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4374876 12/10/07

LEGENDS C-2, LLC

TO

JPMORGAN CHASE BANK, N.A.

MORTGAGE

(Leasehold)

Dated: As of December 1, 2007

Location: Legends South Phase C-2
Bounded by: S. State Street, E. Pershing Road,
S. Prairie Avenue and E. 43rd Street,
City of Chicago, Cook County, Illinois

Tax Index Nos.: See Exhibit A

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MORTGAGE

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MORTGAGE

THIS MORTGAGE made as of the 1st day of December, 2007, between LEGENDS C-2, LLC, an Illinois limited liability company, having an office and place of business located at 322 South Green Street, Suite 212, Chicago, Illinois 60607 (the "**Mortgagor**"), and JPMORGAN CHASE BANK, N.A., a national banking association, having an office c/o Community Development Group, 999 Broad Street, Bridgeport, Connecticut 06604 (the "**Mortgagee**"),

WITNESSETH:

WHEREAS the Mortgagor is the owner of a leasehold estate in the premises described in Exhibit A attached hereto (the "**Premises**") under and pursuant to the provisions of the Lease described in Exhibit A-1 attached hereto (the "**Mortgaged Lease**");

NOW THEREFORE, to secure the payment of an indebtedness in the principal sum of Eighteen Million Four Hundred Eighty eight Thousand Two Hundred Fifteen Dollars (\$18,488,215.00), lawful money of the United States of America or so much thereof as may be advanced in accordance with the provisions of the Loan Agreement (as hereinafter defined), to be paid with interest (said indebtedness, interest and all other sums which may or shall become due hereunder and under the Rate Lock Agreement defined in Paragraph 3.32, being hereinafter collectively referred to as the "**Debt**") according to a certain note dated the date hereof given by the Mortgagor to the Mortgagee (the "**Note**"), and any renewals, extensions, modifications, amendments or replacements of the Note, the Mortgagor has mortgaged, given, granted, bargained, sold, aliened, enfeoffed, conveyed, confirmed and assigned, and by these presents does mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign unto the Mortgagee forever all right, title and interest of the Mortgagor now owned, or hereafter acquired, in and to the following property, rights and interests (such property, rights and interests being hereinafter collectively referred to as the "**Mortgaged Property**");

- (a) the Premises;
- (b) all buildings and improvements now or hereafter located on the Premises (the "**Improvements**");
- (c) the Mortgaged Lease and the leasehold estate created thereunder;
- (d) all modifications, extensions or renewals of the Mortgaged Lease and all credits, deposits, options, purchase options, privileges and rights of a Mortgagor under the Mortgaged Lease, including but not limited to, the right, if any, to renew or extend the

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Mortgaged Lease for a succeeding term or terms, or to acquire fee title to or other interest in all or any portion of the Premises or the Improvements;

(e) all of the Mortgagor's rights and remedies at any time arising under or pursuant to Section 365(h) of the Bankruptcy Code, 11 U.S.C. § 101 et seq. (the "**Bankruptcy Code**") including and not by way of limitation, all of Mortgagor's right thereunder to remain in possession of the Premises and Improvements;

(f) all of the estate, right, title, claim or demand of any nature whatsoever of the Mortgagor, either in law or in equity, in possession or expectancy, in and to the Mortgaged Property or any part thereof;

(g) all easements, rights-of-way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, mineral rights, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Mortgaged Property (including, without limitation, any and all development rights, air rights or similar or comparable rights of any nature whatsoever now or hereafter appurtenant to the Premises or now or hereafter transferred to the Premises) and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises to the center line thereof;

(h) all machinery, apparatus, equipment, fittings, fixtures and other property of every kind and nature whatsoever and all additions thereto and renewals and replacements thereof, and all substitutions therefor now owned or hereafter acquired by the Mortgagor, or in which the Mortgagor has or shall have an interest, now or hereafter located upon or in, or attached to, any portion of the Mortgaged Property, or appurtenances thereto, and used or usable in connection with the present or future operation and occupancy of the Mortgaged Property and all building equipment, materials and supplies of any nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property and whether stored at the Mortgage Property or off-site (collectively, the "**Equipment**"), and the right, title and interest of the Mortgagor in and to any of the Equipment which may be subject to any security agreements (as defined in the Uniform Commercial Code (the "**Uniform Commercial Code**")), superior in lien to the lien of this Mortgage and all proceeds and products of any of the above;

(i) all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Mortgaged Property, whether from the exercise of the right of eminent domain (including any transfer made in lieu of the exercise of said right), or for any other injury to or decrease in the value of the Mortgaged Property;

(j) all leases and other agreements affecting the use or occupancy of the Mortgaged Property (other than the Mortgaged Lease) now or hereafter entered into and all guaranties of any of the foregoing (the "**Leases**") and the right to receive and apply the rents, issues and profits of the Mortgaged Property (the "**Rents**") to the payment of the Debt;

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(k) all right, title and interest of the Mortgagor in and to (i) all contracts from time to time executed by the Mortgagor or any manager or agent on its behalf relating to the ownership, construction, maintenance, repair, operation, occupancy, sale or financing of the Mortgaged Property or any part thereof and all agreements relating to the purchase or lease of any portion of the Mortgaged Property or any property which is adjacent or peripheral to the Mortgaged Property, together with the right to exercise such options and all leases of Equipment, (ii) all consents, licenses, building permits, certificates of occupancy and other governmental approvals relating to construction, completion, occupancy, use or operation of the Mortgaged Property or any part thereof, and (iii) all drawings, plans, specifications and similar or related items relating to the Mortgaged Property;

(l) all trade names, trade marks, logos, copyrights, good will and books and records relating to or used in connection with the operation of the Mortgaged Property or any part thereof; all general intangibles related to the operation of the Mortgaged Property now existing or hereafter arising;

(m) all accounts and revenues arising from the operation of the Mortgaged Property, including, without limitation, (i) any right to payment now existing or hereafter arising for rental of space or for goods sold or leased or for services rendered, whether or not yet earned by performance, arising from the operation of the Mortgaged Property and (ii) all rights to payment from any consumer credit charge card organization or entity, including, without limitation, payments arising from the use of the American Express Card, the Visa Card, the Carte Blanche Card, the Mastercard, the Discover Card or any other credit card, including those now existing or hereafter created, substitutions thereof, proceeds thereof (whether cash or non-cash, movable or immovable, tangible or intangible) received upon the sale, exchange, transfer, collection or other disposition or substitution thereof and any and all of the foregoing and proceeds therefrom;

(n) all proceeds, both cash and non-cash, of the foregoing;

(o) all proceeds of and any unearned premiums on any insurance policies covering the Mortgaged Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property; and

(p) the right, in the name and on behalf of the Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of the Mortgagee in the Mortgaged Property.

TO HAVE AND TO HOLD the above granted and described Mortgaged Property unto and to the proper use and benefit of the Mortgagee, and the successors and assigns of the Mortgagee, forever.

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AND the Mortgagor covenants and agrees with and represents and warrants to the Mortgagee as follows:

ARTICLE I - COLLATERAL

1.1 Payment of Debt. The Mortgagor will pay the Debt at the time and in the manner provided for its payment in the Note and in this Mortgage.

1.2 Warranty of Title; Other Representations and Warranties.

(a) Subject only to those exceptions to title specifically set forth in the title policy issued or to be issued by Greater Illinois Title Company, (Order No. 1301 004374876 GITL) to the Mortgagee and insuring the lien of this Mortgage, the Mortgagor warrants the title to the Premises, the Improvements, the Equipment, the Mortgaged Lease and the balance of the Mortgaged Property.

(b) The Mortgagor also represents and warrants that: (i) the Mortgagor is now, and after giving effect to this Mortgage, will be in a solvent condition, (ii) there has been no material adverse change in the financial condition of the Mortgagor or any guarantor of the Debt since the date of the Mortgagor's application for the loan secured hereby, (iii) the Mortgagor is not in default under any note, loan or security agreement to which it is a party, (iv) the execution and delivery of this Mortgage by the Mortgagor does not constitute a "fraudulent conveyance" within the meaning of Title 11 of the United States Code as now constituted or under any other applicable statute, (v) no bankruptcy or insolvency proceedings are pending or to the best of Mortgagor's knowledge contemplated by or against the Mortgagor, (vi) there are no existing or pending or to the best of Mortgagor's knowledge, threatened, actions or proceedings affecting any portion of the Mortgaged Property except for possible negligence actions or proceedings which are fully covered by insurance, (vii) the Mortgaged Lease is in full force and effect and has not been modified in any manner whatsoever, (viii) there are no defaults under the Mortgaged Lease and no event has occurred, which but for the passage of time, or noticed, or both, constitute a default under the Mortgaged Lease, (ix) all rents, additional rents and other sums due and payable under the Mortgaged Lease have been paid in full, and (x) no action has commenced and no notice has been given or received for the purpose of terminating the Mortgaged Lease.

(c) The Mortgagor (and the undersigned representative of the Mortgagor, if any) additionally represents and warrants that: (i) it has full power, authority and legal right to execute this Mortgage, and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on the Mortgagor's part to be performed, and (ii) the Mortgagor is a duly organized and presently existing limited liability company and this Mortgage has been executed by authority of the manager and members.

1.3 Insurance. The Mortgagor shall furnish to the Bank (with evidence of the payment of premiums therefor), or if the Mortgagor shall fail to do so after the expiration of any

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applicable notice and grace period, the Mortgagee may obtain at the Mortgagor's expense, insurance as required by the Loan Documents. All insurance policies shall (i) be issued by an insurance company licensed to do business in the state where the Premises is located having a rating of A- and financial size of VIII or better by A.M. Best Co. in Best's Rate Guide, (ii) name "JPMorgan Chase Bank, N.A. and any and all subsidiaries as their interests may appear" as additional insureds on all liability insurance and as mortgagee and loss payee on All Risk policy insurance, (iii) provide that the Mortgagee is to receive thirty (30) days written notice prior to non-renewal or cancellation, (iv) be evidenced by a certificate of insurance to be provided to the Mortgagee and include either policy or binders numbers on an Accord form. Insurance required by the Mortgagee shall include:

(a) So long as the Loan Agreement shall be in force, the policies of fire insurance shall be in the so-called "All Risk Builders' Risk Completed Value Non-Reporting Form," including collapse coverage, terrorism coverage, and, if warranted, evidence of flood and earthquake coverage, all as may be required by the Mortgagee naming the Mortgagee as mortgagee and loss payee, and in amounts not less than 100% of the completed insurable value of the Improvements and which shall be sufficient to satisfy all co-insurance requirements. The Builder's Risk Policy must include an "ordinance/change in law" endorsement providing a limit of at least 25% of the property value. Upon completion of construction of the Improvements the insurance shall be converted to a standard hazard insurance policy with extended coverage and otherwise complying with the provisions of this Mortgage.

(b) Mortgagor shall maintain commercial general liability insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit and \$2,000,000.00 in the aggregate for the policy period, together with umbrella/excess liability with a limit of liability of at least \$10,000,000.00.

(c) If the Premises, or any portion thereof, are located in a federally designated "special flood hazard area," a flood insurance policy shall be delivered to the Bank. If no portion of the Facility is located in a federally designated "special flood hazard area" such fact shall be substantiated by a certificate in form satisfactory to the Mortgagee from a licensed surveyor, appraiser or professional engineer or other qualified person, party or entity.

(d) If the Mortgagor has any employees, Worker's Compensation and employer's liability insurance in accordance with the applicable laws of the state where the Premises is located or the state in which the Mortgagor is obligated to pay compensation to employees engaged in the performance of the work. The policy limit under employers liability insurance section shall be not less than \$1,000,000.00 for any one accident.

(e) Such other insurance as the Mortgagee may require, which may include, without limitation, Worker's Compensation and liability insurance with respect to the General Contractor, errors and omissions insurance with respect to the Architect and any engineers, earthquake insurance, rent abate and/or business loss.

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(f) If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other property hazard or casualty, the Mortgagor shall give prompt notice thereof to the Mortgagee and if the conditions set forth in Paragraph 1.3(g) hereof are not to Mortgagee's satisfaction then the Mortgagor hereby authorizes and empowers the Mortgagee, at the Mortgagee's option and at the Mortgagee's reasonable discretion, as attorney-in-fact for the Mortgagor, to make proof of loss, to adjust and compromise any claim under any insurance policy, to appear in and prosecute any action arising from any policy, to collect and receive insurance proceeds and to deduct therefrom the Mortgagee's expenses incurred in the collection process, to endorse any checks, drafts or other instruments representing any proceeds of such insurance, whether payable by reason of loss thereunder or otherwise, and to make any election required or permitted under any insurance policy relating to repair or restoration. Except as otherwise hereinafter specifically provided to the contrary in Paragraph 1.3(g) of this Mortgage, sums paid to the Mortgagee by any insurer may be retained and applied by the Mortgagee toward payment of the Debt, whether or not then due and payable, in such order, priority and proportions as the Mortgagee in its discretion shall deem proper or, at the discretion of the Mortgagee, the same may be paid, either in whole or in part, to the Mortgagor for such purposes as the Mortgagee shall designate. If the Mortgagee shall receive and retain such insurance proceeds, the lien of this Mortgage shall be reduced only by the amount thereof received and retained by the Mortgagee and actually applied by the Mortgagee in reduction of the Debt. The Mortgagee shall not be obligated to see to the proper application of insurance money paid over to the Mortgagor, and if the Mortgagee receives and retains any insurance proceeds, the lien of this Mortgage shall be affected only by a reduction of the amount of said lien by the amount of such insurance money so received and retained by the Mortgagee. Nevertheless, if prior to the receipt by the Mortgagee of any insurance proceeds, the Premises shall have been sold on foreclosure of this Mortgage, as between the Mortgagor and the Mortgagee, the Mortgagee shall have the right to receive said insurance proceeds, and the Mortgagor shall pay over to the Mortgagee said insurance proceeds as, if and when the Mortgagor receives same, to the extent of (i) any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered, and (ii) of the attorney's fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such insurance proceeds. All remaining right, title and interest of the Mortgagor in and to all policies of insurance required by this Paragraph 3 shall, with the prior written appraisal of underwriters, if necessary, inure to the benefit of and pass to the successor-in-interest to the Mortgagor or the purchaser or grantee of the Mortgaged Property.

(g) Notwithstanding anything to the contrary, if the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, the Mortgagee shall, in accordance with the provisions of this paragraph hereinafter set forth, if required pursuant to the terms of a Consolidated Annual Contributions Contract between the United States Department of Housing and Urban Development and the Chicago Housing Authority, as amended by the Mixed Finance Amendment relating to the Mortgaged Property between such parties (the "HUD ACC"), make the net amount of all insurance proceeds received by the Mortgagee pursuant to the provisions of this Mortgage and the HUD ACC as a result of such damage or destruction, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable

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counsel fees), if any, in collecting the same (the "**Net Proceeds**") available for the repair and restoration of the Mortgaged Property, provided that:

(i) no Event of Default shall have occurred and continue under the Loan Documents as defined in the Loan Agreement, or the Mortgaged Lease beyond any applicable notice and/or grace period,

(ii) the Mortgagor shall commence the repair and restoration of the Mortgaged Property, as nearly as possible to the condition the Mortgaged Property were in immediately prior to such fire or other casualty, with such alterations as may be approved by the Mortgagee in its reasonable discretion, as soon as reasonably practicable (but in no event later than ninety (90) days after such damage or destruction occurs) and shall diligently pursue the same to satisfactory completion,

(iii) the Mortgagee shall be satisfied that any Deficiency (as defined in the Loan Agreement) as a result of the occurrence of any such fire or other casualty will be covered out of the Net Proceeds or by other funds of or available to the Mortgagor,

(iv) the Mortgagee shall be satisfied that the repair and restoration of the Mortgaged Property will be completed on or before the maturity date of the Note as the same may be extended pursuant to the terms thereof,

(v) if the damage or destruction shall have occurred prior to Substantial Completion (as that term is defined in the Loan Agreement), the Completion Guaranty dated the date hereof given by The Michaels Development Company I, L.P., Brinshore Development, L.L.C. and Legends C-2 Manager, LLC shall be in full force and effect, and

(vi) Notwithstanding the foregoing provisions of this paragraph, the Mortgagee shall not exercise its option to require the establishment of an escrow fund in accordance with the provisions of subparagraph (h) below if the cost of repair or restoration is less than \$100,000.00 unless and until the Mortgagor shall at any time fail to make prompt and timely payment, there exists a pattern of delinquencies with respect to the payment, or the Mortgagor fails to provide the Mortgagee with evidence of payment within ten (10) days of request.

Notwithstanding the foregoing provisions, if there is a conflict between the HUD ACC and this Agreement regarding the application of insurance proceeds towards restoration of the Mortgaged Property, the provisions of the HUD ACC shall govern, provided, however, the determination whether restoration is feasible shall be made in Mortgagee's reasonable discretion (including a determination of whether the conditions set forth at 1.3(g) are satisfied).

(h) The Net Proceeds, shall be held by the Mortgagee in a special account, and until disbursed in accordance with the provisions of this paragraph, shall constitute additional security for the payment of the Debt. The Net Proceeds together with interest earned

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thereon, shall be disbursed by the Mortgagee to, or as directed by, the Mortgagor from time to time during the course of the repair and restoration of the Mortgaged Property, upon receipt of evidence satisfactory to the Mortgagee that (i) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the repair and restoration of the Mortgaged Property have been paid for in full, and (ii) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Mortgaged Property arising out of the repair and restoration of the Mortgaged Property which have not either been fully bonded to the satisfaction of the Mortgagee and discharged of record or in the alternative fully insured over to the satisfaction of the Mortgagee by the title insurance company insuring the lien of this Mortgage.

(i) The repair and restoration of the Mortgaged Property shall be done and completed by the Mortgagor in an expeditious and diligent fashion and in compliance with all applicable governmental laws, rules and regulations (including, without limitation, all applicable Environmental Requirements), and all plans and specifications required in connection with the repair and restoration of the Mortgaged Property shall be subject to prior review and acceptance in all respects by the Mortgagee and by an independent consulting engineer selected by the Mortgagee (hereinafter referred to in this paragraph as the "**Casualty Consultant**"). The Mortgagee shall have the use of such plans and specifications and all permits, licenses and approvals required or obtained in connection with the repair and restoration of the Mortgaged Property. The identity of the contractors, subcontractors and materialmen engaged in the repair and restoration of the Mortgaged Property, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by the Mortgagee and the Casualty Consultant. All costs and expenses incurred by the Mortgagee in connection with making the Net Proceeds available for the repair and restoration of the Mortgaged Property including, without limitation, reasonable counsel fees and the Casualty Consultant's fees, shall be paid by the Mortgagor.

(j) In no event shall the Mortgagee be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the repair and restoration of the Mortgaged Property, as certified by the Casualty Consultant, minus the Casualty Retainage. The term "**Casualty Retainage**" as used in this paragraph shall mean an amount equal to 10% of the costs actually incurred for work in place as part of the repair and restoration of the Mortgaged Property, as certified by the Casualty Consultant. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary hereinabove set forth in this paragraph, be less than the amount actually held back by the Mortgagor from contractors, subcontractors and materialmen engaged in the making of the repair and restoration of the Mortgaged Property. The Mortgagee shall not be obligated to make disbursements of the Net Proceeds more frequently than once every thirty (30) days. The Casualty Retainage shall not be released until the Casualty Consultant certifies to the Mortgagee that the repair and restoration of the Mortgaged Property have been completed in accordance with the provisions of this paragraph and that all approvals necessary for the re-occupancy and use of the Mortgaged Property have been obtained from all appropriate governmental and quasi-governmental authorities, and the Mortgagee receives evidence satisfactory to the Mortgagee that

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the costs of the repair and restoration of the Mortgaged Property have been paid in full or will be paid in full out of the Casualty Retainage.

(k) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of the Mortgagee, be sufficient to pay in full the balance of the costs which will be incurred in connection with the completion of the repair and restoration of the Mortgaged Property, the Mortgagor shall deposit the deficiency (the "**Net Proceeds Deficiency**") with the Mortgagee before any further disbursement of the Net Proceeds shall be made, which Net Proceeds Deficiency deposit shall be held by the Mortgagee in an special account, and shall be disbursed, together with interest earned thereon, for costs actually incurred in connection with the repair and restoration of the Mortgaged Property on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this paragraph shall constitute additional security for the payment of the Debt. Upon the occurrence of an Event of Default, the Mortgagee shall have the right to apply the undisbursed balance of any Net Proceeds Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as the Mortgagee shall deem to be appropriate in its discretion.

(l) All costs of the repair and restoration of the Mortgaged Property in excess of the Net Proceeds shall be paid for by the Mortgagor. All insurance proceeds received by the Mortgagee and not required to be disbursed for the repair and restoration of the Mortgaged Property may be retained and applied by the Mortgagee toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as the Mortgagee in its discretion shall deem proper or, at the discretion of the Mortgagee, the same may be paid, either in whole or in part, to the Mortgagor for such purposes as the Mortgagee shall designate, in its discretion. If the Mortgagee shall receive and retain insurance proceeds, the lien of this Mortgage shall be reduced only by the amount thereof received and retained by the Mortgagee and actually applied by the Mortgagee in reduction of the Debt.

1.4 Payment of Taxes, etc. The Mortgagor shall pay all taxes, payments in lieu of taxes, assessments, water rates, sewer rents and other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises, now or hereafter levied or assessed against the Mortgaged Property (collectively, the "**Taxes**") prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof, Mortgagor shall pay any base or minimum rent payable in fixed monthly or other periodic installments under the Mortgaged Lease (the "**Ground Rent**") before the last date upon which each such installment may be made without penalty or interest charges being added, and, in default thereof, the Mortgagee may, in its sole discretion, but shall not be obligated to, pay same (all such payments to be secured hereby in accordance with Paragraph 7 of Article II hereof), and the Mortgagor shall reimburse the Mortgagee upon demand for such expenditures. The Mortgagor shall deliver to the Mortgagee, within ten (10) days of request, receipted bills, canceled checks and other evidence satisfactory to the Mortgagee evidencing the payment of the Taxes prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof.

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1.5 Escrow Fund. The Mortgagor will, at the option of the Mortgagee, pay to the Mortgagee on the first day of each calendar month one-twelfth of an amount (the "**Escrow Fund**") which would be sufficient to pay, on the first day of the month preceding the month in which they become due, the Taxes and the premiums on all Policies (the "**Premiums**") and the Ground Rent payable, or estimated by the Mortgagee to be payable, during the ensuing twelve (12) months. The Mortgagee will apply the Escrow Fund to the payment of Taxes and the Premiums and the Ground Rent which are required to be paid by the Mortgagor pursuant to the provisions of this Mortgage. If the amount of the Escrow Fund shall exceed the amount of the Taxes and the Premiums and the Ground Rent payable by the Mortgagor pursuant to the provisions of this Mortgage, the Mortgagee shall, in its discretion, (i) return any excess to the Mortgagor, or (ii) credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, the Mortgagee may deal with the person shown on the records of the Mortgagee to be the owner of the Mortgaged Property. If the Escrow Fund is not sufficient to pay the Taxes and/or the Premiums, and/or the Ground Rent as the same become payable, the Mortgagor shall pay to the Mortgagee, upon request, an amount which the Mortgagee shall estimate as sufficient to make up the deficiency. Until expended or applied as above provided, any amounts in the Escrow Fund may be commingled with the general funds of the Mortgagee and shall constitute additional security for the Debt and shall not bear interest.

1.6 Condemnation. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise, the Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and this Mortgage and the Debt shall not be reduced until any award or payment herefor shall have been actually received and applied by the Mortgagee to the discharge of the Debt. Subject to the provisions of Paragraph 1.6(a) of this Mortgage, the Mortgagee may apply the entire amount of any such award or payment to the discharge of the Debt whether or not then due and payable in such order, priority and proportions as the Mortgagee in its reasonable discretion shall deem proper. The Mortgagee shall not be obligated to see to the proper application of any award or payment paid over to the Mortgagor, and if the Mortgagee receives and retains such award or payment, the lien of this Mortgage shall be affected only by a reduction of the amount of said lien by the amount of such award or payment so received and retained by the Mortgagee. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by the Mortgagee of such award or payment, the Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive such award or payment, or a portion thereof sufficient to pay the Debt, whichever is less, and the Mortgagor shall pay over to the Mortgagee said award or payment as, if and when the Mortgagor receives same, to the extent of any deficiency found to be due upon such sale, with interest thereon, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and of the attorney's fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such award or payment. It is the express intent and agreement of the parties that in the event of any such taking, the Mortgagee shall receive interest at the rate set forth in the Note (the "**Note Rate**") up to and including the date of actual payment in full of the Debt, provided that the rate set forth in the Note is higher than the statutory rate, and the Mortgagor (or any assignee or successor in interest thereof) shall therefore be responsible to pay to the Mortgagee an amount equal to the entire difference between the amount of interest received by the

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Mortgagee from the condemning authority (or to which the Mortgagee is entitled under the condemnation interest statute) and the Note Rate from the date of vesting of title in such condemnation to the date of actual payment. The Mortgagor shall file and prosecute its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to the Mortgagee. The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee, in the name of the Mortgagor or otherwise, to collect and receipt for any such award or payment and to file and prosecute such claim or claims. Although it is hereby expressly agreed that the same shall not be necessary in any event, the Mortgagor shall, upon demand of the Mortgagee, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to the Mortgagee, free and clear of any encumbrances of any kind or nature whatsoever.

(a) Anything contained in this Paragraph 1.6 to the contrary notwithstanding, if less than all the Mortgaged Property is taken by any public or quasi public authority through eminent domain or otherwise or if required by the HUD ACC, the Mortgagee shall, in accordance with the provisions of this paragraph hereinafter set forth, and the HUD ACC make the portion of the aggregate award or payment received by the Mortgagee pursuant to the provisions of this Mortgage as a result of such taking which is specifically awarded for the repair and restoration of the portion of the Mortgaged Property not taken or, in the absence of any such specific award, is in the reasonable opinion of the Mortgagee necessary to pay for the costs which will be incurred in connection with the repair and restoration of the portion of the Mortgaged Property not taken, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting the same (the "**Net Restoration Award**") available for the repair and restoration of the Mortgaged Property, provided that:

(i) no Event of Default shall have occurred and be continued under the Loan Documents, as defined in the Loan Agreement or Mortgaged Lease beyond any applicable notice and/or grace period,

(ii) the Mortgagor shall commence the repair and restoration of the Mortgaged Property, as nearly as possible to the condition the Mortgaged Property were in immediately prior to such taking, with such alterations as may be approved by the Mortgagee in its reasonable discretion, as soon as reasonably practicable (but in no event later than ninety (90) days after the receipt of the award or payment is settled) and shall diligently pursue the same to satisfactory completion,

(iii) the Mortgagee shall be satisfied that any Deficiency (as defined in the Loan Agreement) with respect to the Mortgaged Property as a result of the occurrence of any such taking will be covered out of the Net Restoration Award or by other funds of the Mortgagor,

(iv) the Mortgagee shall be satisfied that the repair and restoration of the Mortgaged Property will be completed on or before the maturity date of the Note as the same may be extended pursuant to the terms thereof,

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(v) if the taking is prior to Substantial Completion (as that term is defined in the Loan Agreement), the Completion Guaranty dated the date hereof given by The Michaels Development Company I, L.P., Brinshore Development, L.L.C. and Legends C-2 Manager, LLC shall be in full force and effect, and

(vi) notwithstanding the foregoing provisions of this paragraph, the Mortgagee shall not exercise its option to require the establishment of an escrow fund in accordance with the provisions of subparagraph (b) below if the cost or repair or restoration is less than \$100,000.00, unless and until the Mortgagor shall at any time fail to make prompt and timely payment, there exists a pattern of delinquencies with respect to the payment, or the Mortgagor fails to provide the Mortgagee with evidence of payment within ten (10) days of request.

Notwithstanding the foregoing provisions, if there is a conflict between the HUD ACC and this Agreement regarding the application of condemnation proceeds towards restoration of the Mortgaged Property, the provisions of the HUD ACC shall govern, provided, however, the determination of whether restoration is feasible shall be made in Mortgagee's reasonable discretion (including a determination of whether the conditions set forth at 1.6(a) are satisfied).

(b) The Net Restoration Award shall be held by the Mortgagee in a special account, and until disbursed in accordance with the provisions of this paragraph, shall constitute additional security for the payment of the Debt. The Net Restoration Award, together with interest thereon, shall be disbursed by the Mortgagee to, or as directed by, the Mortgagor from time to time during the course of the repair and restoration of the Mortgaged Property, upon receipt of evidence satisfactory to the Mortgagee that (i) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the repair and restoration of the Mortgaged Property have been paid for in full, and (ii) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or other liens or encumbrances of any nature whatsoever on the Mortgaged Property arising out of the repair and restoration of the Mortgaged Property which have not either been fully bonded to the satisfaction of the Mortgagee and discharged of record or in the alternative fully insured over to the satisfaction of the Mortgagee by the title insurance company insuring the lien of this Mortgage.

(c) The repair and restoration of the Mortgaged Property shall be done and completed by the Mortgagor in an expeditious and diligent fashion and in compliance with all applicable governmental laws, rules and regulations (including, without limitation, all applicable Environmental Requirements), and all plans and specifications required in connection with the repair and restoration of the Mortgaged Property shall be subject to prior review and acceptance in all respects by the Mortgagee and by an independent consulting engineer selected by the Mortgagee (hereinafter referred to in this paragraph as the "**Restoration Consultant**"). The Mortgagee shall have the use of such plans and specifications and all permits, licenses and approvals required or obtained in connection with the repair and restoration of the Mortgaged Property. The identity of the contractors, subcontractors and materialmen engaged in the repair

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and restoration of the Mortgaged Property, as well as the contracts under which they have been engaged, shall be subject to approval, review and acceptance by the Mortgagee and the Restoration Consultant. All costs and expenses incurred by the Mortgagee in connection with making the Net Restoration Award available for the repair and restoration of the Mortgaged Property including, without limitation, appraisal fees, reasonable counsel fees and the Restoration Consultant's fees, shall be paid by the Mortgagor.

(d) In no event shall the Mortgagee be obligated to make disbursements of the Net Restoration Award in excess of an amount equal to the costs actually incurred for work in place as part of the repair and restoration of the Mortgaged Property, as certified by the Restoration Consultant, minus the Condemnation Retainage. The term "**Condemnation Retainage**" as used in this paragraph shall mean an amount equal to 10% of the costs actually incurred for work in place as part of the repair and restoration of the Mortgaged Property, as certified by the Restoration Consultant. The Condemnation Retainage shall in no event, and notwithstanding anything to the contrary hereinabove set forth in this paragraph, be less than the amount actually held back by the Mortgagor from contractors, subcontractors and materialmen engaged in the making of the repair and restoration of the Mortgaged Property. The Mortgagee shall not be obligated to make disbursements of the Net Restoration Award more frequently than once every thirty (30) days. The Condemnation Retainage shall not be released until the Restoration Consultant certifies that the repair and restoration of the Mortgaged Property have been completed in accordance with this paragraph and that all approvals necessary for the re-occupancy and use of the Mortgaged Property have been obtained from all governmental and quasi-governmental authorities, and the Mortgagee receives evidence satisfactory to the Mortgagee that the costs of the repair and restoration of the Mortgaged Property have been paid in full or will be paid in full out of the Condemnation Retainage.

(e) If at any time the Net Restoration Award, or the undisbursed balance thereof, shall not, in the opinion of the Mortgagee, be sufficient to pay in full the balance of the costs which will be incurred in connection with the completion of the repair and restoration of the Mortgaged Property, the Mortgagor shall deposit the deficiency (the "**Net Award Deficiency**") with the Mortgagee before any further disbursement of the Net Restoration Award shall be made, which Net Award Deficiency deposit shall be held by the Mortgagee in a special account, and shall be disbursed, together with interest earned thereon, for costs actually incurred in connection with the repair and restoration of the Mortgaged Property on the same conditions applicable to the disbursement of the Net Restoration Award, and, until so disbursed pursuant to this paragraph, shall constitute additional security for the payment of the Debt. Upon the occurrence of an Event of Default, the Mortgagee shall have the right to apply the undisbursed balance of any Net Award Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as the Mortgagee shall deem to be appropriate in its discretion. The balance, if any, of any Net Award Deficiency deposit, together with interest thereon, remaining after the Restoration Consultant certifies to the Mortgagee that the repair and restoration of the Mortgaged Property have been completed in accordance with the provisions of this paragraph, and the receipt by the Mortgagee of evidence satisfactory to the Mortgagee that all costs incurred in connection with the repair and restoration have been paid in full, shall be

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remitted by the Mortgagee to the Mortgagor, provided no Event of Default shall have occurred and shall be continuing under the Note or this Mortgage.

(f) All costs of the repair and restoration of the Mortgaged Property in excess of the Net Restoration Award shall be paid for by the Mortgagor. The excess, if any, of the Net Restoration Award after the repair and restoration of the Mortgaged Property as nearly as possible to their former condition and the payment in full of all costs incurred in connection therewith shall be applied by the Mortgagee in reduction of the Debt in such order, priority and proportions as the Mortgagee in its discretion shall deem proper.

1.7 Leases and Rents.

(a) The Mortgagor hereby absolutely and unconditionally assigns, sells, transfers and conveys all of the right, title and interest in and to all existing leases, tenancies and occupancy agreements, however denominated, affecting all or any portion of the Premises and all renewals, replacements and guaranties thereof along with all rents, income and profits due thereunder to the Mortgagee. This Assignment is absolute in nature and not an assignment for additional security only. The Mortgagee waives the right to enter the Mortgaged Property for the purpose of collecting the Rents, and grants the Mortgagor the right to collect the Rents and to let the Mortgaged Property or any part thereof. The Mortgagor shall hold the Rents, or an amount sufficient to discharge all current sums due on the Debt, in trust for use in payment of the Debt. The right of the Mortgagor to collect the Rents and to let the Mortgaged Property or any part thereof may be revoked by the Mortgagee upon any Event of Default by the Mortgagor under the terms of the Note or this Mortgage and thereafter the Mortgagee may let the Mortgaged Property or any part thereof and may retain and apply the Rents toward payment of the Debt in such order, priority and proportions as the Mortgagee, in its discretion, shall deem proper, or toward the operation, maintenance and repair of the Mortgaged Property, and irrespective of whether the Mortgagee shall have commenced a foreclosure of this Mortgage or shall have applied or arranged for the appointment of a receiver. The Mortgagee shall give to the Mortgagor notice of such revocation of the right to let and collect the Rents within a reasonable time thereafter. The Mortgagor shall not, without the consent of the Mortgagee, make, or suffer to be made, any Leases or modify any Leases or cancel any Leases or accept prepayments of installments of the Rents for a period of more than one (1) month in advance or further assign the whole or any part of the Rents. Anything to the contrary notwithstanding and provided no Event of Default shall then exist hereunder beyond the expiration of any applicable notice and/or grace period specified herein within which to cure such default, the Mortgagor shall have the right to replace or modify existing residential Leases or to enter into new residential Leases with respect to vacant apartment units on a condition that the Rent payable under the replacement Lease, or the new Lease, as the case may be, shall be equal to the lower of market rents or the maximum rent allowable by law, regulation or agreement with a regulatory authority. In addition, the Mortgagor shall commencing on a date six months prior to the Completion Date (as defined in the Loan Agreement) and upon request, furnish to the Mortgagee a report of leasing activities (including an itemized rent roll) with respect to the Mortgage Property. The Mortgagor shall (i) fulfill or perform each and every provision of the Leases on the part of the Mortgagor to be fulfilled or performed, (ii) promptly send copies of all notices of default which the Mortgagor

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shall send or receive under the Leases to the Mortgagee, and (iii) enforce, short of termination of the Leases, the performance or observance of the provisions thereof by the tenants thereunder. In addition to the rights which the Mortgagee may have herein, in the event of any Event of Default under this Mortgage, the Mortgagee, at its option, may require the Mortgagor to pay monthly in advance to the Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of the Mortgagor. Upon default in any such payment, the Mortgagor will vacate and surrender possession of the Mortgaged Property to the Mortgagee, or to such receiver, and, in default thereof, the Mortgagor may be evicted by summary proceedings or otherwise. Nothing contained in this paragraph shall be construed as imposing on the Mortgagee any of the obligations of the lessor under the Leases or of a "mortgagee in possession."

(b) Perfection of Assignment of Leases and Rents for Bankruptcy Purposes.

The Mortgagor acknowledges and agrees that, upon recordation of this Mortgage the Mortgagee's interest in the Rents shall be deemed to be fully perfected, "choate" and enforced as to the Mortgagor and all third parties, including and not by way of limitation any subsequently appointed trustee in any case under the U.S. Bankruptcy Code, without the necessity of (i) commencing a foreclosure action with respect to this Mortgage, (ii) furnishing notice to the Mortgagor or tenants under the Leases, (iii) making formal demand for the Rents, (iv) taking possession of the Premises as a mortgagee-in-possession, (v) obtaining the appointment of a receiver of rents and profits of the Premises, (vi) sequestering or impounding the Rents, or (vii) taking any other affirmative action.

(c) Mortgage to Constitute Security Agreement for Bankruptcy Purposes.

For purposes of 11 U.S.C. § 552(b), the Mortgagor and the Mortgagee agree that this Mortgage shall constitute a "security agreement", that the security interest created by such security agreement extends to property of the Mortgagor acquired before the commencement of a case in bankruptcy and to all amounts paid as rents and that such security interest shall extend to all rents acquired by the estate after the commencement of a case in bankruptcy.

(d) Rents to be Treated as Cash Collateral for Bankruptcy Purposes.

The Mortgagor acknowledges and agrees that all Rents shall be deemed to be "Cash Collateral" under Section 363 of the U.S. Bankruptcy Code in the event that the Mortgagor files the voluntary petition in bankruptcy or is made subject to any involuntary bankruptcy proceeding. After the filing of such petition, the Mortgagor may not use Cash Collateral without the consent of the Mortgagee and/or an order of any Bankruptcy Court pursuant to 11 U.S.C. § 363(b)(2).

(e) Notwithstanding anything contained herein to the contrary, rents collected

from the public housing units and any operating subsidy received from the Chicago Housing Authority ("CHA") or the United States Department of Housing and Urban Development ("HUD") for the operating of such units shall be utilized only in accordance with the Regulatory and Operating Agreement between CHA and the Borrower ("R&O Agreement").

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1.8 Books and Records.

(a) The Mortgagor will keep and maintain, or will cause to be kept and maintained, on a fiscal year basis in accordance with generally accepted accounting principles consistently applied, proper and accurate books, records and accounts reflecting all of the financial affairs of the Mortgagor and all items of income and expense in connection with the operation of the Mortgaged Property or in connection with any services, equipment or furnishings provided in connection with the operation of the Mortgaged Property, whether such income or expense be realized by the Mortgagor or by any other person whatsoever excepting lessees unrelated to and unaffiliated with the Mortgagor who have leased from the Mortgagor portions of the Mortgaged Property for the purpose of occupying the same. The Mortgagee shall have the right from time to time upon reasonable notice at all times during normal business hours to examine such books, records and accounts at the office of the Mortgagor or such other person maintaining such books, records and accounts and to make copies or extracts thereof as the Mortgagee shall desire.

(b) The Mortgagor will furnish the Mortgagee annually, within one hundred twenty (120) days next following the end of each fiscal year of the Mortgagor, with: (i) a complete executed copy of an audited annual financial statement, on the Mortgagee's standard form of such statement, prepared in accordance with generally accepted accounting principles by an independent certified public accountant of recognized standing selected by the undersigned and acceptable to the Mortgagee, covering the operation of the Mortgaged Property for such fiscal year and containing a fully itemized statement of profit and loss and of surplus and a balance sheet, and otherwise in form and substance satisfactory to the Mortgagee, and (ii) a complete executed copy of an audited annual financial statement of the Mortgagor, for such fiscal year, prepared in accordance with generally accepted accounting principles by an independent certified public accountant of recognized standing selected by the Mortgagor and acceptable to the Mortgagee, and containing a fully itemized statement of profit and loss and of surplus and a balance sheet, and otherwise in form and substance satisfactory to the Mortgagee. Together with each such financial statement, the Mortgagor shall furnish to the Mortgagee a certificate signed by the chief financial officer of the Mortgagor certifying on the date thereof that: (i) such financial statement is true, complete and accurate and (ii) either that there does or does not exist an event which constitutes, or which upon notice or lapse of time or both would constitute, a default or an Event of Default under this Mortgage and, if such Event of Default exists, the nature thereof and the period of time it has existed (a "**Certification**"). The Mortgagor shall furnish to the Mortgagee, within ten (10) days after request, such further detailed financial and other information (including, but not limited to, financial statements) as may be requested by the Mortgagee with respect to the Mortgaged Property and the Mortgagor, any Guarantor or any affiliate of, or entity controlled by, the Mortgagor or any Guarantor as of a date not earlier than that specified by the Mortgagee in such request, together with a Certification with respect thereto.

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1.9 Transfer or Encumbrance of the Mortgaged Property.

Except as may be permitted under the Loan Agreement as Permitted Encumbrances, no part of the Mortgaged Property nor any interest of any nature whatsoever therein nor any interest of any nature whatsoever in the Mortgagor (whether membership, partnership, stock, equity, beneficial, profit, loss or otherwise) shall in any manner, directly or indirectly, be further encumbered, sold, transferred, assigned or conveyed, or permitted to be further encumbered, sold, transferred, assigned or conveyed without the prior written consent of the Mortgagee, which consent except as specifically set forth to the contrary below, may be withheld in the sole and absolute discretion of the Mortgagee and which such restricted transfers shall include: (i) the sale or transfer of the managing member interests in the Mortgagor, except to an affiliate of the Investor Member (defined herein), in accordance with the Regulatory and Operating Agreement, (ii) the sale or transfer of investor membership interests in the Mortgagor to anyone other than TRGHT, Inc., a Delaware corporation or other affiliate of The Richman Group Capital Corporation ("**Investor Member**"), (iii) the dilution of the present control by the issuance of new membership interests, or (iv) a transfer by any Guarantor of all or substantially all of its assets. The provisions of the foregoing sentence of this paragraph shall apply to each and every such further encumbrance, sale, transfer, assignment or conveyance, regardless of whether or not the Mortgagee has consented to, or waived by its action or inaction its rights hereunder with respect to, any such previous further encumbrance, sale, transfer, assignment or conveyance, and irrespective of whether such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason of operation of law or is otherwise made. In addition, the Mortgagor shall not enter into any transaction of merger or consolidation, or liquidate or dissolve itself (or suffer any liquidation or dissolution), or acquire by purchase or otherwise all or substantially all the business or assets or, or any stock or other evidence of beneficial ownership of, any entity; and if the Mortgagor is a limited liability company, the Mortgagor shall not dissolve or terminate or materially amend Section 5.01 of its operating agreement.

Notwithstanding anything to the contrary contained herein, a Permitted Membership Transfer (as defined in the Loan Agreement) shall not require the consent of Mortgagee except as set forth in the Loan Agreement and shall not otherwise constitute a default under any of the Loan Documents or accelerate the maturity of the Loan. Notwithstanding the foregoing, any member shall assume all of the rights and obligations of any removed managing member under all of the Loan Documents.

1.10 Maintenance of the Mortgaged Property; Compliance with Laws, Regulations, Covenants and Easements.

(a) The Mortgagor shall cause the Mortgaged Property to be maintained in good condition and repair and, to the extent of any renovations that are made by the Mortgagor, the same shall be made in compliance with the requirements of all governmental authorities having jurisdiction over the Mortgaged Property. The Mortgagor will not commit or suffer to be committed any waste of the Mortgaged Property. The Improvements and the Equipment shall not be removed, demolished or materially altered (except for normal replacement of the Equipment without the prior written consent of the Mortgagee. The Mortgagor shall promptly

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repair, replace or rebuild any part of the Mortgaged Property which may be damaged or destroyed by fire or other property hazard or casualty (including any fire or other property hazard or casualty for which insurance was not obtained or obtainable) or which may be affected by any taking by any public or quasi-public authority through eminent domain or otherwise, and shall complete and pay for, within a reasonable time, any structure at any time in the process of construction or repair on the Premises. If such fire or other property hazard or casualty shall be covered by the Policies, the Mortgagor's obligation to repair, replace or rebuild such portion of the Mortgaged Property shall be contingent upon the Mortgagee paying the Mortgagor the proceeds of the Policies, or such portion thereof as shall be sufficient to complete such repair, replacement or rebuilding, whichever is less.

(b) The Mortgagor represents and warrants that upon Substantial Completion, as defined in the Loan Agreement, the Mortgaged Property will be in compliance with, and the Mortgagor shall in the future promptly comply with, all existing and future governmental laws, orders, ordinances, rules and regulations affecting the Mortgaged Property, or any portion thereof or the use thereof, including specifically, but not limited to, provisions of the Americans with Disabilities Act. The Mortgagor shall comply with the requirements of all, and shall not modify, amend or terminate any easements and restrictive covenants which from time to time affect the whole or any portion of the Mortgaged Property. The Mortgagor shall also comply with the requirements of, and to the extent reasonably within the Mortgagor's control, maintain, preserve, enforce and renew, all rights of way, easements, grants, privileges, licenses, franchises and restrictive covenants which from time to time benefit or pertain to the whole or any portion of the Mortgaged Property, and the Mortgagor shall not modify, amend or terminate, or surrender any of its rights under, any of such rights of way, easements, grants, privileges, licenses, franchises or restrictive covenants. The Mortgagor will not, without obtaining the prior written consent of the Mortgagee, initiate, join in or consent to any new private restrictive covenant, zoning ordinance, or other public or private restrictions, limiting or affecting the uses which may be made of the Mortgaged Property or any part thereof. The Mortgagor will not alter the use of the Mortgaged Property without the prior written consent of the Mortgagee.

(c) Notwithstanding anything to the contrary contained herein, Mortgagee agrees that the lien created hereunder shall be subordinate to any extended low income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code (the "**Extended Use Agreement**") recorded against the Premises, provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Mortgage or upon a transfer of the Mortgaged Property by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

1.11 Environmental Provisions.

(a) For the purposes of this paragraph the following terms shall have the following meanings: (i) the term "**Hazardous Material**" shall mean any material or substance that, whether by its nature or use, is now or hereafter defined or regulated as a hazardous waste, hazardous substance, pollutant or contaminant under any Environmental Requirement, or which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or

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otherwise hazardous or which is or contains petroleum, gasoline, diesel fuel, another petroleum hydrocarbon product, asbestos, asbestos-containing materials or polychlorinated biphenyls, (ii) the term "**Environmental Requirements**" shall collectively mean all present and future laws, statutes, common law, ordinances, rules, regulations, orders, codes, licenses, permits, decrees, judgments, directives or the equivalent of or by any Governmental Authority and relating to or addressing the protection of the environment or human health, (iii) the term "**Governmental Authority**" shall mean the Federal government, or any state or other political subdivision thereof, or any agency, court or body of the Federal government, any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions.

(b) The Mortgagor hereby represents and warrants to the Mortgagee that to the best of the Mortgagor's knowledge after diligent inquiry (i) no Hazardous Material is currently located at, on, in, under or about the Mortgaged Property, except as specifically set forth in that certain Phase I Environmental Site Assessment prepared by Pioneer Engineering Services, Inc. dated June 15, 2007 (the "**Reports**"), (ii) no Hazardous Material is currently located at, in, on, under or about the Mortgaged Property in a manner which violates any Environmental Requirement or which requires cleanup or corrective action of any kind under any Environmental Requirement except as disclosed in the Report, (iii) no releasing, emitting, discharging, leaching, dumping, disposing or transporting of any Hazardous Material from the Mortgaged Property onto any other property or from any other property onto or into the Mortgaged Property has occurred or is occurring in violation of any Environmental Requirement, (iv) no notice of violation, non-compliance, liability or potential liability, lien, complaint, suit, order or other notice with respect to the Mortgaged Property is presently outstanding under any Environmental Requirement, nor does the Mortgagor have knowledge or reason to believe that any such notice will be received or is being threatened, and (v) the Mortgaged Property and the operation thereof are in full compliance with all Environmental Requirements.

(c) The Mortgagor shall comply, and shall cause all tenants or other occupants of the Mortgaged Property to comply, in all respects with all Environmental Requirements, and will not generate, store, handle, process, dispose of or otherwise use, and will not permit any tenant or other occupant of the Mortgaged Property to generate, store, handle, process, dispose of or otherwise use, Hazardous Materials at, in, on, or about the Mortgaged Property in a manner that could lead or potentially lead to the imposition on the Mortgagor, the Mortgagee or the Mortgaged Property of any liability or lien of any nature whatsoever under any Environmental Requirement. The Mortgagor shall notify the Mortgagee promptly in the event of any spill or other release of any Hazardous Material at, in, on, under or about the Mortgaged Property which is required to be reported to a Governmental Authority under any Environmental Requirement, will promptly forward to the Mortgagee copies of any notices received by the Mortgagor relating to alleged violations of any Environmental Requirement or any potential liability under any Environmental Requirement and will promptly pay when due any fine or assessment against the Mortgagee, the Mortgagor or the Mortgaged Property relating to any Environmental Requirement. If at any time it is determined that the operation or use of the Mortgaged Property is in violation of any applicable Environmental Requirement or that there are Hazardous Materials located at, in, on, under or about the Mortgaged Property which violate any applicable

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Environmental Requirement or that there are Hazardous Materials located at, in, on, under or about the Mortgaged Property which, under any Environmental Requirement, require special handling in collection, storage, treatment or disposal, or any form of cleanup or corrective action, and the same is not being remedied to Mortgagee's satisfaction in accordance with any applicable Environmental Requirement, the Mortgagor shall, within thirty (30) days after receipt of notice thereof from any Governmental Authority or from the Mortgagee, take, at the Mortgagor's sole cost and expense, such actions as may be necessary to fully comply in all respects with all Environmental Requirements, provided, however, that if such compliance cannot reasonably be completed within such thirty (30) day period, the Mortgagor shall commence such necessary action within such thirty (30) day period and shall thereafter diligently and expeditiously proceed to fully comply in all respects and in a timely fashion with all Environmental Requirements.

(d) If the Mortgagor fails to timely take, or to diligently and expeditiously proceed to complete in a timely fashion, any such action described in clause (c) above, the Mortgagee may, in its sole and absolute discretion, make advances or payments toward the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by the Mortgagee (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums advanced or paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from the Mortgagor and shall bear interest at the Default Rate from the date any such sums are so advanced or paid by the Mortgagee until the date any such sums are repaid by the Mortgagor to the Mortgagee. The Mortgagor will execute and deliver, promptly upon request, such instruments as the Mortgagee may deem useful or necessary to permit the Mortgagee to take any such action, and such additional notes and mortgages, as the Mortgagee may require to secure all sums so advanced or paid by the Mortgagee. If a lien is filed against the Mortgaged Property by any Governmental Authority resulting from the need to expend or the actual expending of monies arising from an action or omission, whether intentional or unintentional, of the Mortgagor or for which the Mortgagor is responsible, resulting in the releasing, spilling, leaking, leaching, pumping, emitting, pouring, emptying or dumping of any Hazardous Material into the waters or onto land located within or without the State where the Mortgaged Property is located, then the Mortgagor will, within thirty (30) days from the date that the Mortgagor is first given notice that such lien has been placed against the Mortgaged Property (or within such shorter period of time as may be specified by the Mortgagee if such Governmental Authority has commenced steps to cause the Mortgaged Property to be sold pursuant to such lien), either (a) pay the claim and remove the lien, or (b) furnish a cash deposit, bond, or such other security with respect thereto as is satisfactory in all respects to the Mortgagee and is sufficient to effect a complete discharge of such lien on the Mortgaged Property.

(e) The Mortgagee may, at its option and, on written notice to the Mortgagor, if the Mortgagee reasonably believes that a Hazardous Material or other environmental condition violates or threatens to violate any Environmental Requirement, cause an environmental audit of the Mortgaged Property or portions thereof to be conducted to confirm the Mortgagor's compliance with the provisions of this paragraph, and the Mortgagor shall cooperate in all

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reasonable ways with the Mortgagee connection with any such audit. If such audit discloses that a violation of or a liability under an Environmental Requirement exists or if such audit was required or prescribed by law, regulation or governmental or quasi-governmental authority, the Mortgagor shall pay all costs and expenses incurred in connection with such audit; otherwise, the costs and expenses of such audit shall, notwithstanding anything to the contrary set forth in this paragraph, be paid by the Mortgagee.

(f) If this Mortgage is foreclosed, or if the Mortgaged Property is sold pursuant to the provisions of this Mortgage, or if the Mortgagor tenders a deed or assignment in lieu of foreclosure or sale, the Mortgagor shall deliver the Mortgaged Property to the purchaser at foreclosure or sale or to the Mortgagee, its nominee, or wholly-owned subsidiary, as the case may be, in a condition that complies in all respects with all Environmental Requirements.

(g) The Mortgagor will defend, indemnify, and hold harmless the Mortgagee, its co-lenders, participants, employees, agents, officers, and directors, from and against any and all claims, demands, penalties, causes of action, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, foreseen or unforeseen, contingent or otherwise (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, court costs, and litigation expenses) arising out of, or in any way related to, (i) any breach by the Mortgagor of any of the provisions of this Paragraph 1.11, (ii) the presence, disposal, spillage, discharge, emission, leakage, release, or threatened release of any Hazardous Material which is at, in, on, under, about, from or affecting the Mortgaged Property, including, without limitation, any damage or injury resulting from any such Hazardous Material to or affecting the Mortgaged Property or the soil, water, air, vegetation, buildings, personal property, persons or animals located on the Mortgaged Property or on any other property or otherwise, (iii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to any such Hazardous Material, (iv) any lawsuit brought or threatened, settlement reached, or order or directive of or by any Governmental Authority relating to such Hazardous Material, or (v) any violation of any Environmental Requirement or any policy or requirement of the Mortgagee hereunder. The aforesaid indemnification shall, notwithstanding any exculpatory or other provision of any other document or instrument now or hereafter executed and delivered in connection with the loan evidenced by the Note and secured by this Mortgage, constitute the personal recourse underakings, obligations and liabilities of the Mortgagor.

(h) The obligations and liabilities of the Mortgagor under this Paragraph 1.11 shall survive and continue in full force and effect and shall not be terminated, discharged or released, in whole or in part, irrespective of whether the Debt has been paid in full and irrespective of any foreclosure of this Mortgage, sale of the Mortgaged Property pursuant to the provisions of this Mortgage or acceptance by the Mortgagee, its nominee or affiliate of a deed or assignment in lieu of foreclosure or sale and irrespective of any other fact or circumstance of any nature whatsoever until such time as the following conditions have been satisfied in their entirety: (i) all the Debt has been paid in full; (ii) neither the Mortgagee nor any affiliate of the Mortgagee has at any time in any manner participated in the management or control of the Facility or the Mortgagor, has taken possession of or title to the Facility or any portion thereof by

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foreclosure, deed in lieu of foreclosure or otherwise; (iii) between the date of this Mortgage and the date on which the Debt has been paid in full, there has been no change in any applicable Environmental Laws which would make a mortgagee liable in respect of the Indemnified Matters notwithstanding the fact that no event, circumstance or condition of the nature described in clause (ii) has ever occurred, and (iv) there exists no Indemnified Matters which are then pending.

1.12 Performance of Other Agreements. The Mortgagor shall observe and perform each and every term to be observed or performed by the Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

1.13 Other Security for the Debt. The Mortgagor shall observe and perform all of the terms, covenants and provisions contained in the Note, Loan Agreement and in all other mortgages and other instruments or documents evidencing, securing or guaranteeing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Note, this Mortgage, the Loan Agreement or the loan evidenced and secured thereby or hereby.

1.14 Right of Entry. Upon prior notice, the Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times.

1.15 Trust Fund. Mortgagor acknowledges and agrees that a portion of the loan proceeds are being used to pay for the construction of Improvements on the Property. The Mortgagor shall receive the advances secured hereby and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of any improvement and shall apply such advances first to the payment of the cost of any such improvement on the Mortgaged Property before using any part of the total of the same for any other purpose.

1.16 Loan Agreement. This is a building loan and "construction loan" mortgage, the proceeds of which are loaned for the purpose of financing the construction of certain improvements on the Premises. This Mortgage is subject to all of the terms, covenants and conditions of a certain building loan agreement dated the date hereof entered into between the Mortgagee and the Mortgagor (the "**Loan Agreement**"), which Loan Agreement and all of the terms, covenants and conditions thereof are by this reference incorporated herein and made a part hereof with the same force and effect as if set forth at length herein. The proceeds of the building loan secured hereby are to be advanced by the Mortgagee to the Mortgagor in accordance with the provisions of the Loan Agreement. The Mortgagor shall observe and perform all of the terms, covenants, conditions, provisions and agreements of the Loan Agreement on the Mortgagor's part to be observed or performed. All advances made and all indebtedness arising and accruing under the Loan Agreement from time to time shall be secured hereby. In the event of any conflict or ambiguity between the terms, covenants and conditions of this Mortgage and the Loan Agreement, the terms, covenants and conditions which shall enlarge the rights and remedies of the Mortgagee and the interest of the Mortgagee in the Mortgaged Property, afford the Mortgagee greater financial security in the Mortgaged Property and better assure payment of the Debt in full, shall control.

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ARTICLE II - DEFAULTS AND REMEDIES

2.1 Events of Default. The Debt shall become due at the option of the Mortgagee upon the occurrence of any one or more of the following events (each of which is hereby deemed and referred to as an "**Event of Default**"; provided, however, that the occurrence of an event described in subparagraph (l) below shall result in an automatic acceleration of the Debt):

- (a) if any portion of the Debt is not paid within ten (10) days after notice by the Mortgagee to the Mortgagor that the same is past due or if the Debt is not paid in full on maturity;
- (b) if the Mortgagor shall fail to pay within twenty (20) days of notice and demand by the Mortgagee, any installment of any assessment against the Mortgaged Property for local improvements heretofore or hereafter laid, which assessment is or may become payable in annual or periodic installments and is or may become a lien on the Mortgaged Property;
- (c) if any Federal tax lien is filed against the Mortgagor, any Guarantor or the Mortgaged Property and the same is not discharged of record within thirty (30) days after the same is filed;
- (d) if, except as specifically provided to the contrary in Paragraph 1.9 above, without the consent of the Mortgagee (which consent, except as specifically set forth to the contrary, may be withheld in the sole and absolute discretion of the Mortgagee), any part of the Mortgaged Property or any interest of any nature whatsoever therein or any interest of any nature whatsoever in the Mortgagor (whether partnership, stock, equity, membership, beneficial, profit, loss or otherwise) is in any manner, by operation of law or otherwise, whether directly or indirectly, further encumbered, sold, transferred, assigned or conveyed, and irrespective of whether any such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason or operation of law or is otherwise made;
- (e) if (except as required under the Loan Agreement) without the consent of the Mortgagee, any Improvement or Equipment (except for the normal replacement of the Equipment) is removed, demolished or materially altered, or if the Mortgaged Property is not kept in reasonably good condition and repair;
- (f) if the Mortgagor shall fail to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction over the Mortgaged Property within three (3) months from the issuance thereof, or the time period set forth therein, whichever is less;
- (g) if the Policies are not kept in full force and effect, or if the Policies are not delivered to the Mortgagee within ten (10) days of request;
- (h) if on application of the Mortgagee two or more fire insurance companies lawfully doing business in the state where the Premises is located refuse to issue Policies;

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(i) if the Mortgagor shall fail to pay the Mortgagee with ten (10) days on demand for all Premiums and/or Taxes paid by the Mortgagee pursuant to this Mortgage, together with any late payment charge and interest thereon calculated at the Default Rate;

(j) if (except as otherwise specifically provided to the contrary in Paragraph 1.7 of this Mortgage or in the Subordination Agreement (as defined in the Loan Agreement)) without the consent of the Mortgagee any Leases are made, canceled or modified, or if the Mortgagor shall consent to any assignment thereof or subletting thereunder, or if any portion of the Rents is paid for a period of more than one (1) month in advance or if any of the Rents are further assigned;

(k) if any representation or warranty of the Mortgagor, or of any person (a "**Guarantor**") guaranteeing payment of the Debt or any portion thereof, or of operating expenses of the Mortgaged Property or performance by the Mortgagor of any of the terms of this Mortgage made herein or in any such guaranty (a "**Guaranty**"), or in any certificate, report, financial statement or other instrument furnished in connection with the making of the Note, this Mortgage, or any such Guaranty, shall prove false or misleading in any material respect;

(l) if the Mortgagor, any Guarantor or any managing member of the Mortgagor (each of whom is hereinafter in this subparagraph referred to as an "**Obligor**") shall commence any case, proceeding or other action relating to it in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or for any other relief, under bankruptcy, insolvency, reorganization, liquidation, dissolution, winding-up, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or if an Obligor shall apply for a receiver, custodian or trustee of it or for all or a substantial part of its property; or if an Obligor shall make an assignment for the benefit of creditors; or if an Obligor shall be unable to, or shall admit in writing the inability to pay its debts generally as they become due; or if an Obligor shall take any action indicating its consent to, approval of, acquiescence in, or in furtherance of, any of the foregoing; or if any case, proceeding or other action against an Obligor shall be commenced in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing, and such condition shall continue for a period of sixty (60) days undismissed, undischarged or unbonded; or if a receiver, custodian or trustee of an Obligor or for all or a substantial part of its property shall be appointed and such condition shall continue for a period of sixty (60) days undismissed, undischarged or unbonded; or if a warrant of attachment, execution or distraint, or similar process, shall be issued against any substantial part of the property of an Obligor and such condition shall continue for a period of thirty (30) days undismissed, undischarged or unbonded;

(m) if the Mortgagor shall be in default beyond any applicable notice and/or grace period under the Note, the Loan Agreement, the Loan Document or under any other

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mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Note, this Mortgage or the loan evidenced and secured thereby or hereby;

(n) if the Mortgagor shall be in default beyond any applicable notice and/or grace period under any mortgage or deed of trust covering any part of the Mortgaged Property whether superior or inferior in lien to this Mortgage, and including, without limitation, any such mortgage or deed of trust now or hereafter held by the Mortgagee or if the Mortgagor shall be in default beyond the expiration of any applicable notice and/or grace period therein expressly provided in respect of any other indebtedness (except consumer debt) owed by the Mortgagor to the Mortgagee;

(o) if the Mortgaged Property shall become subject (i) to any tax lien, other than a lien for local real estate taxes and assessments not due and payable, or (ii) to any lis pendens, notice of pendency, stop order, notice of intention to file mechanic's or materialman's lien, mechanic's or materialman's lien or other lien of any nature whatsoever and the same shall not either be discharged of record or in the alternative insured over to the satisfaction of the Mortgagee by the title insurance company insuring the lien of this Mortgage within a period of thirty (30) days after the same is filed or recorded, and irrespective of whether the same is superior or subordinate in lien or other priority to the lien of this Mortgage and irrespective of whether the same constitutes a perfected or inchoate lien or encumbrance on the Mortgaged Property or is only a matter of record or notice;

(p) except as set permitted under the Loan Agreement, if without the prior written consent of the Mortgagee, the Mortgagor shall grant or shall permit to exist any pledge, lien, charge security interest or other encumbrance with respect to any of its assets, except in favor of Mortgagee or Permitted Encumbrances (as defined in the Loan Agreement);

(q) if the Mortgagor shall be in default with respect to its obligations under Paragraph 1.11 of this Mortgage beyond any applicable grace period and/or after the giving of any applicable notice as stated in Paragraph 1.11;

(r) if any Guarantor or any other person shall be in default beyond any applicable notice and/or grace period under any Guaranty;

(s) if the Mortgagor shall default in the observance or performance of any term, covenant or condition of the Mortgaged Lease on the part of the Mortgagor, as ground lessee thereunder, to be observed or performed, unless any such observance or performance shall have been waived or not required in writing by the ground lessor under the Mortgaged Lease, or if any one or more of the events referred to in the Mortgaged Lease shall occur which would or may cause the ground lessor to terminate without notice or action by the ground lessor thereunder or which would entitle the ground lessor under the Mortgaged Lease to terminate the Mortgaged Lease and the term thereof by giving notice to the Mortgagor, as ground lessee thereunder, or if the leasehold estate created by the Mortgaged Lease shall be surrendered, in whole or in part, or if the Mortgaged Lease shall be terminated or canceled for any reason or

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under any circumstance whatsoever, or if any of the terms, covenants or conditions of the Mortgaged Lease shall in any manner be modified, changed, supplemented, altered or amended without the consent of the Mortgagee;

(t) if the Mortgagor shall, without the Mortgagee's prior written approval, elect to treat the Mortgaged Lease as terminated under Section 365(h)(1) of the Bankruptcy Code. Any such election made by the Mortgagor, as holder of the fee or leasehold estates in the Mortgaged Property, without the Mortgagee's prior written consent, in addition to constituting an Event of Default, shall be void.

(u) if the Mortgagor shall continue to be in default under any of the other terms, covenants or conditions of this Mortgage for ten (10) days after notice from the Mortgagee in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from the Mortgagee in the case of any other default, provided that if such default cannot reasonably be cured within such thirty (30) day period and the Mortgagor shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require the Mortgagor in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of one hundred twenty (120) days, and that nothing contained in this subparagraph shall be construed as having the effect of extending the Completion Date (as defined in the Loan Agreement);

2.2 Appointment of Receiver. The holder of this Mortgage, in any action to foreclose it, shall be entitled to the appointment of a receiver. In addition, upon the actual or threatened waste to any part of the Mortgaged Property or upon the occurrence of any default hereunder, the holder of this Mortgage shall be at liberty, without notice, to apply for the appointment of a receiver of the Rents, and shall be entitled to the appointment of such receiver as a matter of right, without regard to the value of the Mortgaged Property as security for the Debt, or the solvency or insolvency of any person then liable for the payment of the Debt.

2.3 Sale of Mortgaged Property.

(a) One or More Parcels. If this Mortgage is foreclosed, the Mortgaged Property, or any interest therein, may, at the discretion of the Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner.

(b) Non-Judicial Foreclosure. In the event of an Event of Default hereunder, the Mortgagee, to the extent permitted by law, may choose to commence a non-judicial foreclosure by power of sale of this Mortgage. To the extent permitted by law, the Mortgagor waives any right to challenge Mortgagee's election to enforce this Mortgage by means of such non-judicial foreclosure by power of sale.

2.4 Security Agreement. This Mortgage constitutes both a real property mortgage and a "**Security Agreement**," within the meaning of the Uniform Commercial Code, and the Mortgaged Property includes both real and personal property and all other rights and interests,

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whether tangible or intangible in nature, of the Mortgagor in the Mortgaged Property. The Mortgagor by executing and delivering this Mortgage has granted to the Mortgagee, as security for the Debt, a security interest in the Equipment. If the Mortgagor shall default under the Note or this Mortgage, the Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Equipment or any part thereof, and to take such other measures as the Mortgagee may deem necessary for the care, protection and preservation of the Equipment. Upon request or demand of the Mortgagee, the Mortgagor shall at its expense assemble the Equipment and make it available to the Mortgagee at a convenient place acceptable to the Mortgagee. The Mortgagor shall pay to the Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by the Mortgagee in protecting its interest in the Equipment and in enforcing its rights hereunder with respect to the Equipment. Any notice of sale, disposition or other intended action by the Mortgagee with respect to the Equipment sent to the Mortgagor in accordance with the provisions of this Mortgage at least ten (10) days prior to the date of any such sale, disposition or other action, shall constitute reasonable notice to the Mortgagor, and the method of sale or disposition or other intended action set forth or specified in such notice shall conclusively be deemed to be commercially reasonable within the meaning of the Uniform Commercial Code unless objected to in writing by the Mortgagor within five (5) days after receipt by the Mortgagor of such notice. The proceeds of any sale or disposition of the Equipment, or any part thereof, may be applied by the Mortgagee to the payment of the Debt in such order, priority and proportions as the Mortgagee in its discretion shall deem proper. If any change shall occur in the Mortgagor's name, the Mortgagor shall promptly cause to be filed at its own expense, new financing statements as required under the Uniform Commercial Code to replace those on file in favor of the Mortgagee. This Mortgage shall also serve as a financing statement as provided in the Uniform Commercial Code.

2.5 Recovery of Sums Required To Be Paid. The Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by the Mortgagor existing at the time such earlier action was commenced.

2.6 Actions and Proceedings. The Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and after an Event of Default to bring any action or proceeding, in the name and on behalf of the Mortgagor, which the Mortgagee, in its discretion, feels should be brought to protect the Mortgagee's interest in the Mortgaged Property.

2.7 Right to Cure Defaults. Upon an Event of Default, hereunder, the Mortgagee may, at its discretion, remedy the same and for such purpose shall have the right to enter upon the Mortgaged Property or any portion thereof without thereby becoming liable to the Mortgagor or any person in possession thereof holding under or claiming under or through the Mortgagor, it

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being understood and agreed that nothing contained in this Mortgage shall in any manner obligate the Mortgagee to remedy any default hereunder. If the Mortgagee shall remedy such a default or appear in, defend, or bring any action or proceeding to protect the Mortgagee's interest in the Mortgaged Property or to foreclose this Mortgage or collect the Debt, the costs and expenses thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph, shall be paid by the Mortgagor to the Mortgagee upon demand. All such costs and expenses incurred by the Mortgagee in remedying such default or in appearing in, defending, or bringing any such action or proceeding shall be paid by the Mortgagor to the Mortgagee upon demand, with interest at a rate per annum (calculated for the actual number of days elapsed on the basis of a 360-day year) equal to 5% in excess of the rate being charged under the Note (the "**Default Rate**"), provided, however, that the Default Rate shall in no event exceed the maximum interest rate which the Mortgagor may by law pay, for the period after notice from the Mortgagee that such costs or expenses were incurred to the date of payment thereof to the Mortgagee. The term "**Prime Rate**" shall mean such rate of interest as is publicly announced by the Mortgagee at its principal office from time to time as its prime rate. To the extent any of the aforementioned costs or expenses paid by the Mortgagee after default by the Mortgagor shall constitute payment of (i) taxes, charges or assessments which may be imposed by law upon the Mortgaged Property, (ii) premiums on insurance policies covering the Mortgaged Property, (iii) expenses incurred in upholding the lien of this Mortgage, including, but not limited to, the costs and expenses of any litigation to collect the indebtedness secured by this Mortgage or to prosecute, defend, protect or preserve the rights and the lien created by this Mortgage, or (iv) any amount, cost or charge to which the Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, and in each such event, such costs, expenses and amounts, together with interest thereon at the Default Rate, shall be added to the indebtedness secured by this Mortgage and shall be secured by this Mortgage.

2.8 Late Payment Charge. If any payment under the Note or this Mortgage is not paid within ten (10) days after the date on which it is due, the Mortgagor shall pay to the Mortgagee upon demand, in addition to any interest, if any, payable pursuant to Paragraph 2.7 above, an amount equal to 5% of such unpaid installment as a late payment charge.

2.9 Sole Discretion of Mortgagee. Except as may otherwise be expressly provided to the contrary, wherever pursuant to the Note, this Mortgage, the Loan Agreement, or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the loan secured hereby, the Mortgagee exercises any right given to it to consent or not consent, or to approve or disapprove, or any arrangement or term is to be satisfactory to the Mortgagee, the decision of the Mortgagee to consent or not consent, or to approve or disapprove, or to decide that arrangements or terms are satisfactory or not satisfactory, shall be in the sole and absolute discretion of the Mortgagee and shall be final and conclusive.

2.10 Non-Waiver. The failure of the Mortgagee to insist upon strict performance of any term of this Mortgage shall not be deemed to be a waiver of any term of this Mortgage. No delay or omission by the Mortgagee to exercise any right, power or remedy accruing under this

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Mortgage shall be construed to be a waiver of any default or acquiescence therein. A waiver in one or more instances to exercise any right, power or remedy accruing hereunder shall apply only to the particular instance or instances, and at the particular time or times only, and no such waiver shall be deemed a continuing waiver, but every term, covenant, provision or condition establishing such right, power or remedy shall survive and continue to remain in full force and effect. The Mortgagor shall not be relieved of the Mortgagor's obligation to pay the Debt at the time and in the manner provided for its payment in the Note and this Mortgage by reason of: (i) failure of the Mortgagee to comply with any request of the Mortgagor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, (ii) the release, regardless of consideration, of the whole or any part of the Mortgaged Property or any other security for the Debt, or (iii) any agreement or stipulation between the Mortgagee and any subsequent owner or owners of the Mortgaged Property or other person extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, without first having obtained the consent of the Mortgagor, and in the latter event, the Mortgagor shall continue to be obligated to pay the Debt at the time and in the manner provided in the Note and this Mortgage, as so extended, modified and supplemented, unless expressly released and discharged from such obligation by the Mortgagee in writing. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Mortgaged Property (except as otherwise provided in the Subordination Agreement (as defined in the Loan Agreement)), the Mortgagee may release any person at any time liable for the payment of the Debt or any portion thereof or any part of the security held for the Debt and may extend the time of payment or otherwise modify the terms of the Note or this Mortgage, including, without limitation, a modification of the interest rate payable on the principal balance of the Note, without in any manner impairing or affecting this Mortgage or the lien hereof or the priority of this Mortgage, as so extended and modified, as security for the Debt over any such subordinate lien, encumbrance, right, title or interest. The Mortgagee may resort for the payment of the Debt to any other security held by the Mortgagee in such order and manner as the Mortgagee, in its discretion, may elect. The Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of the Mortgagee thereafter to foreclose this Mortgage. The Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law or equity. The rights of the Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of the Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

2.11 Absolute and Unconditional Obligation. The Mortgagor acknowledges that the Mortgagor's obligation to pay the Debt in accordance with the provisions of the Note and this Mortgage is and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to the Note or this Mortgage or the obligation of the Mortgagor thereunder to pay the Debt or the obligations of any

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other person relating to the Note or this Mortgage or the obligations of the Mortgagor under the Note or this Mortgage or otherwise with respect to the loan secured hereby, and the Mortgagor absolutely, unconditionally and irrevocably waives any and all right to assert any setoff, counterclaim or crossclaim of any nature whatsoever with respect to the obligation of the Mortgagor to pay the Debt in accordance with the provisions of the Note and this Mortgage or the obligations of any other person relating to the Note or this Mortgage or obligations of the Mortgagor under the Note or this Mortgage or otherwise with respect to the loan secured hereby in any action or proceeding brought by the Mortgagee to collect the Debt, or any portion thereof, or to enforce, foreclose and realize upon the lien and security interest created by this Mortgage or any other document or instrument securing repayment of the Debt, in whole or in part (provided, however, that the foregoing shall not be deemed a waiver of the Mortgagor's right to assert any compulsory counterclaim maintained in a court of the United States, or of the State of Illinois if such counterclaim is compelled under local law or rule of procedure, nor shall the foregoing be deemed a waiver of the Mortgagor's right to assert any claim which would constitute a defense, setoff, counterclaim or crossclaim of any nature whatsoever against the Mortgagee in any separate action or proceeding).

2.12 Offsets, Counterclaims and Defenses. Any assignee of this Mortgage and the Note shall take the same free and clear of all offsets, counterclaims or defenses of any nature whatsoever which the Mortgagor may have against any assignor of this Mortgage and the Note, and no such offset, counterclaim or defense shall be interposed or asserted by the Mortgagor in any action or proceeding brought by any such assignee upon this Mortgage or the Note and any such right to interpose or assert any such offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Mortgagor.

2.13 Waiver of Statutory Rights. The Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "**Moratorium Laws**", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws to the full extent that the Mortgagor may do so under applicable law. The 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 Mortgaged Property marshaled upon any foreclosure of the lien of this Mortgage and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. The Mortgagor hereby waives for itself and all who may claim through or under it, and to the full extent the Mortgagor may do so under applicable law, any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage or granted under any statute now existing or hereafter enacted.

2.14 Acceleration; Remedies. At any time during the existence of an Event of Default, Mortgagee, at Mortgagee's option, may declare all of the Debt to be immediately due and payable without further demand, and may foreclose this Mortgage by judicial proceeding and may invoke any other remedies permitted by Illinois law or provided in this Mortgage or any other Loan Document. The Debt shall include, Mortgagee shall be entitled to collect, and any decree which adjudicates the amount secured by this Mortgage shall include, all costs and expenses incurred in pursuing such remedies, including reasonable attorneys' fees, costs of

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documentary evidence, abstracts and title reports, any of which may be estimated to reflect the costs and expenses to be incurred after the entry of such a decree.

2.15 Release. Upon payment of the Debt, Mortgagee shall release this Mortgage. Mortgagor shall pay Mortgagee's reasonable costs incurred in releasing this Mortgage.

ARTICLE III - MISCELLANEOUS

3.1 Notice. Any notice, request, demand, statement, authorization, approval or consent made hereunder shall be in writing and shall be sent by Federal Express, or other reputable courier service, or by postage pre-paid registered or certified mail, return receipt requested, and shall be deemed given when received or refused (as indicated on the receipt) and addressed as follows:

If to the Mortgagor:

Legends C-2, LLC
c/o The Michaels Development Company, Inc.
322 So. Green Street, Suite 212
Chicago, Illinois 60607
Attention: Whitney Weller

With copies to

Legends C-2, LLC
c/o The Michaels Development Company, Inc.
1 East Stow Road
Marlton, New Jersey 08053
Attention: John O'Donnell

And

Legends C-2, LLC
c/o Brinshore Development, L.L.C.
666 Dundee Road, Suite 1102
Northbrook, Illinois 60062
Attention: David Brint

And

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

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And

Levine, Staller, Sklar, Chan, Brown & Donnelly, P.A.
3030 Atlantic Avenue
Atlantic City, New Jersey 08401
Attention: Arthur Brown

If to the Mortgagee:

JPMorgan Chase Bank, N.A.
Community Development Group
909 Broad Street
Bridgeport, Connecticut 06604
Attention: David S. Watson, Vice President

With a copy to:

JPMorgan Chase Bank, N.A.
Legal Department
270 Park Avenue - 39th Floor
New York, New York 10017
Attention: Michael R. Zients, Vice President and
Assistant General Counsel

it being understood and agreed that each party will use reasonable efforts to send copies of any notices to the addresses marked "**With a copy to**" hereinabove set forth; provided, however, that failure to deliver such copy or copies shall have no consequence whatsoever to the effectiveness of any notice made to the Mortgagor or the Mortgagee. Notice shall be deemed given by telecopy to the numbers hereinabove set forth when confirmation of receipt is received by the sender, provided the original of such telecopy is delivered by the close of business of the next business day to the party to whom such telecopy was sent. Each party may designate a change of address by notice given, as herein provided, to the other party, at least fifteen (15) days prior to the date such change of address is to become effective.

3.2 Waiver of Notice. The Mortgagor shall not be entitled to any notices of any nature whatsoever from the Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by the Mortgagee to the Mortgagor, and the Mortgagor hereby expressly waives the right to receive any notice from the Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by the Mortgagee to the Mortgagor.

3.3 Estoppel Certificates. The Mortgagor, within ten (10) days after request by the Mortgagee and at the Mortgagor's expense, will furnish the Mortgagee with a statement, duly

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acknowledged and certified, setting forth the amount of the Debt and the offsets or defenses thereto, if any.

3.4 Changes in Laws Regarding Taxation. In the event of the passage after the date of this Mortgage of any law of the State of Illinois deducting from the value of real property for the purpose of taxation any lien or encumbrance thereon or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes or the manner of the collection of any such taxes, and imposing a tax, either directly or indirectly, on this Mortgage, the Note or the Debt, the Mortgagor shall, if permitted by law, pay any tax imposed as a result of any such law within the statutory period or within fifteen (15) days after demand by the Mortgagee, whichever is less.

3.5 No Credits on Account of the Debt. The Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes assessed against the Mortgaged Property or any part thereof and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property, or any part thereof, by reason of this Mortgage or the Debt. If at any time this Mortgage shall secure less than all of the principal amount of the Debt, it is expressly agreed that any repayment of the principal amount of the Debt shall not reduce the amount of the lien of this Mortgage until the lien amount shall equal the principal amount of the Debt outstanding.

3.6 Documentary Stamps. If at any time the United States of America, any state thereof, or any governmental subdivision of any such state or the State of Illinois, shall require revenue or other stamps to be affixed to the Note or this Mortgage, the Mortgagor will, upon demand, pay for the same, with interest and penalties thereon, if any.

3.7 Filing of Mortgage, etc. The Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage and any extension, modification, renewal or replacement hereof, and any security instrument creating a lien or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect, preserve and perfect the lien hereof upon, and the interest of the Mortgagee in, the Mortgaged Property. The Mortgagor will pay all title insurance fees and charges, all filing, registration and recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property, and any instrument of further assurance, and all Federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance. The Mortgagor shall hold harmless and indemnify the Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

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3.8 Further Acts, etc. The Mortgagor will, at the cost of the Mortgagor, and without expense to the Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as the Mortgagee shall, from time to time, reasonably require for the better assuring, conveying, assigning, transferring and confirming unto the Mortgagee the property and rights hereby mortgaged or intended now or hereafter so to be, or which the Mortgagor may be or may hereafter become bound to convey or assign to the Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage and, on demand, will execute and deliver and hereby authorizes the Mortgagee to execute in the name of the Mortgagor to the extent the Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments, to evidence more effectively the lien hereof upon the Mortgaged Property. Mortgagee shall have the right to order new Appraisals of the Mortgaged Property from time to time. Each Appraisal is subject to review and approval by Mortgagee. Mortgagor agrees upon demand to pay to Mortgagee the cost and expense for such Appraisals and a fee for Mortgagee's review of each Appraisal. Provided there exists no Event of Default, Mortgagor's obligation to pay such cost and expense shall be limited to those Appraisals ordered once during every 5 year period or as required by applicable law or regulation.

3.9 Usury Laws. This Mortgage and the Note are subject to the express condition that at no time shall the Mortgagor be obligated or required to pay interest on the principal balance due under the Note at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate which the Mortgagor is permitted by law to contract or agree to pay. If, by the terms of this Mortgage or the Note, the Mortgagor is at any time required or obligated to pay interest on the principal balance due under the Note at a rate in excess of such maximum rate, the rate of interest under the Note shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note.

3.10 Brokerage. The Mortgagor covenants and agrees that no brokerage commission or other fee, commission or compensation is to be paid by the Mortgagee on account of the financing obligations evidenced by the Note and/or secured by this Mortgage and the Mortgagor agrees to indemnify the Mortgagee against any claims for any of the same.

3.11 Indemnity. Anything in this Mortgage or the other Loan Documents to the contrary notwithstanding, the Mortgagor shall indemnify and hold the Mortgagee harmless and defend the Mortgagee at the Mortgagor's sole cost and expense against any loss or liability, cost or expense (including, without limitation, reasonable attorneys' fees and disbursements of the Mortgagee's counsel, whether in-house staff, retained firms or otherwise), and all claims, actions, procedures and suits arising out of or in connection with (i) any ongoing matters arising out of the transaction contemplated hereby, the Debt, this Mortgage, the Note or any other document or instrument now or hereafter executed and/or delivered by Mortgagor or the Guarantors in favor of Mortgagee in connection with the Debt (the "**Loan Documents**") and/or the Mortgagee

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Property, including, but not limited to, all costs of reappraisal of the Mortgaged Property or any part thereof, whether required by law, regulation, the Mortgagee or any governmental or quasi-governmental authority, (ii) any amendment to, or restructuring of, the Debt and this Mortgage, the Note or any of the other Loan Documents, (iii) any and all lawful action that may be taken by the Mortgagee in connection with the enforcement of the provisions of this Mortgage or the Note or any of the other Loan Documents, whether or not suit is filed in connection with the same, or in connection with the Mortgagor, any Guarantor and/or any partner, joint venturer or shareholder thereof becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding, and (iv) the past, current and/or future sale or offering for sale of membership interests in the Mortgagor, including, without limitation, liabilities under any applicable securities or blue sky laws. All sums expended by the Mortgagee shall be payable on demand and until reimbursed by the Mortgagor pursuant hereto, shall be deemed additional principal of the Debt and secured hereby and shall bear interest at the Default Rate. The obligations of the Mortgagor under this paragraph shall, notwithstanding any exculpatory or other provisions of any nature whatsoever set forth in the Loan Documents, constitute the personal recourse undertakings, obligations and liabilities of the Mortgagor.

3.12 No Oral Change. This Mortgage may only be modified, amended or changed by an agreement in writing signed by the Mortgagor and the Mortgagee, and may only be released, discharged or satisfied of record by an agreement in writing signed by the Mortgagee. No waiver of any term, covenant or provision of this Mortgage shall be effective unless given in writing by the Mortgagee and if so given by the Mortgagee shall only be effective in the specific instance in which given. The Mortgagor acknowledges that the Note, this Mortgage, the Loan Agreement and the other documents and instruments executed and delivered in connection therewith or otherwise in connection with the loan secured hereby set forth the entire agreement and understanding of the Mortgagor and the Mortgagee with respect to the loan secured hereby and that no oral or other agreement, understanding, representation or warranty exists with respect to the loan secured hereby other than those set forth in the Note, this Mortgage, the Loan Agreement and such other executed and delivered documents and instruments.

3.13 Enforceability. This Mortgage was negotiated in the State of Illinois, and made by the Mortgagor and accepted by the Mortgagee in the State of Illinois, and the proceeds of the loan secured hereby were disbursed from the State of Illinois, which State the parties agree has a substantial relationship to the parties and to the underlying transaction embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity and performance, this Mortgage and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Illinois applicable to contracts made and performed in such State and any applicable laws of the United State of America, except with respect to the provisions hereof which relate to the realization upon the security covered by this Mortgage, in which case such provisions shall be governed by the State in which the Mortgaged Property is located, it being understood that, to the fullest extent permitted by the law of such State, the law of the State of Illinois shall govern the validity and enforceability of this Mortgage, the Note, and other documents executed and delivered in connection with the Debt, and the obligations arising hereunder and thereunder. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable

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law, but if any provision of this Mortgage shall be unenforceable or prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such unenforceability, prohibition or invalidity, without invalidating the remaining provisions of this Mortgage. If any term, covenant or condition of this Mortgage shall be held to be invalid, illegal or unenforceable in any respect, this Mortgage shall be construed without such provision.

3.14 Relationship. The relationship of the Mortgagee to the Mortgagor hereunder is strictly and solely that of lender and borrower and mortgagor and mortgagee and nothing contained in the Note, this Mortgage, the Loan Agreement or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise in connection with the loan secured hereby is intended to create, or shall in any event or under any circumstance be construed as creating, a partnership, joint venture, tenancy-in-common, joint tenancy or other relationship of any nature whatsoever between the Mortgagee, and the Mortgagor other than as lender and borrower and mortgagor and mortgagee.

3.15 Liability. If the Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several.

3.16 Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage shall be used interchangeably in singular or plural form and the word "**Mortgagor**" shall mean each the Mortgagor and any subsequent owner or owners of the leasehold estate in the Mortgaged Property or any part thereof or interest therein; the word "**Mortgagee**" shall mean the Mortgagee or any subsequent holder of the Note; the word "**Note**" shall mean the Note, any amendment, extension, modification, restatement or replacement thereof or any other evidence of indebtedness secured by this Mortgage; the word "**Guarantor**" shall mean each person guaranteeing payment of the Debt or any portion thereof or performance by the Mortgagor of any of the terms of this Mortgage and their respective heirs, executors, administrators, legal representatives, successors and assigns; the word "**person**" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, or other entity; the words "**Loan Agreement**" shall mean the Loan Agreement and any and all modifications, amendments and/or replacements thereof; the words "**Mortgaged Property**" shall include any portion of the Mortgaged Property or interest therein; and the word "**Debt**" shall mean all sums secured by this Mortgage; and the word "**default**" shall mean the occurrence of any default by the Mortgagor or other person in the observance or performance of any of the terms, covenants or provisions of the Note or this Mortgage on the part of the Mortgagor or such other person to be observed or performed without regard to whether such default constitutes or would constitute upon notice or lapse of time, or both, an Event of Default under this Mortgage, and "**Appraisal**" means a written statement setting forth an opinion of the market value of the Premises and the Improvements that (i) has been independently and impartially prepared by a qualified appraiser directly engaged by the Mortgagee or its agent, (ii) complies with all applicable federal and state laws and regulations dealing with appraisals or valuations of real property, and (iii) has been reviewed as to form and content and approved by the Mortgagee, in its reasonable judgment. Whenever the context may require, any pronouns

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used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

3.17 Headings, etc. The headings and captions of various paragraphs of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

3.18 Duplicate Originals. This Mortgage may be executed in any number of duplicate originals, and each such duplicate original shall be deemed to constitute but one and the same instrument.

3.19 Reasonableness. If at any time the Mortgagor believes that the Mortgagee has not acted reasonably in granting or withholding any approval or consent under the Note, this Mortgage, the Loan Agreement or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the loan secured hereby, as to which approval or consent either the Mortgagee has expressly agreed to act reasonably, or absent such agreement, a court of law having jurisdiction over the subject matter would require the Mortgagee to act reasonably, then the Mortgagor's sole remedy shall be to seek injunctive relief or specific performance and no action for monetary damages or punitive damages shall in any event or under any circumstance be maintained by the Mortgagor against the Mortgagee.

3.20 The Mortgaged Lease.

(a) Mortgagor warrants and represents to Mortgagee that, as of the date of this Mortgage:

(i) The Mortgaged Lease is in full force and effect in accordance with its terms.

(ii) Mortgagor has not waived, canceled or surrendered any of its rights under the Mortgaged Lease.

(iii) Mortgagor is the sole owner of, and has good and marketable title to, the leasehold estate under the Mortgaged Lease.

(iv) The Mortgaged Property is free and clear of all liens, encumbrances and other matters affecting title, other than the lien of this Mortgage and the easements and restrictions listed in a schedule of exceptions to coverage in the title insurance policy issued to Mortgagee contemporaneously with the execution and recordation of this Mortgage and insuring Mortgagee's interest in the Mortgaged Property and Permitted Encumbrances (as defined in the Loan Agreement).

(v) There is no existing Ground Lessee Default and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Ground Lease Default. "Ground Lessee Default" as used herein means (a) a default by

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Mortgagor in making any payment of Ground Rent, additional rent or other sum of money payable by Mortgagor to ground lessor under the Ground Lease on the date such payment is due and payable, or (b) default following the expiration of any applicable notice or cure period by Mortgagor in performing or observing any of the terms, covenants or conditions of the Mortgaged Lease other than the payments referred to in clause (a) required to be performed or observed by ground lessee.

(vi) To the best of Mortgagor's knowledge, there is no existing Ground Lessor Default and no event has occurred which, with the passage of time or the giving of notice, or both would constitute a Ground Lessor Default. "Ground Lessor Default" as used herein means a default by ground lessor in performing or observing any of the terms, covenants or conditions of the Mortgaged Lease required to be performed or observed by ground lessor.

(b) The Mortgagor shall: (i) pay all rents, additional rents and other sums required to be paid by the Mortgagor as lessee under and pursuant to the provisions of the Mortgaged Lease, (ii) diligently perform and observe all of the terms, covenants and conditions of the Mortgaged Lease on the part of the Mortgagor, as lessee thereunder, to be performed and observed, unless such performance or observance shall be waived or not required in writing by the lessor under the Mortgaged Lease, to the end that all things shall be done which are necessary to keep unimpaired the rights of the Mortgagor, as lessee, under the Mortgaged Lease, (iii) promptly notify the Mortgagee in writing of any default by the Mortgagor or lessor under the Mortgaged Lease in the performance or observance of any of the terms, covenants or conditions on the part of, respectively, the Mortgagor or lessor to be performed or observed under the Mortgaged Lease, (iv) promptly notify the Mortgagee of the giving of any notice by the lessor under the Mortgaged Lease to the Mortgagor (other than notices customarily sent on a regular basis) and of any notice noting or claiming any default by the Mortgagor in the performance or observance of any of the terms, covenants or conditions of the Mortgaged Lease on the part of the Mortgagor, as lessee thereunder, to be performed or observed and deliver to the Mortgagee a true copy of each such notice, (v) promptly notify the Mortgagee in writing of any request made by either party to the Mortgaged Lease for arbitration proceedings pursuant to the Mortgaged Lease and of the institution of any arbitration proceedings, as well as of all proceedings thereunder, and promptly deliver to the Mortgagee a copy of the determination of the arbitrators in each such arbitration proceeding, (vi) furnish to the Mortgagee, within ten (10) days after demand, proof of payment of all items which are required to be paid by the Mortgagor pursuant to the Mortgaged Lease, and (vii) not consent to the subordination of the Mortgaged Lease to any mortgage of the fee interest of the lessor under the Mortgaged Lease in the Mortgaged Property except such as agreed to by the Mortgagee.

(c) The Mortgagor, shall not, without the prior written consent of the Mortgagee, surrender the leasehold estate created by the Mortgaged Lease or terminate or cancel the Mortgaged Lease or modify, change, supplement, alter or amend the Mortgaged Lease, in any respect, either orally or in writing, and the Mortgagor hereby assigns to the Mortgagee, as further security for the payment of the Debt and for the performance and observance of the terms, covenants and conditions of this Mortgage, all of the rights, privileges and prerogatives of the Mortgagor, as lessee under the Mortgaged Lease, to surrender the leasehold estate created by

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the Mortgaged Lease or to terminate, cancel, modify, change, supplement, alter or amend the Mortgaged Lease, and any such surrender of the leasehold estate created by the Mortgaged Lease or termination, cancellation, modification, change, supplement, alteration or amendment of the Mortgaged Lease without the prior written consent of the Mortgagee shall be void and of no force and effect.

(d) Supplementing the provisions of subparagraph (c) above, it is understood and agreed that the Mortgagor shall not, without the Mortgagee's prior written consent, elect to treat the Mortgaged Lease as terminated under Section 365(h)(1) of the Bankruptcy Code. Any such election made without the Mortgagee's prior written consent shall be void. The Mortgagor hereby unconditionally assigns, transfers and set over to the Mortgagee all of the Mortgagor's claims and rights to the payment of damages arising under the Bankruptcy Code from any rejection by the lessor under the Mortgaged Lease. The Mortgagee shall have the right to proceed in its own name or in the name of the Mortgagor in respect of any claim, suit, action or proceeding relating to the rejection of the Mortgaged Lease, including, without limitation, the right to file and prosecute, to the exclusion of the Mortgagor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of such lessor under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until all of the indebtedness and obligations secured by the Mortgage shall have been satisfied and discharged in full. Any amounts received by the Mortgagee as damages arising out of the rejection of the Mortgaged Lease as aforesaid shall be applied first to all costs and expenses of the Mortgagee (including, without limitation, attorneys' fees) incurred in connection with the exercise of any of its rights or remedies under this Paragraph 3.20 and then shall be applied against the Debt in such order, priority and proportion as the Mortgagee shall determine. If any action, motion or notice shall be commenced or filed in respect of the Mortgagor, as lessee under the Mortgaged Lease, or all or any portion of the Mortgaged Property in connection with any case under the Bankruptcy Code, the Mortgagor shall give the Mortgagee prompt written notice thereof and the Mortgagee shall have the option, to the exclusion of the Mortgagor, exercisable upon notice from the Mortgagee to the Mortgagor, to conduct and control any such litigation with counsel of the Mortgagee's choice. The Mortgagee may proceed in its own name or in the name of the Mortgagor in connection with any such litigation, and the Mortgagor agrees to execute any and all powers, authorizations, consents and other documents required by the Mortgagee in connection therewith. The Mortgagor shall, upon demand, pay to the Mortgagee all costs and expenses (including attorneys' fees) paid or incurred by the Mortgagee in connection with the prosecution or conduct of any such proceedings. Any such costs or expenses not paid by the Mortgagor as aforesaid shall be secured by the lien of the Mortgage and shall be added to the Debt. The Mortgagor shall not commence any action, suit, proceeding or case, or file any application or make any motion, in respect of the Mortgaged Lease in any such case under the Bankruptcy Code without the prior written consent of the Mortgagee. The Mortgagor shall, immediately after obtaining knowledge thereof, notify the Mortgagee and its counsel of any filing by or against the lessor under the Mortgaged Lease of a petition under the Bankruptcy Code. The Mortgagor shall thereafter forthwith give written notice of such filing to the Mortgagee, setting forth the date of such filing, the court in which the petition was filed and the relief sought therein. The Mortgagor shall promptly deliver to the Mortgagee, following receipt,

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any and all notices, summonses, pleadings, applications and other documents received by the Mortgagor in connection with any such petition and any proceedings relating thereto.

(e) If the Mortgagor shall default in the performance or observance of any term, covenant or condition of the Mortgaged Lease on the part of the Mortgagor, as lessee thereunder, to be performed or observed, then, without limiting the generality of the other provisions of this Mortgage, and without waiving or releasing the Mortgagor from any of its obligations hereunder, the Mortgagee shall have the right during any cure period provided to the Mortgagee under the Mortgage Lease or if no such period is provided within the cure period provided to the Mortgagor under the Mortgage Lease, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all of the terms, covenants and conditions of the Mortgaged Lease on the part of the Mortgagor, as lessee thereunder, to be performed or observed to be promptly performed or observed on behalf of the Mortgagor, to the end that the rights of the Mortgagor in, to and under the Mortgaged Lease shall be kept unimpaired and free from default. At any time after Mortgagee receives notice of a Ground Lessee Default, Mortgagee and its authorized agents shall have the right at any time or from time to time to enter the Land and Improvements, or any part thereof, to such extent and as often as Mortgagee, in its discretion, deems necessary or desirable in order to cure the Ground Lessee Default, subject to the rights of the tenants and occupants of the Mortgaged Property. For purposes of exercising its rights under this Section, Mortgagee shall be fully protected for any action taken or omitted to be taken by Mortgagee, in good faith, in reliance of any written notice from ground lessor stating that a Ground Lessee Default has occurred and is continuing even though Mortgagor may question or deny the existence or nature of the Ground Lessee Default. If the Mortgagee shall make any payment or perform any act or take action in accordance with the preceding sentence, the Mortgagee will notify the Mortgagor of the making of any such payment, the performance of any such act, or the taking of any such action. All sums so paid by the Mortgagee and all costs and expenses incurred by the Mortgagee in connection with the performance of any such act shall be paid by the Mortgagor to the Mortgagee upon demand with interest at the Default Rate from the date of the payment or incurrence thereof, and the same shall be deemed to be secured by this Mortgage and shall be a lien on the Mortgaged Property prior to any right, title to, interest in or claim upon the Mortgaged Property attaching subsequent to the lien of this Mortgage. In any such event, subject to the rights, if any, of lessees and other occupants under the Leases, the Mortgagee and any person designated by the Mortgagee shall have, and are hereby granted, the right to enter upon the Mortgaged Property at any time and from time to time for the purpose of taking any such action. If the lessor under the Mortgaged Lease shall deliver to the Mortgagee a copy of any notice of default sent by said lessor to the Mortgagor, as lessee under the Mortgaged Lease, such notice shall constitute full protection to the Mortgagee for any action taken or omitted to be taken by the Mortgagee, in good faith, in reliance thereon.

(f) The Mortgagor hereby irrevocably appoints the Mortgagee its true and lawful attorney-in-fact in its name or otherwise to do any and all acts and to execute any and all documents which in the reasonable opinion of the Mortgagee may be necessary or desirable to preserve any rights of the Mortgagor in, to or under the Mortgaged Lease, or any occupancy lease, license or concession, including, without limitation, the right (but not the obligation) to

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cure any defaults of the Mortgagor as lessee under the Mortgaged Lease, preserve any rights of the Mortgagor whatsoever in respect of any part of the Mortgaged Property or to execute an extension or renewal of the Mortgaged Lease as hereinafter set forth. The Mortgagor shall, within ten (10) days of request by the Mortgagee, obtain from the lessor under the Mortgaged Lease such certificates of estoppel with respect to compliance by the Mortgagor with the terms of the Mortgaged Lease as may be requested by the Mortgagee. The Mortgagor shall exercise each individual option, if any, to extend or renew the term of the Mortgaged Lease upon demand by the Mortgagee made at any time within one (1) year of the last day upon which any such option may be exercised, and the Mortgagor hereby expressly authorizes and appoints the Mortgagee the Mortgagor's attorney-in-fact to exercise, either jointly or individually, any such option in the name of and upon behalf of the Mortgagor, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest.

(g) The generality of the provisions of this Paragraph 3.20 relating to the Mortgaged Lease shall not be limited by other provisions of this Mortgage or any other agreement between the Mortgagee and the Mortgagor, setting forth particular obligations of the Mortgagor which are also required of the Mortgagor as tenant under the Mortgaged Lease.

3.21 New Mortgaged Lease with Mortgagee. If the Mortgaged Lease shall be terminated prior to the natural expiration of its term due to an event of default thereunder, and if, pursuant to any provision of the Mortgaged Lease, the Mortgagee or its designee shall acquire from the lessor under the Mortgaged Lease a new lease of the Premises and the Improvements, the Mortgagor shall have no right, title or interest in or to such new lease or the leasehold estate created thereby, or renewal privileges therein contained.

3.22 No Merger of Fee and Leasehold Estates. So long as any portion of the Debt shall remain unpaid, and unless the Mortgagee shall otherwise consent, the fee title to the Premises and the Improvements and the leasehold estate therein created pursuant to the provisions of the Mortgaged Lease shall not merge, but shall always be kept separate and distinct, notwithstanding the union of such estates in the Mortgagor or in any other person, by purchase, operation of law or otherwise. If the Mortgagee shall acquire the fee title to the Premises and the Improvements and the leasehold estate therein created pursuant to the provisions of the Mortgaged Lease, by foreclosure of this Mortgage or otherwise, such estates shall not merge as a result of such acquisition and shall remain separate and distinct for all purposes after such acquisition unless and until the Mortgagee shall elect to merge such estates.

3.23 Option to Renew or Extend Mortgaged Lease. Mortgagor shall give Mortgagee written notice of Mortgagor's intention to exercise each option to renew or extend the term of the Mortgaged Lease, if any, at least ninety (90) days, but not more than one hundred fifty (150) days, before the last day on which the option may be timely exercised. If Mortgagor intends to renew or extend the term of the Mortgaged Lease, it shall deliver to Mortgagee, together with the notice of such decision, a copy of the notice of renewal or extension it delivers to ground lessor. If Mortgagor does not intend to renew or extend the term of the Mortgaged Lease or, if Mortgagor fails to deliver its written notice of exercise of its option to renew or extend the term of the Mortgaged Lease at least ninety (90) days before the last day on which the option may be

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timely exercised, Mortgagee shall have the right, but shall not be obligated, to renew or extend the term of the Mortgaged Lease for and on behalf of Mortgagor.

3.24 Patriot Act. The Mortgagee hereby notifies the Mortgagor that pursuant to the requirements of Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318, it is required to obtain, verify and record information that identifies the Mortgagor, which information includes the name and address of the Mortgagor and other information that will allow the Mortgagee to identify the Mortgagor in accordance with the aforesaid Patriot Act. Without the prior written consent of the Mortgagee, the Mortgagor will not: (1) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Mortgagee from making any advance or extension of credit to Mortgagor or from otherwise conducting business with Mortgagor; or (2) fail to provide documentary and other evidence of Mortgagor's identity as may be requested by Mortgagee at any time to enable Mortgagee to verify Mortgagor's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

3.25 Cure by Investor Member and/or Chicago Housing Authority. In the event of an Event of Default, the Mortgagee agrees to accept cure by the Investor Member or the Chicago Housing Authority at the time and in the manner as is allowed to the Mortgagor. Provided, however, nothing in this paragraph shall be deemed to extend any applicable notice and/or cure period set forth in this Mortgage.

3.26 Waiver of Special Damages. To the full extent permitted by applicable law, the Mortgagor shall not assert, and hereby waives, any claim against the Mortgagee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Mortgage or any agreement or instrument contemplated hereby, the transactions, the Note, or the use of the proceeds thereof.

3.27 Waiver of Homestead and Redemption. Mortgagor releases and waives all rights under the homestead and exemption laws of the State of Illinois. Mortgagor acknowledges that the Mortgaged Property does not include "agricultural real estate" or "residential real estate" as those terms are defined in 735 ILCS 5/15-1201 and 5/15-1219. Pursuant to 735 ILCS 5/15-1601(b), Mortgagor waives any and all rights of redemption from sale under any order of foreclosure of this Mortgage, or other rights of redemption, which may run to Mortgagor or any other Owner of Redemption, as that term is defined in 735 ILCS 5/15-1212. Mortgagor waives all rights of reinstatement under 735 ILCS 5/15-1602 to the fullest extent permitted by Illinois law.

3.28 Maximum Amount of Debt. Notwithstanding any provision to the contrary in this Mortgage, the Note or any other Loan Document which permits any additional sums to be advanced on or after the date of this Mortgage, whether as additional loans or for any payments authorized by this Mortgage (including interest incorporated under paragraph 3.32 hereof), the total amount of the principal component of the Debt shall not at any time exceed one hundred

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twenty-five percent (125%) of the original principal amount of the Note set forth on the first page of this Mortgage.

3.29 Illinois Collateral Protection Act. Unless Mortgagor provides Mortgagee with evidence of the insurance coverage required by this Mortgage, Mortgagee may purchase insurance at Mortgagor's expense to protect Mortgagee's interest in the Mortgaged Property. This insurance may, but need not, protect Mortgagor's interests. The coverage that Mortgagee purchases may not pay any claim that Mortgagor may make or any claim that is made against Mortgagor in connection with the Mortgaged Property. Mortgagor may cancel any insurance purchased by Mortgagee, but only after providing Mortgagee with evidence that Mortgagor has obtained insurance as required by this Mortgage. If Mortgagee purchases insurance for the Mortgaged Property, Mortgagor will be responsible for the costs of that insurance, including interest and any other charges that Mortgagee may impose in connection with the placement of such insurance, until the effective date of the cancellation or expiration of such insurance. Without limitation or any other provision of this Mortgage, the cost of such insurance shall be added to the cost of the Debt secured hereby. The cost of such insurance may be more than the cost of insurance Mortgagor may be able to obtain on its own.

3.30 Applicability of Illinois Mortgage Foreclosure Law. To ensure the maximum degree of flexibility of the Loan Documents under the Illinois Mortgage Foreclosure Law, if any provision of this Mortgage is inconsistent with any applicable provision of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-101, et seq., as amended from time to time (the "Act"), the provisions of the Act shall take precedence over the provisions of this Mortgage, but the Act shall not invalidate or render unenforceable any other provision of this Mortgage that can be fairly construed in a manner consistent with the Act. Without in any way limiting any of the Mortgagee's rights, remedies, powers and authorities provided in this Mortgage or otherwise, and in addition to all of such rights, remedies, powers and authorities, Mortgagee shall also have all rights, remedies, powers and authorities permitted to the holder of a mortgage under the Act. If any provision of this Mortgage shall grant to Mortgagee any rights, remedies, powers or authorities upon default of the Mortgagor which are more limited than what would be vested in Mortgagee under the Act in the absence of such provision, Mortgagee shall have such rights, remedies, powers and authorities that would be otherwise vested in it under the Act. Without limitation, all expenses (including Attorneys' Fees and Costs) incurred by Mortgagee to the extent reimbursable under 735 ILCS 5/15-1510, 5/15-1512 or any other provision of the Act, whether incurred before or after any judgment of foreclosure, shall be added to the Debt and included in the judgment of foreclosure.

3.31 **WAIVER OF TRIAL BY JURY.** **THE MORTGAGOR AND THE MORTGAGEE HEREBY WAIVE, TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A JURY TRIAL IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MORTGAGE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR**

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OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (2) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS MORTGAGE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

3.32 Rate Lock Agreement. The Mortgagor agrees that all sums that may or shall become due and payable by the Mortgagor to the Mortgagee in accordance with the Rate Lock Agreement shall be deemed to constitute additional interest on the indebtedness represented by, and shall be evidenced by, the Note, shall be secured by this Instrument and shall constitute part of the Debt. The lien of this Instrument insofar as it secures payment of sums that may or shall become due and payable by the Mortgagor to the Mortgagee in accordance with the Rate Lock Agreement is and shall continue to be subject and subordinate in lien to the lien of this Mortgage insofar as it secures the payment of the balance of the Debt. The parties hereto agree that, if the Note shall be declared to be immediately due and payable as a result of the occurrence of an Event of Default or if the Note is not paid in full at maturity, then all sums that become available to the Mortgagee as a result of the foreclosure of this Instrument shall not be applied to sums due under the Rate Lock Agreement until such time as the balance of the Debt has been paid in full. The term "**Rate Lock Agreement**" as used herein shall mean a certain Rate Lock Agreement dated the date of this Instrument entered into between the Mortgagor and the Mortgagee. The terms, covenants and conditions of the Rate Lock Agreement are incorporated herein by this reference with the same effect as if the same were fully set forth in this Instrument.

[Signature Pages Follow]

Doc # 02-131586.8

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STATE OF ILLINOIS)
) ss
 COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that David B. Brint, personally known to me to be the president of Brint Development, Inc., an Illinois corporation, a member of Brinshore Development, L.L.C., an Illinois limited liability company, the sole member of Brinshore Holding, LLC, an Illinois limited liability company, a member of Legends C-2 Manager, LLC, an Illinois limited liability company (the "Managing Member"), the sole managing member of Legends C-2, LLC, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such officer, he signed and delivered the said instrument, pursuant to authority given by the members of the Managing Member as the free and voluntary act of such person, and as the free and voluntary act and deed of the Managing Member and Legends C-2, LLC for the uses and purposes therein set forth.

Given under my hand and official seal this 5th day of December, 2007.

Sandra Brosseau
 Notary Public

(SEAL)

STATE OF New Jersey)
) ss
 COUNTY OF Burlington)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that John O'Donnell, personally known to me to be the Vice President of Michaels Chicago Holding Company, LLC, an Illinois limited liability company, a member of Legends C-2 Manager, LLC, an Illinois limited liability company (the "Managing Member"), the sole managing member of Legends C-2, LLC, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such officer he/she signed and delivered the said instrument, pursuant to authority given by the members of the Managing Member as the free and voluntary act of such person, and as the free and voluntary act and deed of the Managing Member and Legends C-2, LLC, for the uses and purposes therein set forth.

Given under my hand and official seal this 3rd day of December, 2007.

Catherine A. Freas
 Notary Public

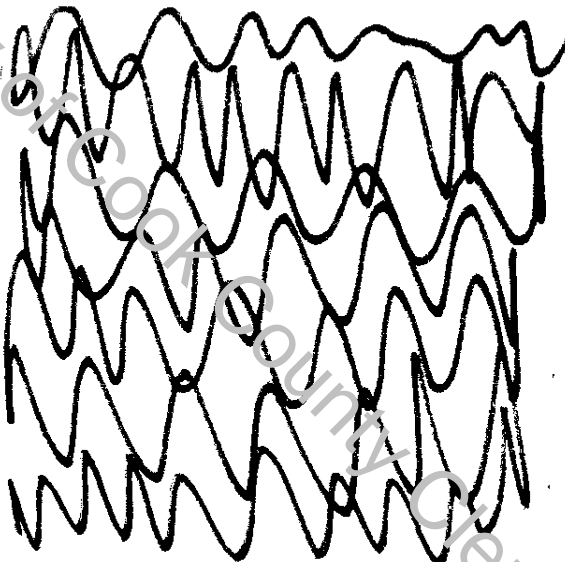
(SEAL)

CATHERINE A. FREAS
NOTARY PUBLIC OF NEW JERSEY
 Commission Expires 6/30/2010

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EXHIBIT A
(Description of Premises)

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Legal Description Legends South Phase C-2 (overall)

Parcel 1:

Leasehold estate created by Ground Lease dated as of December 1, 2007 between Chicago Housing Authority, an Illinois municipal corporation, landlord, and Legends C-2, LLC, an Illinois limited liability company, tenant, recorded contemporaneously herewith as document number ~~0734409048~~ demising and leasing for a term of 99 years expiring on November 30, 2106, the following described tracts of land, except the buildings and improvements thereon, to wit:

Tract 1:

Lots 1 through 7, both inclusive, in Legends Wabash (a resubdivision of the south 40 feet of Lot 2 and Lots 3, 4, 5, 6, 7, and 8 (except that part taken for the widening of Wabash Avenue) in Block 10 of Pryor and Hopkins Subdivision of the West ½ of the Northwest ¼ of Section 3, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois), according to the plat thereof, recorded November 14, 2007 as document number 0731803070, in Cook County, Illinois.

PINs:

20-03-118-012	20-03-118-015	20-03-118-022
20-03-118-013	20-03-118-019	20-03-118-023
20-03-118-014	20-03-118-020	20-03-118-024
20-03-118-015	20-03-118-021	20-03-118-033

Commonly known as the following addresses, all in Chicago, Illinois:

4206 S. Wabash Ave.	4226 S. Wabash Ave.
4208 S. Wabash Ave.	4228 S. Wabash Ave.
4210 S. Wabash Ave.	4230 S. Wabash Ave.
4216 S. Wabash Ave.	4236 S. Wabash Ave.
4220 S. Wabash Ave.	

Tract 2:

Lots 1 through 9, both inclusive, in Legends 4100 Prairie (a resubdivision of Lots 1 through 13, both inclusive, in Owner's Subdivision of Lots 13 through 24, both inclusive, in Andrew's Subdivision of the Northwest ¼ of the Southeast ¼ of the Northwest ¼ of Section 3, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois), according to the plat thereof, recorded November 14, 2007 as document number 0731803069, in Cook County, Illinois.

PINs:

20-03-115-019	20-03-115-022	20-03-115-029
20-03-115-020	20-03-115-023	20-03-115-032
20-03-115-021	20-03-115-026	20-03-115-033
20-03-115-034		

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Commonly known as the following addresses, all in Chicago, Illinois:

223 E. 41st Street	4118 S. Prairie Ave.	4134 S. Prairie Ave.
225 E. 41st Street	4120 S. Prairie Ave.	4136 S. Prairie Ave.
4108 S. Prairie Ave.	4122 S. Prairie Ave.	4142 S. Prairie Ave.
4112 S. Prairie Ave.	4128 S. Prairie Ave.	4148 S. Prairie Ave.
4116 S. Prairie Ave.	4132 S. Prairie Ave.	

Tract 3:

Lots 1, 2, 3 and 4 in Legends Indiana (a resubdivision of Lots 1 through 5, both inclusive, in Block 1 of Pryor and Hopkins Subdivision of the West ½ of the Northwest ¼ of Section 3 Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois), according to the plat thereof, recorded November 14, 2007 as document number 0731803068, in Cook County, Illinois.

PINs:

20-03-102-024
20-03-102-025

Commonly known as the following addresses, all in Chicago, Illinois:

123 E. Pershing Road	3912 S. Indiana Ave.
125 E. Pershing Road	3916 S. Indiana Ave.
3908 S. Indiana Ave.	3920 S. Indiana Ave.

Tract 4:

Lot 1 in Legends 4200 Prairie (a resubdivision of Lot 5 (except the north 1 ¼ inches thereof), all of Lots 6 and 7 and the North ½ of Lot 8 in Broad's Subdivision of the West 2/3 of the Southwest ¼ of the Southeast ¼ of the Northwest ¼ of Section 3, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois), according to the plat thereof, recorded November 14, 2007 as document number 0731803067, in Cook County, Illinois.

PINs:

20-03-121-026
20-03-121-040

Commonly known as the following addresses, all in Chicago, Illinois:

4220 S. Prairie Ave.	4228 S. Prairie Ave.
4222 S. Prairie Ave.	4230 S. Prairie Ave.
4224 S. Prairie Ave.	4232 S. Prairie Ave.
4226 S. Prairie Ave.	4234 S. Prairie Ave.

Parcel 2:

All buildings and improvements located, or to be located after the date of the aforesaid ground lease, on the leasehold estate hereinabove described as Parcel 1.

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EXHIBIT A-1

Mortgaged Lease

That certain Ground Lease dated as of December 1, 2007 between the Chicago Housing Authority and Legends C-2, LLC.

Property of Cook County Clerk's Office

