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Prepared By and
After Recording Return to:

To: Cherie Strong Staff Counsel
Office of the General Counsel
Chicago Housing Authority
60 East Van Buren Street, 12th Floor
Chicago, Illinois 60605



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Eugene "Gene" Moore
Cook County Recorder of Deeds
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SUBORDINATE MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS SUBORDINATE MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT ("Mortgage") is made as of this 20th day of July, 2007, by **ROOSEVELT SQUARE II LIMITED PARTNERSHIP**, an Illinois limited partnership (the "Mortgagor"), with an address of 350 West Hubbard, Suite 301, Chicago, Illinois 60610 to **CHICAGO HOUSING AUTHORITY**, an Illinois Municipal Corporation ("Mortgagee"), having its principal office at 60 East Van Buren Street, 12th Floor, Chicago, Illinois 60605.

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All capitalized terms, unless defined herein, shall have the same meanings as are set forth in that certain Loan Agreement dated of even date herewith between Mortgagor and Mortgagee (herein as the same may be amended, supplemented or restated from time to time called the "Loan Agreement").

WITNESSETH:

WHEREAS, Mortgagor has concurrently herewith executed and delivered to Mortgagee a promissory note bearing even date herewith, in the principal sum and substantially in the form of Exhibit B attached hereto and hereby made a part hereof, (herein such note together with all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof shall be called the "Note") which Note currently provides for a maturity date of December 31, 2048 (as the same may be extended by written agreement of the parties, the "Maturity Date"); and

WHEREAS, Mortgagee desires to secure repayment of the indebtedness evidenced by the Note, together with interest, if any, and any additional indebtedness or obligations incurred by Mortgagor on account of any future payments, advances or expenditures made by Mortgagee pursuant to all agreements, instruments and documents executed and delivered to Mortgagee previously, now or hereafter by, on behalf of or for the benefit of the Mortgagor in connection with the Premises (as hereinafter defined), including but not limited to this Mortgage, the Note, Loan Agreement, Assignment of Rents and Leases, Declaration of Restrictive Covenants, UCC Financing Statements, Escrow Agreement, Environmental Indemnity Agreement, and the

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Chicago, IL 60601

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Regulatory and Operating Agreement, as defined below, all as from time to time amended, supplemented or restated (the "Loan Documents"); and

NOW, THEREFORE, in order to secure payment of principal, interest and other amounts due under the Note and of all other payments due to Mortgagee by Mortgagor under any of the Loan Documents and performance of the covenants and agreements contained in this Mortgage, including any substitutions, extensions or modifications hereto, Mortgagor does grant, assign, warrant, convey and mortgage to Mortgagee, its successors and assigns, and grants to Mortgagee, its successors and assigns forever a continuing security interest in and to, all of the following rights, interests, claims and property:

(A) all of the ground leasehold interests of Mortgagor in that certain real property described on Exhibit A attached hereto and hereby made a part hereof, pursuant to the various Ground Leases described on said Exhibit A and all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto, and stipulated herein (the "Real Property");

(B) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Real Property, together with any fixtures or attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with or incorporated in the Real Property, including all extensions, additions, betterments, renewals, substitutions and replacements of any of the foregoing (the "Improvements");

(C) any interests, estates or other claims of every name, kind or nature, both at law and in equity, which Mortgagor now has or may acquire in the Real Property, the Improvements, the Equipment (as hereinafter defined) or any of the property described in clauses (D), (E), (F), (G), (H) or (I) hereof;

(D) all of Mortgagor's interest and rights in and to the Regulatory and Operating Agreement of even date herewith, and all other leases, subleases and agreements, written or oral, now or hereafter entered into, affecting the Real Property, the Improvements, the Equipment or any part thereof, and all income, rents, issues, proceeds and profits accruing therefrom (provided that the assignment hereby made shall not diminish or impair the obligations of Mortgagor under the provisions of such leases, subleases or agreements, nor shall such obligations be imposed on Mortgagee);

(E) all right, title and interest of Mortgagor in and to all fixtures, tangible personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Real Property or the Improvements, together with all furniture, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Real Property or the Improvements, or used or useful in connection with any present or future operation of the Real Property or the Improvements, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

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(F) all of the estate, interest, right, title or other claim or demand which Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Real Property, the Improvements or the Equipment, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Real Property, the Improvements or the Equipment;

(G) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of Mortgagor, including, but not limited to cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Real Property, the Equipment or the Improvements or as otherwise required under the Loan Documents;

(H) any and all rights set forth in those certain Declarations of Covenants, Conditions, Restrictions and Easements of even date herewith reserved by Mortgagor for its own benefit including the easements described in said Declarations as Easements in Favor of Residential Property;

(I) all other property rights of Mortgagor of any kind or character related to all or any portion of the Real Property, the Improvements or the Equipment; and

(J) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses.

All of the property referred to in the preceding clauses (A) through (I) shall be called, collectively, the "Premises." For purposes of this Mortgage, the "Act" shall mean the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time.

IT IS FURTHER agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Premises and be covered by this Mortgage, subject to the Permitted Encumbrances, as such term is defined in Exhibit D annexed hereto.

TO HAVE AND TO HOLD the Premises unto Mortgagee and its successors and assigns, forever, for the purposes and uses herein set forth.

To protect the security of this Mortgage, Mortgagor further covenants and agrees as follows:

1. **Principal and Interest.** Mortgagor shall pay promptly when due the principal of and interest, if any, on the Note and any other sums required to be paid on the Note or under the other Loan Documents at the times and in the manner provided therein and shall pay any other indebtedness secured hereby as the same becomes due and shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Loan Documents.

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2. Representation, Warranties and Covenants of Mortgagor.

(a) Mortgagor represents and warrants to Mortgagee as follows:

(i) all representations and warranties of Mortgagor contained in this Mortgage and the other Loan Documents are true, accurate and complete in all material respects at the time of Mortgagor's execution hereof and thereof and shall survive in all material respects the execution, delivery and acceptance hereof by the parties hereto for as long as any amounts payable under Section 1 hereof are outstanding;

(ii) Mortgagor is a limited partnership duly organized and validly existing under the laws of the State of Illinois;

(iii) Mortgagor has the right, power and authority to enter into, execute and deliver and perform the terms and conditions of this Mortgage and the other Loan Documents;

(iv) the execution, delivery and performance by Mortgagor of this Mortgage and the other Loan Documents have been duly authorized by all necessary action of Mortgagor and will not violate any provision of law (including any order, writ, injunction or decree binding upon Mortgagor or the Premises) or the partnership agreement of Mortgagor, or result in the breach of or constitute a default under or require any consent under or result in the creation of any lien, charge or encumbrance upon the Premises or any other property or assets of Mortgagor under any agreement, instrument, restriction or document to which Mortgagor is now or hereafter a party or by which Mortgagor or the Premises are or may become bound or affected;

(v) Mortgagor has good, indefeasible and merchantable title to the Premises free and clear of all liens, charges and encumbrances except for those matters described in Exhibit D annexed hereto ("Permitted Encumbrances");

(vi) Mortgagor is now solvent and able to pay its debts as they mature;

(vii) there are no actions or proceedings by or before any court or governmental commission, board, bureau or other administrative agency pending or to the Mortgagor's best knowledge, threatened, against or affecting Mortgagor which if adversely determined could materially and adversely affect Mortgagor's ability to perform its obligations under the Note, this Mortgage or the Loan Documents, or which might result in any material, adverse change to Mortgagor's financial condition or may materially affect the Premises or Mortgagor's other property or assets; and

(viii) Mortgagor is not obligated under any written contract, lease or agreement with respect to the ownership, use, operation or maintenance of the Premises, except for the obligations of Mortgagor under the Regulatory and

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Operating Agreement, the Redevelopment Agreement and the Permitted Encumbrances as described on Exhibit D hereto.

(b) Mortgagor shall:

(i) promptly repair, restore, replace or rebuild any portion of the Premises which may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances on or reservation of title thereto except Permitted Encumbrances;

(ii) keep and maintain the Premises in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances;

(iii) complete, within a reasonable time, any construction of improvements now or hereafter constructed upon the Premises;

(iv) comply in all material respects with all statutes, rules, regulations, orders, decrees and other requirements of any federal, state or local governments having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Premises;

(v) after completion of construction make no material alterations in the Premises (except those required by law and in the ordinary course of business) without Mortgagee's prior written consent, which consent will not be unreasonably withheld or delayed;

(vi) suffer or permit no change in the general nature of the occupancy or use of the Premises for residential purposes without Mortgagee's prior written consent;

(vii) for so long as there is no default under the Regulatory and Operating Agreement by Mortgagee, pay all operating costs of the Premises when due, including all utility charges and all other assessments or charges of a similar nature;

(viii) not initiate or acquiesce in any zoning reclassification with respect to the Premises, without Mortgagee's prior written consent;

(ix) not abandon the Premises, nor do anything whatsoever to depreciate or impair the value of the Premises or the security of this Mortgage;

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(x) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Premises;

(xi) not permit any unlawful use or nuisance to exist upon the Premises;

(xii) if and to the extent that Borrower acquires any of the Affiliate-Provided Units (as defined in the Loan Agreement) execute and deliver an amendment to this Mortgage, in a form satisfactory to Mortgagee, adding such units to the Premises covered by this instrument; and

(xiii) comply in all material respects with all instruments and documents of record or otherwise affecting the use or occupancy of all or any portion of the Premises.

3. **Taxes and Charges.** Mortgagor agrees to pay or cause to be paid, prior to delinquency, all Charges (as hereinafter defined) which are assessed or imposed upon the Premises or upon any of the Loan Documents, or become due and payable, and which create, may create or appear to create a lien upon the Premises or any part thereof or upon any of the Loan Documents; provided, however, that if by law any such Charge is payable or, at the option of Mortgagor, may be paid in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. ("Charge" shall mean and include all federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances related to the Premises, Mortgagor, or any of the Loan Documents.)

Mortgagor shall furnish Mortgagee within thirty (30) days after the date upon which any Charge is due and payable by Mortgagor, official receipts of the appropriate authority or other proof satisfactory to Mortgagee, evidencing the payment thereof. Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Premises to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent to contest or object to a Charge and, unless (i) Mortgagor shall demonstrate to Mortgagee's reasonable satisfaction that legal proceedings instituted by Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the Premises or any part thereof as satisfaction of such Charge prior to final determination of such proceedings, and (ii) Mortgagor shall furnish to Mortgagee a good and sufficient bond or surety, or a good and sufficient undertaking as may be required or permitted by law, to accomplish a stay of any such sale or forfeiture of the Premises during the pendency of such contest, in an amount adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

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4. **Inspection of Premises and of Books and Records.** Mortgagor shall permit Mortgagee, HUD and/or their respective agents to inspect, subject to the rights of tenants under leases of apartments in the Premises, the Premises at all reasonable times during business hours and upon reasonable notice, and access thereto shall be permitted for that purpose. Mortgagor shall keep and maintain full and correct records at Mortgagor's office showing in detail the income and expenses of the Premises and shall make such books, records and all supporting vouchers, data and other documents available for inspection, copying (including excerpts and transcriptions), audit and examination upon request by Mortgagee, HUD and their respective agents, successors and assigns until the fifth anniversary of the date of repayment of the Loan in full.

5. **Insurance and Insurance Proceeds.** Mortgagor shall procure and maintain, or cause to be maintained, at all times, at Mortgagor's own expense, until final repayment of the indebtedness secured hereby, the types of insurance specified in Exhibit C annexed hereto.

All insurance policies shall provide that Mortgagee shall be given thirty (30) days' prior written notice of any modification, nonrenewal or cancellation. Coverage required hereunder may be put in place through blanket policies of insurance provided coverage amounts are in effect on a "per location" basis.

If Mortgagor fails to obtain or maintain any of the insurance policies required under this Mortgage or to pay any premium in whole or in part when due, Mortgagee may (without waiving or releasing any obligation or Event of Default by Mortgagor hereunder), after giving Mortgagor prompt notice of such action, obtain and maintain such insurance policies and take any other action which Mortgagee deems advisable to protect its interest in the Premises. All sums so disbursed by Mortgagee, including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by Mortgagor upon demand by Mortgagee.

Any and all deductibles or self-insured retention on the insurance coverages required herein shall be borne by Mortgagor, a general contractor or the appropriate subcontractor, as applicable.

Mortgagor expressly understands and agrees that any insurance coverages and limits furnished by Mortgagor shall in no way limit Mortgagor's liabilities and responsibilities specified under any of the Loan Documents or by law.

Mortgagor agrees and shall cause a general contractor to agree that all insurers shall waive their rights of subrogation against Mortgagee, its employees, elected officials, agents or representatives. Mortgagor hereby agrees to assume any liabilities of Mortgagee related to subrogation rights of subcontractors' insurers.

Mortgagor expressly understands and agrees that any insurance or self-insurance programs maintained with respect to the Premises by Mortgagee shall apply in excess of and not contribute to insurance provided by Mortgagor, a general contractor or any subcontractor under this Section.

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The insurance required hereunder to be carried shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

If Mortgagor, general contractor or any subcontractor desires additional coverage, higher limits of liability, or other modifications for its own protection, Mortgagor, a general contractor or such subcontractor, as appropriate, shall be responsible for the acquisition and cost of such additional protection.

Mortgagee maintains the right to modify these requirements to the extent that such modification is consistent with any additional or varying insurance requirements of any lender having a mortgage on the Property senior to the lien of this instrument, which modifications shall go into effect not sooner than 30 days following notice thereof to Mortgagor.

In the event of any damage to, or destruction of the Premises, Mortgagor will give written notice to Mortgagee of such damage or destruction within five (5) Business days thereafter and authorize Mortgagee to proceed as follows:

(a) In the event of any loss greater than \$100,000 covered by insurance policies, Mortgagee is hereby authorized at its option to (i) settle and adjust any claim under such policies without the consent of Mortgagor, or (ii) allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. Mortgagor shall have the sole right to settle losses under \$100,000. Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the reasonable expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to Mortgagee by Mortgagor upon demand.

(b) In the event of any insured damage to, or destruction of, the Premises or any part thereof, Mortgagee shall apply the proceeds of insurance to reimburse or, at the option of Mortgagee, pay directly Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises if (i) an Event of Default hereunder or an event of default under any of the other Loan Documents shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore the Premises to at least the same value and substantially the same character as the Premises had immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances), or if such proceeds are not so sufficient, Mortgagor shall promptly deposit with Mortgagee funds equal to the amount of such deficiency; (iii) Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, Mortgagee shall receive and approve (such approval not to be unreasonably withheld or delayed) plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Maturity Date.

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(c) In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and reasonably approved by Mortgagee, and to expend all such proceeds and any funds deposited by Mortgagor pursuant to Section 5(b)(ii) hereof prior to the further disbursement of any Loan proceeds. If the amount of such insurance proceeds shall be in excess of \$500,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement reasonably approved by Mortgagee.

(d) If all of the conditions described in paragraph (b) of this Section with respect to the application of proceeds of insurance shall not be met, Mortgagee may, in its sole discretion, apply such proceeds to the indebtedness secured hereby in such order or manner as Mortgagee may elect.

(e) Subject to the rights of any senior mortgagee, to the extent that any amount of proceeds of insurance remain unexpended after completion of the restoration, repair, replacement or rebuilding of the Premise, such amount shall be applied to the indebtedness secured hereby.

(f) To the extent that any terms or conditions contained in this Section 5, with respect to the restoration of the Property after a casualty, conflict with the insurance section of the Mixed Finance-Amendment to the Consolidated Annual Contributions Contract ("ACC Amendment"), the ACC Amendment shall prevail.

6. **Condemnation/Eminent Domain.** Mortgagor shall give Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process ("Taking"), of all or any portion of the Premises or affecting any easement thereon or appurtenance thereto and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings, and Mortgagor hereby assigns and transfers to Mortgagee, the entire proceeds of all awards resulting from any Taking. Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. In the event of any such Taking, the proceeds of all awards resulting from such taking shall be applied subject to the Mixed Finance ACC Amendment and the Regulatory and Operating Agreement: (i) to reimburse Mortgagor for or, at the option of the Mortgagee, pay directly, the cost of restoring, repairing, replacing or rebuilding the Premises to the extent provided for in the Ground Lease; and (ii) the balance of such proceeds shall be applied to the indebtedness secured hereby in such order or manner as Mortgagee may elect.

Notwithstanding the foregoing, if any provision of this Section 6 conflicts with the ACC Amendment, the provisions of Section 11 of the ACC Amendment shall control.

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7. Transfer and Encumbrance of Premises.

Section 9 of the Regulatory and Operating Agreement sets forth restrictions on the transferability of the Premises and on interests in the Mortgagor and its constituent partners. Any violation of the provisions thereof shall constitute a violation of this Mortgage. Any transfer not permitted by such provisions is hereinafter referred to as a "Prohibited Transfer."

8. Mortgagee's Options.

(a) In case of an Event of Default hereunder by Mortgagor, Mortgagee may receive and utilize the Operating Subsidy (as defined in the Regulatory and Operating Agreement) to pay the operating expenses of the CHA Units, and further may (but is not obligated to) make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may (but is not obligated to) make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem the Premises from any tax sale or forfeiture affecting the Premises or contest any tax or assessment thereon. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by Mortgagee to protect the Premises and the lien hereof, shall be deemed additional indebtedness secured hereby, and shall become immediately due and payable, with interest thereon at a rate of the lesser of three percent (3%) above the Prime Rate per annum or the maximum permitted by law. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

(b) To the extent that Mortgagee, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or Mortgagor or any other person or entity pays any such sum with the proceeds of the indebtedness secured hereby, Mortgagee shall have and be entitled to a lien or other interest on the Premises equal in priority to the lien or other interest discharged and Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Mortgagee in securing the indebtedness secured hereby.

9. Events of Default. Each of the following shall constitute an "Event of Default" under this Mortgage:

(a) Mortgagor's failure to pay, when due, any installment of principal or interest if any, on the Note, or to pay when due (including any applicable notice and/or cure periods) any other sums required to be paid by Mortgagor under the Loan Documents;

(b) default by Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section) contained herein or in the other Loan Documents, which

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remains unremedied for thirty (30) days after notice thereof from Mortgagee to Mortgagor; provided, however, that if any such default cannot reasonably be remedied within said 30-day period and if Mortgagor shall have commenced to remedy such default within said 30-day period and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended in 30-day increments up to a maximum of 120 days upon written request from Mortgagor to Mortgagee delivered during each such 30-day period, provided; however, that the written request specifically states that: (1) the Mortgagor continues to remedy such default; and (2) the default cannot reasonably be remedied within said 30 day period;

(c) a writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Premises or any interest therein, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on all or any portion of the Premises or any interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within ninety (90) days after its entry or levy;

(d) any warranty, representation or statement made or furnished to Mortgagee by or on behalf of Mortgagor proving to have been false in any material respect when made or furnished, so as to diminish in a material way the security provided in this Mortgage;

(e) the abandonment by Mortgagor of all or any portion of the Premises for thirty (30) days;

(f) Mortgagor's failure to discharge any Charge in accordance with the terms hereof or a failure to procure or maintain any insurance required hereunder;

(g) the dissolution of Mortgagor or the entry of a decree or order for relief by a court having jurisdiction with respect to Mortgagor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of Mortgagor or for the Premises or for any substantial part of the property of Mortgagor or ordering the winding-up or liquidation of the affairs of Mortgagor and the continuance of any such decree or order unstayed and in effect for a period of up to ninety (90) days.

(h) the commencement by Mortgagor of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Mortgagor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of Mortgagor or the Premises or of any substantial part of the property of Mortgagor or of any royalties, revenues, rents, issues or profits therefrom, or the making by Mortgagor of any assignment for the benefit of creditors or the failure of Mortgagor generally to pay its debts as such debts become due or the taking of action by Mortgagor in furtherance of any of the foregoing;

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(i) a final judgment for the payment of money in excess of \$100,000 shall be rendered by a court of record against Mortgagor and Mortgagor shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within sixty (60) days from the date of entry thereof, or such longer period during which execution of such judgment shall have been stayed;

(j) except as permitted pursuant to the documents referred in Section 7 hereof, Mortgagor's sale, partial sale, transfer, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Premises or any interest therein without the prior written consent of Mortgagee, whether by operation of law, voluntarily or otherwise or if Mortgagor shall enter into a contract to do any of the foregoing without the prior written consent of Mortgagee or any other violation of Section 7 hereof.

(k) except as expressly permitted pursuant to the terms of Section 7 hereof, the sale or other transfer by Mortgagor, if any, of all or a controlling interest in the ownership of the General Partner without prior written consent of Mortgagee;

(l) any event of default under any of the other Loan Documents which has not been cured within any applicable grace period;

(m) any event of default under the Ground Lease which has not been cured within any applicable grace period; and

(n) failure to complete construction of the Premises in accordance with applicable deadlines for low income housing tax credits under Section 42 of the Internal Revenue Code.

10. **Acceleration Etc.** Upon the occurrence of an Event of Default hereunder, Mortgagee may elect to accelerate the maturity of the Note causing the full principal balance of and accrued interest, if any, on the Note, together with all other amounts then due and owing by Mortgagor to Mortgagee under any of the Loan Documents, to become immediately due and payable at the place of payment as aforesaid, and Mortgagee may proceed to foreclose this Mortgage and to exercise any rights and remedies available to Mortgagee under this Mortgage, the Assignment of Rents and Leases or any of the other Loan Documents and to exercise any other rights and remedies against Mortgagor, or with respect to the Note, which Mortgagee may have at law, in equity or otherwise; provided, however, that upon the occurrence of an Event of Default under Section 9(g) or 9(h) hereof, the entire unpaid principal of and interest, if any, on the Note shall, without any declaration, notice or other action on the part of Mortgagee, be immediately due and payable. Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Loan Documents.

11. **Remedies.** Mortgagee's remedies as provided in this Mortgage or the other Loan Documents shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of Mortgagee and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Failure of Mortgagee, for any period of time or

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on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to Mortgagee by the Loan Documents is not required to be given. Notwithstanding the foregoing, Mortgagee's rights to exercise its remedies shall be subject to the rights of Mortgagee's Limited Partner to receive notice and cure defaults as set forth in Section 7.02 of the Loan Agreement.

12. **Additional Indebtedness.** In the event that: (a) the Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; (b) an attorney is retained to represent Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Loan Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Loan Documents; or (d) an attorney is retained to represent Mortgagee in any other proceedings whatsoever in connection with the Loan Documents, or any property subject thereto, then Mortgagor shall pay to Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

13. **Waiver.** Mortgagee's failure 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 nor shall any waiver by Mortgagee of an Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. Mortgagee's delay in instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the other Loan Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

14. **Right of Possession.** To the extent permitted by law, in any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, Mortgagor shall, at the option of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of all or any portion of the Premises personally or by its agents or attorneys, and Mortgagee, in its sole discretion, may enter upon, take and maintain possession of all or any portion of the Premises, subject to the terms of the other Loan Documents.

Upon taking possession of the Premises, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Premises as it may deem judicious to insure, protect and maintain the Premises against all risks incidental to Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. Mortgagee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Act.

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15. **Appointment of Receiver.** Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Premises. Such appointment may be made either before or after foreclosure sale, after notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness hereby secured, without regard to the value of the Premises at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Premises and to collect all rents and profits thereof during the pendency of such foreclosure suit, and all powers and duties provided for in Section 5/15-1704 of the Act, and such other powers as the court may direct.

16. **Foreclosure Sale.** The Premises or any interest or estate therein sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, Mortgagee may bid for and acquire, as purchaser, all or any portion of the Premises and, in lieu of paying cash therefore, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

17. **Adjudication of Proceeds from Foreclosure Sale.** Proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon, (iii) all principal and interest, if any, remaining unpaid on the Note, and (iv) any surplus or remaining funds to Mortgagor, its successors or assigns, as their rights may appear.

18. **Insurance Upon Foreclosure.** Wherever provision is made in this 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 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. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Premises, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

19. **Waiver of Statutory Rights.** To the extent permitted by law, Mortgagor shall not apply for or avail itself of any appraisalment, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage and hereby waives the benefit of such laws. Mortgagor, for itself, and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshaled

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upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. To the extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption and reinstatement, on its own behalf and on behalf of each and every person having a beneficial interest in Mortgagor, it being the intent hereof that any and all such rights of redemption or reinstatement of Mortgagor and of all other persons are and shall be deemed to be hereby waived. Mortgagor acknowledges that the Premises do 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.

20. **Partial Payments.** Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid together with all accrued interest, if any, thereon, immediately due and payable without notice, or any other rights of Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

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

22. **Notice.** Unless otherwise specified any notice, demand or request required hereunder shall be given in writing at the address set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested. All notices and communications to the Chicago Housing Authority under all Loan Documents shall also be given to Receiver until the first to occur of (i) the Project is ready for occupancy, or (ii) the property that is the subject of the Project will no longer be used for non-elderly public housing.

IF TO MORTGAGEE: Chicago Housing Authority
60 East Van Buren Street, 12th Floor
Chicago, Illinois 60605
Attention: Chief Executive Officer

WITH COPIES TO: Chicago Housing Authority
60 East Van Buren Street, 12th Floor
Chicago, Illinois 60605
Attention: Office of the General Counsel

The Habitat Company, as Receiver for
Chicago Housing Authority
350 West Hubbard Street
Chicago, Illinois 60610
Attn: President

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IF TO MORTGAGOR: Roosevelt Square II Limited Partnership
 c/o Related Midwest LLC
 350 West Hubbard St., Suite 300
 Chicago, Illinois 60610
 Attention: Bradford J. White

WITH COPIES TO: Centerline Capital Company LLC
 625 Madison Avenue
 New York, New York 10022
 Attn: Andrew J. Weil

Heartland Housing, Inc.
 c/o Heartland Alliance
 208 South LaSalle Street
 Suite 1819
 Chicago, Illinois 60606
 Attn: Andy Geer

Applegate & Thorne-Thomsen
 322 S. Green Street, Suite 400
 Chicago, Illinois 60607
 Attention: Bennett Applegate

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon completion of such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier and, if sent pursuant to clause (d) above, shall be deemed received two (2) Business Days following deposit in the mail.

23. **Time.** Time is of the essence with respect to the Loan Documents.

24. **Modifications.** This Mortgage may not be altered, amended, modified, cancelled, changed or discharged except by written instrument signed by Mortgagor and Mortgagee or their respective successors and assigns.

25. **Headings.** The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

26. **Construction of Mortgage.** This Mortgage shall be construed and enforced according to the internal laws of the State of Illinois without regard to its conflict of laws principles.

27. **Severability.** If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the

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remainder of this Mortgage shall be construed as if such invalid part were never included herein and this Mortgage shall be and remain valid and enforceable to the fullest extent permitted by law.

28. **Grammar.** As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

29. **Successors and Assigns.** This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Premises or any other person having an interest therein), and shall inure to the benefit of Mortgagee and its successors and assigns. Whenever Mortgagee is referred to herein, such reference shall also include the Holder of the Note, whether so expressed or not.

30. **Further Assurances.** Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance necessary or proper, in the reasonable judgment of Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by Mortgagor, and for creating, maintaining and preserving the lien and security interest created hereby on the Premises. Upon any failure by Mortgagor to do so, Mortgagee may make, execute and record any and all such documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee and its agents as attorney-in-fact for that purpose. Mortgagor will reimburse Mortgagee for any sums expended by Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

31. **Indemnification.** In addition to all other indemnities in favor of Mortgagee specifically provided in this Mortgage, Mortgagor shall indemnify Mortgagee and save Mortgagee harmless from and against any and all loss, cost, damage, claim, liability or expense ("Loss") incurred by Mortgagee in connection with any and all claims, demands, actions, notices, liens, suits, causes of action, complaints, citations and legal and administrative proceedings ("Claims") in connection with the Loan excluding, however: (1) any Loss arising out of Mortgagee's gross negligence or willful misconduct, (2) any Loss arising after Mortgagee's acquisition of title to or control of the Premises; and (3) any Loss arising out of a Claim resulting from an environmental condition for which Mortgagee is responsible pursuant to the Remediation Agreement.

32. **Security Agreement.** This Mortgage shall be construed as a "security agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Premises which constitutes fixtures or personal property. Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code.

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

34. **Protective Advances; Maximum Amount of Indebtedness.** 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 hereinbelow 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 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 this 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 Premises 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 or any other prior liens;

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

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

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if any interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (ii) 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 Premises imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iii) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (iv) payments required or reasonably deemed by Mortgagee to be for the benefit of the Premises or required to be made by the owner of the 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 Premises; and (v) pursuant to any lease or other agreement for occupancy of the 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, if any, thereon from the date of the advance until paid at the rate of interest payable after default under the terms of the Note.

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)(1) 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:

- (1) the determination of the amount of indebtedness secured by this Mortgage at any time;
- (2) 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;
- (3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Act;
- (4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;
- (5) the application of income in the hands of any receiver or mortgagee in possession; and

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(6) the 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.

The maximum amount of indebtedness secured by this Mortgage shall be Nineteen Million Nine Hundred Eighty Five Thousand Seven Hundred Fifty-Seven and No/100 Dollars (\$19,985,757) plus interest under the Note, plus any disbursements for the payment of taxes and insurance on the Premises, and any other sums advanced in accordance with the terms hereof or any of the other Loan Documents to protect the security of this Mortgage or any of the other Loan Documents plus interest thereon.

All obligations of the Mortgagor shall terminate upon the discharge of all indebtedness secured by this Mortgage. Upon that discharge Mortgagee shall execute, record and deliver to Mortgagor in favor of Mortgagee a Release of this Mortgage.

35. **Non-Recourse Loan.** Subject to the terms contained in the next succeeding paragraph of this Section 36, the indebtedness secured hereunder shall be non-recourse and in the event of default hereunder, Mortgagee's sole source of satisfaction of repayment of the amount due to Mortgagee hereunder or under any of the Loan Documents shall be limited to Mortgagee's rights with respect to the collateral pledged and assigned hereunder or under the Assignment of Rents and Leases, the Assignment of Contract or any of the other Loan Documents.

Nothing herein or in any of the Loan Documents shall limit the rights of Mortgagee, following any of the events hereinafter described to take any action as may be necessary or desirable to pursue Mortgagor, if any, for any and all Losses incurred by Mortgagee arising from: (i) a material misrepresentation or fraud made in writing or misappropriation of funds by Mortgagor, if any; (ii) intentional or material waste to the Premises; (iii) use of proceeds of the indebtedness evidenced by the Note for costs other than Eligible Costs if such costs are not disbursed pursuant to the terms of the Construction Loan and Escrow and Disbursement Agreement; (iv) the occurrence of a Prohibited Transfer without Mortgagee's prior written consent, to the extent such Prohibited Transfer results from the intentional, willful, voluntary and/or negligent acts or omissions of Mortgagor or General Partner; (v) the occurrence of any uninsured casualty to the Premises or other collateral or security provided under any of the Loan Documents for which there has been a failure to maintain insurance coverage as required by the terms and provisions of the Loan Documents; (vi) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Premises or other collateral or security provided under any of the Loan Documents; Mortgagee waives any and all right to seek or demand any personal deficiency judgment against Mortgagor, in conjunction with a foreclosure proceeding, under or by reason of any of the non-recourse monetary obligations of Mortgagor; provided, however, that the foregoing shall not limit or affect Mortgagee's right to sue or otherwise seek recourse against Mortgagor or General Partner, in any separate action or proceeding for all Losses incurred by Mortgagee arising from any of the matters described in the foregoing paragraphs of this paragraph 36.

36. **Subordination to Extended Use Agreement.** By acceptance of this Mortgage, Mortgagee agrees that the lien of the Mortgage shall be subordinate to any "extended low-income housing commitment" (as defined in Code Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ["Code"]) (the "Extended Use Agreement") to be recorded in the real

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property records of the Recorder of Deeds of Cook County, Illinois; provided that the under the terms of the Extended Use Agreement, if the Mortgagee or its successors or assigns (collectively, the "REO Owner") acquires the Premises by foreclosure (or instrument in lieu of foreclosure), then the "extended use period" (as defined in Code Section 42(h)(6)(D)) shall terminate, except for the obligation of the REO Owner to comply with the limitations on evictions, termination of tenancy and increase in rents for the three year period following the REO Owner's acquisition of the Real Property, as set forth in Code Section 42(h)(6)(E)(ii).

37. **Investor Protective Provisions.** So long as Limited Partner is a limited partner in Mortgagor, copies of all notices shall be sent thereto as provided in Section 22 hereof. Mortgagee hereby agrees that Limited Partner shall have the same cure rights as Mortgagor with respect to any default hereunder.

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IN WITNESS WHEREOF, Mortgagor has caused these presents to be signed and attested to on the day and year first above written.

ROOSEVELT SQUARE II LIMITED PARTNERSHIP, an Illinois limited partnership

By: Roosevelt Square Rental II, LLC, an Illinois limited liability company, its general partner

By: LR ABLA, LLC, a Delaware limited liability company, its manager

By: LR Development Company LLC, a Delaware limited liability company d/b/a Related Midwest LLC, its sole member

By: Bradford J. White

Name: Bradford J. White

Its: Vice President

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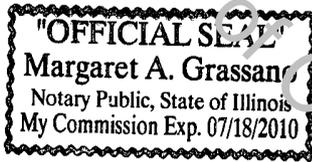
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STATE OF ILLINOIS)
) SS.
 COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the said County and State aforesaid, DO HEREBY CERTIFY that Bradford J. White personally known to me to be the Vice President of LR Development Company, LLC d/b/a Related Midwest LLC, sole member of LR ABLA LLC, manager of Roosevelt Square Rental II, LLC, General Partner of Roosevelt Square II Limited Partnership, an Illinois limited partnership and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act on behalf of said entities, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 20th day of July, A.D. 2007.

Margaret A. Grassano
 Notary Public



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EXHIBIT A

LEGAL DESCRIPTION ABLA/ROOSEVELT SQUARE

Borrower's leasehold interest in the following described property pursuant to that certain Ground Lease (Mixed-Use) of even date herewith between Mortgagor and Heartland Housing, Inc., an Illinois not for profit corporation ("Heartland") and as assigned to Mortgagor pursuant to that certain Assignment and Assumption and Amendment of Ground Lease of even date herewith among Mortgagor, Heartland and Mortgagee:

Lot 66 in Roosevelt Square Subdivision Phase Two, Plat One, being a subdivision of part of the East ½ of the Southwest ¼ of Section 17, Township 39 North, Range 14, East of the Third Principal Meridian, according to the plat thereof recorded in Cook County, Illinois; except from said Lot 66 that part thereof within the Retail Parcel described below:

PIN: 17-17-333-001

Common Address: 1007 S. Throop Street

Retail Parcel:

1251-1259 W. Taylor Street

All that portion of the following described premises lying above Elevation 4.55 and beneath Elevation 12.55 City of Chicago Datum, being a part of said Lot 66, more particularly bounded and described as follows:

Commencing at the Northwest corner of said Lot 66, said point also being the Southeast corner of the intersection of West Taylor Street and South Throop Street; thence South 89°58'27" East along the South right-of-way line of said West Taylor Street, a distance of 116.45 feet; thence South 00°01'33" West, a distance of 26.96 feet, to the Point of Beginning of this description; thence South 00°01'33" West, a distance of 22.91 feet; thence North 89°58'27" West, a distance of 64.18 feet; thence North 00°01'33" East, a distance of 22.91 feet; thence South 89°58'27" East, a distance of 64.18 feet to the Point of Beginning, all being situated within the City of Chicago, County of Cook, and State of Illinois.

Also,

All that portion of the following described premises lying above Elevation 14.30 and beneath Elevation 27.76 City of Chicago Datum, being part of said Lot 66, more particularly bounded and described as follows to-wit:

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Commencing at the Northwest corner of said Lot 66, said point also being the Southeast corner of the intersection of West Taylor Street and South Throop Street; thence South 89°58'27" East along the South right-of-way line of said West Taylor Street, a distance of 1.57 feet; thence South 00°01'33" West, a distance of 3.37 feet to the Point of Beginning of this description; thence South 89°58'27" East, a distance of 13.75 feet; thence North 00°01'33" East, a distance of 1.56 feet; thence South 89°58'27" East, a distance of 0.94 feet; thence North 00°01'33" East, a distance of 0.49 feet; thence South 89°58'27" East, a distance of 85.33 feet; thence South 00°01'33" West, a distance of 0.49 feet; thence South 89°58'27" East, a distance of 0.94 feet; thence South 00°01'33" West, a distance of 1.56 feet; thence South 89°58'27" East, a distance of 14.42 feet; thence South 00°01'31" West, a distance of 21.97 feet; thence North 89°58'32" West, a distance of 0.49 feet; thence South 00°01'33" West, a distance of 24.53 feet; thence North 89°58'27" West, a distance of 27.91 feet; thence North 00°01'33" East, a distance of 15.43 feet; thence North 89°58'27" West, a distance of 1.32 feet; thence North 00°01'33" East, a distance of 1.94 feet; thence North 89°58'27" West, a distance of 3.54 feet; thence South 00°01'33" West, a distance of 13.02 feet; thence North 89°58'27" West, a distance of 1.71 feet; thence South 00°01'33" West, a distance of 4.34 feet; thence North 89°58'27" West, a distance of 29.70 feet; thence North 00°01'33" East, a distance of 17.47 feet; thence North 89°58'27" West, a distance of 40.22 feet; thence North 00°01'33" East, a distance of 6.41 feet; thence North 89°58'30" West, a distance of 9.99 feet; thence North 00°01'33" East, a distance of 0.66 feet; thence North 89°58'19" West, a distance of 0.49 feet; thence North 00°01'51" East, a distance of 21.97 feet to the Point of Beginning, all being situated within the City of Chicago, County of Cook, and State of Illinois.

and Borrower's leasehold interest in the following described property pursuant to that certain Ground Lease of even date herewith between Mortgagor and Heartland Housing, Inc., an Illinois not for profit corporation ("Heartland") and as assigned to Mortgagor pursuant to that certain Assignment and Assumption and Amendment of Ground Lease of even date herewith among Mortgagor, Heartland and Mortgagee:

North Parcel

Lots 93, 94, 117, 118, 121, 130, 135, and 138 in Roosevelt Square Subdivision Phase Two, Plat One, being a subdivision of part of the East ½ of the Southwest ¼ of Section 17, Township 39 North, Range 14, East of the Third Principal Meridian, according to the plat thereof recorded in Cook County, Illinois.

PINS: 17-17-332-005, 17-17-333-002, 17-17-333-003, 17-17-333-004 and 17-17-333-005

COMMON ADDRESSES:

LOT 93	1116 & 1118 S. LYTLE STREET
LOT 93	1115 & 1117 S. THROOP STREET
LOT 94	1250-1256 W. GRENSHAW STREET
LOT 117	1251-1257 W. GRENSHAW STREET
LOT 118	1236-1244 W. ROOSEVELT ROAD

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LOT 121	1309 & 1315 W. GRENSHAW STREET
LOT 130	1341 & 1345 W. GRENSHAW STREET
LOT 135	1336-1344 W. ROOSEVELT ROAD
LOT 138	1302-1310 W. ROOSEVELT ROAD

AND

South Parcel

Lots 139, 141, 143, 145, 147, 149, 151, 153, and 160 in Roosevelt Square Subdivision Phase Two, Plat Two, being a subdivision of part of the East ½ of the Northwest ¼ of Section 20, Township 39 North, Range 14, East of the Third Principal Meridian, according to the plat thereof recorded in Cook County, Illinois.

PINS: 17-20-102-009, 17-20-102-010, 17-20-102-011, 17-20-102-012, 17-20-102-016, 17-20-102-017, 17-20-102-018, 17-20-102-019, 17-20-102-020, 17-20-102-021, 17-20-102-045, 17-20-102-046, 17-20-102-047, 17-20-102-048 and 17-20-103-046

COMMON ADDRESSES:

LOT 139	1303-1311 & 1317 W. ROOSEVELT ROAD
LOT 141	1333 W. ROOSEVELT ROAD
LOT 143	1354 W. WASHBURNE AVENUE
LOT 145	1342 W. WASHBURNE AVENUE
LOT 147	1326-1332 W. WASHBURNE AVENUE
LOT 149	1306 & 1314 W. WASHBURNE AVENUE
LOT 151	1256 W. WASHBURNE AVENUE
LOT 153	1246 W. WASHBURNE AVENUE
LOT 160	1224 W. WASHBURNE AVENUE

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EXHIBIT B

NOTE

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NOTE

\$16,891,204

Chicago, Illinois
July 20, 2007

FOR VALUE RECEIVED, ROOSEVELT SQUARE II LIMITED PARTNERSHIP, an Illinois limited partnership (“Maker”), hereby promises to pay to the Chicago Housing Authority, an Illinois municipal corporation (“Holder”), at 60 East Van Buren Street, 12th Floor, Chicago, Illinois 60661, Attention: Chief Executive Officer, or at such other place as Holder may appoint, Sixteen Million Eight Hundred Ninety-One Thousand Two Hundred Four and No/100 Dollars (\$16,891,204), together with interest accrued thereon as herein provided.

This Note has been issued to evidence that certain loan to be made by the Holder named herein to the Maker pursuant to that certain Chicago Housing Authority Loan Agreement of even date herewith between the Maker and such Holder (the “Loan Agreement”). All terms not defined herein shall have the meaning set forth in the Loan Agreement.

1. **Definitions.** Maker agrees that, for purposes of this Note, the following terms shall have the respective meanings ascribed thereto as follows:

(a) “Business Day” shall mean a day upon which banks in the City of Chicago, Illinois are not authorized or required to remain closed and which is not a public holiday under the laws of the State of Illinois.

(b) “Conversion Date” shall mean December 31, 2008.

(c) “Default Rate” shall mean a rate of interest equal to three percent (3%) per annum in excess of the Prime Rate.

(d) “Interest Rate” shall mean a rate equal to the greater of (x) the long term applicable federal rate (“AFR”) on the date hereof or (y) the AFR as of the date of each disbursement of the Loan, it being understood that portions of the principal amount hereof may bear interest at different rates.

(e) “Maturity Date” shall mean December 31, 2048.

(f) “Outstanding Balance” shall mean the aggregate of (i) all sums advanced by any Holder to and for the benefit of Maker pursuant to the Loan Agreement or any other Loan Document, and (ii) all accrued and unpaid interest.

(g) “Payment Date” shall mean the earlier of (i) the fifth day following the completion of the annual reconciliation process under Section 7 of the Regulatory and Operating Agreement and the determination by the Chicago Housing Authority of the PHA-Assisted Units Operating Expense Excess Amount and (ii) June 1st of each year,

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commencing on the earlier of (a) the first year in which an annual reconciliation process is required under the Regulatory and Operating Agreement and continuing each year thereafter, or (b) the year following the Conversion Date, and continuing each year thereafter.

2. Principal and Interest Payments.

(a) Interest shall accrue on the Outstanding Balance at the Interest Rate. On December 31 of each calendar year, accrued and unpaid interest shall be added to the Outstanding Balance and shall thereafter bear interest.

(b) On each Payment Date, Borrower shall make a payment of accrued interest and principal in an amount equal to the payment from "Cash Flow" required pursuant to Section 9.2.A of the Maker's Amended and Restated Partnership Agreement dated July 20, 2007 (the "Closing Partnership Agreement"). For purposes of this Note, the definition of "Cash Flow", the definitions of the various items that comprise the definition of Cash Flow and the Cash Flow allocation priority set forth in Section 9.2.A, shall remain as set forth in the Closing Partnership Agreement, notwithstanding any subsequent amendments or modifications to such agreement, unless otherwise agreed to in writing by Holder.

(c) The entire Outstanding Balance and all accrued and unpaid interest shall be due and payable on the Maturity Date.

(d) All payments made on account of this Note shall be applied (i) first to pay for costs of collection and attorneys' fees entitled to be recovered by the Holder hereunder, (ii) next to late charges and accrued and unpaid interest which has accrued at the Default Rate; (iii) next to accrued and unpaid interest; and (iv) thereafter to the remainder of the Outstanding Balance.

3. Security for Note. The payment of the indebtedness evidenced by this Note is secured by, among other things, the Subordinate Mortgage, Security Agreement and Financing Statement dated of even date herewith from Maker to Holder (the "Mortgage") and other Loan Documents (as defined in the Mortgage).

4. Late Charges; Default Interest. If the Outstanding Balance is not paid at the Maturity Date, such Outstanding Balance shall thereafter bear interest at the Default Rate.

5. Default and Acceleration. Upon Maker's failure to pay any payment required to be paid hereunder in accordance with the terms hereof; or upon Maker's failure to perform or observe any other covenant, term or provision hereof which failure to perform or observe remains unremedied for thirty (30) days after notice thereof from Holder to Maker (provided however, that if Maker shall have commenced to remedy the default within said 30 day period and shall thereafter continue diligently to effect such remedy, then said 30 day period shall be extended for successive 30 day increments up to a maximum of 120 days upon written request from Maker to Holder delivered during each such 30 day period, provided, however, that the written request specifically states that: (1) the Maker continues to remedy such default; and (2) the default cannot reasonably be remedied within said 30 day period; or upon the occurrence of

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an Event of Default under any of the other Loan Documents; then, Maker shall be deemed in default hereunder and, subject to Limited Partner's rights to receive notices of default and cure the same as set forth in Section 7.02 of the Loan Agreement at the option of Holder hereof, Holder may elect after notice to Maker to accelerate the maturity of this Note and upon such election the Outstanding Balance, together with accrued interest, if any, thereon and any additional indebtedness due by Maker to Holder under any of the Loan Documents, shall become at once due and payable at the place of payment as aforesaid, and Holder may proceed to exercise any other rights and remedies against Maker or with respect to this Note which Holder may have under the Loan Documents and at law, in equity or otherwise; provided further, however, that upon the occurrence of an Event of Default under Section 9(g) or 9(h) of the Mortgage, the entire unpaid principal of and interest in, if any, on this Note shall, after notice, be immediately due and payable. None of the rights or remedies of Holder hereunder or under any of the Loan Documents are to be deemed waived or affected by any failure to exercise the same. All remedies conferred upon Holder by the Mortgage, Loan Documents or any other instrument, document or agreement to which Maker is a party or under which Maker is bound, shall be cumulative and not exclusive; any such remedies may be exercised singularly, concurrently or consecutively at Holder's option.

6. Notices. Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested. All notices and communications to the Chicago Housing Authority under all Loan Documents shall also be given to Receiver until the first to occur of (i) the Project is ready for occupancy, or (ii) the property that is the subject of the Project will no longer be used for non-elderly public housing.

IF TO HOLDER:	Chicago Housing Authority 60 East Van Buren Street Chicago, Illinois 60605 Attention: Chief Executive Officer
WITH A COPY TO:	Chicago Housing Authority 60 East Van Buren Street, 12 th Floor Chicago, Illinois 60605 Attention: Office of the General Counsel
IF TO RECEIVER:	The Habitat Company LLC, as Receiver for Chicago Housing Authority 350 West Hubbard Street Chicago, Illinois 60610 Attn: President
IF TO MAKER:	Roosevelt Square II Limited Partnership c/o Related Midwest LLC 350 West Hubbard Street, Suite 300 Chicago, Illinois 60610

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WITH COPIES TO:

Applegate & Thorne-Thomsen, P.C.
322 S. Green Street, Suite 400
Chicago, Illinois 60607
Attention: Bennett Applegate

Centerline Capital Company LLC
625 Madison Avenue
New York, New York 10022
Attn: Andrew J. Weil

Heartland Housing, Inc.
c/o Heartland Alliance
208 South LaSalle Street
Suite 1819
Chicago, Illinois 60606
Attn: Andy Geer

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon completion of such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the Business Day immediately following deposit with the overnight courier and, if sent pursuant to clause (d) above, shall be deemed received three Business Days following deposit in the mail.

7. Miscellaneous.

(a) Provided that Holder shall prevail in such litigation, Maker will pay all reasonable costs and expenses of collection, including reasonable attorneys' fees, incurred or paid by Holder in enforcing this Note or the obligations evidenced by the Loan Documents to the extent permitted by law.

(b) Maker hereby waives presentment, demand, notice, protest and all other demands or notices in connection with the delivery, acceptance, endorsement, performance, default or enforcement of this Note except for notices required hereunder or under any Loan Documents.

(c) No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right of Holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion.

(d) The parties hereto intend and believe that each provision in this Note comports with all applicable law. However, if any provision in this Note is found by a court of law to be in violation of any applicable law, and if such court should declare any provision of this Note to be unlawful, void or unenforceable as written, then it is the

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intent of all parties hereto that such provision shall be given full force and effect to the fullest possible extent that is legal, valid and enforceable, that the remainder of this Note shall be construed as if such unlawful, void or unenforceable provision were not contained herein, and that the rights, obligations and interests of Maker and Holder under the remainder of this Note shall continue in full force and effect.

(e) MAKER HEREBY CONSENTS TO THE JURISDICTION OF ANY FEDERAL COURT LOCATED IN THE COUNTY OF COOK STATE OF ILLINOIS. MAKER HEREBY WAIVES ANY OBJECTION BASED UPON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER. NOTHING IN THIS PARAGRAPH SHALL AFFECT THE RIGHT OF HOLDER TO SERVE LEGAL PROCESS IN ANY MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF HOLDER TO BRING ANY ACTION OR PROCEEDING AGAINST MAKER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

(f) This Note shall be construed and enforced according to the internal laws of the State of Illinois without regard to its conflict of laws principles.

(g) In any case where the date of payment of interest, if any, on or principal of this Note shall not be a Business Day, then payment of such interest or principal need not be made on such date but may be made on the next succeeding Business Day and, if interest is charged on this Note, this Note shall continue to bear interest until such date of payment.

8. Non-Recourse Obligation.

Subject to the terms contained in the next paragraphs, the indebtedness evidenced by this Note shall be non-recourse and in the event of default hereunder, Holder's sole source of satisfaction of repayment of the amounts due to Holder hereunder or under any of the Loan documents shall be limited to Holder's rights with respect to the collateral pledged and assigned under the Mortgage or any of the other Loan Documents.

Notwithstanding the immediately preceding paragraph, nothing herein or in any of the Loan Documents shall limit the rights of Holder, following any of the events hereinafter described, to take any action as may be necessary or desirable to pursue Maker or General Partner for any and all Losses incurred by Holder arising from (i) a material misrepresentation, fraud made in writing or misappropriation of funds by Maker or General Partner, (ii) intentional or material waste to the Premises; (iii) use of proceeds of the Loan for costs other than Eligible Costs if such cost are not disbursed pursuant to the terms of the Construction Loan Escrow and Disbursement Agreement; (iv) the occurrence of a Prohibited Transfer (as defined in the Mortgage) without Holder's prior written consent, to the extent such Prohibited Transfer results from the intentional, willful, voluntary and/or negligent acts or omissions of Maker and/or General Partner; (v) the occurrence of any uninsured casualty to the Premises or other collateral or security provided under any of the Loan Documents for which there has been a failure to maintain insurance coverage as required by the terms and provisions of the Loan Documents; (vi) the misappropriation or misapplication of insurance proceeds or condemnation awards

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relating to the Premises or other collateral or security provided under any of the Loan Documents; Holder waives any and all right to seek or demand any personal deficiency judgment against Maker, in conjunction with a foreclosure proceeding, under or by reason of any of the non-recourse monetary obligations of maker; provided, however, that the foregoing shall not limit or affect Holder's right to sue or otherwise seek recourse against Maker, General Partner or any other party, if any, in any separate action or proceeding for all Losses incurred by Holder arising from any of the matters described in the foregoing paragraphs of this paragraph 8.

THE TERMS AND PROVISIONS OF THE LOAN DOCUMENTS ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THIS NOTE.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

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IN WITNESS WHEREOF, Maker has caused this Note to be duly executed on the date first above written.

ROOSEVELT SQUARE II LIMITED PARTNERSHIP, an Illinois limited partnership

By: Roosevelt Square Rental II, LLC, an Illinois limited liability company, its general partner

By: LR ABLA, LLC, a Delaware limited liability company, its manager

By: LR Development Company LLC, a Delaware limited liability company d/b/a Related Midwest LLC, its sole member

By: _____
Name: Bradford J. White
Its: Vice President

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EXHIBIT C

INSURANCE REQUIREMENTS

Mortgagor shall procure and maintain, or cause to be procured and maintained, at all times during the term of this Mortgage, the types of insurance specified below:

I. CONSTRUCTION INSURANCE REQUIREMENTS

Mortgagor shall, prior to the date of this Lease, procure and maintain, directly or through Mortgagor's general contractor for the construction of the Project (the "General Contractor"), at all times the types of insurance specified below in order to protect Mortgagee, its Commissioners Board, officers, agents and employees, and the Receiver from the acts, omissions and negligence of Mortgagor, any general contractor (including without limitation the General Contractor), any subcontractor, and their respective officers, officials, subcontractors, shareholders, partners, joint venturers, members, agents or employees. The insurance carriers used must be authorized to conduct business in the State of Illinois and, except where specially provided otherwise, shall have a BEST Rating of not less than an "A-XII". The insurance provided shall cover all operations under this Mortgage, whether performed by Mortgagor, any general contractor (including without limitation the General Contractor) or by any subcontractor.

A. Required Insurance Coverages for Subcontractors:

1. Workers Compensation and Occupational Disease Insurance in accordance with the laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
2. Commercial Liability Insurance Commercial Liability Insurance provided is to have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with an aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to Mortgagor's and the General Contractor's respective officers, employees, agents, subcontractors, invitees and guests and their personal property. Products/Completed Operations to be maintained in full force and effect for a period of two (2) years following final completion of the Project. Mortgagee and the Receiver shall be endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.
3. Automobile Liability Insurance. When any motor vehicles (owned, non-owned and/or hired) are used in connection with the construction to be performed for the Project, Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per

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occurrence CSL, for bodily injury and property damage. Mortgagee and the Receiver shall be endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.

4. Professional Liability (Errors & Omissions). When any architects of record and/or lead architectural firm for the Project, engineers of record, construction managers, property managers, security companies or other professional consultants perform work in connection with the Project, Professional Liability insurance covering acts, errors or omissions shall be maintained with limits of not less than Five Million (\$5,000,000) per occurrence. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, the date of this Mortgage. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

5. Lead/Asbestos Abatement Liability. When any lead and/or asbestos abatement liability work is performed in connection with the contract, Lead/Asbestos Abatement Liability Insurance shall be provided with limits of not less than \$5,000,000 per occurrence insuring bodily injury, property damage and environmental clean-up. Mortgage and the Receiver shall be endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.

B. Required Insurance Coverages for the General Contractor:

1. Workers Compensation and Occupational Disease Insurance in accordance with the laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
2. Commercial Liability Insurance. Commercial Liability Insurance provided is to have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to Mortgagor's and the General Contractor's respective officers, employees, agents, subcontractors, invitees and guests and their personal property. Mortgagee and the Receiver shall be endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.
3. Automobile Liability Insurance. When any motor vehicles (owned, non-owned and/or hired) are used in connection with the construction to be

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performed for the Project, Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage. Mortgagee and the Receiver shall be endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.

4. Excess Liability. The General Contractor shall secure Excess Liability insurance in the amount of not less than Ten Million Dollars (\$10,000,000) on a per development basis with an endorsement specifically dedicating the not less than Ten Million Dollars (\$10,000,000) to the Project. This coverage will be excess of the General Liability, Auto Liability and Employers Liability coverages. The General Contractor's insurance coverage will be excess of the insurance provided by any subcontractor with which it contracts to provide services for the Project. Mortgagee, the Receiver, and Mortgagor shall be endorsed as additional insureds on the General Contractor's Excess Liability policy.

C. Required Insurance Coverages for Mortgagor :

1. Excess Liability. Mortgagor shall secure Excess Liability insurance in the amount of not less than Ten Million Dollars (\$10,000,000) on a per development basis with an endorsement specifically dedicating the not less than Ten Million Dollars (\$10,000,000) to the Project. This coverage shall be excess of the General Liability, Auto Liability and Employers Liability coverages. Mortgagor's excess coverage shall be excess over the General Contractor's policy and include the General Contractor's stipulation of being excess of the insurance provided by any subcontractor providing services for the Project. Mortgagee and the Receiver shall be endorsed as additional insureds on this insurance. Mortgagor shall provide proof of this insurance to Mortgagee.
2. Contractors Pollution Liability. If the scope of work covers working with or around hazardous materials or pollutants, Mortgagor shall purchase, directly or through the General Contractor, a separate Contractor's Pollution Liability insurance policy, on an occurrence basis (claims made is not acceptable), covering any bodily injury, liability, and property damage liability, arising out of pollutants including hazardous materials such as asbestos, lead, etc. or contaminated soil, including while in transit to a permanent disposal facility which may arise from activities under or incidental to the contract, whether such activities be by Mortgagor or by the General Contractor or any of its subcontractors or by anyone directly or indirectly employed or otherwise contracted by any of them. This policy shall be maintained with limits of not less than Five Million Dollars (\$5,000,000) per occurrence. Mortgagee and the Receiver shall be

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endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.

3. Workers Compensation and Employer's Liability. Workers Compensation and Occupational Disease Insurance in accordance with the laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
 4. Automobile Liability Insurance. When any motor vehicles (owned, non-owned and/or hired) are used in connection with the construction to be performed for the Project, Mortgagor shall provide, directly or through the General Contractor, Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage. Mortgagee and the Receiver shall be endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.
 5. Builders Risk. Mortgagor shall provide, directly or through the General Contractor, an All Risk Builders Risk Insurance in accordance with HUD's 5370 form (paragraph 36b), covering improvements, betterments, and/or repairs, at replacement cost, for all materials, supplies, equipment, machinery and fixtures that are or will be part of the Project.
 6. Railroad Protective Liability Insurance. When, in connection with the Project, any work is to be done adjacent to or on property owned by a railroad or public transit entity, Mortgagor shall procure and maintain, or cause to be procured and maintained, with respect to the operations that Mortgagor, a general contractor or any subcontractor shall perform, railroad protective liability insurance in the name of such railroad or public transit entity. The policy shall have limits of not less than \$2,000,000 per occurrence, combined single limit, and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.
- D. Evidence of Insurance. Prior to the date of this Lease, and prior to the commencement of Construction activities, Mortgagor directly or through the General Contractor shall furnish Mortgagee, for record keeping purposes only, with satisfactory evidence that Mortgagor, the General Contractor and all subcontractors have the insurance coverages set forth above. Mortgagor shall ensure, or shall cause the General Contractor to ensure, that all subcontractors comply with Mortgagee's minimum coverage requirements. It is the responsibility of Mortgagor to secure and maintain, or to cause the General Contractor to secure and maintain, proof of coverage for all entities that it contracts with that provide services to the Project. Proof of insurance records must be available for review by Mortgagee within twenty-four (24) hours of being

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requested. Said policies shall not be modified, canceled, non-renewed, or permitted to lapse until final completion and approval of the performance of the General Contractor's contract and shall contain a provision that the policy will not be modified, canceled non-renewed or permitted to lapse until not less than 30 days after Mortgagee has received written notice, by certified or registered mail, that the modification, cancellation, non-renewal or lapse of such policy is contemplated.

THE REQUIRED DOCUMENTATION MUST BE RECEIVED PRIOR TO MORTGAGEE COMMENCING WORK ON THE REAL PROPERTY AND RECEIVING NOTIFICATION FROM MORTGAGEE TO PROCEED.

- E. Mortgagor shall advise, and cause each general contractor for the Project to advise, all insurers of the provisions of this Lease regarding insurance. The failure of Mortgagor or any general contractor to notify insurers of such provisions shall not relieve Mortgagor from its insurance obligations under this Lease. Nonfulfillment of the insurance provisions of this Lease shall constitute a breach of the General Contractor's contract and of this Lease and Mortgagee retains the right to stop work until proper evidence of insurance is provided.
- F. Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by Mortgagee's Risk Management Department, with a copy to Mortgagee's designated representative under Section 1.7 of the Development Agreement, prior to expiration of insurance coverage. At Mortgagee's option, non-compliance may result in one or more of the following actions: (1) the Receiver or Mortgagee may purchase insurance on behalf of Mortgagor and charge back all costs to Mortgagor; (2) the General Contractor may be immediately removed from the property and its contract revoked; or (3) all payments due Mortgagor and the General Contractor may be held until Mortgagor has complied with the contract. The receipt of any certificate by Mortgagee or the Receiver does not constitute agreement by Mortgagee or the Receiver that the insurance requirements in this Lease have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of this Lease. Mortgagor shall ensure, or cause the General Contractor to ensure, that all subcontractors comply with Mortgagee's minimum coverage requirements. It is the responsibility of Mortgagor to secure and maintain, or cause the General Contractor to ensure or maintain, proof of coverage for all entities that it contracts with that provide services to the Project. Proof of insurance records must be available for review by Mortgagee within twenty-four (24) hours of being requested.
- G. If any of the required insurance is underwritten on a claims-made basis, the retroactive date shall be prior to or coincident with the date of the General Contractor's contract, and the Certificate of Insurance shall state the coverage is "claims-made" and also the retroactive date. Any extended reporting period premium (tail coverage) shall be paid by Mortgagor, directly or through

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the General Contractor. It is further agreed that all insurance policies required hereunder shall provide Mortgagee with not less than a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the retroactive date, cancellation and/or non-renewal.

H. Mortgagor shall provide to Mortgagee, prior to the date of this Lease and upon each renewal or replacement of a policy required hereunder, and in any event not less than annually, a certified copy of the insurance policies required hereunder and all endorsements.

- I. Mortgagor shall require, directly or through the General Contractor, that all subcontractors performing work for the Project carry the insurance required herein. Mortgagor or the General Contractor may provide the coverage for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "A" above. Evidence of such coverage shall be submitted to Mortgagee for record keeping purposes only.

II. MORTGAGOR'S INSURANCE REQUIREMENTS

Mortgagor agrees to procure and maintain, or cause to be procured and maintained, at all times during the term of this Mortgage the types of insurance specified below in order to protect Mortgagee, its Commissioners, Board, officers, agents and employees, and the Receiver from the acts, omissions and negligence of Mortgagor, any general contractor (including without limitation the General Contractor), any subcontractor, and their respective officers, officials, subcontractors, shareholders, partners, joint venturers, members, agents or employees. The insurance carriers used by Mortgagor must be authorized to conduct business in the State of Illinois and shall have a BEST Rating of not less than an "A XII". The insurance provided shall cover all operations under this Mortgage, whether performed by Mortgagor, by any general contractor (including without limitation the General Contractor) or by any subcontractor.

A. Required Insurance Coverages:

1. Workers Compensation and Occupational Disease Insurance in accordance with the laws of the State of Illinois (Statutory Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
2. All-Risk Property Damage: Mortgagor shall obtain an all-risk property policy in the amount of the full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list the Authority as loss payee.
3. Commercial Liability Insurance. Commercial Liability Insurance provided is to have a limit of not less than One Million Dollars

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(\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to Mortgagor's officers, employees, agents, subcontractors, invitees and guests and their personal property. Mortgagee and the Receiver shall be endorsed as additional insureds on the policy and such insurance shall be endorsed as primary and non-contributory with any other insurance available to Mortgagee.

4. Automobile Liability Insurance. When any motor vehicles (owned, non-owned and hired) are used in connection with the services to be performed, Mortgagor shall provide Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage. Mortgagee and the Receiver shall be endorsed as additional insureds on Mortgagor's policy and such insurance shall be endorsed as primary and non-contributor with any other insurance available to Mortgagee.
5. Professional Liability. When any architects of record and/or lead architectural firm for the Project, engineers of record, construction managers, property managers or other professional consultants perform work in connection with the Property, Professional Liability insurance covering acts, errors or omissions shall be maintained with limits of not less than Five Million Dollars (\$5,000,000) per occurrence. Coverage extensions shall include Blanket Contractual Liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of services under this Mortgage. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.
6. Blanket Crime. When any service agreement requires the handling of funds or valuable papers, Mortgagor shall provide Blanket Crime coverage covering all persons liable under this Mortgage, against loss by dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery and other related crime risks. The policy limit shall be written to cover losses in the amount of the maximum monies collected, received and/or in Mortgagor's care at any given time.
7. Excess Liability coverage. If applicable, is to follow form of the Primary Insurance requirements outlined above.

B. Related Requirements

1. Mortgagor shall advise all insurers of the provisions of this Mortgage regarding insurance. The failure of Mortgagor to notify insurers of the

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such provisions shall not relieve Mortgagor from its insurance obligations under this Mortgage. Nonfulfillment of the insurance provisions shall constitute a breach of this Mortgage and Mortgagee retains the right to stop work until proper evidence of insurance is provided.

2. Mortgagor shall furnish the Chicago Housing Authority, Risk Management Department, 60 East Van Buren Street, 12th Floor, Chicago, Illinois 60605, original Certificates of Insurance evidencing the required coverages to be in force on the date of this Mortgage. In addition, copies of the endorsement(s) adding Mortgagee and the Receiver to the policy as an additional insureds is required.

3. Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Risk Management Department prior to expiration of insurance coverage. At Mortgagee's option, non-compliance may result in one or more of the following actions: (1) Mortgagee may purchase insurance on behalf of Mortgagor and charge back all costs to Mortgagor; (2) all payments due Mortgagor may be held until Mortgagor has complied with this Mortgage; or (3) Mortgagor may be assessed Five Hundred Dollars (\$500) for every day of non-compliance. The receipt of any certificate does not constitute agreement by Mortgagee that the insurance requirements in this Mortgage have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of this Mortgage. The insurance policies shall provide for thirty (30) days written notice to be given to Mortgagee in the event coverage is substantially changed, canceled or non-renewed.

4. If any of the required insurance is underwritten on a claims-made basis, the retroactive date shall be prior to or coincident with the date of this Mortgage and the Certificate of Insurance shall state the coverage is "claims-made" and also the retroactive date. Mortgagor shall maintain coverage for the duration of this Mortgage. Any extended reporting period premium (tail coverage) shall be paid by Mortgagor. Mortgagor shall provide to Mortgagee, annually, a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that Mortgagor shall provide Mortgagee a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the retroactive date, cancellation and/or non renewal.

5. Mortgagor shall require any general contractor to require all subcontractors to carry the insurance required herein or Mortgagor may provide the coverage for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "A" above.

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EXHIBIT D

PERMITTED ENCUMBRANCES

1. General Real Estate Taxes not yet due and payable.
2. Right of CHA to maintain steam and electrical conduits pursuant to Document 12966595.
3. Rights of Public and Quasi-Public utilities for maintenance of utility facilities.
4. Matters shown on the Plat of Subdivision.
5. Declaration of Covenants, Conditions, Restrictions and Easements made by Roosevelt Square II Limited Partnership.
6. Declaration of Restrictive Covenants between Roosevelt Square II Limited Partnership and Chicago Housing Authority.
7. Right of First Refusal Agreement between Roosevelt Square II Limited Partnership and Chicago Housing Authority.
8. Regulatory and Operating Agreement between Roosevelt Square II Limited Partnership and Chicago Housing Authority.
9. Regulatory Agreement between City of Chicago and Roosevelt Square II Limited Partnership.
10. Low Income Housing Tax Credit Extended Use Agreement between Illinois Housing Development Authority and Roosevelt Square II Limited Partnership.
11. Leasehold Mortgage with Assignment of Rents, Security Agreement and Fixture Filing in favor of Harris N.A., by Roosevelt Square II Limited Partnership to secure an indebtedness of \$17,000,000.
12. Junior Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement in favor of Harris N.A. by Roosevelt Square II Limited Partnership to secure an indebtedness of \$600,000.
13. Junior Leasehold Mortgage in favor of Heartland Housing, Inc. by Roosevelt Square II Limited Partnership to secure an indebtedness of \$8,622,339.
14. Affordable Housing Program Recapture Agreement among Harris N.A., Roosevelt Square II Limited Partnership and Heartland Housing, Inc.

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15. Illinois Affordable Housing Tax Credits Regulatory Agreement between Illinois Housing Development Authority and Roosevelt Square II Limited Partnership.

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