (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the award for payment thereof) are hereby assigned by Mortgagor to Mortgagee to the extent of the existing principal balance, interest thereon and other outstanding charges owed by Mortgagor to Mortgagee and Mortgagor hereby irrevocably constitutes and appoints Mortgagee its true and lawful attorney in fact with full power of substitution for it and in its name, place and stead to collect and receive the proceeds of any such award granted by virtue of any such taking and to give proper receipts and acquittances therefor. Mortgagee shall not settle any condemnation award with the condemning party without the consent of Mortgagor, which shall not be unreasonably withheld or delayed. Mortgagor shall have the right to participate in any proceedings which determine the award to be granted.

(c) Effect of Condemnation and Application of Awards. In the event that any proceedings are commenced by any governmental body or other person to take or otherwise affect the Mortgaged Premises, the improvements thereon or any easement therein or appurtenance thereto, Mortgagee may, at its option, apply the proceeds of any award made in such proceedings as and for a prepayment on the indebtedness evidenced by the Term Note, notwithstanding the fact that said indebtedness may not then be due and payable or is otherwise adequately secured. Notwithstanding the foregoing, Mortgagee agrees that Mortgagee shall not apply the proceeds of any award made at such proceedings as and for prepayment on the indebtedness evidenced by the Term Note if the following conditions are satisfied: (i) the effect of such proceedings will not materially interfere with the ability of Mortgagor to utilize the Mortgaged Premises for its intended purpose; (ii) the proceedings do not cause a default under any of the leases or one or more tenants to terminate their leases; (iii) no Event of Default, or event which if uncured within any applicable cure period, would constitute an Event of Default, shall have occurred or be continuing; and (iv) if the proceedings will result in a need to perform repairs upon the

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Mortgaged Premises, the requirements listed in subsections (ii), (iii) and (v) of Section 11(c) of this Mortgage concerning the application of insurance proceeds are satisfied.

13. Construction, Repair, Waste, Etc. Mortgagor covenants and agrees: (i) that no building or other improvement on the Mortgaged Premises and constituting a part thereof shall be materially altered, removed or demolished except as provided below nor shall any material fixtures or appliances owned by Mortgagor on, in or about said buildings or improvements be severed, removed, sold or mortgaged, without the consent of Mortgagee, which shall not be unreasonably withheld or delayed; and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered hereby, the same will 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 encumbrance thereon or reservation of title thereto (except insofar as such property may be obsolete); (ii) not to permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Premises or any part thereof; (iii) to keep and maintain said Mortgaged Premises and every part thereof in good repair and condition (ordinary wear and tear excepted); (iv) to effect such repairs as Mortgagee may reasonably require and from time to time to make all needful and proper replacements and additions so that said buildings, fixtures, machinery and appurtenances will, at all times, be in good and first class condition, fit and proper for the respective purposes for which they were originally erected or installed; (v) to comply in all material respects with all statutes, orders, requirements or decrees relating to said Mortgaged Premises by any Federal, State or Municipal authority; (vi) to observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, but not limited to, zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions which are applicable to the Mortgaged Premises or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Mortgaged Premises or any part hereof and not to initiate or acquiesce in any changes to or terminations of any of the foregoing or of zoning classifications affecting the use to which the Mortgaged Premises or any part thereof may be put without the prior written consent of Mortgagee; and (vii) to make no alterations in or improvements or additions to the Mortgaged Premises involving property having a fair market value in the aggregate of more than One Hundred Thousand Dollars (\$100,000) without Mortgagee's written permission, which shall not be unreasonably withheld or delayed.

14. Liens and Encumbrances. Mortgagor will not, without the prior written consent of Mortgagee, directly or indirectly, create or suffer to be created, or to remain, and will discharge or promptly cause to be discharged any mortgage, lien, encumbrance or charge on, pledge or conditional sale or other title retention agreement with respect to the Mortgaged Premises or any part thereof, whether superior or subordinate to the lien hereof, except for this instrument and the lien of all other documents given to secure the indebtedness hereby secured and permitted existing easements, covenants and restrictions of record; provided, however, that Mortgagor may contest the validity of any

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mechanic's lien, charge or encumbrance (other than the lien of this Mortgage or of any other document securing payment of the Term Note) upon giving Mortgagee timely notice of its intention to contest the same and either (a) maintaining with Mortgagee a deposit of cash or negotiable securities reasonably satisfactory to Mortgagee in an amount sufficient in the reasonable opinion of Mortgagee to pay and discharge or to assure compliance with the matter under contest in the event of a final determination thereof adversely to Mortgagor or (b) obtaining title insurance coverage over such lien on Mortgagee's title insurance policy. Mortgagor agrees to prosecute and contest such lien diligently and by appropriate legal proceedings which will prevent the enforcement of the matter under contest and will not impair the lien of this Mortgage or interfere with the normal conduct of business on the Mortgaged Premises. On final disposition of such contest, any cash or securities in Mortgagee's possession not required to pay or discharge or assure compliance with the matter contested shall be returned to Mortgagor without interest.

15. Right of Mortgagee to Perform Mortgagor's Covenants, Etc. If Mortgagor shall fail to make any payment or perform any act required to be made or performed hereunder (subject to applicable notice and opportunities to cure), Mortgagee, without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter upon ten (10) days' prior written notice (unless exigent circumstances exist) to Mortgagor make such payment or perform such act for the account and at the expense of Mortgagor, and may, subject to the rights of tenants, enter in a lawful manner and without force upon the Mortgaged Premises or any part thereof for such purpose and take all such action thereon as, in the reasonable opinion of Mortgagee, may be necessary or appropriate therefore. All reasonable sums so paid by Mortgagee and all costs and expenses (including, without limitation, attorneys' fees and expenses) so incurred, together with interest thereon from the date of payment or incurrence at the Default Interest Rate, shall constitute so much additional indebtedness hereby secured and shall be paid by Mortgagor to Mortgagee on demand. Mortgagee in making any payment authorized under this Section relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof.

16. After-Acquired Property. Any and all property hereafter acquired by Mortgagor which is of the kind or nature herein provided and related to the Real Estate or intended by the terms hereof to be and become subject to the lien hereof, shall ipso facto, and without any further conveyance, assignment or act on the part of Mortgagor, 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.

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17. Inspection by Mortgagee. Upon reasonable advance notice, Mortgagee and its agents shall have the right to inspect the Mortgaged Premises at all reasonable times, and access thereto shall be permitted for that purpose, subject to the rights of tenants.

18. Subrogation. Mortgagor acknowledges and agrees that Mortgagee shall be subrogated to any lien discharged out of the proceeds of the Loan evidenced by the Term Note by Mortgagee hereunder or the Other Agreements, irrespective of whether or not any such lien may have been released of record.

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

"Borrower's Liabilities" means all obligations and liabilities of Mortgagor in the aggregate to Mortgagee (including, without limitation, all Debts, claims and indebtedness) whether primary, secondary, direct, contingent, fixed or otherwise heretofore, now and/or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising, whether under this Mortgage, the Other Agreements, or by oral agreement or operation of law or otherwise.

"Business Day" means a day of the year on which banks are not required or authorized to close in Chicago, Illinois.

"Charges" means, if applicable at any time, all national, federal, state, county, city, municipal and/or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances upon and/or relating to Borrower's Liabilities, the business of Mortgagor, the ownership and/or use of the Mortgaged Premises, income and/or gross receipts.

"Construction Interest Rate" shall mean the "Construction Interest Rate" as defined in the Loan Agreement.

"Debt" means all of a Person's liabilities, obligations and indebtedness having a reasonably expected maturity or repayment period of more than one year (including through renewals thereof) to any Person of any and every kind and nature, whether primary, secondary, direct, indirect, absolute, contingent, fixed or otherwise heretofore, now and/or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising, whether under written or oral agreement, by operation of law or otherwise. Without in any way limiting the generality of the foregoing, Debt specifically includes (i) indebtedness for borrowed money; (ii) obligations evidenced by bonds, debentures, term notes or other similar instruments; (iii) obligations to pay the deferred purchase price of property or services; (iv) obligations as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases; (v) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise

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acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above; and (vi) liabilities in respect of unfunded vested benefits under Plans and Multiemployer Plans covered by Title IV of ERISA.

"Event of Default" shall have the meaning assigned to such term in Section 22 hereof.

"GAAP" means generally accepted accounting principles as in effect from time to time.

"Guarantor" means Ron Abrams, Matthew Okmin, James Jann, and any other guarantor of Borrower's Liabilities.

"Lien" means, with respect to the Mortgaged Premises or any related asset of Mortgagor, any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and the filing of or agreement of or agreement to give any financing statement under the Uniform Commercial Code in effect in any jurisdiction).

"Loan" shall mean the Construction Loan made available by Mortgagee to Mortgagor in accordance with the Loan Agreement.

"Loan Agreement" shall mean the Construction Loan Agreement of even date herewith between the Mortgagor and Mortgagee, as amended, modified or replaced from time to time.

"Maturity Date" means the earliest of (i) May 8, 2008, or (ii) the occurrence of an Event of Default and acceleration of the Term Note pursuant to this Mortgage or any Other Agreement.

"Other Agreements" means all agreements, instruments and documents, including, without limitation, guaranties, mortgages, deeds of trust, pledges, powers of attorney, consents, assignments, contracts, notices, security agreements, leases, financing statements and all other written matter heretofore, now and/or from time to time hereafter executed by and/or on behalf of Mortgagor and delivered to Mortgagee in connection with this Mortgage or any other indebtedness of Mortgagor to Mortgagee, including, without limitation, the Term Note, the Loan Agreement this Mortgage, the Environmental Indemnity Agreement of even date herewith from Mortgagor in favor of Mortgagee, and the Environmental Certificate of even date herewith from Mortgagor in favor of Mortgagee.

"Permitted Encumbrances" shall have the meaning assigned to such term in Schedule 4.4(a) hereof.

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"Person" means and includes an individual, a partnership, a joint venture, a corporation (whether or not for profit), a limited liability company, a trust, an unincorporated organization, a government or any department or agency thereof or any other entity or organization.

"Term Note" is defined in the first recital above.

20. Americans With Disabilities Act of 1990.

(a) Definitions. As used herein the following terms shall have the following meanings:

(i) "ADA" means the Americans with Disabilities Act of 1990, 42 U.S.C. §12101 et seq., any judicial or administrative interpretations thereof, and any judicial and administrative consent decrees, orders or judgments, whether now existing or hereinafter promulgated relating thereto.

(ii) "ADA Liability" means any losses, liabilities, obligations, penalties, charges, fees, claims, litigation demands, defenses, costs, judgments, suits, proceedings, response costs, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against Mortgagee or any of Mortgagee's parent or subsidiary corporations, and their affiliates, shareholders, directors, officers, employees, and agents (collectively "Affiliates") in connection with or arising from:

(1) any material misrepresentation, inaccuracy or breach of any warranty, covenant and agreement contained or referred to in this Section;

(2) any material violation or claim of violation by Mortgagor of the ADA;

(3) the imposition of any lien for damages caused by, or the recovery of any costs for, any violation of the ADA;

(4) costs incurred to comply, in connection with all or any portion of the Mortgaged Premises or any surrounding areas, with the ADA; or

(5) all civil penalties, damages, costs, expenses, and attorneys' fees incurred by reason of any violation of the ADA.

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(b) Representations and Warranties. The Mortgagor hereby represents and warrants to Mortgagee as follows:

(i) Compliance. The Mortgaged Premises (including the use and operation thereof), when constructed, shall be in material compliance with the ADA. All required governmental permits and licenses are or shall be, when the Mortgaged Premises is constructed, in effect, and Mortgagor is or shall be in material compliance therewith.

(ii) Proceedings and Actions. There are no pending or, to the best knowledge of Mortgagor, threatened: (a) actions or proceedings by any governmental agency or any other entity regarding compliance with or violation of the ADA relating to the condition of the Mortgaged Premises; or (b) liens or governmental actions, notices of violations, notices of noncompliance or other proceedings of any kind that could impair the value of the Mortgaged Premises, or the priority of this Mortgage lien or of any of the other documents or instruments now or hereafter given as security for the indebtedness hereby secured.

(c) Mortgagor's Covenants. Mortgagor hereby covenants and agrees with Mortgagee as follows:

(i) Compliance. The Mortgaged Premises and the use and operation thereof shall comply in all material respects with the ADA. All required governmental permits and licenses shall remain in effect, and Mortgagor shall comply in all material respects therewith. Mortgagor will satisfy all material requirements of the ADA.

(ii) Proceedings and Actions. Mortgagor shall promptly (no later than within five (5) Business Days) notify Mortgagee and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports or notices relating to the condition of the Mortgaged Premises or compliance with the ADA. Mortgagor shall promptly cure or contest and have dismissed any such actions and proceedings or otherwise respond to the reasonable satisfaction of Mortgagee.

(iii) ADA Audit. Mortgagor shall provide such information and certifications which Mortgagee may reasonably request from time to time to insure Mortgagor's compliance with this Section.

(d) Mortgagee's Right to Rely. Mortgagor shall take reasonable actions to determine for itself, and to remain aware of, the condition of the Mortgaged Premises and shall have no right to rely upon any investigations or findings made by Mortgagee or its consultants.

(e) Indemnification. Mortgagor agrees to indemnify, defend (at trial and appellate levels and with counsel reasonably acceptable to Mortgagee and at Mortgagor's sole cost) and hold Mortgagee and its Affiliates free and harmless from and against

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Mortgagee's ADA Liability. The foregoing indemnity shall survive satisfaction of the Loan and any transfer of the Mortgaged Premises to Mortgagee by voluntary transfer, foreclosure or by a deed in lieu of foreclosure.

(f) Waiver. Mortgagor, his successors and assigns, hereby waives, releases and agrees not to make any claim or bring any cost recovery action against Mortgagee under the ADA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that Mortgagee is strictly liable under the ADA, Mortgagor's obligation to Mortgagee under this indemnity shall likewise be without regard to fault on the part of Mortgagor with respect to the violation or condition which results in liability to Mortgagee.

21. Transfer of the Mortgaged Premises.

(a) In determining whether or not to make the Loan, Mortgagee has examined the credit-worthiness of Mortgagor, found it acceptable and relied and continues to rely upon same as the means of repayment of the Loan. Mortgagor is well-experienced in borrowing money and owning and operating property such as the Mortgaged Premises, was ably represented by a licensed attorney at law in the negotiation and documentation of the Loan and bargained at arm's length and without duress of any kind for all of the terms and conditions of the Loan, including this provision. Mortgagor recognizes that Mortgagee is entitled to keep its loan portfolio at current interest rates by either making new loans at such rate or collecting assumption fees and/or increasing the interest rate on a loan in connection with a transfer of the security for the loan to a party other than the original Mortgagor. Mortgagor further recognizes that any secondary or junior financing placed upon the Mortgaged Premises, (i) may divert funds which would otherwise be used to pay the Term Note secured hereby, (ii) could result in acceleration and foreclosure by any such junior encumbrance which would force Mortgagee to take measures and incur expenses to protect its security, (iii) would detract from the value of the Mortgaged Premises should Mortgagee come into possession thereof with the intention of selling same; and (iv) impair Mortgagee's right to accept a deed in lieu of foreclosure as a foreclosure by Mortgagee would be necessary to clear the title to the Mortgaged Premises.

(b) In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security, both of repayment by Mortgagor and in the value of the Mortgaged Premises; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) allowing Mortgagee to raise the interest rate and/or collect assumption fees, but only in connection with a transfer of the Mortgaged Premises; and (iv) keeping the Mortgaged Premises free of subordinate financing liens, Mortgagor agrees that if this Section be deemed a restraint on alienation, that it is a reasonable one, and Mortgagor shall not permit or suffer to occur, except in the normal course of Mortgagor's business operation wherein Mortgagee shall be paid in full upon closing and prior notice shall have been provided in accordance with the Term Note, any direct or indirect sale, assignment, conveyance, mortgage, lease, pledge, encumbrance or other transfer of, or the granting of

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any option in, or any contract for any of the foregoing (on an installment basis or otherwise) pertaining to:

(i) the Mortgaged Premises, any part thereof, or any interest therein; or

(ii) any interest in the Mortgagor that results in any Person having a controlling interest in Mortgagor's current business other than such Persons having a controlling interest on the date hereof;

whether involuntary or by operation of law or otherwise, without the prior written consent of Mortgagee having been obtained to such sale, assignment, conveyance, mortgage, lease, option, pledge, encumbrance or other transfer. Mortgagor agrees that in the event the ownership of the Mortgaged Premises, any interest therein or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal in any way with such successor or successors in interest with reference to this Mortgage, the Other Agreements and any other document evidencing the indebtedness secured hereby, without in any way violating or discharging Mortgagor's liability hereunder or under any other document evidencing the indebtedness secured hereby. No sale of the Mortgaged Premises, forbearance to any person with respect to this Mortgage, or extension to any person of the time for payment of the Term Note given by Mortgagee shall operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part, except to the extent specifically agreed in writing by Mortgagee. Without limitation of the foregoing, in any event in which the written consent of Mortgagee is required in this Section, Mortgagee may condition its consent upon any combination of (i) the payment of compensation to be determined by Mortgagee, (ii) the increase of the interest rate payable under the Term Note, (iii) the shortening of maturity of the Term Note, and (iv) other modifications of the terms of the Other Agreements or the other instruments evidencing the indebtedness secured hereby.

(c) Without limitation of the foregoing, (i) in any event in which Mortgagee's consent is requested in accordance with the terms of this Section or any other provisions hereof, Mortgagor shall pay all expenses incurred by Mortgagee, including reasonable attorneys' fees, in connection with the processing of such request, and (ii) the consent of Mortgagee to any transfer of the Mortgaged Premises shall not operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part.

22. Events of Default. Any one or more of the following shall constitute an "Event of Default" hereunder:

(a) the failure, neglect or refusal of Mortgagor to pay any of the principal or interest when due under the Term Note or any other indebtedness secured hereby and

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such failure shall continue for three (3) days after the giving of notice thereof from Mortgagee to Mortgagor; or

(b) the failure, neglect or refusal of Mortgagor to perform any of the covenants or obligations on its part to be kept or performed hereunder (other than as specified in (a) above) and such failure shall continue for thirty (30) days after the giving of notice thereof from Mortgagee to Mortgagor; provided that if such failure, neglect or refusal is capable of being cured and Borrower is diligently pursuing such cure beyond such 30 day period such failure, neglect or refusal shall not be an Event of Default so long as the cure occurs on or before 60 days from the giving of notice of failure, neglect or refusal; or

(c) the breach in any material respect of any representations or warranties as set forth herein, in the Other Agreements or in any other agreements and obligations from Mortgagor to the Mortgagee, including any additional collateral documents or in any statement or certificate furnished pursuant hereto or thereto; or

(d) the occurrence of any Event of Default or default (other than those otherwise identified in this Section) after the expiration of any applicable notice and cure period under any of the Other Agreements; or

(e) Mortgagor or any Guarantor becomes insolvent or bankrupt or admits in writing the inability to pay his debts as they mature or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for Mortgagor or for the major part of the properties of Mortgagor; or

(f) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy laws or laws for the relief of debtors are instituted by or against any Mortgagor or any Guarantor, and if instituted by any third party are not dismissed within sixty (60) days after such institution; or

(g) any judgment or judgments, writ or writs or warrant or warrants of attachment or any similar process or processes shall be entered or filed against any Mortgagor, or against any material portion of its property or assets and remains unsatisfied, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(h) any Debt of Mortgagor to Mortgagee other than as evidenced by the Term Note (without regard to amount), or any Debt of any Mortgagor to parties other than Mortgagee in excess of Fifty Thousand Dollars (\$50,000), becomes, or by the exercise of any option, may be declared to be, due and payable prior to its expressed maturity by reason of any default by such Mortgagor in the performance or observance of any obligation or condition; or

(i) any assessment for taxes against Mortgagor, other than for real property taxes or other taxes being contested in good faith by such Mortgagor and with

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respect to which appropriate reserves have been established and maintained in accordance with GAAP, by any federal, state or any local government body or department or agency thereof remains unpaid beyond any applicable payment date; or

(j) except in connection with the simultaneous prepayment (in whole or in part) of the Term Note, Mortgagor's interest in the Mortgaged Premises, or any part thereof or interest of any kind therein shall be sold, transferred, conveyed, encumbered or otherwise hypothecated, whether voluntarily or involuntarily, by operation of law or otherwise, except for sales of obsolete, worn out or unusable fixtures or personal property which are replaced with similar fixtures or personal property at least equal in quality and condition to those sold, free of any lien, charge or encumbrance and which comply with all requirements and limitations contained herein or in any document providing collateral security for the Term Note; or

(k) the institution of a foreclosure action against the Mortgaged Premises, the improvements or any part thereof, or the filing of a lien against the Mortgaged Premises, the improvements or any part thereof, which is not removed of record, bonded over, covered by an endorsement to the loan title insurance policy as provided herein or in the Mortgage, or dismissed within sixty (60) days after the earlier to occur of (i) the date Mortgagor had notice of such filing, and (ii) the date Mortgagor is notified by Mortgagee, or otherwise, of such filing; or

(l) the dissolution, death or incapacity of any Guarantor or the dissolution of Mortgagor.

Upon the occurrence of any Event of Default, Borrower's Liabilities howsoever evidenced and secured shall, at the option of Mortgagee and without notice (except as specifically set forth in this Section), become immediately due and payable and thereafter shall bear interest at the Default Interest Rate until cured.

23. Remedies. When any Event of Default has occurred and is continuing (regardless of the pendency of any proceeding which has or might have the effect of preventing Mortgagor from complying with the terms of this instrument) and in addition to such other rights as may be available under applicable law or under the Term Note or the Other Agreements, but subject at all times to any mandatory legal requirements:

(a) Acceleration. Mortgagee may, by written notice to Mortgagor, declare the Term Note and all unpaid indebtedness of Mortgagor hereby secured, including interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without other notice or demand of any kind.

(b) Uniform Commercial Code. Mortgagee shall, with respect to any part of the Mortgaged Premises constituting property of the type in respect of which realization on a lien or security interest granted therein is governed by the Uniform Commercial Code

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of Illinois (the "Code"), have all the rights, options and remedies of a secured party under the Code, including without limitation, the right to the possession of any such property or any part thereof, and the right to enter with legal process any premises where any such property may be found. Any requirement of said Code for reasonable notification shall be met by mailing written notice to Mortgagor at his address set forth below at least thirty (30) days prior to the sale or other event for which such notice is required. The expenses of retaking, selling and otherwise disposing of said property, including reasonable attorneys' fees and legal expenses incurred in connection therewith, shall constitute so much additional indebtedness hereby secured and shall be payable upon demand with interest at the Default Interest Rate.

(c) Foreclosure. Mortgagee may proceed to protect and enforce the rights of Mortgagee hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law, or (ii) by the foreclosure of this Mortgage. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness hereby secured in the decree of sale, all expenditures and expenses authorized by the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101, et seq., as amended from time to time (the "Act") and all other expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree the true conditions of the title to or the value of the Mortgaged Premises. All expenditures and expenses of the nature mentioned in this Section, and such other expenses and fees as may be incurred in the protection of the Mortgaged Premises and rents and income therefrom and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Other Agreements or the Mortgaged Premises, including bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional indebtedness hereby secured and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Interest Rate until paid.

(d) Appointment of Receiver. Mortgagee shall, as a matter of right, without giving bond to Mortgagor or anyone claiming by, under or through him, and without regard to the solvency or insolvency of Mortgagor or the then value of the Mortgaged Premises, be entitled to have a receiver appointed pursuant to the Act of all or any part of the Mortgaged Premises and the rents, issues and profits thereof, with such power as the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such

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receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Mortgaged Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Mortgagor or other persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

(e) Taking Possession, Collecting Rents, Etc. Upon demand by Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee may enter and take possession of the Mortgaged Premises or any part thereof personally, by its agent or attorneys or be placed in possession pursuant to court order as mortgagee in possession or receiver as provided in the Act, and Mortgagee, in its discretion, personally, by its agents or attorneys or pursuant to court order as mortgagee in possession or receiver as provided in the Act may enter upon and take and maintain possession of all or any part of the Mortgaged Premises, together with all documents, books, records, papers, and accounts of Mortgagor relating thereto, and may exclude Mortgagor and any agents and servants thereof wholly therefrom and may, on behalf of Mortgagor, or in its own name as Mortgagee and under the powers herein granted:

(i) Hold, operate, manage and control all or any part of the Mortgaged Premises and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Mortgaged Premises, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(ii) Cancel or terminate any lease or sublease of all or any part of the Mortgaged Premises for any cause or on any ground that would entitle Mortgagor to cancel the same;

(iii) Elect to disaffirm any lease or sublease of all or any part of the Mortgaged Premises made subsequent to this Mortgage without Mortgagee's prior written consent;

(iv) Extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Premises, 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 Loan 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 therein, shall be binding upon Mortgagor, all persons whose interests in the Mortgaged Premises are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale,

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notwithstanding any redemption from sale, discharge of the indebtedness hereby secured, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;

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

(vi) Apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Mortgaged Premises, to the payment of taxes, insurance premiums and other charges applicable to the Mortgaged Premises, or in reduction of the indebtedness hereby secured in such order and manner as Mortgagee shall select.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Mortgaged Premises. The right to enter and take possession of the Mortgaged Premises and use any personal property therein, to manage, operate, conserve and improve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expenses (including any receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby, which expenses Mortgagor promises to pay upon demand together with interest at the rate applicable to the Term Note at the time such expenses are incurred. Mortgagee shall not be liable to account to Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by Mortgagee. Without taking possession of the Mortgaged Premises, Mortgagee may, in the event the Mortgaged Premises become vacant or are abandoned, take such steps as it deems appropriate to protect and secure the Mortgaged Premises (including hiring watchmen therefore) and all costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Interest Rate.

24. Compliance with Illinois Mortgage Foreclosure Law.

(a) In the event that any provision in this Mortgage shall be inconsistent with any provision of the Act, the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act.

(b) If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of Mortgagor which are more limited than the rights that would

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otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Sections 5/15-1510 and 5/15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in Section 23(c) or Section 26 of this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

25. Waiver of Right to Redeem; Waiver of Appraisalment, Valuation, Etc. Mortgagor shall not and will not apply for or avail himself of any appraisalment, valuation, 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 himself and all who may claim through or under him waives any and all right to have the property and estates comprising the Mortgaged Premises marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Premises sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Mortgaged Premises may be sold in one parcel as an entirety or in separate lots or parcels at the same or different times, all as Mortgagee may determine. Mortgagee shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Mortgagee so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefore by Mortgagee with the amount payable to Mortgagee out of the net proceeds of such sale. In the event of any such sale, the Term Note and the other indebtedness hereby secured, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. Mortgagor acknowledges that the Mortgaged Premises does not constitute agricultural real estate, as defined in Section 5/15-1201 of the Act, or residential real estate, as defined in Section 5/15-1219 of the Act. To the fullest extent permitted by law, Mortgagor, pursuant to Section 5/15-1601(b) of the Act, hereby voluntarily and knowingly waives any and all rights of redemption on behalf of Mortgagor, and each and every person acquiring any interest in, or title to the Mortgaged Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by applicable law.

26. Costs and Expenses of Foreclosure. In any suit to foreclose the lien hereof there shall be allowed and included as additional indebtedness in the decree for sale all reasonable 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, stenographic charges, publication costs and costs (which may be estimated as to items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches and examination, guarantee policies, Torrens certificates and similar data and assurances with respect to title as Mortgagee may deem to be reasonably

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necessary either to prosecute any foreclosure action or to evidence to the bidder at any sale pursuant thereto the true condition of the title to or the value of the Mortgaged Premises, and all of which expenditures shall become so much additional indebtedness hereby secured which Mortgagor agrees to pay and all of such shall be immediately due and payable with interest thereon from the date of expenditure until paid at the Default Interest Rate.

27. Insurance After Foreclosure. Wherever provision is made in this Mortgage or the Other Agreements for insurance policies to bear mortgagee clauses or other loss payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure, all such rights and powers of Mortgagee shall continue in Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale.

28. Protective Advances. All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Act (collectively "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act herein below referred to:

(a) all advances by Mortgagee in accordance with the terms of this Mortgage to: (i) preserve or maintain, repair, restore or rebuild the improvements upon the Mortgaged Premises; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Act;

(b) payments by Mortgagee of: (i) when due installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (ii) when due installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the mortgaged real estate or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;

(c) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Section 5/1504 (d)(2) and 5/15-1510 of the

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Act; (ii) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of this Mortgage or arising from the interest of Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

(e) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;

(f) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

(g) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act;

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Mortgaged Premises imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (ii) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (iii) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Premises; (iv) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Premises is a member in any way affecting the Mortgaged Premises; (v) pursuant to any lease or other agreement for occupancy of the Mortgaged Premises.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the Default Interest Rate.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(10) of Section 5/15-1302 of the Act.

All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

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(i) determination of the amount of indebtedness secured by this Mortgage at any time;

(ii) the indebtedness found due and owing to Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

(iii) determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;

(iv) application of income in the hands of any receiver or Mortgagee in possession; and

(v) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Act.

29. Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Premises or of any sale of property pursuant to Section 23(c) hereof shall be distributed in the following order of priority: first, on account of all costs and expenses incident to the foreclosure or other proceedings including all such items as are mentioned in Sections 23(b), 23(c) and 26 hereof; second, to all other items which under the terms hereof constitute indebtedness hereby secured in addition to that evidenced by the Term Note with interest thereon as herein provided; third, to all interest on the Term Note; and fourth, to all principal on the Term Note with any overplus to whomsoever shall be lawfully entitled to same.

30. Mortgagee's Remedies Cumulative - No Waiver. No remedy or right of Mortgagee shall be exclusive but shall be cumulative and in addition to every other remedy or right now or hereafter existing at law or in equity or by statute or provided for herein or in the Other Agreements. No delay in the exercise or omission to exercise any remedy or right accruing on any default 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 different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Mortgagee.

31. Mortgagee Party to Suits. If Mortgagee shall be made a party to or shall intervene in any action or proceeding affecting the Mortgaged Premises or the title thereto or the interest of Mortgagee under this Mortgage (including probate and bankruptcy proceedings), or if Mortgagee employs an attorney to collect any or all of the indebtedness hereby secured or to enforce any of the terms hereof or realize hereupon or to protect the lien hereof, or if Mortgagee shall incur any costs or expenses in preparation for the

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commencement of any foreclosure proceeding or for the defense of any threatened suit or proceeding which might affect the Mortgaged Premises or the security hereof, whether or not any such foreclosure or other suit or proceeding shall be actually commenced, then in any such case, Mortgagor agrees to pay to Mortgagee, immediately and without demand, all reasonable costs, charges, expenses and attorneys' fees incurred by Mortgagee in any such case, and the same shall constitute so much additional indebtedness hereby secured payable upon demand with interest at the Default Interest Rate.

32. Modification Not To Affect Lien. Mortgagee, without notice to anyone, and without regard to the consideration, if any, paid therefore, or the presence of other liens on the Mortgaged Premises, may in its discretion release any part of the Mortgaged Premises or any person liable for any of the indebtedness hereby secured, may extend the time of payment of any of the indebtedness hereby secured and may grant waivers or other indulgences with respect hereto and thereto, without in any way affecting or impairing the liability of any party liable upon any of the indebtedness hereby secured or the priority of the lien of this Mortgage upon all of the Mortgaged Premises not expressly released, and may agree with Mortgagor to modifications to the terms and conditions contained herein or otherwise applicable to any of the indebtedness hereby secured (including modifications in the rates of interest applicable hereto).

33. Notices. Any and all notices given in connection with this Mortgage shall be deemed adequately given only if in writing and (i) personally delivered; or (ii) sent by a nationally-recognized overnight courier service; or (iii) sent by certified United States mail, postage prepaid, return receipt requested, to the party or parties for whom such notices are intended. A written notice shall be deemed received (i) when delivered in person; (ii) on the next business day immediately following the day sent by overnight courier; and (iii) on the third (3rd) business day following the day sent by certified mail. A written notice shall also be deemed received on (i) the date delivery shall have been refused at the address required by this Mortgage; or (ii) with respect to notices sent by United States mail but not delivered, the date as of which the postal service shall have indicated such notice to be undeliverable at the address required by this Mortgage. Any and all notices referred to in this Mortgage or which any party desires to give to another shall be addressed as follows:

If to Mortgagor: 3842 Ashland LLC
 200 W. Ohio Street
 Chicago, Illinois 60610
 Attention: Matthew Okmin
 Facsimile No.: 312- 587-1040

with a courtesy copy to: Jeffrey B. Gurian, Esq.
 Becker and Gurian
 513 Central Ave., 4th fl.
 Highland Park, IL 60035
 Facsimile No.: 847-433-2025

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If to Lender: Inland Bank and Trust
 2225 South Wolf Road
 Hillside, Illinois 60162
 Attention: Mark Getzin
 Telephone No.: 708- 236-5907
 Facsimile No.: 708- 562-4563

with a courtesy copy to: Scott & Kraus, LLC
 150 South Wacker Drive, Suite 2900
 Chicago, Illinois 60606
 Attention: Drew J. Scott, Esq.
 Telephone No.: 312- 327-1050
 Facsimile No.: 312- 327-1051

or in such other manner or to such other address, as such party shall designate in a written notice to the other party hereto.

34. Partial Invalidity. All rights, powers and remedies provided herein are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Mortgage shall be held to be invalid or unenforceable, the validity and enforceability of the other terms of this Mortgage shall in no way be affected thereby.

35. Maturity Date; Continuance of Obligations, Etc. This Mortgage shall be in effect until the Maturity Date. Notwithstanding the foregoing and until such date when Borrower's Liabilities shall be paid in full, Mortgagor's obligations hereunder and under the Other Agreements shall continue, interest shall continue to be paid in accordance with the foregoing, Mortgagee shall be entitled to retain its security interest in the Mortgaged Premises and Mortgagee shall retain all of its rights and remedies under this Mortgage.

36. Statement of Account. Each statement of account by Mortgagee delivered to an Authorized Officer relating to Borrower's Liabilities shall be presumed correct and accurate, absent manifest error, and shall constitute an account stated between Mortgagor and Mortgagee unless, within thirty (30) days after an Authorized Officer's receipt of said statement, an Authorized Officer delivers to Mortgagee, by certified mail (or by any nationally recognized overnight courier) addressed to Mortgagee at its address specified herein, written objection thereto specifying the error or errors, if any contained in any such statement.

37. Manner of Application; Waiver of Set-off Prohibition. After an Event of Default, Mortgagor waives the right to direct the application of any and all payments at any time or times hereafter received by Mortgagee on account of Borrower's Liabilities and

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Mortgagor agrees that Mortgagee shall have the right, in its absolute and reasonable discretion, to apply and re-apply any and all such payments in such manner as Mortgagee may deem advisable, notwithstanding any entry by Mortgagee upon any of its books and records. Mortgagor further waives any right under or benefit of any law that would restrict or limit the right or ability of Mortgagee to obtain payment of Borrower's Liabilities, including any law that would restrict or limit Mortgagee in the exercise of its right to appropriate any indebtedness owing from Mortgagee to Mortgagor and any deposits or other property of Mortgagor in the possession or control of Mortgagee and apply the same toward or set-off the same against the payment of Borrower's Liabilities.

38. Survival of Representations and Warranties. Mortgagor covenants, represents and warrants to Mortgagee that all representations and warranties of Mortgagor contained in this Mortgage and in the Other Agreements shall be true at the time of Mortgagor's execution of this Mortgage and the Other Agreements and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transactions described herein or related thereto.

39. Integration of Agreements. This Mortgage and the Other Agreements constitute the entire agreement and understanding between the parties relating to the subject matter hereof and supersede all prior agreements. This Mortgage and the Other Agreements may not be modified, altered or amended except by an agreement in writing signed by an Authorized Officer on behalf of Mortgagor and by Mortgagee. Mortgagor shall not assign any of its obligations and rights under this Mortgage.

40. No Waiver. Mortgagee's failure at any time or times hereafter to require strict performance by Mortgagor of any provision of this Mortgage shall not waive, affect or diminish any right of Mortgagee thereafter to demand strict compliance and performance therewith. Any suspension or waiver by Mortgagee of an Event of Default by Mortgagor under this Note or the Other Agreements shall not suspend, waive or affect any other Event of Default by Maker hereunder or the Other Agreements, whether the same is prior or subsequent thereto and whether of the same or of a different type. None of the undertakings, agreements, warranties, covenants or representations of Mortgagor contained in this Mortgage or the Other Agreements and no Event of Default by Mortgagor under this Mortgage or the Other Agreements shall be deemed to have been suspended or waived by Mortgagee unless such suspension or waiver is by an instrument in writing by Mortgagee specifying such suspension or waiver and given pursuant to the notice requirements of this Mortgage.

41. Severability. If any provision of this Mortgage or the Other Agreements or the application thereof to any Person or circumstance is held invalid or unenforceable, the remainder of this Mortgage and the Other Agreements and the application of such provision to other Persons or circumstances will not be affected thereby and the provisions of this Mortgage and the Other Agreements shall be severable in any such instance.

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42. Successors and Assigns. This Mortgage and the Other Agreements shall be binding upon and inure to the benefit of the respective permitted successors and assigns of Mortgagor and Mortgagee.

43. Costs, Fees and Expenses Related to Agreement and Other Agreements. In accordance with this Mortgage on or prior to the date hereof and thereafter upon demand by Mortgagee therefore, Mortgagor shall pay or reimburse Mortgagee for all reasonable costs, fees and expenses incurred by Mortgagee, or for which Mortgagee becomes obligated, in connection with the negotiation, preparation and consummation of this Mortgage and the Other Agreements, including, without limitation, reasonable attorneys' fees, search fees, appraisal fees and other costs and expenses. That portion of Borrower's Liabilities consisting of costs, expenses or advances to be reimbursed by Mortgagor to Mortgagee pursuant to this Mortgage or the Other Agreements which are not paid on or prior to the date hereof shall be payable by Mortgagor to Mortgagee on demand.

44. Release. Mortgagor releases Mortgagee from any and all causes of action, claims or rights which Mortgagor may now or hereafter have for, or which may arise from, any loss or damage caused by or resulting from: (a) any failure of Mortgagee to protect, enforce or collect in whole or in part any of any collateral; and (b) any other act or omission to act on the part of Mortgagee, its officers, agents or employees, except in each instance for willful misconduct or gross negligence.

45. FORUM; AGENT; VENUE; JURY TRIAL WAIVER. TO INDUCE MORTGAGEE TO ACCEPT THIS MORTGAGE AND THE OTHER AGREEMENTS, MORTGAGOR AND MORTGAGEE (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN MORTGAGOR AND MORTGAGEE ARISING OUT OF OR IN ANY WAY RELATED TO THIS MORTGAGE OR THE TERM NOTE OR THE TRANSACTIONS CONTEMPLATED BY THIS MORTGAGE OR THE TERM NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT TO MORTGAGEE TO PROVIDE THE FINANCING EVIDENCED BY THE TERM NOTE. MORTGAGOR HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF ILLINOIS. MORTGAGOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST MORTGAGOR BY MORTGAGEE IN ACCORDANCE WITH THIS SECTION.

46. Other Costs, Fees and Expenses. If at any time or times hereafter Mortgagee: (a) employs counsel for advice or other representation (i) with respect to this Mortgage or the Other Agreements, (ii) to represent Mortgagee in any litigation, contest, dispute, suit or proceeding or to commence, defend, or intervene or to take any other action in or with respect to any litigation, contest, dispute, suit or proceeding (whether instituted by Mortgagee, Mortgagor or any other Person) in any way or respect relating to

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this Mortgage, the Other Agreements or Mortgagor's affairs, or (iii) to enforce any rights of Mortgagee against Mortgagor or any other Person which may be obligated to Mortgagee by virtue of this Mortgage or the Other Agreements; (b) takes any action to protect, collect, sell, liquidate, or otherwise dispose of any of the Collateral; and/or (c) attempts to or enforces any of Mortgagee's rights or remedies under the Agreement or the Other Agreements, the reasonable costs and expenses incurred by Mortgagee in any manner or way with respect to the foregoing shall be part of Borrower's Liabilities, payable by Mortgagor to Mortgagee on demand. Without limiting the generality of the foregoing, such expenses, costs, charges and fees shall include: (i) reasonable attorneys' fees, costs and expenses; (ii) reasonable accountants' fees, costs and expense; (iii) court costs and expenses; (iv) court reporter fees, costs and expenses; (v) long distance telephone charges; (vi) telegram charges; (vii) expenses for travel, lodging and food; and (viii) costs and expenses incurred with respect to exercise or enforcement of Mortgagee's rights.

47. Revival. To the extent that Mortgagee receives any payment on account of Borrower's Liabilities or any proceeds of any collateral are applied on account of Borrower's Liabilities and any such payment(s) and/or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, subordinated and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy act, state or federal laws, common law or equitable cause, then, to the extent of such payment(s) and/or proceeds received Borrower's Liabilities or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment(s) and/or proceeds had not been received by Mortgagee and applied on account of Borrower's Liabilities.

48. Counterparts. This Mortgage may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

49. Joint and Several Liability. If Mortgagor is comprised of more than one Person, all obligations and liabilities of Mortgagor hereunder shall be joint and several.

50. Interpretation. In all cases where there is more than one Mortgagor, then all words used in this Mortgage in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Mortgagor named in this Mortgage or when this Mortgage is executed by more than one, the word "Mortgagor" shall mean all and any one or more of them. Reference to the phrase "Mortgagor" includes the heirs, successors, assigns, and transferees of each of them.

51. Construction Loan. The Term Note evidences a debt created by one or more disbursements made by the Lender to the Mortgagor to finance the cost of the construction of certain improvements upon the Real Estate in accordance with the provisions of the Loan Agreement, and this Mortgage is a construction mortgage as such term is defined in

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Section 9-313(1)(c) of the Code. The terms and conditions recited and set forth in the Loan Agreement are fully incorporated in this Mortgage and made a part hereof, and an Event of Default under any of the conditions or provisions of the Loan Agreement shall constitute a default hereunder. Upon the occurrence of any such Event of Default, the holder of the Note may at its option declare the indebtedness under the Term Note immediately due and payable, or complete the construction of said improvements and enter into the necessary contracts therefor, in which case all money expended shall be so much additional indebtedness under the Term Note and any money expended in excess of the amount of the original principal shall be immediately due and payable with interest until paid at the Default Interest Rate. Upon completion of the improvements described in the Loan Agreement free and clear of mechanic's lien claims, and upon compliance with all of the terms, conditions and covenants of the Loan Agreement, the Loan Agreement and the terms of this section shall become null and void and of no further force and effect. In the event of a conflict between the terms of the Loan Agreement and this Mortgage, the provisions of the Loan Agreement shall apply and take precedence over this Mortgage.

52. Facsimile Signatures. The Mortgagee is hereby authorized to rely upon and accept as an original this Mortgage, any Other Agreement or other communication which is sent to the Mortgagee by facsimile, telegraphic or other electronic transmission (each, a "Communication") which the Mortgagee in good faith believes has been signed by Mortgagor and has been delivered to the Mortgagee by a properly authorized representative of the Mortgagor, whether or not that is in fact the case. Notwithstanding the foregoing, the Mortgagee shall not be obligated to accept any such Communication as an original and may in any instance require that an original document be submitted to the Mortgagee in lieu of, or in addition to, any such Communication.


[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the undersigned have executed this Mortgage as of the date first above written.

MORTGAGOR:

3842 ASHLAND LLC, an Illinois limited liability company

By: 
Name: Ron D. Abrams
Title: MANAGER / DIRECTOR

MORTGAGEE:

INLAND BANK AND TRUST

By: _____
Name: _____
Title: _____

Property of Cook County Clerk's Office

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IN WITNESS WHEREOF, the undersigned have executed this Mortgage as of the date first above written.


MORTGAGOR:

3842 ASHLAND LLC, an Illinois limited liability company

By: _____
Name:
Title:

MORTGAGEE:

INLAND BANK AND TRUST

By: 
Name: Mark Getzlin
Title: Vice President.

Property of Cook County Clerk's Office

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STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

The undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that, Don D. Abrams., Mgr of 3842 Ashland LLC, an Illinois corporation, whose name is subscribed to the within instrument, 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 on May 2⁰⁴, 2006.

Kristina Roque
Notary Public



STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

The undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____, _____ of Inland Bank and Trust, whose name is subscribed to the within instrument, 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 on May __, 2003.

Notary Public

UNOFFICIAL COPY

STATE OF ILLINOIS)
)
 COUNTY OF _____) SS

The undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that, _____, _____ of 3842 Ashland LLC, an Illinois corporation, whose name is subscribed to the within instrument, 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 on May __, 2006.

 Notary Public

STATE OF ILLINOIS)
)
 COUNTY OF LAKE) SS

The undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that ~~MARL GETZAN, VICE PRESIDENT~~ of Inland Bank and Trust, whose name is subscribed to the within instrument, 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 on May 5, 2006.



 Notary Public



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EXHIBIT A

Legal Description

PARCEL 1:

LOTS 3, 4 AND 5 (EXCEPT THAT PART OF SAID LOTS LYING EAST OF A LINE 50 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SECTION 19, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN) IN CHARLES J. FORD'S SUBDIVISION OF BLOCK 18 OF THE SUBDIVISION OF SECTION 19, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4, THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 AND THE EAST 1/2 OF THE SOUTHEAST 1/4 THEREOF) IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 6 (EXCEPT THAT PART THEREOF TAKEN BY THE CITY FOR WIDENING ASHLAND AVENUE) IN CHARLES J. FORD'S SOUTH OF BLOCK 18 OF THE SUBDIVISION OGDEN AND OTHERS OF SECTION 19, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THE SOUTHWEST 1/4 OF NORTHEAST 1/4, THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 AND THE EAST 1/2 OF THE SOUTHEAST 1/4 THEREOF), ALL IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOT 7 (EXCEPT THE PART THEREOF LYING EAST OF A LINE 50 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SECTION 19) IN CHARLES J. FORD'S SUBDIVISION OF BLOCK 18 IN SUBDIVISION OF SECTION 19, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTH EAST 1/4 OF THE NORTHWEST 1/4 AND THE EAST 1/2 OF THE SOUTH EAST 1/4 THEREOF) IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS:

3842-3848 N. Ashland Avenue
Chicago, Illinois

PERMANENT INDEX NUMBER:

14-19-216-022-0000
14-19-216-023-0000
14-19-216-024-0000

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EXHIBIT B

Permitted Encumbrances

1. General real estate taxes for second installment of 2005 payable in 2006 and all subsequent years.
2. Assignment of Rents and Leases of even date herewith made by 3842 Ashland, LLC in favor of Inland Bank and Trust.
3. Encroachments of record on the date hereof.

Property of Cook County Clerk's Office