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THIS DOCUMENT PREPARED BY
AND UPON RECORDING IS TO
BE RETURNED TO:
DAVID J. FISCHER
WILDMAN, HARROLD, ALLEN
& DIXON LLP
225 WEST WACKER DRIVE
CHICAGO, ILLINOIS 60606

Doc#: 0710357105 Fee: \$80.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 04/13/2007 12:58 PM Pg: 1 of 29

4379692 (e/s)

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SECOND MORTGAGE

THIS SECOND MORTGAGE is made this 4th day of April, 2007, by MKM PROPERTIES, LLC, having its principal office at 3901 N. Carnation St., Franklin Park, Illinois 60131, in favor of MERCHANTS AND MANUFACTURERS BANK, an Illinois banking association, having its principal office at 801 S. Briggs Street, Joliet, Illinois 60433 (hereinafter referred to as "Mortgagee").

WITNESSETH, Mortgagor (as hereinafter defined) hereby mortgages, conveys, transfers and grants a security interest in the Mortgaged Premises (as defined herein) to Mortgagee as security for (i) the payment of indebtedness in the maximum amount of THREE MILLION EIGHT HUNDRED FIFTY THOUSAND AND NO/100 (\$3,850,000.00) DOLLARS lawful money of the United States, to be paid with interest accrued on the actual amount outstanding according to the Notes (hereafter defined) bearing the dates set forth thereon, and any amendments, modifications, renewals or replacements thereof; (ii) the Indebtedness (hereinafter defined); (iii) any other sums of money secured hereby, as hereinafter provided and (iv) performance of Mortgagor's (hereafter defined) obligations under the Loan Documents.

And Mortgagor covenants and represents with Mortgagee as follows:

1.1 Definitions. Whenever used in this Mortgage, the following terms, when capitalized, shall have the following respective meanings unless the context shall clearly indicate otherwise:

A. "Act" shall mean the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101, as the same may have been or shall be amended.

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B. "Credit Agreement" shall mean the Credit Agreement dated as of the date of this Mortgage between Mortgagor, MMG Engineered Components, LLC, MMG Engineered Components II, Inc., and Mortgagee.

C. "Default Rate" shall mean the rates of interest set forth in the Credit Agreement plus four percent (4%).

D. "Event of Default" shall mean a Default as defined in the Credit Agreement.

E. "Fixtures" shall mean all materials, supplies, machinery, equipment, fittings, structures, apparatus and other items now or hereafter attached to, installed in or used in connection with, temporarily or permanently, the Mortgaged Premises, including but not limited to any and all partitions, window screens and shades, drapes, rugs and other floor coverings, motors, engines, boilers, furnaces, pipes, plumbing, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, disposals, dishwashers, refrigerators and ranges, freezers, storm shutters and awnings, telephone and other communication systems and equipment, security systems and equipment, master antennas and cable television systems and equipment, whether detached or detachable, and recreational equipment and facilities of all kinds other than those items owned by tenants of the Mortgaged Premises or other parties unrelated to Mortgagor.

F. "Full Insurable Value" shall mean replacement cost, exclusive of costs of excavation, foundations and footings below the lowest basement floor, or the original principal balance on the Notes, whichever is greater.

G. "Impositions" shall mean all real estate and personal property taxes, water, gas, sewer, electricity, and other utility rates and charges, charges for any easement, license or agreement maintained for the benefit of the Mortgaged Premises, and all other liens with respect thereto, of any kind and nature whatsoever which at any time prior to or after the execution hereof may be assessed, levied or imposed upon the Mortgaged Premises or the rents, issues and profits or the ownership, use, occupancy or enjoyment thereof.

H. "Indebtedness" shall mean all obligations of Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. under this Mortgage and the other Loan Documents, and all other obligations of every kind and description of Mortgagor in favor of Mortgagee, its successors and assigns, howsoever created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several, fixed or otherwise, due or to become due, acquired by discount, howsoever created, evidenced or arising and howsoever acquired by Mortgagee, as well as any and all renewals and extensions thereof, including obligations of payment and performance under any agreements, documents,

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instruments or writings now or hereafter executed or delivered by Mortgagor to Mortgagee.

I. "Loan" shall mean the loans as evidenced by the Revolving Credit Note, Equipment Term Note, the Mortgage Loan Note in the original principal amount of \$1,050,000.00 (but shall not include that certain Mortgage Loan Note in the original principal amount of \$1,000,000.00 (the "First Mortgage Loan Note"), the Marketable Securities Note, and any renewals, extensions, modifications or amendments to any of them.

J. "Loan Documents" shall mean those documents referred to in the Credit Agreement.

K. "Loan Rate" shall mean the interest rates set forth in the Credit Agreement.

L. "Mortgage Loan Note" shall mean that certain Mortgage Loan Note issued pursuant to the Credit Agreement in the original principal amount equal \$1,050,000.00, but shall not include the First Mortgage Loan Note.

M. "Mortgaged Premises" shall mean all of Mortgagor's present or future estates in the Property, Personalty and Fixtures, together with all of the property, rights and interests described on attached Exhibit A.

N. "Mortgagee" shall mean Merchants and Manufacturers Bank and its successors and assigns.

O. "Mortgagor" shall mean the owner of the Mortgaged Premises.

P. "Notes" shall have the meaning set forth in the Credit Agreement, but shall not include the First Mortgage Loan Note.

Q. "Permitted Encumbrances" shall mean this Mortgage and other matters (if any) as set forth in the Schedule of Permitted Encumbrances attached hereto as Exhibit "B" and incorporated herein, and the lien and security interests created by the Loan Documents.

R. "Personalty" shall mean all of the right, title and interest of Mortgagor in and to all Fixtures, furniture, furnishings, and all other personal property of any kind or character, temporary or permanent, now or hereafter located upon, within or about the Mortgaged Premises which are necessary for the operation of the Mortgaged Premises, (excluding personal property owned by tenants in possession), together with any and all accessions, replacements, substitutions, and additions thereto or therefor and the proceeds thereof.

S. "Principal Balance" shall mean the unpaid principal balance of the Notes.

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T. "Principal Sum" shall mean as of the date hereof Three Million, Eight Hundred Fifty Thousand and No/100 Dollars (\$3,850,000.00).

U. "Prohibited Transfer" shall mean a transfer as defined in paragraph 9.1 herein.

V. "Property" shall mean the real property located at 3901 Carnation Street, Franklin Park, Illinois 60131 and legally described on Exhibit "A" which is attached hereto and made a part hereof, together with all of the other property described on attached Exhibit "A".

W. "Title Company" shall mean Chicago Title Insurance Company.

X. "MMG Lease" shall mean that certain Lease dated as of December 17, 2004 between MMG Engineered Components, LLC and MMG Engineered Components, LLC, as Tenant, and MKM Properties, LLC, as Landlord, who is the sole tenant and occupant of the Premises.

2.1 Payment of Indebtedness. Mortgagor will pay the indebtedness as provided in the Notes and will otherwise duly comply with the terms thereof.

3.1 Representations as to the Mortgaged Premises. Mortgagor represents and covenants, except as otherwise disclosed in the schedules to the Credit Agreement, that:

A. Mortgagor is the holder of the fee simple title to the Mortgaged Premises subject only to the Permitted Encumbrances; Mortgagor has full legal power, right and authority to mortgage and convey the Mortgaged Premises; and this Mortgage creates a valid first lien on the Mortgaged Premises.

B. The execution and delivery of the Loan Documents and the performance by Mortgagor of its obligations thereunder have been duly authorized by all necessary action and, to the best of Mortgagor's knowledge, will not violate any provision of law;

C. All utility and municipal services required for the occupancy and operation of the Mortgaged Premises, including, but not limited to, water supply, storm and sanitary sewage disposal systems, gas, electric and telephone facilities are presently installed at the Mortgaged Premises, and written permission has been obtained from the applicable utility companies, Federal, State and local regulatory authorities or municipalities to connect the Mortgaged Premises into each of said services;

D. All governmental permits and licenses required by applicable law to occupy and operate the Mortgaged Premises have been issued (or if not issuable at this time shall be issued in due course, at the appropriate time) and are in full force;

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E. To the best of their knowledge, the storm and sanitary sewage disposal system, water system and all mechanical systems of the Mortgaged Premises do comply with all applicable environmental, pollution control and ecological laws, ordinances, rules and regulations, and the applicable environmental protection agency, pollution control board and/or other governmental agencies having jurisdiction of the Mortgaged Premises have issued their permits for the operation of those systems;

F. There are no encroachments upon any building line, set back line, sideyard line, or any recorded or visible easement (or other easement of which Mortgagor is aware or have reason to believe may exist) which exists with respect to the Mortgaged Premises;

G. Mortgagor is and will be the lawful owner of all of the Mortgaged Premises, free of any and all liens and claims whatsoever, other than the security interest hereunder and the Permitted Encumbrances;

H. All information furnished to Mortgagee concerning the Mortgaged Premises and financial affairs of Mortgagor and all other written information heretofore or hereafter furnished by Mortgagor to Mortgagee, is and will be true and correct in all material respects;

I. All financial statements delivered to Mortgagee are true and correct, and fairly present the financial condition of Mortgagor.

J. There are no actions, suits or proceedings pending or, to the best of Mortgagor's knowledge, threatened, before or by any court, regulatory or governmental agency, or public board or body, against or affecting the Mortgaged Premises, Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc.;

K. Mortgagor has not received any notice of, nor has any knowledge of any intention to initiate any actions, suits or proceedings pending or threatened by any regulatory or governmental agency or public board or body to acquire the Mortgaged Premises by eminent domain or condemnation proceedings.

L. There are no leases or other use or occupancy agreements affecting the Mortgaged Premises except the MMG Lease, and those leases and agreements, if any, previously disclosed in writing to Mortgagee;

M. All representations, covenants and warranties contained in the Credit Agreement, to the extent not inconsistent herewith, are hereby incorporated herein by reference;

N. All representations, covenants and warranties contained herein and in the Credit Agreement and Security Agreement are true and correct in all material respects as of the date hereof. Mortgagor shall not take any action or omit to take any action which shall cause any representations or warranties to become untrue. Mortgagor shall immediately notify Mortgagee if any representations or warranties shall

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become untrue in any material respect. Each time Mortgagee disburses the proceeds of the Loan, such disbursement shall be deemed to be a recertification of the representations, covenants and warranties contained herein or in the other Loan Documents. All representations, covenants, and warranties contained herein and in the other Loan Documents shall be deemed to have been relied on by Mortgagee notwithstanding any investigation made by Mortgagee or on its behalf;

O. Mortgagor shall protect, defend, indemnify and hold Mortgagee harmless from and against all loss, cost, liability and expense, including without limitation, reasonable attorneys' fees incurred or suffered by Mortgagee as a result of any claim for a broker's or finder's fee asserted against Mortgagee by any person or entity claiming to have been employed by Mortgagor or anyone claiming by, through or under Mortgagor in connection with the transaction herein contemplated' and

P. Mortgagor shall at any time or from time to time, upon the written request of Mortgagee, execute, and, if required, record (and pay all fees, taxes or other expenses relating thereto) all such further documents and do all such other acts and things as Mortgagee may reasonably request to effectuate the transaction herein contemplated.

4.1 Imposition. Mortgagor shall, subject to the provisions of this Mortgage, pay all Impositions prior to delinquency and in default thereof Mortgagee may, at its option, pay the same, unless Mortgagor is contesting such Impositions in good faith and has provided to Mortgagee a bond or other acceptable collateral (determined in Mortgagee's sole discretion) in an amount necessary to satisfy such Imposition. Any sums paid by Mortgagee on account of Impositions shall bear interest at the Default Rate.

5.1 Maintenance of Mortgaged Premises; Changes and Alterations.

A. Mortgagor shall maintain or cause to be maintained the Mortgaged Premises in good repair, working order, and condition and make or cause to be made, when necessary, all repairs, renewals, and replacements, structural, non-structural, exterior, interior, ordinary and extraordinary. Mortgagor shall refrain from and shall not permit the commission of waste in or about the Mortgaged Premises and shall not remove, demolish, alter, change or add to the structural character of any improvement at any time erected on the Mortgaged Premises unless (i) with the prior written consent of Mortgagee; (ii) such removal, demolition, alteration, change or addition will not adversely affect the value of the Mortgaged Premises by more than \$100,000.00; or (iii) otherwise specifically provided herein.

B. Mortgagor may, in its discretion and without the prior written consent of Mortgagee, any time and from time to time, remove and dispose of any Personalty, now or hereafter constituting part of the Mortgaged Premises which becomes inefficient, obsolete, worn out, unfit for use or no longer useful in the operation of the Mortgaged Premises or the business conducted thereon, if any, provided Mortgagor promptly replaces such Personalty with equal or better replacements (if still reasonably

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necessary or desirable for the operation of the Mortgaged Premises), with title to such replacements subject only to the Permitted Encumbrances.

6.1 Insurance.

A. Mortgagor shall maintain the following insurance coverage with respect to the Mortgaged Premises:

- A. Insurance against loss of or damage to the Mortgaged Premises by fire and such other risks, including but not limited to risks insured against under extended coverage policies with all risk and difference in conditions endorsements and additional optional perils and vandalism coverage, in each case in amounts at all times sufficient to prevent Mortgagor from becoming a co-insurer under the terms of applicable policies and, in any event, in amounts not less than one hundred percent (100%) of the Full Insurable Value of the Mortgaged Premises, as determined from time to time;
- B. Comprehensive general liability insurance against any and all claims (including all costs and expenses of defending the same) for bodily injury or death and for property damage occurring upon, in or about the Mortgaged Premises and the adjoining streets or passageways in amounts not less than the respective amounts which Mortgagee shall from time to time reasonably require, having regard to the circumstances and usual practice at the time of prudent owners of comparable properties in the area in which the Mortgaged Premises are located, but in no event in an amount less than ONE MILLION AND NO/100 (\$1,000,000.00) DOLLARS relative to the Mortgaged Premises;
- C. Builders Risk and Employer's Liability Insurance in at least the Principal Sum of the Loan.
- D. Flood insurance if the Mortgaged Premises are located in a flood hazard area.
- E. Rental or business interruption insurance in amounts sufficient to pay, for a period of at least six (6) months, the rents or income derived from the Mortgaged Premises.
- F. Such other insurance as is customarily purchased in the area for similar types of business, in such amounts and against such insurable risks as from time to time may reasonably be required by Mortgagee.

B. Any insurance purchased by Mortgagor relating to the Mortgaged Premises, whether or not required under this Mortgage, shall be for the benefit of

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Mortgagee and Mortgagor, as their interests may appear, and shall be subject to the provisions of this Mortgage.

C. If Mortgagor fails to keep the Mortgaged Premises insured in accordance with the requirements of the Loan Documents, Mortgagee shall have the right, at its option, to provide for such insurance and pay the premiums thereof, and any amounts paid thereon by Mortgagee shall bear interest at the Default Rate from the date of payment.

D. All policies of insurance required by the Loan Documents shall be in forms and with companies reasonably satisfactory to Mortgagee, with standard mortgage clauses attached to or incorporated in all policies in favor of Mortgagee or Mortgagee shall be named as additional loss payee where appropriate, including a provision requiring that coverage evidenced thereby shall not be terminated or materially modified without thirty (30) days' prior written notice to Mortgagee. Such insurance may be provided for under a blanket policy or policies and may provide that any loss or damage to the Mortgaged Premises not exceeding ONE HUNDRED FIFTY THOUSAND AND NO/100 (\$150,000.00) DOLLARS shall be adjusted by and paid to Mortgagor and any such loss exceeding ONE HUNDRED FIFTY THOUSAND AND NO/100 (\$150,000.00) DOLLARS shall be adjusted by Mortgagor and Mortgagee and paid to Mortgagee and held by Mortgagee in a non-interest bearing escrow account. All such insurance proceeds shall be applied in accordance with Paragraph 7.1 below, and any amounts not so applied shall be paid to Mortgagor.

E. Mortgagor shall deliver to Mortgagee the originals of all insurance policies or certificates of coverage under blanket policies, including renewal or replacement policies, and in the case of insurance about to expire shall deliver renewal or replacement policies as to the issuance thereof or certificates in the case of blanket policies not less than thirty (30) days prior to their respective dates of expiration.

F. Notwithstanding any damage, loss or casualty to the Mortgaged Premises and in any event, Mortgagor shall continue to pay the principal and interest on the Notes.

G. Wherever provision is made in the Mortgage for insurance policies to bear mortgage 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 the Mortgagee shall continue in the Mortgagee as judgment creditor or mortgagee until confirmation of sale.

7.1 Damage or Destruction.

A. In case of any damage to or destruction of the Mortgaged Premises or any part thereof from any cause whatsoever, other than a Taking (as defined in Paragraph 15.1), Mortgagor shall promptly give written notice thereof to Mortgagee,

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unless such damage or destruction involved less than ONE HUNDRED FIFTY THOUSAND AND NO/100 (\$150,000.00) DOLLARS. In any event, but subject to the provision of Paragraph 7.1D hereof, Mortgagor shall restore, repair, replace, or rebuild the same or cause the same to be restored, repaired, replaced or rebuilt to substantially the same value, condition and character as existed immediately prior to such damage or destruction or with such changes, alterations and additions as may be made at Mortgagor's election pursuant to Paragraph 5.1. Such restoration, repair, replacement or rebuilding (herein collectively called "Restoration") shall be commenced promptly and completed with diligence by Mortgagor, subject only to delays beyond the control of Mortgagor.

B. Subject to Paragraph 7.1D hereof, all net insurance proceeds received by Mortgagee pursuant to Paragraph 7.1 shall be made available to Mortgagor for the Restoration required hereby in the event of damage or destruction on account of which such insurance proceeds are paid. If at any time the net insurance proceeds which are payable to Mortgagor in accordance with the terms of this Mortgage shall be insufficient to pay the entire cost of the Restoration, Mortgagor shall immediately deposit the deficiency with Mortgagee. In such an event, Mortgagee shall make all payments from Mortgagor's own funds to the contractor making such Restoration until the amount of said deficiency has been satisfied; thereafter, Mortgagee shall make subsequent payments from the insurance proceeds to Mortgagor or to the contractor, whichever is appropriate. All payments hereunder shall be made only upon a certificate or certificates of a supervising architect appointed by Mortgagor and reasonably satisfactory to Mortgagee that payments, to the extent approved by such supervising architect, are due to such contractor for the Restoration, that the Mortgaged Premises are free of all liens of record for work labor or materials, and that the work conforms to the legal requirements therefor.

C. Upon completion of the Restoration, the excess net insurance proceeds, if any, shall be paid to Mortgagor.

D. If an Event of Default shall occur, or if in Mortgagee's reasonable estimation the Restoration shall not be completed prior to the maturity of the Notes, then, upon thirty (30) days' notice from Mortgagee to Mortgagor, all insurance proceeds received by Mortgagee may be retained by Mortgagee and applied in payment of the mortgage indebtedness and to any excess repaid to or for the account of Mortgagor.

8.1 Indemnification. Mortgagor agrees to indemnify and hold Mortgagee harmless from any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, decrees, costs and expenses (including reasonable attorney's fees), arising directly or indirectly, in whole or in part, out of the acts and omissions whether negligent, willful or otherwise, of Mortgagor, or any of its officers, directors, agents, subagents, or employees, in connection with this Mortgage or the other Loan Documents or as a result of: (i) ownership of the Mortgaged Premises or any interest therein or receipt of any rent or other sum therefrom; (ii) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Mortgaged Premises or any part thereof or on the adjoining sidewalks, curbs, vaults and

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vault space, if any, adjacent parking areas, streets or ways; (iii) any use, non-use or condition of the Mortgaged Premises or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, if any, the adjacent parking areas, streets or ways; (iv) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage; (v) the performance of any labor or services or the furnishing of any materials or other property with respect to the Mortgaged Premises or any part thereof or (vi) Mortgagee being the holder of the Notes or Mortgagee under the Mortgage or the exercise of any of Mortgagee's rights under the Loan Documents; except such claim arising out of Mortgagee's negligence or willful misconduct. Any amounts payable to Mortgagee under this Paragraph which are not paid within ten (10) days after written demand therefor by Mortgagee shall bear interest at the Default Rate. The obligations of Mortgagor under this Paragraph shall survive any termination or satisfaction of this Mortgage.

9.1 Prohibited Transfer; Due on Sale. Mortgagor shall not create, effect, contract for, agree to, consent to, suffer, or permit any conveyance, sale, lease, assignment, transfer, grant of security interest, or other encumbrance or alienation of any interest in the following properties, rights or interests without the prior written consent of Mortgagee ("Prohibited Transfer"):

A. the Mortgaged Premises or any part thereof or interest therein, excepting only sales or other dispositions of Personalty pursuant to Paragraph 5.1 herein;

B. any membership or ownership units in a limited liability company that is Mortgagor or in any limited liability company which is a beneficiary of Mortgagor or any change in the management committee or manager of such limited liability company such that a Change In Control as defined in the Credit Agreement occurs;

in each case whether any such Prohibited Transfer is effected directly, indirectly, voluntarily or involuntarily, by operation of law or otherwise; provided, however, that the foregoing provisions of this Paragraph 9.1 shall not apply (i) to this Mortgage, and (ii) to the lien of current taxes and assessments not in default.

10.1 Priority of Lien; After-Acquired Property.

A. Subject to the Permitted Contests granted under Paragraph 27.1, Mortgagor will keep and maintain the Mortgaged Premises free from all liens for moneys due and payable to persons supplying labor for and providing materials used in the construction, modification, repair or replacement of the Mortgaged Premises.

B. In no event shall Mortgagor do or permit to be done, or permit to do or permit the omission of any act or thing the doing or omission of which would impair the lien of this Mortgage. Mortgagor shall not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction or agreement affecting or changing the uses which may be made of the Mortgaged Premises or any part thereof without the express written consent of Mortgagee, which

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shall not be unreasonably withheld or delayed. It is the desire of the parties (unless a contrary interest is manifested by Mortgagee in a duly recorded document) that the lien of this Mortgage shall not merge in fee simple title to the Mortgaged Premises regardless if Mortgagee shall acquire any additional or other interests in or to the Mortgaged Premises or ownership thereof.

C. All property of every kind acquired by Mortgagor after the date hereof which, by the terms hereof, is required or intended to be subjected to the lien of this Mortgage shall, immediately upon the acquisition thereof by Mortgagor, and without any further mortgage, conveyance, assignment or transfer, become subject to the lien and security of this Mortgage. Nevertheless, Mortgagor will do such further acts and execute, acknowledge and deliver such further conveyances, mortgages, loan documents, financing statements and assurances as Mortgagee shall reasonably require for accomplishing the purpose of this Mortgage.

11.1 Mechanics' Liens and Contest Thereof. Mortgagor will not suffer or permit any mechanics' lien claims to be filed or otherwise asserted against the Mortgaged Premises or any funds due any contractor and will immediately discharge the same in case of the filing of any claims for lien or proceedings for the enforcement thereof.

12.1 Settlement of Mechanics' Lien Claims. If Mortgagor shall fail promptly either (1) to discharge, or (2) to contest claims asserted in the manner provided in Paragraph 27.1 or having commenced to contest the same, shall fail to prosecute such contest with diligence, or upon adverse conclusion of any such contest, to cause any judgment or decree to be satisfied and lien to be released, then and in any such event Mortgagee may, at its election (but shall not be required to), procure the release and discharge of any such claim and any judgment or decree thereon and, further, may in its sole discretion effect any settlement or compromise of the same, or may furnish such security or indemnity to the Title Company and any amount so expended by Mortgagee, including premiums paid or security furnished in connection with the issuance of any surety company bonds, shall be deemed to constitute additional indebtedness secured hereby which shall bear interest at the Default Rate until paid. In settling, compromising or discharging any claims for lien, Mortgagee shall not be required to inquire into the validity or amount of any such claim.

13.1 Proceedings. If any proceedings are filed or are threatened to be filed seeking to (a) enjoin or otherwise prevent or declare invalid or unlawful the construction, occupancy, maintenance or operation of the Mortgaged Premises or any portion thereof; (b) adversely affect the validity or priority of the liens and security interest granted Mortgagee hereby; or (c) materially adversely affect the financial condition of Mortgagor, then Mortgagor will notify Mortgagee of such proceedings and within five (5) business days following Mortgagor's notice of such proceedings, and Mortgagor will cause such proceedings to be contested in good faith, and in the event of any adverse finding or decision, prosecute all allowable appeals therefrom. Mortgagor will, without limiting the generality of the foregoing, resist the entry or seek the stay of any temporary or permanent injunction that may be entered, and use its best efforts to bring about a favorable and speedy disposition of all such proceedings.

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14.1 Restrictive Covenants/Recording. Mortgagor will comply with all restrictive covenants affecting the Mortgaged Premises. Mortgagor will not record or permit to be recorded any document, instrument, agreement or other writing against the Mortgaged Premises without the prior written consent of Mortgagee which shall not be unreasonably withheld or delayed.

15.1 Condemnation.

A. The term "Taking" as used herein shall mean a taking of all or part of the Mortgaged Premises under the power of condemnation of eminent domain. Promptly upon the receipt by Mortgagor of notice of the institution of any proceeding for the Taking of the Mortgaged Premises or any part thereof, Mortgagor shall give written notice thereof to Mortgagee and Mortgagee may, at its option, appear in any such proceeding. Mortgagor will promptly give to Mortgagee copies of all notices, pleadings, awards, determinations and other papers received by Mortgagor in any such proceeding. Mortgagor shall not adjust or compromise any claim for award or other proceeds of Taking without having first given at least twenty-five (25) days' written notice to Mortgagee of the proposed basis of adjustment or compromise and without first having received the written consent thereto of Mortgagee. Any award of other proceeds of Taking, after allowance for expenses incurred in connection therewith, are herein referred to as "Condemnation Proceeds".

B. In the event of Taking of all or substantially all of the Mortgaged Premises, or Taking of less than all or substantially all of the Mortgaged Premises and the Mortgaged Premises are not susceptible to restoration, the Condemnation Proceeds shall be paid to Mortgagee and applied to payment of the mortgage indebtedness.

C. Subject to subparagraph 15.1D below, in the event of a Taking of less than all or substantially all of the Mortgaged Premises which leaves the Mortgaged Premises susceptible and suitable to restoration, the Condemnation Proceeds shall be applied as follows: (i) if the Condemnation Proceeds shall amount to ONE HUNDRED FIFTY THOUSAND AND NO/100 (\$150,000.00) DOLLARS or less, such amount shall be paid to Mortgagor for application by Mortgagor to the repair or restoration to the extent practicable for any damage to the Mortgaged Premises resulting from the Taking, and (ii) if the Condemnation Proceeds shall amount to more than ONE HUNDRED FIFTY THOUSAND AND NO/100 (\$150,000.00) DOLLARS such amount shall be paid to Mortgagee and held by Mortgagee in a non-interest bearing escrow account, and shall be applied to reimburse Mortgagor for such repair or restoration in conformity with and subject to the conditions specified in Paragraph 7.1 hereof relating to damage or destruction. In either of the foregoing events Mortgagor, whether or not the Condemnation Proceeds which are applicable thereto shall be sufficient for the purpose, shall promptly repair or restore the Mortgaged Premises as nearly as practicable to substantially the same value, condition and character as existed immediately prior to the Taking, with such changes and alterations as may be made at Mortgagor's election in conformity with Paragraph 5.1 hereof and as may be required by such taking.

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D. If an Event of Default shall occur, or if in Mortgagee's reasonable estimation Restoration of the Mortgaged Premises shall not be completed prior to the maturity of the Mortgage Loan Note, any Condemnation Proceeds shall be retained by Mortgagee and, at its option, applied in payment of the mortgage indebtedness.

16.1 Right to Inspect. After an occurrence of an Event of Default, Mortgagee, its agents and representatives, may at all reasonable times upon reasonable notice during normal business hours, make such inspections of the Mortgaged Premises as Mortgagee may deem necessary or desirable.

17.1 Events of Default. If the occurrence of any one or more of the following events ("Events of Default") shall occur, to wit:

A. failure of Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. to make payment on or before five (5) days after the date any payment of principal or interest is due under the Revolving Credit Note, the Mortgage Notes, the Equipment Credit Note, and/or the Marketable Securities Note;

B. subject to Paragraph 27.1 herein, if Mortgagor fails to make prompt payment of any Impositions;

C. failure of Mortgagor to perform or observe, within thirty (30) days after written notice from Mortgagee to Mortgagor, any other condition, covenant, term, agreement or provision required to be performed or observed by Mortgagor, under this Mortgage, other than those described in subsections A., B. and D. of this Paragraph 17.1;

D. failure of Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. to perform or observe, after the applicable notice and cure period, if any, any condition, covenant, term, agreement or provision required to be performed or observed by Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. under any other Loan Document or the occurrence of an "Event of Default" (as defined in the other Loan Documents) under any of the other Loan Documents;

E. any representation, warranty or other information made or furnished to Mortgagee or by Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. shall prove to have been false or incorrect in any material respect when made;

F. if Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. shall make a general assignment for the benefit of creditors, or shall state in writing or by public announcement its, their or his inability to pay its, their or his debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated a bankrupt, or insolvent, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or not contesting the material allegations of a petition against it, them

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or him in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. or any material portion of their assets;

G. if, within sixty (60) days after the commencement of any proceeding against Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment of any trustee, receiver or liquidator of Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. or any material portion of its, their or his assets, such appointment shall not have been vacated;

H. entry against Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. of any judgment which in excess of FIFTY THOUSAND AND NO/100 (\$50,000.00) DOLLARS which is not satisfied within twenty (20) days of its entry;

I. dissolution, merger or consolidation of Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. or sale, transfer, lease or other disposition of substantially all of the assets of Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc.;

J. the making of any levy, seizure, or attachment upon the Mortgaged Premises;

K. failure of Mortgagor to fully comply with the requirements of any governmental agency or authority within sixty (60) days after notice of such requirements, if, in the reasonable exercise of Mortgagee's judgment such failure to comply will materially affect Mortgagor's or MMG Engineered Components, LLC's or MMG Engineered Components II, Inc.'s ability to repay the Indebtedness;

L. the occurrence of a Prohibited Transfer;

M. if Mortgagor or MMG Engineered Components, LLC or MMG Engineered Components II, Inc. is enjoined, restrained or in any way prevented by court order from performing any of their obligations under this Mortgage or under the other Loan Documents; or

then, at any time thereafter, at the sole option of Mortgagee, without further notice to Mortgagor, the Principal Balance, and all accrued interest thereon together with any other sums due under the Loan Documents shall become immediately due and payable without presentment, demand, notice or protest of any kind, all of which are expressly waived by Mortgagor. After any such Event of Default, Mortgagee may institute, or cause to be instituted, proceedings for the realization of its rights under this Mortgage or the other Loan Documents.

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18.1 Rights, Powers and Remedies of Mortgagee.

A. If an Event of Default shall occur, Mortgagee may, at its election and to the extent permitted by law.

A. Exercise any and all of Mortgagee's available remedies against Mortgagor, whether at law or in equity, including without limitation, the right to foreclose the lien of this Mortgage or any remedy available to Mortgagee under the other Loan Documents;

B. Make application for the appointment of a receiver for the Mortgaged Premises whether such receivership be incident to a proposed sale of the Mortgaged Premises or otherwise, and Mortgagor hereby consents to the appointment of such receiver and agrees not to oppose any such appointment. Further, Mortgagor agrees that Mortgagee shall be appointed the receiver without bond or surety of the Mortgaged Premises at Mortgagee's option.

B. Mortgagee may, without order of Court or notice to or demand upon Mortgagor, take possession of the Mortgaged Premises. Should Court proceedings be instituted, Mortgagor hereby consents to the entry of an order by agreement to effect and carry out the provisions of this subparagraph. While in possession of the Mortgaged Premises, Mortgagee shall also have the following powers:

A. To collect the rents and manage, lease, alter and repair the Mortgaged Premises, cancel or modify existing leases, obtain insurance and, in general, to the extent permitted by applicable law, have all powers and rights customarily incident to absolute ownership; and

B. To pay out of the rents so collected the management and repair charges, taxes, insurance, commissions, fees and all other expenses and, after creating reasonable reserves, apply the balance (if any) on account of the indebtedness secured hereby.

C. In addition to any provision of this Mortgage authorizing the Mortgagee to take or be placed in possession of the Mortgaged Premises, or for the appointment of a receiver, Mortgagee shall have the right, in accordance with Sections 5/15-1701 and 5/15-1702 of the Act, to be placed in possession of the Mortgaged Premises or at its request to have a receiver appointed, and such receiver, or Mortgagee, if and when placed in possession, shall have, in addition to any other powers provided in this Mortgage, all rights, power, immunities, and duties as provided for in Sections 5/15-1701 and 5/15-1703 of the Act.

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C. Mortgagee may remain in possession of the Mortgaged Premises, in the event of a foreclosure, until the foreclosure sale and thereafter until the later of (i) delivery and recording of the deed which was issued pursuant to the foreclosure sale to the successful bidder at the foreclosure sale or (ii) expiration of all of Mortgagor's right, title and interest in the Mortgaged Premises including termination of all appeals from the order entered in the proceeding to foreclose this Mortgage. Mortgagee shall incur no liability for, and Mortgagor shall not assert any claim or recoupment as a result of any action taken while Mortgagee is in possession of the Mortgaged Premises, except only for Mortgagee's own gross negligence or willful misconduct. In the event no foreclosure proceedings are commenced, Mortgagee may remain in possession as long as there exists an Event of Default.

D. In order to facilitate Mortgagee's exercise of the rights, powers and remedies granted herein or under the other Loan Documents effective after the occurrence of an Event of Default and while the Event of Default is continuing, Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney to act in its name and stead for the purpose of effectuating any rights, powers or remedies granted to Mortgagee under the Loan Documents and to execute and deliver all documents and instruments as Mortgagee shall deem necessary and appropriate to effectuate such rights, powers and remedies. Notwithstanding the foregoing, if requested by Mortgagee or any purchaser from Mortgagee, Mortgagor shall ratify and confirm such actions by executing and delivering to Mortgagee or such purchaser all appropriate documents and instruments as may be designated in such request. Further, Mortgagor agrees that Mortgagee may be a purchaser of the Mortgaged Premises or any part thereof or any interest therein at any foreclosure sale, and may apply upon the purchase price the indebtedness secured hereby.

E. The proceeds of any sale of the Mortgaged Premises or part thereof or any interest therein and all amounts received by Mortgagee by reason of any holding, operation or management of the Mortgaged Premises or any part thereof, together with any other moneys at the time held by Mortgagee, shall be applied in the following order to the extent that funds are so available:

- A. First, to the payment of the costs and expenses of foreclosing this Mortgage and taking possession of the Mortgaged Premises and of holding, using, leasing, repairing, improving and selling the same, including, without limitation, (a) trustees' and receivers' fees, (b) court costs, (c) reasonable attorneys' and accountants' fees, (d) costs of advertisements, (e) all other costs and expenses incurred by Mortgagee in connection with Mortgagee exercising Mortgagee's rights hereunder, including without limitation, title commitments and policies, appraiser's fees and expenses of documentary and expert evidence and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute the foreclosure suit or to evidence to bidders at any foreclosure sale, and (f) the payment of any and all Impositions, liens, security interests or other rights, titles or interests equal or

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superior to the lien and security interest of this Mortgage (without in any way implying Mortgagee's prior consent to the creation thereof). All of the foregoing costs and expenses shall be secured by the lien of this Mortgage, shall be immediately due and payable, shall bear interest at the Default Rate from the date of disbursement by Mortgagee of such funds until paid in full and may be estimated by Mortgagee and may be expended after the entry of the foreclosure judgment;

- B. Second, to the payment of all accrued but unpaid interest due on the Mortgage Loan Note;
- C. Third, to the Payment of Principal Balance on the Mortgage Loan Note;
- D. Fourth, to payment of accrued but unpaid balance on the Equipment Term Note;
- E. Fifth, to the payment of the Principal balance of the Equipment Note;
- F. Sixth, to the payment of Principal Balance of Revolving Credit Note;
- G. Seventh, to the payment of the Principal Balance of the Marketable Securities Note;
- H. Eighth, to the extent funds are available therefor out of the sale proceeds or the rents and, to the extent known by Mortgagee to Mortgagor or any other party entitled thereto.

19.1 Right of Mortgagee to Make Advances to Cure Mortgagor's Defaults. In the event that Mortgagor shall fail to perform any of Mortgagor's obligations, covenants, promises or agreements contained herein or in the other Loan Documents, Mortgagee may (but shall not be required to) after five (5) days notice to Mortgagor, unless such notice could result in damage or loss in value to Mortgagee's security under the Loan Documents perform any of such covenants, obligations, promises and agreements, and any amounts expended by Mortgagee in so doing shall constitute additional indebtedness hereunder and under the other Loan Documents, shall be immediately due and payable and shall bear interest at the Default Rate of the Revolving Credit Note.

20.1 Change in Tax Laws. If, pursuant to the laws of the United States of America, or any state or municipality having jurisdiction over Mortgagee, Mortgagor or the Mortgaged Premises, any tax is imposed or becomes due in respect of the issuance of the Notes or the recording of this Mortgage, Mortgagor shall pay such tax in the manner required by such law. In the event that any law, statute, rule, regulation, order or court decree has the effect of deducting from the value of the Mortgaged Premises for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment

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of the whole or any part of the taxes required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by the mortgages or the interest of Mortgagee in the Mortgaged Premises, or the manner of collection of taxes, so as to effect this Mortgage, the indebtedness hereby secured or Mortgagee, then, and in such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes, or reimburse Mortgagee thereof on demand and any amounts paid thereon by Mortgagee shall bear interest at the Default Rate set forth in the Revolving Credit Note, unless Mortgagee determines, in Mortgagee's sole and exclusive judgment in good faith, that such payment or reimbursement by Mortgagor is unlawful; in which event the indebtedness hereby secured shall be due and payable within thirty (30) days after written demand by Mortgagee to Mortgagor.

21.1 Waivers. To the extent permitted under applicable law,

A. Except as otherwise specifically provided for herein, Mortgagor and Mortgagee shall have the benefit of all of the provisions of the Act, including all amendments thereto which may become effective from time to time after the date hereof. In the event any provision of the Act which is specifically referred to herein may be repealed, Mortgagee shall have the benefit of such provision as most recently existing prior to such repeal, as though the same were incorporated herein by express reference.

B. Mortgagor acknowledges that the Mortgaged Premises does not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Act or residential real estate as defined in Section 5/15-1219 of the Act. Pursuant to Section 5/15-1601(b) of the Act, Mortgagor hereby waives any and all right of redemption.

C. Mortgagor hereby waives any right of redemption and any right to reinstate the Loan as provided in Sections 5/15-1602 and 5/15-1603 of the Act.

D. Mortgagor hereby waives the benefit of all appraisement, valuation, stay, or extension laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Mortgaged Premises or any part thereof or any interest therein.

E. Mortgagor hereby waives the benefit of any rights or benefits provided by the Homestead Exemption laws, if any, now or hereafter in force.

22.1 Remedies are Cumulative. Each right, power and remedy of Mortgagee now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power and remedy provided for in the Loan Documents, and the exercise of any right, power or remedy shall not preclude the simultaneous or later exercise of any other right, power or remedy.

23.1 Compromise of Action. Any action, suit or proceeding brought by Mortgagee pursuant to the Loan Documents, or otherwise, and any claim made by Mortgagee under the Loan Documents, or otherwise, may be compromised, withdrawn

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or otherwise settled by Mortgagee without any notice to or approval of Mortgagor, except as otherwise provided in this Mortgage.

24.1 No Waiver. No delay or failure by Mortgagee to insist upon the strict performance of any term hereof or of the Notes or of any of the other Loan Documents or to exercise any right, power or remedy provided for herein or therein as a consequence of an Event of Default hereunder or thereunder, and no acceptance of any payment of the principal, interest or premium if any, on the Notes during the continuance of any such Event of Default, shall constitute a waiver of any such term, such Event of Default or such right, power or remedy. The exercise by Mortgagee of any right, power or remedy conferred upon it by this or any other Loan Document or by law or equity shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver of any Event of Default hereunder shall affect or alter this Mortgage, which shall continue in full force and effect with respect to other then existing or subsequent Events of Default.

25.1 Further Assurances. Mortgagor, at its expense, will execute, acknowledge and deliver such instruments and take such actions as Mortgagee from time to time may reasonably request to carry out the intent and purpose of this Mortgage and the other Loan Documents.

26.1 Defeasance. If Mortgagor shall pay in full the principal and interest due under the Notes and other Loan Documents in accordance with the terms thereof, and Mortgagee shall have no further obligations to disburse the proceeds of the Notes, then Mortgagee, upon written request and at the expense of Mortgagor, shall execute and deliver to Mortgagor such instruments as shall be required to evidence of record the satisfaction of this Mortgage and the lien hereof.

27.1 Permitted Contests. Mortgagor may contest, at its own expense, by appropriate legal actions or proceedings conducted in good faith and with all due diligence, the amount, validity or enforceability in whole or in part of any Imposition or lien thereof or the validity of any instrument of record affecting the Mortgaged Premises or any part thereof, provided that:

A. Such legal actions or proceedings are promptly commenced after Mortgagor receives notice of the lien or charge; and

B. Mortgagor's legal counsel forwards to Mortgagee and Mortgagee's reasonably acceptable legal counsel, on a quarterly basis, detailed status reports describing the nature of the action or proceeding; the progress of such action or proceeding to date; describing pleadings filed and any settlement negotiations; evaluating the likelihood of an unfavorable outcome and estimating the amount or range of possible loss; and

C. No adverse judgment, decree or other final adjudication be entered or rendered against Mortgagor; and

D. Mortgagor sets aside on its books adequate reserves; and

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E. Mortgagee would be in any danger of any additional material civil or criminal liability for failure to comply therewith; and

F. The Title Company issues its endorsement insuring against the claim or lien in a manner satisfactory to Mortgagee or Mortgagor provides other security reasonably satisfactory to Mortgagee.

28.1 Amendment. This Mortgage cannot be amended, modified or terminated orally, but may only be amended, modified or terminated pursuant to written agreement executed by Mortgagor and Mortgagee.

29.1 Tax and Insurance Escrow.

A. Upon the occurrence of an Event of Default, at Mortgagee's sole election, Mortgagor shall be required to (i) pay Mortgagee monthly, in addition to each monthly payment required under the Notes, an amount equal to 1/12th of the annual amount reasonably estimated by Mortgagee to be sufficient to enable Mortgagee to pay all Impositions, (ii) pay Mortgagee monthly 1/12th of the annual insurance premiums necessary to maintain the insurance policies required pursuant to Paragraph 6.1A hereof, (iii) pay Mortgagee the amount of all Impositions accrued but not due as of the date that this Paragraph becomes operative, and (iv) pay Mortgagee such sums as may be necessary, from time to time, to make up any deficiency in the amount required to fully pay all annual Impositions and insurance premiums.

B. It is expressly understood that all amounts set forth in this Paragraph 30.1 shall be held by Mortgagee in an escrow account which does not bear interest.

30.1 Notices.

A. Except as otherwise specifically permitted herein, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (a) in the case of Mortgagor at its address or facsimile number set forth below, (b) in the case of Mortgagee, at its address or facsimile number set forth below, or (c) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to Mortgagor and Mortgagee in accordance with the provisions of this Paragraph 30.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Paragraph and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Paragraph.

Mortgagor: MKM Properties, LLC
3901 N. Carnation
Franklin Park, Illinois 60131
Attn: Manager

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Copy to: Holland & Knight
131 South Dearborn Street
30th Floor
Chicago IL 60603
Attn: George Pearce
Facsimile: 312/578/6666

Mortgagee: Merchants and Manufacturers Bank
801 S. Briggs Street
Joliet, Illinois 60433
Attn: President
Facsimile: 815/740/6171

Copy to: Wildman, Harrold, Allen & Dixon LLP
225 West Wacker Drive
Chicago, Illinois 60606-1229
Attn: David J. Fischer
Facsimile: 312/201/2555

B. Mortgagor and Mortgagee may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

31.1 Expense of Enforcement. When the indebtedness hereby secured shall become due whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' 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, guarantee policies, and similar data and reasonable assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Mortgaged Premises. The expenditures and expenses referenced above in this Paragraph 31.1 shall also be payable by Mortgagor to Mortgagee and shall bear interest at the Default Rate, when paid or incurred by Mortgagee in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which Mortgagee shall be affected or be a party, either as plaintiff, claimant or defendants, by reason of this Mortgage or any indebtedness hereby secured; or (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of or intervention in any threatened suit or proceeding which might affect the Mortgaged Premises or the security hereof, whether or not actually commenced.

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32.1 Cross-Default Clause. Any default by Mortgagor (after the expiration of applicable notice and cure periods) in the performance or observance of any covenant, promise, condition or agreement hereof shall be deemed an Event of Default under each of the Loan Documents, entitling Mortgagee to exercise all or any remedies available to Mortgagee under the terms of any or all Loan Documents, and any default or Event of Default under any other Loan Document (after the expiration of applicable notice and cure periods) shall be deemed a default hereunder, entitling Mortgagee to exercise any or all remedies provided for herein.

33.1 Incorporation by Reference. The terms of the Loan Documents are incorporated herein and made a part hereof by reference.

34.1 Disclaimer by Mortgagee. Mortgagee shall not be liable to any party for services performed or obligations due in connection with this Loan, unless caused exclusively by Mortgagee in breach of the Loan Documents. Mortgagee shall not be liable for any debts or claims accruing in favor of any parties against Mortgagor or against the Mortgaged Premises. Mortgagor is not and shall not be an agent of Mortgagee for any purposes, and Mortgagee is not a venture partner with Mortgagor in any manner whatsoever. Approvals granted by Mortgagee for any matters covered under this Mortgage shall be narrowly construed to cover only the parties and facts identified in any written approval or if not in writing such approvals shall be solely for the benefit of Mortgagee.

35.1 Mortgagee Not a Joint Venturer. Notwithstanding anything to the contrary herein contained, Mortgagee, by making the Loan or by any action taken pursuant thereto, shall not be deemed a partner or joint venturer with Mortgagor, and Mortgagor hereby agrees to indemnify and hold Mortgagee harmless from any and all damages resulting from such a construction of the parties and their relationship. This Mortgage is made for the sole benefit of Mortgagor and Mortgagee, and no other person shall be deemed to have any privity of contract hereunder, nor any right to rely hereon to any extent or for any purpose whatsoever, nor shall any other person, have any right of action of any kind hereon or be deemed to be a third party beneficiary hereunder.

36.1 Security Agreement.

A. Mortgagor and Mortgagee agree that this Mortgage shall constitute a Security Agreement within the meaning of the Illinois Uniform Commercial Code (the "Code") with respect to (i) all sums at any time on deposit for the benefit of Mortgagee or held by Mortgagee (whether deposited by or on behalf of Mortgagor or anyone else) pursuant to any of the provisions of this Mortgage or the other Loan Documents and (ii) any Property, Fixtures and Personalty, which may not be deemed to be affixed to the Mortgaged Premises or may not constitute a "fixture" (within the meaning of Section 9-313 of the Code), and that a security interest in and to the Property, Fixtures and Personalty is hereby granted to Mortgagee and the Property, Fixtures and Personalty and all of Mortgagor's right, title and interest therein are hereby assigned to Mortgagee, all to secure payment of the Indebtedness. All of the provisions contained in this

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Mortgage pertain and apply to the Property, Fixtures and Personalty as fully and to the same extent as to any other property comprising the Mortgaged Premises.

B. This Mortgage is intended to be a financing statement within the purview of Section 9-402(6) of the Code with respect to the Property, Fixtures and Personalty and the goods described herein, which goods are or may become fixtures relating to the Mortgaged Premises. The addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are hereinabove set forth. This Mortgage is to be filed for record with the Recorder of Deeds of the County or Counties where the Mortgaged Premises are located. Mortgagor is the record owner of the Mortgaged Premises.

37.1 Revolving Loan. Among other things, this Mortgage is given to secure a revolving credit loan pursuant to and in accordance with the Revolving Credit Note and the Credit Agreement and shall secure not only presently existing indebtedness under the Revolving Credit Note and the Credit Agreement but also future advances, whether such advances are obligations or to be made at the option of Mortgagee or otherwise, as are made within 20 years from the date hereof, to the same extent as if such future advances were made on the date of the execution of this Mortgage, although there may be no Indebtedness outstanding at the time any advance is made. The lien of this Mortgage shall be valid as to all indebtedness, including future advances, from the time of its recording in the Recorder's Office of the county in which the Mortgaged Premises are located. The total amount of indebtedness may increase or decrease from time to time, but the total unpaid balance of the Indebtedness (including disbursements which Mortgagee may make under this Mortgage, the Notes, the Revolving Credit Note, the Credit Agreement or any other document with respect thereto) at any one time outstanding shall not exceed a sum equal to Nine Million and No/100 Dollars (\$9,000,000.00). This Mortgage shall be valid and have priority to the extent of the Indebtedness over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Mortgaged Premises given priority by law.

38.1 CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, 735 ILCS SECTION 105/5-1 ET SEQ, BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

39.1 CONSENT TO JURISDICTION. MORTGAGOR HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND MORTGAGOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION THEY MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT,

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ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF MORTGAGEE TO BRING PROCEEDINGS AGAINST ANY MORTGAGOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY COUNTERCLAIMS, BY ANY MORTGAGOR AGAINST MORTGAGEE OR ANY AFFILIATE OF MORTGAGEE INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

40.1 WAIVER OF JURY TRIAL. MORTGAGOR AND MORTGAGEE HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

41.1 Subordination. The Mortgagee acknowledges that all Indebtedness secured by this Second Mortgage is subordinate in priority and payment to the terms of that certain First Mortgage executed and delivered contemporaneously herewith by and between Mortgagee and Mortgagor which First Mortgage secures the payment of the First Mortgage Note. Said subordination of Indebtedness shall be as to all payments of interest and principal made in respect of the Mortgage Premises or the proceeds thereof following the occurrence and continuance of an Event of Default under the First Mortgage Note until such time as all obligations under the First Mortgage Note shall be paid in full. Mortgagee shall have no obligation to disgorge any payments received in respect of the Indebtedness prior notice of any such Event of Default.

42.1 Miscellaneous.

A. Upon request and after the occurrence of an Event of Default, Mortgagor or Mortgagee shall confirm in writing to the other, or its designee, the amount then due hereunder and under the Notes.

B. It is agreed that any future advances made by Mortgagee to or for the benefit of Mortgagor from time to time under this Mortgage or the Loan Documents and whether or not such advances are obligatory or are made at the option of Mortgagee, or otherwise, made at any time from and after the date of this Mortgage, and all interest accruing thereon, shall be equally secured by this Mortgage and shall have the same priority as all amounts, if any, advanced as of the date hereof and shall be subject to all of the terms and provisions of this Mortgage.

C. Mortgagee has bound itself and does hereby bind itself to make advances pursuant to and subject to the terms of the Credit Agreement and the parties hereby acknowledge and intend that all such advances, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded, as provided in Section 5/15-1302(b)(1) of the Act. It is also specifically understood and

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agreed that all funds which are advanced by Mortgagee under this Mortgage or the Loan Documents or in the exercise of Mortgagee's judgment that the same are necessary or desirable to complete, operate, maintain or market the Mortgaged Premises or to protect Mortgagee's security under the Loan Documents shall because of economic necessity and compulsion be deemed advanced by Mortgagee under an obligation to do so regardless of the identity of the person or persons to whom such funds are furnished and shall be added to the indebtedness evidenced by the Notes and shall be equally secured by this Mortgage and shall have the same priority as all amounts, if any, advanced as of the date hereof.

D. Should the proceeds of the Notes or any part thereof, or any amount paid out or advanced by Mortgagee hereunder or pursuant to any agreement executed by Mortgagor in connection with this Mortgage be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any mortgage, lien, charge or encumbrance upon the Mortgaged Premises or any part thereof, then as additional security hereunder, Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding mortgage liens, charges and indebtedness, however remote, regardless of whether said mortgages, liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment.

E. If the time of payment of all indebtedness secured hereby or any part thereof be extended at any time or times if the Notes be renewed, modified or replaced, or if any security for the Notes be released, Mortgagor and any other parties now or hereafter liable for payment of such indebtedness in whole or in part or any parties interested in the Mortgaged Premises shall be held to consent and take subject to such extensions, renewals, modifications, replacements and releases, and their liability and the lien hereof and the Loan Documents and the rights created hereby and thereby shall continue in full force, the right of recourse against all such parties being reserved by Mortgagee.

F. The Loan proceeds are to be used for the refinancing of the Mortgaged Premises and other business purposes.

G. This Mortgage shall be binding upon Mortgagor and its successors and assigns, and all persons claiming under or through Mortgagor or any such successor or assign, and shall inure to the benefit of and be enforceable by Mortgagee and its successors and assigns.

H. The various headings used in this Mortgage as headings for paragraphs or otherwise are for convenience only and shall not be used in interpreting the text of the paragraph in which they appear and shall not limit or otherwise affect the meanings thereof.

I. If any provision in this Mortgage is held by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such provision of

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this Mortgage to be illegal, invalid, unlawful, void, voidable, or unenforceable as written, then such provision shall be given full force and effect to the fullest possible extent that it is legal, valid and enforceable that the remainder of this Mortgage shall be construed as if such illegal, invalid, unlawful, void, voidable or unenforceable provision was not contained therein, and that the rights, obligations and interest of Mortgagor and the holder hereof under the remainder of this Mortgage shall continue in full force and effect.

J. If any action or proceeding shall be instituted to recover possession of the Mortgaged Premises or any part thereof or to accomplish any other purpose which would materially affect this Mortgage or the Mortgaged Premises, Mortgagor will immediately upon service of notice thereof, deliver to Mortgagee a true copy of each petition, summons, complaint, notice of motion, order to show cause, and all other process, pleadings and papers however designated, served in any such action or proceeding.

K. Regardless of their form, all words shall be deemed singular or plural and shall have such gender as required by the text. Whenever applicable, the term "mortgage" shall also mean "trust deed" or "deed of trust". If there is more than one Mortgagor of this Mortgage, the liability of the undersigned shall be joint and several.

L. Mortgagor waives any right, if any, it now or in the future may have to remove any claim or dispute arising herefrom to the Courts of the United States of America.

[SIGNATURE ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the day and year first above written.

MKM PROPERTIES, LLC, an Illinois limited liability company

By: 
Michael Kuhns, its Manager

STATE OF ILLINOIS

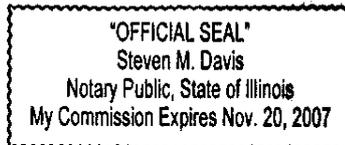
COUNTY OF COOK

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that Michael Kuhns, personally known to me to be the Manager of MKM Properties, LLC, an Illinois limited liability company, appeared before me this day in person and severally acknowledged that he signed and delivered this instrument as, as his free and voluntary act, and as the free and voluntary act and deed of the Company for the uses and purposes therein set forth.

Given under my hand and official seal this 4 day of April, 2007


Notary Public

My Commission Expires:



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EXHIBIT A

LEGAL DESCRIPTION

LOT 3 (EXCEPT THAT PART THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 3 AND RUNNING THENCE WEST ALONG THE NORTH LINE THEREOF A DISTANCE OF 10.00 FEET; THENCE SOUTHEASTWARDLY ALONG A STRAIGHT LINE, A DISTANCE OF 85.59 FEET TO A POINT ON THE EAST LINE OF SAID LOT WHICH IS 85.00 FEET SOUTH FROM THE NORTHEAST CORNER THEREOF, AND THENCE NORTH ALONG SAID EAST LOT LINE THE DISTANCE OF 85.00 FEET TO THE POINT OF BEGINNING) IN THE MILWAUKEE ROAD'S PLAT OF INDUSTRIAL LOTS IN THE NORTHEAST 1/4 OF SECTION 20, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

12-20-201-079

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EXHIBIT B

PERMITTED ENCUMBRANCES

That certain senior First Mortgage by and among the Mortgagee and the Mortgagor dated as of the date hereof.

The following are exceptions noted on the Chicago Title Insurance Company title commitment number 004379692 dated February 1, 2007.

○ Exception A.

General Real Estate Taxes for the years 2006 and 2007, and all subsequent years.

Tax No. 12-20-201-052, Vol. 064

○ Exception H.

Grant of utility easement recorded June 26, 1985 as document 85076914 made by LaSalle National Bank, as trustee, under trust agreement dated August 16, 1982 and known as trust no. 105168 to LaSalle National Bank, as successor trustee, as trustee, under trust agreement dated June 1, 1976 and known as trust no. 10-031280-09 for the benefit of property east and adjoining. (Affects 20 foot strip of land off the south line of Lot 3).

There is a commercial property lease between MKM Properties, LLC ("Lessor") and MMG Engineered Components, LLC ("Lessee") for the property located at 3901 N. Carnation Street, Franklin Park, IL, 60131.

- Dated December 17, 2004;
- Signed by Michael Martino and Michael Kuhns;
- Term of 60 months, commencing on January 1, 2005 and continuing until December 31, 2009.
- Rent of \$30,000 per month.