

After recording, please return to:

HAHN & HESSEN LLP
350 Fifth Avenue
New York, New York 10118
Attention: Ralph Miles, Esq.



This instrument was prepared by:
Byung-il Lee, Esq.
HAHN & HESSEN LLP
350 Fifth Avenue
New York, New York 10118

MORTGAGE ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

Dated: December 13th, 1999
In the principal amount of: \$155,000,000.00

KAR PRODUCTS, INC.
c/o SunSource, Inc.
3000 One Logan Square, 30th Floor
Philadelphia, Pennsylvania 19103

Mortgagor

TO

PNC BANK, NATIONAL ASSOCIATION
Two Tower Center
East Brunswick, New Jersey 08816

Mortgagee



Return to:
Janice Lashner
(PHI-99-10877MGO)
LandAmerica
1700 Market St.
Philadelphia, PA
19103

99-09321, ms m

Location of Premises:
City: Des Plaines
District: _____
Section: _____
Block: _____
Lot: _____
Tax Parcel: _____
County: Cook
State: Illinois

Lawyers Title Insurance Corporation
Office

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J.P.

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MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

This MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (this "Mortgage") is made as of December 13th, 1999 by KAR PRODUCTS, INC. ("Mortgagor"), a Delaware corporation having an address c/o SunSource, Inc., 3000 One Logan Square, 30th Floor, Philadelphia, Pennsylvania 19103, to PNC BANK, NATIONAL ASSOCIATION ("Mortgagee"), having an address at Two Tower Center, East Brunswick, New Jersey 08816, for itself and as Agent for the Lenders now or hereafter named in the Loan Agreement (as hereinafter defined). Capitalized terms used but not defined in this Mortgage shall have the meanings ascribed to them in the Loan Agreement.

WITNESSETH, pursuant to the Revolving Credit, Term Loan, Guaranty and Security Agreement dated December 13th, 1999 (as amended, modified, extended, renewed, restated, or supplemented from time to time, the "Loan Agreement") among Mortgagor as a Borrower, the other Borrowers, the Credit Parties, the Lenders and the Mortgagee as Agent, the Lenders have agreed to make and the Borrowers have agreed to accept the following loans in the maximum aggregate principal amount of \$155,000,000: (i) Revolving Advances in the maximum aggregate principal amount of \$130,000,000 to be advanced pursuant to the Loan Agreement and evidenced by and subject to the terms and conditions set forth therein and in the Revolving Credit Note; and (ii) the Term Loan in the original principal amount of \$25,000,000 to be advanced pursuant to the Loan Agreement and evidenced by and subject to the terms and conditions set forth therein and in the Term Note. Pursuant to the Loan Agreement, Mortgagee has been designated as the Agent of the present or future holders of the Indebtedness (as hereinafter defined) secured by this Mortgage, including Mortgagee in its individual capacity. The Revolving Credit Note and the Term Note, and as each may be amended, modified, extended, renewed, restated or supplemented from time to time, are by this reference made a part hereof and shall be collectively referred to herein as the "Note." The interest rate, payment terms or balance due on the Note may be indexed, adjusted, renewed or renegotiated pursuant to the terms thereof and of the Loan Agreement. The Note shall mature on December __, 2004 (the "Maturity Date"). The Loan Agreement, the Note, the Other Security Documents (hereinafter defined), this Mortgage, and any other document or instrument now or hereafter executed and delivered in connection therewith shall be collectively referred to herein as the "Transaction Documents."

WITNESSETH, that to secure the payment of the maximum aggregate principal sum of ONE HUNDRED FIFTY-FIVE MILLION DOLLARS (\$155,000,000) lawful money of the United States or so much thereof as may be outstanding from time to time, to be advanced pursuant to the Transaction Documents, all judgments thereon or therefor, all sums, amounts and expenses paid by Mortgagee under the terms thereof, all other obligations and liabilities of Mortgagor thereunder, together with all interest on the said indebtedness, obligations, liabilities, sums, amounts and expenses, and any and all other obligations and liabilities now due and owing or to the extent allowed by law, which may hereafter be or become due and owing by Mortgagor to Mortgagee under any of the Transaction Documents (all of the aforesaid hereinafter collectively, the "Indebtedness") until paid, Mortgagor, as hereinafter provided, hereby mortgages, grants, bargains, sells, warrants, conveys, alienates, remises, releases, assigns, sets over and confirms to Mortgagee and grants to Mortgagee a security interest in:

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A. All of the right, title and interest of Mortgagor in and to that certain lot, piece or parcel of land described on Schedule A annexed hereto and made a part hereof (the "Real Property");

B. All of the right, title and interest of Mortgagor in and to the buildings and improvements (hereinafter, collectively, together with all building equipment, the "Improvements") now or hereafter located on the Real Property and all of its right, title and interest, if any, in and to the streets and roads abutting the Real Property to the center lines thereof, and strips and gores within or adjoining the Real Property, the air space and right to use said air space above the Real Property, all rights of ingress and egress by motor vehicles to parking facilities on or within the Real Property, all easements now or hereafter affecting the Real Property or the Improvements, all royalties and all rights appertaining to the use and enjoyment of the Real Property or the Improvements, including, without limitation, alley, drainage, crop, timber, agricultural, horticultural, mineral, water, oil and gas rights;

C. All of the right, title and interest of Mortgagor in and to all fixtures and articles of personal property and all appurtenances and additions thereto and substitutions or replacements thereof, now or hereafter attached to, or contained in, the Real Property and the Improvements or placed on any part thereof, though not attached thereto, including, but not limited to, all screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, ventilating, air conditioning, refrigerating, incinerator and compacting and elevator plants, stoves, ranges, vacuum cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, appliances, equipment, fittings and fixtures, and the trade name, good will and books and records relating to the business operated on the Real Property and the Improvements. Without limiting the foregoing, Mortgagor hereby grants to Mortgagee a security interest in all of its present and future "equipment" and "general intangibles" (as said quoted terms are defined in the Uniform Commercial Code of the State wherein the Real Property and the Improvements are located) and Mortgagee shall have, in addition to all rights and remedies provided herein, and in any other agreements, commitments and undertakings made by Mortgagor to Mortgagee, all of the rights and remedies of a "secured party" under the said Uniform Commercial Code. To the extent permitted under applicable law, this Mortgage shall be deemed to be a "security agreement" (as defined in the aforesaid Uniform Commercial Code) and shall also constitute a "fixture filing" under the aforesaid Uniform Commercial Code). If the lien of this Mortgage is subject to a security interest covering any such personal property, then all of the right, title and interest of Mortgagor in and to any and all such property is hereby assigned to Mortgagee, together with the benefits of all deposits and payments now or hereafter made thereon by Mortgagor;

D. All of the right, title and interest of Mortgagor in and to all leases, lettings and licenses of the Real Property, the Improvements and any other property or rights encumbered or conveyed hereby, or any part thereof, now or hereafter entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, cash and securities deposited thereunder, the right to receive and collect the rents, issues and profits payable thereunder and the right to enforce, whether by action at law or in equity or by other means, all provisions, covenants and agreements thereof;

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E. All right, title and interest of Mortgagor in and to all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor and all proceeds of the conversion, voluntary or involuntary, of the Real Property, the Improvements and any other property or rights encumbered or conveyed hereby, or any part thereof, into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and compensation heretofore and hereafter made to the present and all subsequent owners of the Real Property, the Improvements or any other property or rights encumbered or conveyed hereby by any governmental or other lawful authority for the taking by eminent domain, condemnation or otherwise, of all or any part of the Real Property, the Improvements or any other property or rights encumbered or conveyed hereby or any easement therein, including, but not limited to, awards for any change of grade of streets; and

F. All right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutions and replacements of and all additions and appurtenances to the Real Property, the Improvements and any other property or rights encumbered or conveyed hereby, hereafter acquired by or released to Mortgagor or constructed, assembled or placed by Mortgagor on the Real Property, the Improvements and any other property or rights encumbered or conveyed hereby, and all conversions of the security constituted thereby which, immediately upon such acquisition, release, construction, assembling, placement or conversion as the case may be, and in each such case without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein (the Real Property and the Improvements, together with the fixtures and other property, rights, privileges and interests encumbered or conveyed hereby hereinafter, collectively, the "Premises").

TO HAVE AND TO HOLD the Premises unto Mortgagee and its successors and assigns until the Indebtedness is paid in full, whereupon this Mortgage shall be released at the cost of Mortgagor.

AND Mortgagor covenants and agrees with Mortgagee as follows:

Article 1

REPRESENTATIONS AND WARRANTIES OF MORTGAGOR

Mortgagor represents and warrants to Mortgagee as of the date hereof as follows:

Section 1.01 **Title to the Premises.** (i) The right, title and interest of Mortgagor constitutes good, marketable and insurable title to the Premises, subject only to those exceptions to title in respect of the Real Property and the Improvements set forth in the marked title insurance binder redated as of the date hereof and insuring the interest of Mortgagee in, to and under this Mortgage (the "Title Binder"); (ii) Mortgagor has full power and lawful authority to encumber the Premises in the manner and form set forth hereunder; (iii) Mortgagor owns all fixtures and articles of personal property now or hereafter comprising part of the Premises, subject to the rights of space tenants in and to any such fixtures, personal property or

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installations, including any substitutions or replacements thereof free and clear of all liens and claims; (iv) this Mortgage is and will remain a valid and enforceable first lien on the Premises; and (v) Mortgagor will preserve such title, and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whatsoever.

Section 1.02 Mortgage Authorized. The execution and delivery of the Transaction Documents have been duly authorized by the directors of Mortgagor and there is no provision in the certificate of incorporation or by-laws of Mortgagor requiring further consent for such action by any other entity or person. Mortgagor is duly organized, validly existing and is in good standing under the laws of the state of its formation, and has (i) all necessary licenses, authorizations, registrations, permits and approvals, and (ii) full power and authority to own its properties and carry on its business as presently conducted. The execution and delivery by Mortgagor of, and performance of its obligations under, the Transaction Documents will not result in Mortgagor being in default under any provision of its certificate of incorporation or by-laws or of any mortgage, lease, credit or other agreement to which it is a party or which affects it or the Premises, or any part thereof.

Section 1.03 Flood Insurance Status. The Premises are not located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards pursuant to the terms of the National Flood Insurance Act of 1968, or the Flood Disaster Protection Act of 1973, as same may have been amended to date.

Section 1.04 Operation of the Premises. (i) Mortgagor has all certificates, licenses, authorizations, registrations, permits, and approvals necessary for the operation of the Premises or any part thereof, including but not limited to, a Permanent Certificate of Occupancy, if issued, and, if applicable, a Board of Fire Underwriters Certificate for the Improvements, or required under the Environmental Laws (hereinafter defined), all of which as of the date of the signing hereof are in full force and effect and not, to the knowledge of Mortgagor, subject to any revocation, amendment, release, suspension, forfeiture or the like, (ii) the present use and occupancy of the Premises and Improvements do not conflict with or violate any such certificate, license, authorization, registration, permit or approval, or any applicable law, ordinance, statute, rule, order, requirement, or regulation, and (iii) Mortgagor has delivered to Mortgagee, prior to the signing hereof, duplicate originals of all such certificates, licenses, authorizations, registrations, permits, and approvals.

Article 2

COVENANTS OF MORTGAGOR

Section 2.01 Payment of the Indebtedness. Mortgagor will pay when due the Indebtedness in same day funds as provided in the Transaction Documents, all in the coin and currency of the United States of America which is legal tender for the payment of public and private debts.

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Section 2.02 Maintenance of the Improvements.

(a) Mortgagor shall maintain the Improvements in good repair, shall comply with the requirements of any governmental authority claiming jurisdiction over the Premises within the lesser of thirty (30) days after an order (an "Order") containing such requirement has been issued by any such authority (unless such requirement cannot be complied with within such thirty (30) day period, in which event Mortgagor shall have such longer period as necessary to cause compliance provided, however, that Mortgagor shall promptly commence and diligently prosecute to completion such compliance and provided, further, that such period shall not exceed the time required pursuant to the terms of such Order) or the time required pursuant to the terms of such Order. Mortgagor shall not, without the prior written consent of Mortgagee, threaten, commit, permit or suffer to occur any waste, material alteration, demolition or removal of the Improvements or any part thereof; provided, however, that fixtures and articles of personal property owned by Mortgagor may be removed from the Improvements if Mortgagor concurrently therewith replaces same with equivalent items which do not reduce the value of the Premises or the Improvements, free of any lien, charge or claim superior to the lien or security interest created hereby.

(b) Nothing in this Section 2.02 shall require the compliance by Mortgagor with any Order so long as (i) the failure so to do shall not be a default or event of default under any deed of trust, mortgage, or security agreement affecting the Premises, any part thereof or interest therein, (ii) the failure so to do shall not result in the voiding, rescission or invalidation of a certificate of occupancy or any other license, certificate, permit or registration in respect of the use and occupancy of the Premises, (iii) the failure so to do shall not prevent, hinder or interfere with the lawful use and occupancy of the entirety of the Improvements for their present use and occupancy, (iv) the failure so to do shall not void or invalidate any insurance maintained by Mortgagor in respect of the Premises, or result in an increase of any premium therefor or a decrease in any coverage provided thereby, and (v) Mortgagor in good faith and at its own expense shall contest the Order or the validity thereof by appropriate legal proceedings, which proceedings must operate to prevent (1) the occurrence of any of the events described in the preceding clauses (i) through (iv) of this Subsection 2.02(b) and (2) the collection or other realization on any sums due or payable as a consequence of the Order, the sale of any lien arising in respect of the Order, and/or the sale or forfeiture of the Premises, any part thereof or interest therein, or the sale of any lien connected therewith; provided that during such contest Mortgagor shall, at the option of Mortgagee, provide security satisfactory to Mortgagee assuring the discharge of Mortgagor's obligations hereunder and of any interest, charge, fine, penalty, fee or expense arising from or incurred as a result of such contest; and provided further if at any time compliance with any obligation imposed upon Mortgagor by the Order shall become necessary to prevent (1) the occurrence of any of the events described in clauses (i) through (iv) of this Subsection 2.02(b), (2) the delivery of a deed conveying the Premises or any portion thereof or interest therein because of noncompliance, or the sale of a lien in connection therewith, or (3) the imposition of any penalty, fine, charge, fee, cost or expense on Mortgagee, then Mortgagor shall comply with the Order in sufficient time to prevent the occurrence of any such events, the delivery of such deed or the sale of such lien, or the imposition of such penalty, fine, charge, fee, cost or expense on Mortgagee.

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(c) Environmental Provisions. "Governmental Authority" means 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; "Environmental Laws" shall collectively mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", 42 U.S.C. § 9601 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), the Resource Conservation and Recovery Act ("RCRA", 42 U.S.C. § 6901 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Clean Water Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Emergency Planning and Community Right to Know Act (42 U.S.C. § 1100 *et seq.*), and the Toxic Substances Control Act ("TSCA", 15 U.S.C.A. § 2711 *et seq.*), all as presently in effect and as the same may hereafter be amended, and all regulations promulgated pursuant to any of the foregoing statutes and any other current or future federal, state or local law, ordinance, rule, regulation, order or directive relating to the generation, use, discharge, treatment, transportation, storage or disposal of substances, wastes, pollutants or contaminants or otherwise addressing environmental, health or safety issues of or by any Governmental Authority; "Hazardous Materials" means all materials or substances that, whether by their nature or use, is subject to regulation under the Environmental Laws, including, without limitation, "Hazardous Substances," "Hazardous Wastes," "Pollutants" or "Contaminants" as such terms are defined by the Environmental Laws; and "Diligent Inquiry" means a level of inquiry at least equal to an environmental site assessment of the Premises conducted in accordance with Mortgagee's reasonable environmental policies and procedures.

(1) Mortgagor hereby represents and warrants to Mortgagee that (i) no Hazardous Material in quantities requiring reporting or remediation under the Environmental Laws is currently located at, in, on, under or about the Premises, (ii) no Hazardous Material is currently or, to the best of Mortgagor's knowledge after Diligent Inquiry, has ever been located at, in, on, under or about the Premises in a manner which requires reporting or remediation under the Environmental Laws or which requires cleanup or corrective action of any kind under the Environmental Laws, (iii) no releasing, emitting, discharging, leaching, dumping or disposing of any Hazardous Material from the Premises onto or into any other property or from any other property onto or into the Premises is occurring or, to the best of Mortgagor's knowledge after Diligent Inquiry, has occurred, in quantities that require reporting or remediation under the Environmental Laws, and (iv) no notice of violation, lien, complaint, suit, order or other notice with respect to the environmental condition of the Premises is outstanding, nor, to the best of Mortgagor's knowledge after Diligent Inquiry, has any such notice been issued which has not been fully satisfied and complied with in a timely fashion so as to bring the Premises into compliance with the Environmental Laws.

(2) Mortgagor covenants that it will not, nor permit any tenant or other occupant of the Premises to, generate, store, handle, process, dispose of or otherwise use Hazardous Materials at, in, on, under or about the Premises in a manner that could result in or potentially result in the imposition on Mortgagor, Mortgagee or the Premises of any liability or lien of any nature whatsoever under the Environmental Laws.

(3) Mortgagor shall notify Mortgagee promptly in the event of any spill or other release of any Hazardous Material at, in, on, under or about the Premises which is

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required to be reported to a Governmental Authority under the Environmental Laws, will promptly forward to Mortgagee copies of any notices received by Mortgagor relating to alleged violations of any of the Environmental Laws, and will promptly pay when due any fine or assessment against Mortgagee, Mortgagor or the Premises relating to the Environmental Laws.

(4) If at any time it is determined that the operation or use of the Premises violates any of the applicable Environmental Laws or that there are Hazardous Materials located at, in, on, under or about the Premises which, under the Environmental Laws, require special handling in collection, storage, treatment or disposal, or any other form of cleanup or corrective action, Mortgagor shall, within thirty (30) days after receipt of notice thereof from any Governmental Authority or from Mortgagee, take, at its sole cost and expense, such actions as may be necessary to fully comply in all respects with the Environmental Laws, provided, however, that if such compliance cannot reasonably be completed within such thirty (30) day period, Mortgagor shall commence such necessary action within such thirty (30) day period and shall thereafter diligently and expeditiously proceed to complete in a timely fashion with the Environmental Laws. If Mortgagor fails to timely take, or to diligently and expeditiously proceed to complete in a timely fashion, any such action, Mortgagee may, in its sole and absolute discretion, make advances or payments towards 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 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 Mortgagor and shall bear interest at the Default Rate from the date any such sums are so advanced or paid by Mortgagee until the date any such sums are repaid by Mortgagor to Mortgagee. Mortgagor shall execute and deliver, promptly upon request, such instruments as Mortgagee may deem useful or necessary to permit Mortgagee to take any such action, and such additional notes and mortgages, as Mortgagee may require to secure all sums so advanced or paid by Mortgagee.

(5) If a lien is filed against the Premises by any Governmental Authority resulting in the need to expend or the actual expending of monies, arising from an action or omission, whether intentional or unintentional, of Mortgagor or for which Mortgagor is responsible, and 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 Premises are located, then Mortgagor shall, within thirty (30) days from the date that Mortgagor is first given notice that such lien has been placed against the Premises (or within such shorter period of time as may be specified by Mortgagee if such Governmental Authority has commenced steps to cause the Premises to be sold pursuant to such lien) either (i) pay the claim and remove the lien, or (ii) furnish a cash deposit, bond, or such other security with respect thereto as is satisfactory in all respects to Mortgagee and is sufficient to effect a complete discharge of such lien on the Premises.

(6) Mortgagee may, at its option, if Mortgagee reasonably believes that a Hazardous Material or other environmental condition violates or threatens to violate the Environmental Laws, cause an environmental audit of the Premises or portions thereof to be conducted to confirm Mortgagor's compliance with the provisions of this Subsection 2.02(c),

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and Mortgagor shall cooperate in all reasonable ways with Mortgagee in connection with any such audit and shall pay all reasonable costs and expenses incurred in connection therewith.

(7) Mortgagor shall defend, indemnify, and hold harmless Mortgagee, its 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 Mortgagor of any of the provisions of this Subsection 2.02(c), (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 Premises, including, without limitation, any damage or injury resulting from any such Hazardous Material to or affecting the Premises or the soil, water, air vegetation, buildings, personal property, persons or animals located on the Premises 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 the Environmental Laws or any policy or requirement of Mortgagee. This indemnification shall, notwithstanding any exculpatory or the provision of any nature whatsoever to the contrary set forth in the Transaction Documents, constitute the personal recourse undertakings, obligations and liabilities of Mortgagor.

(8) If this Mortgage is foreclosed or Mortgagor tenders a deed or assignment in lieu of foreclosure, Mortgagor shall deliver the Premises to the purchaser at foreclosure or to Mortgagee, its nominee, or wholly owned subsidiary, as the case may be, in a condition that complies in all respects with the Environmental Laws. The obligations and liabilities of Mortgagor under this Subsection 2.02(c) 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 Indebtedness has been paid in full and irrespective of any foreclosure of this Mortgage or acceptance by Mortgagee, its nominee or wholly owned subsidiary of a deed or assignment in lieu of foreclosure and irrespective of the discharge, satisfaction, release or assignment of this Mortgage or of any other fact or circumstance of any nature whatsoever.

Section 2.03 Insurance; Coverage.

(a) Mortgagor shall keep the Improvements insured against (i) damage by fire and the other hazards covered by the standard extended coverage all risk insurance policy, (ii) damage by vandalism, malicious mischief, and (iii) such other hazards against which Mortgagee shall require insurance, and each policy of insurance required pursuant to this Section 2.03 shall be endorsed to name Mortgagee as a mortgagee-loss payee thereunder, as its interest may appear, with loss payable to Mortgagee without contribution or assessment, under a New York Standard Mortgage Clause. All insurance policies and endorsements required pursuant to this Section 2.03 shall be fully paid for, nonassessable and contain such provisions (including, without limitation, inflation guard and replacement cost endorsements) and expiration dates and shall be in such form and amounts and issued by such insurance companies with a rating of "A" or better as established by Best's Rating Guide (or an equivalent rating with such other publication of a

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similar nature as shall be in current use), or such other companies, as shall be approved by Mortgagee.

(b) Mortgagor shall additionally keep the Improvements insured against loss by flood if the Premises are located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which the Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as the same may have been or may hereafter be amended or modified (and any successor acts thereto) in an amount at least equal to the outstanding Indebtedness or the maximum limit of coverage available with respect to the Improvements under said Act; whichever is less, and in a company or companies to be approved by Mortgagee

(c) In all events and without a modification of or limitation on the foregoing Mortgagor will assign and deliver the policy or policies (or true copies thereof) of all such insurance to Mortgagee, which policy or policies shall have endorsed thereon the New York Standard Mortgagee Clause (provided, however, Mortgagee shall have thirty (30) days notice from the insurer prior to the expiration, cancellation or termination – for any reason whatsoever – of any policy) in the name of Mortgagee, so and in such manner and form that Mortgagee and its successors and assigns shall at all times have and hold said policy or policies as collateral and further security for the payment of the Indebtedness until the full payment of the Indebtedness. Insurance required hereunder may be carried by Mortgagor pursuant to blanket policies, provided that all other requirements herein set forth are satisfied and that the underlying policy in respect of the Premises is assigned and delivered to Mortgagee as herein required. If Mortgagor fails to keep the Premises insured in compliance with the Transaction Documents or this Section 2.03, Mortgagee may, but shall not be obligated to, obtain insurance and pay the premiums therefor, and Mortgagor shall, on demand, reimburse Mortgagee for all sums, advances and expenses incurred in connection therewith, and such sums, advances and expenses shall bear interest at the Default Rate (as defined in Section 2.13 of this Mortgage) until reimbursed. Mortgagor shall deliver copies of all original policies to Mortgagee together with the endorsements thereto required hereunder. The proceeds of insurance paid on account of any damage or destruction to the Premises or any part thereof shall be paid over to Mortgagee to be applied as hereinafter provided. Notwithstanding anything to the contrary contained herein or in any provision of applicable law, the proceeds of insurance policies coming into the possession of Mortgagee shall not be deemed trust funds, and Mortgagee shall be entitled to dispose of such proceeds as hereinafter provided in Section 2.04. In the event of a foreclosure of the Premises, a transfer of the Premises in lieu of foreclosure, or purchase of the Premises at a foreclosure, all of Mortgagor's interest in insurance policies then in force with respect to the Premises shall inure to the benefit of and pass to the transferee or purchaser of the Premises, as the case may be.

Section 2.04 Insurance; Proceeds. Mortgagor shall give Mortgagee prompt notice of any loss covered by insurance and Mortgagee shall have the right to join Mortgagor in adjusting any loss. Mortgagee shall have the option, in its sole discretion, to apply any insurance proceeds it may receive pursuant to Section 2.03 or otherwise, to the payment of the Indebtedness or to allow all or a portion of such proceeds to be used for the restoration of the Improvements, subject, however, to the provisions of Section 2.06 hereof. If any such insurance proceeds are used to reduce the Indebtedness, the same shall be applied by Mortgagee, after the deduction therefrom and repayment to Mortgagee of any and all reasonable costs incurred by

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Mortgagee in the recovery thereof, in any manner it shall designate, including but not limited to, the application of such proceeds to the then unpaid installments of the principal balance of the Indebtedness in the inverse order of their maturity, such that the regular payments, if any, under the Transaction Documents shall not be reduced or altered in any manner. If Mortgagee elects to allow the use of such proceeds for the restoration of the Improvements, then such use of the proceeds shall be governed as hereinafter provided in Section 2.06.

Section 2.05 Restoration of the Improvements. If the Improvements or any part thereof are damaged, lost, destroyed, or taken by condemnation:

(a) Mortgagor shall give prompt written notice thereof to Mortgagee.

(b) If Mortgagee makes available to Mortgagor the insurance proceeds (or condemnation award, as the case may be) recovered by Mortgagee as herein provided, Mortgagor shall promptly commence and diligently continue to perform the repair, restoration and rebuilding of that portion of the Improvements so damaged or destroyed (hereinafter, the "Work") so as to restore the Improvements in full compliance with all legal requirements and so that the Improvements shall be at least equal in value and general utility as they were prior to the damage or destruction.

(c) If the Work to be done is structural or if the cost of the Work, as estimated by Mortgagee, exceeds One Hundred Thousand Dollars (\$100,000) (hereinafter, collectively, "Major Work"), Mortgagor shall, prior to the commencement of the Major Work, furnish to Mortgagee for its approval: (1) complete plans and specifications for the Major Work, with satisfactory evidence of the approval thereof by (i) all governmental authorities whose approval is required, (ii) by all parties to or having an interest in the leases, if any, of any portion of the Premises whose approval is required, and (iii) by an architect reasonably satisfactory to Mortgagee (hereinafter, the "Architect"); (2) the Architect's signed estimate, bearing the Architect's seal, of the entire cost of completing the Major Work; and (3) photostatic copies of all permits and approvals required by law in connection with the commencement of the Work and as and when obtainable, the conduct of the Work.

(d) Mortgagor shall not commence any of the Major Work until Mortgagor shall have complied with the applicable requirements referred to in this Section 2.05 or Mortgagee waives such requirements, and after commencing the Major Work, Mortgagor shall perform the Major Work diligently and in good faith, in accordance with the plans and specifications referred to in this Section 2.05, if applicable.

Section 2.06 Restoration; Advances. If Mortgagee, pursuant to the terms of the Transaction Documents, elects to apply any insurance proceeds recovered by Mortgagee on account of damage or destruction to the Improvements (or condemnation award, as the case may be) to the restoration of the Improvements, such proceeds, if any, less the reasonable cost, if any, to Mortgagee of such recovery and of paying out such proceeds (including reasonable attorneys' fees and costs allocable to inspecting the Work and the plans and specifications therefor), shall be applied by Mortgagee to the payment of the cost of the Work and shall be paid out from time to time to Mortgagor or, at Mortgagee's option exercised from time to time, directly to the contractor, subcontractors, materialmen, laborers, engineers, architects and other persons

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rendering services or materials for the Work, as said Work progresses, except as otherwise hereinafter provided, but subject to the following conditions, any of which Mortgagee may waive:

(a) If the Work to be done is Major Work, the Architect shall be in charge of the Work;

(b) Each request for payment shall be made on seven (7) days prior notice to Mortgagee and shall be accompanied by: (1) a certificate of the chief financial officer of Mortgagor specifying the party to whom (and for the account of which) such payment is to be made; and (2) a certificate of the Architect, if one is required under Section 2.05 above (otherwise by a certificate of the chief financial officer of Mortgagor) stating (i) that all of the Work completed has been done in compliance with the approved plans and specifications, if any be required under said Section 2.05, and in accordance with all provisions of law, (ii) the sum requested is required to reimburse Mortgagor for payments by Mortgagor to, or is due to, the contractor, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the Work (giving a brief description of such services and materials), and that when added to all sums, if any, previously paid out by Mortgagee does not exceed the value of the Work done to the date of such certificate, and (iii) that the amount of such proceeds remaining in the hands of Mortgagee, together with any sums made available by Mortgagor will be sufficient on completion of the Work to pay for the same in full (giving in such reasonable detail as Mortgagee may require an estimate of the cost of such completion).

(c) Each request shall be accompanied by sworn statements and waivers of liens, or if unavailable, such other evidence of the release of liens reasonably satisfactory to Mortgagee, covering that part of the Work previously paid for, if any, and by a search prepared by the title insurance company insuring the lien of this Mortgage or by such other title company or licensed abstractor satisfactory to Mortgagee or by other evidence satisfactory to Mortgagee, that there has not been filed with respect to the Premises any mechanic's lien or other lien or instrument for the retention of title in respect of any part of the Work not discharged of record and that there exist no encumbrances on or affecting the Premises (or any part thereof) other than encumbrances, if any, existing as of the date hereof and which have been approved by Mortgagee.

(d) No event shall have occurred and be continuing which with the passage of time or the giving of notice, or both, would constitute an Event of Default (as hereinafter defined).

(e) The request for any payment after the Work has been completed shall be accompanied by photostatic copies of all certificates, permits, licenses, waivers and other documents required by law (or pursuant to any agreement binding upon Mortgagor or affecting the Premises or any part thereof) to render occupancy of the Premises legal.

(f) The Work can be completed not later than one (1) month prior to the Maturity Date.

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(g) Mortgagor, prior to the commencement of the Work, shall have deposited with Mortgagee an amount equal to the difference between the cost of the Work, as estimated by the Architect, and the net insurance proceeds (or condemnation award, as the case may be) after the deduction therefrom of the reasonable cost, if any, to Mortgagee of the recovery and paying out of such proceeds (including reasonable attorneys' fees and costs allocable to inspecting the Work and the plans and specifications therefor).

(h) Upon completion of the Work and payment in full therefor, or upon failure on the part of Mortgagor promptly to commence or diligently to continue the Work, or at any time upon request by Mortgagor, Mortgagee may, at its option, apply the amount of any such proceeds then or thereafter in the hands of Mortgagee to the payment of the Indebtedness, provided, however, that nothing herein contained shall prevent Mortgagee from applying at any time the whole or any part of such proceeds to the curing of any Event of Default.

(i) If the Work to be done is not Major Work, then the net insurance proceeds held by Mortgagee for application thereto shall be paid to Mortgagor by Mortgagee from time to time upon submission to Mortgagee of bills or invoices showing costs incurred in connection with the Work, subject, however, to the foregoing provisions of this Section 2.06, except those which are applicable only if the Work to be done is Major Work.

Section 2.07 Restoration by Mortgagee. If Mortgagee makes available to Mortgagor the insurance proceeds (or condemnation award, as the case may be) recovered by Mortgagee as herein provided and if within one hundred eighty (180) days after the occurrence of any damage or destruction to the Improvements requiring Major Work in order to restore the Improvements, Mortgagor has not submitted to Mortgagee and received Mortgagee's approval of plans and specifications for the repair, restoration and rebuilding of the Improvements so damaged or destroyed (approved by the Architect and by all governmental authorities and other persons or entities, if any, whose approval is required), or if, after such plans and specifications are approved by all such governmental authorities and other persons or entities, if any, and Mortgagee, Mortgagor has failed to commence promptly such repair, restoration and rebuilding, or if thereafter Mortgagor does not diligently continue such repair, restoration and rebuilding, or is delinquent in the payment to mechanics, materialmen or others of the costs incurred in connection with such Major Work, or in the case of any damage or destruction not requiring Major Work in order to restore the Improvements, if Mortgagor shall fail to repair, restore and rebuild promptly the Improvements so damaged or destroyed, then, in addition to all other rights herein set forth, and after giving Mortgagor ten (10) days written notice of the nonfulfillment of one or more of the foregoing conditions, Mortgagee, or any lawfully appointed receiver of the Premises, may at their respective options, perform or cause to be performed such repair, restoration and rebuilding, and may take such other steps as it deems advisable to perform such repair, restoration and rebuilding, and upon twenty-four (24) hours prior written notice to Mortgagor, Mortgagee may enter upon the Improvements to the extent reasonably necessary or appropriate for any of the foregoing purposes, and Mortgagor hereby waives, for Mortgagor and all others holding under Mortgagor, any claim against Mortgagee and such receiver arising out of anything done by Mortgagee or such receiver pursuant hereto (except for damage or loss caused by Mortgagee's gross negligence or willful misconduct), and Mortgagee may, at its option, apply insurance proceeds (without the need by Mortgagee to fulfill any other requirements of this Mortgagee) to reimburse Mortgagee, and such receiver for all amounts expended or incurred by

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them, respectively, in connection with the performance of such Work, and any excess costs shall be paid by Mortgagor to Mortgagee upon demand, and such payment of excess costs shall be deemed part of the Indebtedness and shall be secured by the lien of this Mortgage.

Section 2.08 Maintenance of Existence. Mortgagor shall, so long as it is owner of the Premises (or any part thereof or interest therein), do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation and, subject to the provisions of Subsection 2.02(b), will comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to Mortgagor, or to the Premises or any part thereof.

Section 2.09 Taxes and Other Charges.

(a) Mortgagor shall pay and discharge by the last day payable without penalty or premium all taxes of every kind and nature, water rates, sewer rents and assessments, levies, permits, inspection and license fees and all other charges imposed upon or assessed against the Premises or any part thereof or upon the revenues, rents, issues, income and profits of the Premises or arising in respect of the occupancy, use or possession thereof. Mortgagor shall exhibit to Mortgagee within ten (10) days after request and after the same are required to be paid pursuant to the foregoing sentence or as soon as available from the assessing authority, validated receipts or other evidence reasonably satisfactory to Mortgagee showing the payment of such taxes, assessments, water rates, sewer rents, levies, fees and other charges which may be or become a lien on the Premises. Should Mortgagor default in the payment of any of the foregoing taxes, assessments, water rates, sewer rents, levies, fees or other charges, Mortgagee may, but shall not be obligated to, pay the same or any part thereof and Mortgagor shall, on demand, reimburse Mortgagee for all amounts so paid and such amounts shall bear interest at the Default Rate (as hereinafter defined) until reimbursed.

(b) Nothing in this Section 2.09 shall require the payment or discharge of any obligation imposed upon Mortgagor by Subsection 2.09(a) so long as Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which proceedings must operate to prevent the collection thereof or other realization thereon, the sale of the lien thereof and the sale or forfeiture of the Premises or any part thereof, to satisfy the same; provided that during such contest Mortgagor shall, at the option of Mortgagee, establish reserves reasonably satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligation hereunder and of any additional interest charge, penalty or expense arising from or incurred as a result of such contest; and provided, further, that if at any time payment of any obligation imposed upon Mortgagor by Subsection 2.09(a) shall become necessary to prevent the delivery of a tax deed conveying the Premises or any portion thereof or the sale of the tax lien therefor because of non-payment, or the imposition of any penalty or cost on Mortgagee, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such tax deed or the sale of such lien, or the imposition of such penalty or cost on Mortgagee.

(c) Mortgagor shall pay when due: (i) all premiums for fire, hazard and other insurance required to be maintained by Mortgagor on the Premises pursuant to the terms of Section 2.03 hereof; (ii) title insurance premiums relating to the insurance to be maintained on the Premises in connection with this Mortgage; and (iii) any and all other costs, expenses and

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charges expressly required to be paid hereunder, and subject to the provisions hereof, to be paid for the maintenance or protection of, or on account of, any other collateral delivered, assigned, pledged, mortgaged, transferred or hypothecated to Mortgagee as security for the Indebtedness or in connection with the execution and delivery of this Mortgage.

Section 2.10 **Mechanics' and Other Liens.**

(a) Mortgagor shall pay, bond or discharge of record, from time to time, forthwith, all liens (and all claims and demands of mechanics, materialmen, laborers or others, which, if unpaid, might result in or permit the creation of a lien) on or affecting the Premises or any part thereof, or on or affecting the revenues, rents, issues, income or profits arising therefrom and, in general, Mortgagor forthwith shall do, at the cost of Mortgagor and without expense to Mortgagee, everything necessary to fully preserve the lien of this Mortgage. If Mortgagor fails in a timely manner to make payment in full, bond, or discharge such liens, Mortgagee may, but shall not be obligated to, make payment, bond, or discharge such liens upon notice to Mortgagor, if practicable, in order to preserve the lien of this Mortgage or the collateral value of the Premises, and Mortgagor shall, on demand, reimburse Mortgagee for all sums so expended, and such sums shall bear interest at the Default Rate (as hereinafter defined) until reimbursed.

(b) Nothing in this Section 2.10 shall require the payment or discharge of any obligation imposed upon Mortgagor by Subsection 2.10(a) so long as Mortgagor shall bond or discharge any lien on the Premises arising from such obligation, or in good faith and at its own expense, contest the same or the validity thereof by appropriate legal proceedings, which proceedings must operate to prevent the collection thereof or other realization thereon, the sale of the lien thereof and the sale or forfeiture of the Premises or any part thereof, to satisfy the same; provided that during such contest Mortgagor shall, at the option of Mortgagee, provide security satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligation hereunder and of any additional interest charge, penalty or expense arising from or incurred as a result of such contest; and provided, further, that if at any time, payment of any obligation imposed upon Mortgagor by Subsection 2.10(a) becomes necessary to (i) to prevent the sale or forfeiture of the Premises or any portion thereof because of non-payment, or (ii) to protect the lien of this Mortgage, then Mortgagor shall pay the same in sufficient time to prevent the sale or forfeiture of the Premises, or to protect the lien of this Mortgage, as the case may be.

Section 2.11 **Condemnation Awards.**

(a) Mortgagor, promptly upon obtaining knowledge of the institution of any proceedings for the condemnation of the Premises or any portion thereof, will notify Mortgagee of the pendency of such proceedings. Mortgagee may participate in any such proceedings, and Mortgagor from time to time will deliver to Mortgagee all instruments requested by it to permit such participation. All awards and compensation payable to Mortgagor as a result of any condemnation or other taking or purchase in lieu thereof, of the Premises or any part thereof, are hereby assigned to and shall be paid to Mortgagee. Mortgagor hereby authorizes Mortgagee to collect and receive such awards and compensation, to give proper receipts and acquittances therefor, and, in Mortgagee's sole discretion, to apply the same toward the payment of the Indebtedness, notwithstanding the fact that the Indebtedness may not then be due and payable, or to the restoration of the Improvements. In the event that any portion of the condemnation awards

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or compensation shall be used to reduce the Indebtedness, same shall be applied by Mortgagee in any manner it shall designate, including, but not limited to, the application of such award or compensation to the then unpaid installments of the principal balance of the Indebtedness in the inverse order of their maturity so that the regular payments under the Transaction Documents shall not be reduced or altered in any manner. Mortgagor, upon request by Mortgagee, shall make, execute and deliver any and all instruments requested for the purpose of confirming the assignment of the aforesaid awards and compensation to Mortgagee free and clear of any liens, charges or encumbrances of any kind or nature whatsoever.

(b) Notwithstanding the voiding of the original sale(s) or leasing(s) of all or any portion of the Premises, Mortgagor shall continue to pay the Indebtedness at the time and in the manner provided for its payment in the Transaction Documents, and the Indebtedness shall not be reduced until any payment therefor shall have been actually received by Mortgagee to the discharge of the Indebtedness. Mortgagee may apply any such payment to the discharge of the Indebtedness whether or not then due and payable in such priority and proportions as Mortgagee in its discretion shall deem to be proper. If the Premises are sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of such payment, Mortgagee shall have the right, whether or not a deficiency judgment on the Indebtedness shall have been sought, recovered or denied, to receive said payment, or a portion thereof sufficient to pay the Indebtedness, whichever is less. Mortgagor, after obtaining the prior written consent of Mortgagee, shall file and prosecute its claim or claims for any such payment in good faith and with due diligence and cause the same to be collected and paid over to Mortgagee, and hereby irrevocably authorizes and empowers Mortgagee, in the name of Mortgagor or otherwise, to collect and receipt for any such payment and to file and prosecute such claim or claims, and although it is hereby expressly agreed that the same shall not be necessary in any event, Mortgagor shall, upon demand of Mortgagee, make, execute and deliver all assignments and other instruments sufficient for the purpose of assigning any such payment to Mortgagee, free and clear of any encumbrances of any kind or nature whatsoever.

Section 2.12 Costs of Defending and Upholding the Lien. If any action or proceeding is commenced to which action or proceeding Mortgagee is made a party or is a party-in-interest (including, but not limited to, any bankruptcy proceeding, lien foreclosure action or other action affecting the title or encumbrances upon the Premises, whether or not commenced or initiated by Mortgagor) or in which it becomes necessary to defend or uphold the lien of this Mortgage, Mortgagor shall, within thirty (30) days of Mortgagor's receipt of an invoice from Mortgagee, reimburse Mortgagee for all reasonable expenses (including, without limitation, reasonable attorneys' fees and disbursements and reasonable appellate attorneys' fees and disbursements) incurred by Mortgagee in any such action or proceeding and, if not received within the time provided, such expenses shall bear interest at the Default Rate (as hereinafter defined) until reimbursed. In any action or proceeding to foreclose this Mortgage or to recover or collect the Indebtedness, the provisions of law relating to the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

Section 2.13 Additional Advances and Disbursements. Mortgagor shall pay by the last day payable without premium or penalty all payments and charges on all liens, encumbrances, ground and other leases, and security interests which affect or may affect or attach or may attach to the Premises or any part thereof. If Mortgagor defaults in the making of

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any such payment, or in the performance of any other term, covenant, condition or obligation hereunder or under any such lien, encumbrance, lease or security interest, Mortgagee shall have the right, but not the obligation, without notice to Mortgagor, to pay such payments and charges, or to cure any other default in the name and on behalf of Mortgagor, and Mortgagor shall, on demand, reimburse Mortgagee for amounts so paid, or costs incurred in the curing of any default. All sums advanced and reasonable expenses incurred at any time by Mortgagee pursuant to this Section 2.13 or as otherwise provided under the terms and provisions of this Mortgage or under applicable law shall bear interest from the date that such sum is advanced or expenses incurred, to and including the date of reimbursement, computed at a fluctuating interest rate per annum at all times equal to the then applicable rate of interest set forth in the Transaction Documents for overdue payments of principal or interest (the "Default Rate"). All interest payable hereunder shall be computed on the basis of a 360-day year over the actual number of days elapsed. Any such amounts advanced or incurred by Mortgagee, together with the interest thereon, shall be payable on demand, shall, until paid, be secured by this Mortgage as a lien on the Premises and shall be part of the Indebtedness.

Section 2.14 Costs of Enforcement. Mortgagor agrees to bear and pay all reasonable expenses (including, without limitation, reasonable attorneys' fees and disbursements and reasonable appellate attorneys' fees and disbursements for legal services of every kind) (a) of or incidental to (1) any amendment, renewal, modification, consolidation, supplement, restatement or restructuring of the Transaction Documents requested by Mortgagor, (2) the enforcement of any provision hereof, by litigation or otherwise, or the enforcement, compromise or settlement of the Transaction Documents or the Indebtedness, and for the curing thereof, or (b) for defending or asserting the rights and claims of Mortgagee in respect thereof, by litigation or otherwise. To the extent permitted by applicable law, all rights and remedies of Mortgagee shall be cumulative and may be exercised singly or concurrently.

Section 2.15 Filing Charges, Recording Fees, Taxes, etc. Mortgagor shall pay any and all taxes, charges, filing, registration and recording fees, excises and levies imposed upon Mortgagee by reason of its ownership of the Transaction Documents, any mortgage supplemental hereto, any security instrument with respect to any interest of Mortgagor in and to any fixture or personal property at the Premises, or any instrument of further assurance, other than income, franchise, succession, inheritance, business and similar taxes, and shall pay all other taxes, if any, required to be paid on the Indebtedness. In the event Mortgagor fails to make such payment within ten (10) days after written notice thereof to Mortgagee, then Mortgagee shall have the right, but shall not be obligated, to pay the amount due, and Mortgagor shall, on demand, reimburse Mortgagee for said amount, together with interest thereon computed at the Default Rate.

Section 2.16 Restrictive Covenants and Leasing Requirements. Without the prior written consent of Mortgagee, Mortgagor shall not: (1) execute or permit to exist any lease or occupancy of all or substantially all of the Premises except for the actual use and occupancy of the tenant thereof; (2) modify, renew or amend any lease or occupancy agreement affecting the Premises; (3) grant rent concessions, or discount any rents, or collect any rents for a period of more than one month in advance; (4) execute any conditional bill of sale, chattel mortgage or other security instruments covering any furniture, furnishings, fixtures and equipment, intended to be incorporated in the Premises or the appurtenances thereto, or covering articles of personal

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property placed in the Premises or purchase any of such furniture, furnishings, fixtures and equipment so that ownership of the same will not vest unconditionally in Mortgagor, free from encumbrances on delivery to the Premises; (5) further assign the leases and rents affecting the Premises; (6) sell, transfer, alienate, grant, convey or assign any interest in the Premises or any part thereof except as part of a permitted corporate merger or restructuring of Mortgagor; (7) further mortgage, encumber, alienate, hypothecate, grant a security interest in or grant any other interest whatsoever in the Premises or any part thereof, or interest therein; (8) if the Premises are now or should at any time in the future be subject to the terms of any rent control or rent stabilization statute, ordinance, rule or regulation, fail to comply or cause the Premises to comply with the terms and requirements of such statute, ordinance, rule or regulation.

Section 2.17 Assignment of Rents. The assignment of rents in this Section 2.17 is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the granting of a security interest.

(a) Mortgagor hereby presently, absolutely, irrevocably and unconditionally assigns to and confers upon Mortgagee (i) its interest in, and the right, power and authority to collect as they become due and payable, the rents, issues and profits of the Premises, (ii) its interest in all leases and other documents evidencing such rents, issues and profits now or hereafter in effect, and (iii) its interest in any and all deposits held as security under said leases. Mortgagor shall, upon demand, deliver to Mortgagee an executed counterpart of each lease or other document to which it is a party and which affects the Premises. However, nothing contained in this Section 2.17 shall be construed to bind Mortgagee to the performance of any of the covenants, conditions or provisions contained in any such lease or other document or otherwise to impose any obligation on Mortgagee (including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease or in any law of the state in which the Premises are located, in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage and shall have been barred and foreclosed thereby of all right, title and interest and equity of redemption in the Premises), except that Mortgagee shall be accountable for any money actually received pursuant to such assignment.

(b) Mortgagee grants to Mortgagor a revocable license, so long as no Event of Default has occurred to collect and receive such rents, issues and profits as they become due and payable and otherwise manage the Premises.

(c) Upon or at any time after the occurrence of an Event of Default, the license granted to Mortgagor to collect the rents, issues and profits shall be revoked, and Mortgagee shall be entitled, at any time and without notice, and without regard to the adequacy of any security for the obligations secured hereby, to: (i) enter upon and take possession of the Premises or any part thereof, together with any other real or personal property located thereon, for the purpose of collecting the said rents, issues and profits, whether foreclosure has been instituted or not, and without applying for a receiver; (ii) with or without taking possession of the Premises, sue for or otherwise collect such rents, issues and profits, including without limitation those past due and unpaid; (iii) to dispossess by the usual summary proceedings (or any other proceeding of Mortgagee's selection) any tenant defaulting in the payment thereof, and (iv) to let the Premises, or any part thereof. The Mortgagee shall also be entitled to apply the said rents, issues and profits, less costs and expenses of operation and collection, including without

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limitation all reasonable attorneys' fees, on the Indebtedness, in such order, priority and proportions as Mortgagee shall deem appropriate in its sole discretion. Mortgagor hereby appoints Mortgagee as its attorney-in-fact, coupled with an interest, to receive and collect all rent, additional rent and other sums due under the terms of each lease to which Mortgagor is a party and to direct any such tenant, by written notice or otherwise, to forward such rent, additional rent or other sums by mail or in person to Mortgagee. The entering upon and taking possession of the Premises, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any Event of Default or notice of default hereunder or invalidate any act done pursuant to such notice. In collecting and receiving the rents, issues and profits of the Premises, or in taking possession thereof, Mortgagee shall be entitled to exercise all of the rights, remedies and powers of an owner thereof, may conduct the business of Mortgagor in its own name or in the name of Mortgagor, may use any and all of Mortgagor's properties and facilities, and may deal with Mortgagor's creditors, debtors, tenants, lessees, agents, employees or other persons or companies having any relationship whatsoever with Mortgagor, and alter or amend any contracts between them, in any manner Mortgagee may determine. All rights, remedies and powers given to Mortgagee herein may be exercised by Mortgagee either in person, by agent, or by a receiver to be appointed by a court.

(d) Mortgagor shall, from time to time after request by Mortgagee, execute, acknowledge and deliver to Mortgagee, in form reasonably satisfactory to Mortgagee, separate assignments effectuating the foregoing.

Section 2.18 Indemnity. Mortgagor agrees that it shall indemnify, defend and hold harmless Mortgagee and all Lenders from and against all loss, liability, obligation, claim, damage, penalty, cause or action, reasonable cost and expense including, without limitation, any assessments, levies, impositions, judgments, reasonable attorneys' fees and disbursements, costs of appeal bonds, and printing costs, imposed upon or incurred by or asserted against Mortgagee or any Lender by reason of (a) ownership of this Mortgage; (b) any accident, injury to or death of persons or loss of or damage to property occurring on or about the Premises to the extent not covered by applicable insurance coverage; (c) any use, non-use or condition of the Premises, reasonable wear and tear excepted; (d) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage; (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part for maintenance or otherwise; (f) the imposition of any mortgage, real estate or governmental tax incurred as a result of the Transaction Documents, other than income tax payable by, or other taxes personal to, Mortgagee; or (g) any violation or alleged violation by Mortgagor of any law which imposes a monetary fine or penalty. Any amounts payable under this Section 2.18 shall be due and payable within thirty (30) days of a written demand from Mortgagee and, if not received within the time provided, such sums shall bear interest at the Default Rate until paid. If any action is brought against Mortgagee or any Lender by reason of any of the foregoing occurrences, Mortgagor will, upon Mortgagee's request, defend and resist such action, suit or proceeding at Mortgagor's sole cost and expense by counsel reasonably approved by Mortgagee (such approval to include any counsel selected or assigned by any insurer of Mortgagor).

Section 2.19 Right to Inspect. Mortgagee and any persons authorized by Mortgagee shall have the right to enter and inspect the Premises at all reasonable times upon reasonable notice prior to the occurrence of an uncured Event of Default and without prior notice

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from and after the occurrence of an uncured Event of Default. In addition, if at any time after an Event of Default hereunder, the management or maintenance of the Premises shall be determined by Mortgagee, in its reasonable discretion, to be unsatisfactory, Mortgagor shall employ, for the duration of such default, as managing agent of the Premises, such person or firm as from time to time shall be approved by Mortgagee. Mortgagee and its designated agents shall have the right to inspect Mortgagor's books and records with respect to the Premises at all reasonable times upon reasonable notice prior to the occurrence of an uncured Event of Default and without prior notice from and after the occurrence of an uncured Event of Default.

Section 2.20 Waiver of Statutory Rights.

(a) Notwithstanding anything herein contained to the contrary, Mortgagor to the extent permitted by law: (1) hereby irrevocably and unconditionally waives any and all rights to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to the Transaction Documents; (2) will not (i) at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Premises or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor (ii) claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision hereof, or pursuant to the decree, judgment or order of any court of competent jurisdiction, nor (iii) after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof; (3) hereby expressly waives all benefit or advantage of any such law or laws; and (4) covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

(b) Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Premises (or any part thereof) marshalled upon any foreclosure hereof.

(c) To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights to redemption under the Illinois Mortgage Foreclosure Law, on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Mortgagor and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and such other persons, are and shall be deemed to be hereby waived to the full extent permitted by applicable law. Mortgagor acknowledges that the Premises do not constitute agricultural real estate as defined in Section 15-1201 of the Illinois Mortgage Foreclosure Law or residential real estate as defined in Section 15-1219 of the Illinois Mortgage Foreclosure Law. Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Premises (or any part thereof) marshalled upon any foreclosure hereof. Mortgagor does hereby expressly waive to the extent now or hereafter permitted by law, all rights of reinstatement of this Mortgage, to the extent applicable, pursuant to Section 15-1602 of the Illinois Mortgage Foreclosure Law.

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Article 3

DEFAULT AND REMEDIES

Section 3.01 **Events of Default.** Each of the following, from and after applicable grace, notice and cure periods, if any, shall constitute an "Event of Default" under this Mortgage and shall be referred to collectively as "Events of Default":

- (a) the occurrence of any Event of Default under the Transaction Documents;
- (b) default by Mortgagor in the payment of any amounts required to be paid under the Transaction Documents;
- (c) default by Mortgagor in the due observance or performance of any of the terms, covenants or conditions contained herein;
- (d) if any representation or warranty made herein prove to be untrue in any material respect at the time when made;
- (e) the further assignment or encumbrance by Mortgagor of the leases or rents of the Premises or any part thereof without in each instance the prior written consent of Mortgagee;
- (f) if Mortgagor leases all or part of the Premises without in each instance the prior written consent of Mortgagee;
- (g) the failure by Mortgagor to timely pay (or cause to be paid), before any fine, penalty, interest or cost may be added thereto, all franchise taxes and charges, and other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including, but not limited to, assessments for public improvements or benefits which are assessed, levied, confirmed, imposed or become a lien upon the Premises or any part thereof or become payable during the term of the Indebtedness or this Mortgage;
- (h) the further mortgage, pledge or encumbrance by Mortgagor of the Premises or any part thereof or any interest therein, or any amendment, modification, refinancing, replacement, or substitution of any mortgage, pledge, or encumbrance affecting the Premises or any part thereof or interest therein (whether prior or subordinate to the lien of this Mortgage), without in each instance the prior written consent of Mortgagee;
- (i) if a default occurs under any deed of trust or mortgage which is prior or subordinate to the lien of this Mortgage (beyond the applicable notice and grace period, if any), or if the beneficiary or mortgagee under any such prior or subordinate deed of trust or mortgage commences a foreclosure or other enforcement action in connection with said deed of trust or mortgage; or

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(j) if the Premises, or any part thereof or interest therein, is sold, transferred, assigned, conveyed, granted or alienated without in each instance the prior written consent of Mortgagee.

Section 3.02 Remedies.

(a) Upon the occurrence of any Event of Default, Mortgagee may, in addition to any rights or remedies available to it hereunder and subject to applicable law, take such action as it deems advisable to protect and enforce its rights against Mortgagor and in and to the Premises, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee: (1) declare the entire unpaid Indebtedness to be immediately due and payable; (2) enter into or upon the Premises, either personally or by its agents, nominees or attorneys and dispossess Mortgagor and its agents and servants therefrom, and thereupon Mortgagee may, to the extent permitted by law, (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Premises and conduct the business thereat; (ii) complete any construction on the Premises in such manner and form as Mortgagee deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Improvements and the balance of the Premises; (iv) exercise all rights and powers of Mortgagor with respect to the Premises, whether in the name of Mortgagor or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Premises and every part thereof, and (v) apply the receipts from the Premises to the payment of the Indebtedness, after deducting therefrom all reasonable expenses (including reasonable attorneys' fees and disbursements) incurred in connection with the aforesaid operations and all amounts reasonably necessary to pay the taxes, assessments, insurance and other charges in connection with the Premises, as well as just and reasonable compensation for the services of Mortgagee, its counsel, agents and employees; (3) institute proceedings for the complete foreclosure of this Mortgage, in which event the Premises may be sold for cash or credit in one or more parcels; (4) with or without entry and, to the extent permitted, and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Indebtedness then due and payable, subject to the lien of this Mortgage continuing unimpaired and without loss of priority so as to secure the balance of the Indebtedness not then due; (5) institute an action, suit or proceeding in equity for the specific performance of any covenants, condition or agreement contained in the Transaction Documents; (6) recover judgment on any of the Transaction Documents before, during, after or in lieu of any proceedings for the enforcement of this Mortgage; (7) apply for the appointment of a trustee, receiver, liquidator or conservator of the Premises, without regard for the adequacy of the security for the Indebtedness and without regard for the solvency of Mortgagor, any guarantor or of any person, firm or other entity liable for the payment of the Indebtedness to which appointment Mortgagor does hereby consent; (8) sell the Premises, or any part thereof, to the extent permitted and pursuant to the procedures provided by law, and all estate, right, title and interest, claim and demand therein, and right of redemption thereat, at one or more sales, as an entity or in parcels, and at such time and place, upon such terms and after such notice thereof as may be required or permitted by applicable law; or (9) pursue such other remedies as Mortgagee

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may have under applicable law, including, without limitation, the remedy of strict foreclosure and the seeking and obtaining of a deficiency judgment.

(b) The purchase money proceeds or avails of any sale made under or by virtue of this Article 3, together with any other sums which then may be held by Mortgagee under this Mortgage, whether under the provisions of this Article 3 or otherwise, shall be applied as follows:

(1) First, to the payment of the costs and expenses of any such sale, or the reasonable costs and expenses of entering upon, taking possession of, removal from, holding, operating and managing the Premises or any part thereof, or the reasonable costs and expenses incurred in connection with the preparation, filing or prosecution of any foreclosure suit, as the case may be, including reasonable compensation to Mortgagee, its agents and counsel, and of any judicial proceedings wherein the same may be made, and of all reasonable expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage, together with interest as provided herein on all advances made by Mortgagee and all taxes or assessments, except any taxes, assessments or other charges subject to which the Premises shall have been sold.

(2) Second, to the payment of the whole amount then due, owing or unpaid upon the Transaction Documents for principal and interest, with interest on the unpaid principal at the rate herein specified from and after the happening of any Event of Default from the due date of any such payment of principal until the same is paid.

(3) Third, to the payment of any other sums required to be paid by Mortgagor pursuant to any provision of the Transaction Documents.

(4) Fourth, to the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

(c) Except as may be otherwise provided by applicable law, no purchaser of all or any part of the Premises shall be required to see the proper application of the purchase money, proceeds or avails of such sale.

(d) Mortgagee and any receiver of the Premises or any part thereof shall be liable to account for only those rents, issues and profits actually received by it.

(e) To the extent allowed by any applicable provision of law, Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and except as otherwise provided by any applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(f) Upon the completion of any sale or sales made by Mortgagee under or by virtue of this Article 3, Mortgagee or an officer of any court empowered to do so shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument or good and sufficient instruments granting, conveying, assigning and transferring all estate, right, title and

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interest in and to the property and rights sold but without any covenant or warranty, express or implied. Mortgagee is hereby irrevocably appointed the true and lawful attorney-in-fact of Mortgagor (coupled with an interest), in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Premises and rights so sold, and, for that purpose, Mortgagee may execute all necessary instruments of conveyance, assignment, transfer and delivery and may substitute one or more persons with like power, Mortgagor hereby ratifying and confirming all that said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Mortgagor, if so requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Mortgagee, for that purpose, and as may be designated in such request. Any such sale or sales made under or by virtue of this Article 3, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any and all persons claiming or who may claim the same or any part thereof from, through or under Mortgagor.

(g) In the event of any sale made under or by virtue of this Article 3 (whether made by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), the entire Indebtedness, if not previously due and payable, immediately thereupon shall, notwithstanding anything to the contrary in the Transaction Documents, become due and payable.

(h) Upon any sale made under or by virtue of this Article 3 (whether made under the power of sale herein granted or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), Mortgagee may bid for and acquire the Premises or any part thereof or interest therein and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Indebtedness of Mortgagor secured by this Mortgage the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage.

(i) Mortgagee shall be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the provisions of this Mortgage; and the right of Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any right, power or remedy for the enforcement of the provisions of this Mortgage, or the foreclosure of the lien hereof; and in the event of a sale of the Premises or any part thereof and of the application of the proceeds of sale as provided in this Mortgage to the payment of the Indebtedness, Mortgagee shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon the Transaction Documents, to enforce payment of all other charges, payments and costs due under this Mortgage, and to recover judgment for any portion of the Indebtedness remaining unpaid, with interest at the Default Rate. In case of the commencement of any case against Mortgagor under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect or any proceedings for its reorganization or involving the liquidation of its assets, then Mortgagee shall be entitled to prove the whole amount of principal and interest due upon the Transaction Documents to the full amount thereof, and all other payments, charges and costs due under this Mortgage, without

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deducting therefrom any proceeds obtained from the sale of the whole or any part of the Premises, provided, however, that in no event shall Mortgagee receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Premises and the distribution from the estate of Mortgagor.

(j) No recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon the Premises or upon any other property of Mortgagor shall affect in any manner or to any extent, the lien of this Mortgage upon the Premises or any part thereof, or any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(k) It is understood and agreed that neither the assignment of income, rents, royalties, revenue, issues, profits and proceeds to Mortgagee nor the exercise by Mortgagee of any of its rights or remedies under this Mortgage shall be deemed to make Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Premises or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Mortgagee, in person or by agent, assumes actual possession thereof, nor shall appointment of a receiver for the Premises by any court at the request of Mortgagee or by agreement with Mortgagor or the entering into possession of the Premises or any part thereof by such receiver be deemed to make Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Premises or the use, occupancy, enjoyment or operation of all or any portion thereof.

(l) If any provision in this Mortgage is inconsistent with any provision of the Illinois Mortgage Foreclosure Law (Chapter 110, Section 15-1101 *et seq.*, Illinois Revised Statutes) (herein called the "Act") the provision of the Act shall take precedence over the provision of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act.

(m) If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law. In addition, there shall be available to Mortgagee such additional rights and remedies to which may not be expressly provided hereunder.

(n) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Section 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in Article 3 of this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgement of foreclosure.

Section 3.03 Payment of Indebtedness After Default. Upon the occurrence of any Event of Default and the acceleration of the maturity hereof, if, at any time prior to foreclosure sale, Mortgagor or any other person tenders payment of the amount necessary to satisfy the Indebtedness, the same shall constitute an evasion of the payment terms of the

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Transaction Documents, and shall be deemed to be a voluntary prepayment hereunder, in which case such payment must include the premium and/or fee required under the prepayment provision, if any, contained in the Transaction Documents. This provision shall be of no force or effect if at the time that such tender of payment is made, Mortgagor has the right under the Transaction Documents to prepay the Indebtedness without penalty or premium.

Section 3.04 Possession of the Premises. Upon the occurrence of any Event of Default hereunder, it is agreed that Mortgagor, if it is the occupant of the Premises or any part thereof, shall immediately surrender possession of the Premises so occupied to Mortgagee, and if Mortgagor is permitted to remain in possession, the possession shall be as a tenant of Mortgagee and, on demand, Mortgagor shall pay to Mortgagee monthly, in advance, a reasonable rental for the space so occupied, and in default thereof, Mortgagor may be dispossessed by the usual summary proceedings. The covenants herein contained may be enforced by a receiver of the Premises or any part thereof. Nothing in this Section 3.04 shall be deemed to be a waiver of the provisions of this Mortgage prohibiting the sale or other disposition of the Premises without Mortgagee's prior written consent.

Section 3.05 Interest After Default. If any payment due under the Transaction Documents is not paid when due, whether on any stated due date, any accelerated due date or any other date or at any other time specified under any of the terms hereof or thereof, then, and in such event, Mortgagor shall pay interest on the entire outstanding and unpaid principal balance of Indebtedness from and after the date on which such payment first becomes due at the Default Rate and such interest shall be due and payable, on demand, at such rate until such Event of Default shall have been cured or, if such Event of Default shall not have been cured, until the entire amount due is paid to Mortgagee, whether or not any action shall have been taken or proceeding commenced to recover the same or to foreclose this Mortgage. All unpaid and accrued interest shall be secured by this Mortgage as a part of the Indebtedness. Nothing in this Section 3.05 or in any other provision of this Mortgage shall constitute an extension of the time of payment of the Indebtedness.

Section 3.06 Mortgagor's Actions After Default. After the occurrence of any Event of Default and immediately upon the commencement of any action, suit or other legal proceedings by Mortgagee to obtain judgment for the Indebtedness, or of any other nature in aid of the enforcement of the Transaction Documents, Mortgagor will: (i) waive the issuance and service of process and enter its voluntary appearance in such action, suit or proceeding, (ii) waive the right to trial by jury, and (iii) if required by Mortgagee, consent to the appointment of a receiver or receivers of the Premises and of all the earnings, revenues, rents, issues, profits and income thereof.

Section 3.07 Control by Mortgagee After Default. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of its property, or of the Premises or any part thereof, from and after an Event of Default and subject to the terms of this Mortgage, Mortgagee shall be entitled to retain possession and control of all property now and hereafter covered by this Mortgage.

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Article 4

MISCELLANEOUS

Section 4.01 **Credits Waived.** Mortgagor will not claim nor demand nor be entitled to any credit or credits against the Indebtedness for so much of the taxes assessed against the Premises or any part thereof, as is equal to the tax rate applied to the amount due on this Mortgage or any part thereof, and no deductions shall otherwise be made or claimed from the taxable value of the Premises or any part thereof by reason of this Mortgage or the Indebtedness secured hereby.

Section 4.02 **No Releases.** Mortgagor agrees, that in the event the Premises (or any part thereof or interest therein) are sold and Mortgagee enters into any agreement with the then owner of the Premises extending the time of payment of the Indebtedness, or otherwise modifying the terms hereof, Mortgagor shall continue to be liable to pay the Indebtedness according to the tenor of any such agreement unless expressly released and discharged in writing by Mortgagee.

Section 4.03 **Notices.** Any notice or request hereunder may be given to Mortgagor or Mortgagee at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section. Any notice or request hereunder shall be given by (a) hand delivery, (b) overnight courier, (c) registered or certified mail, return receipt requested, (d) telex or telegram, subsequently confirmed by registered or certified mail, or (e) telecopy to the number set out below (or such other number as may hereafter be specified in a notice designated as a notice of change of address) with electronic confirmation of its receipt. Any notice or other communication required or permitted pursuant to this Mortgage shall be deemed given (a) when personally delivered to any officer of the party to whom it is addressed, (b) on the earlier of actual receipt thereof or three (3) days following posting thereof by certified or registered mail, postage prepaid, or (c) upon actual receipt thereof when sent by a recognized overnight delivery service or (d) upon actual receipt thereof when sent by telecopier to the number set forth below with electronic confirmation of its receipt, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

If to Mortgagee: PNC Bank, National Association
Two Tower Center
East Brunswick, New Jersey 08816
Attention: Mr. Ryan Peak
Telephone: (732) 220-4315
Telecopier: (732) 220-4393

with a copy to: Hahn & Hessen LLP
350 Fifth Avenue
New York, New York 10118
Attention: Ralph Miles, Esq.
Telephone: (212) 736-1000

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Facsimile: (212) 594-7167

If to Mortgagor: KAR PRODUCTS, INC.
c/o SunSource, Inc.
3000 One Logan Square, 30th Floor
Philadelphia, Pennsylvania 19103
Attention: Mr. Joe Corrino
Telephone: (215) 282-1290
Telecopier: (215) 282-1309

with a copy to: Morgan, Lewis & Bockius, LLP
1701 Market Street
Philadelphia, Pennsylvania 19103
Attention: Andrew Hamilton, Esq.
Telephone: (215) 963-4837
Telecopier: (215) 963-5299

Section 4.04 Binding Obligations. The provisions and covenants of this Mortgage shall run with the land, shall be binding upon Mortgagor and shall inure to the benefit of Mortgagee, subsequent holders of this Mortgage, and the respective successors and assigns of the foregoing. For the purpose of this Mortgage, the term "Mortgagor" shall include and refer to Mortgagor named herein, any subsequent owners of the Premises (or any part thereof or interest therein), and their respective heirs, executors, legal representatives, successors and assigns. If there is more than one Mortgagor, all their undertakings hereunder shall be deemed joint and several.

Section 4.05 Legal Construction. The creation of this Mortgage, the perfection of the lien or security interest in the Premises, and the rights and remedies of Mortgagee with respect to the Premises, as provided herein and by the laws of the State wherein the Real Property is located, shall be governed by and construed in accordance with the internal laws of the State wherein the Real Property is located without regard to principles of conflict of law. Otherwise, to the extent permitted by applicable law, the Transaction Documents and all other obligations of Mortgagor (including the liability of Mortgagor for any deficiency following a foreclosure of all or any part of the Premises) shall be governed by and construed in accordance with the internal laws of the State of New York without regard to principles of conflict of laws, such state being the state where such documents were executed and delivered.

Section 4.06 Captions. The captions of the sections of this Mortgage are for the purpose of convenience only and are not intended to be a part of this Mortgage and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

Section 4.07 Further Assurances. Mortgagor shall do, execute, acknowledge and deliver, at the sole cost and expense of Mortgagor, all such further acts, deeds, conveyances, mortgages, assignments, estoppel certificates of Mortgagee, notices of assignment, transfers and assurances as Mortgagee may require from time to time in order to better assure, convey, grant, assign, transfer and confirm unto Mortgagee, the rights now or hereafter intended to be granted

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to Mortgagee under this Mortgage, any other instrument executed in connection with this Mortgage or any other instrument under which Mortgagor may be or may hereafter become bound to convey, mortgage or assign to Mortgagee for carrying out the intention of facilitating the performance of the terms of this Mortgage. Mortgagor hereby appoints Mortgagee its attorney-in-fact to execute, acknowledge and deliver for and in the name of Mortgagor any and all of the instruments mentioned in this section, and this power, being coupled with an interest, shall be, irrevocable as long as any part of the Indebtedness remains unpaid.

Section 4.08 Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction or prohibited or unenforceable as to any person, entity or circumstance shall, as to such jurisdiction, person, entity or circumstance be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction or as to any other person, entity or circumstance.

Section 4.09 General Conditions.

(a) All covenants hereof shall be construed as affording to Mortgagee rights additional to and not exclusive of the rights conferred under the provisions of any other applicable law.

(b) This Mortgage cannot be altered, amended, modified or discharged orally, and no executory agreement shall be effective to modify or discharge it in whole or in part, unless it is in writing and signed by the party against whom enforcement of the modification, alteration, amendment or discharge is sought. Mortgagor acknowledges that the Transaction Documents set forth the entire agreement and understanding of Mortgagor and Mortgagee with respect to the Indebtedness and that no oral or other agreements, understanding, representation or warranties exist with respect to the Indebtedness other than those set forth in the Transaction Documents.

(c) No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee in exercising any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default, or any acquiescence therein. Acceptance of any payment (other than a monetary payment in cure of a monetary default) after the occurrence of an Event of Default shall not be deemed a waiver of or a cure of such Event of Default and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. Nothing in the Transaction Documents shall limit or diminish the obligation of Mortgagor to pay the Indebtedness in the manner and at the time and place therein respectively expressed.

(d) No waiver by Mortgagee will be effective unless it is in writing and then only to the extent specifically stated. Without limiting the generality of the foregoing, any payment made by Mortgagee for insurance premiums, taxes, assessments, water rates, sewer rentals, levies, fees or any other charges affecting the Premises, shall not constitute a waiver of

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Mortgagor's default in making such payments and shall not obligate Mortgagee to make any further payments.

(e) Mortgagee shall have the right to appear in and defend any action or proceeding, in the name and on behalf of Mortgagor which Mortgagee, in its discretion, determines may adversely affect the Premises or this Mortgage. Mortgagee shall also have the right to institute any action or proceeding which Mortgagee, in its discretion, feels should be brought to protect its interest in the Premises or its rights hereunder. All reasonable costs and expenses incurred by Mortgagee in connection with such actions or proceedings, including, without limitation, reasonable attorneys' fees and expenses and appellate attorneys' fees and expenses, shall be paid by Mortgagor on demand and shall be secured by this Mortgage.

(f) In the event of the passage after the date of this Mortgage of any law of any governmental authority having jurisdiction hereof or the Premises, deducting from the value of land for the purpose of taxation, affecting any lien thereon, or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for federal, state or local purposes, or the manner of the collection of any such taxes, so as to affect this Mortgage, Mortgagor shall promptly pay to Mortgagee, on demand, all taxes, costs and charges for which Mortgagee is or may be liable as a result thereof; provided that if said payment shall be prohibited by law, render the Indebtedness usurious or subject Mortgagee to any penalty or forfeiture, then the Indebtedness shall, at the option of Mortgagee, be immediately due and payable.

(g) Mortgagor hereby appoints Mortgagee as its attorney-in-fact in connection with the personal property and fixtures covered by this Mortgage, where permitted by law, to file on its behalf any financing statements or other statements in connection therewith with the appropriate public office signed by Mortgagee, as secured party. This power, being coupled with an interest, shall be irrevocable so long as any part of the Indebtedness remains unpaid.

(h) If Mortgagee purchases the Premises pursuant to a trustee's sale or a foreclosure under this Mortgage, or accepts a deed to the Premises in lieu of a trustee's sale or a foreclosure, Mortgagor hereby authorizes Mortgagee to withhold the amount of tax, if any, required to be withheld under Section 1445 of the Internal Revenue Code of 1986, as amended (or any successor provision thereto), out of any sums payable to Mortgagor from such foreclosure sale or assignment in lieu thereof, as the case may be, after payment of all parties other than Mortgagor who are entitled to be paid out of any foreclosure or assignment proceeds, as if Mortgagor were a foreign person, unless Mortgagor certifies its nonforeign status at the time of such foreclosure sale or assignment, as the case may be, by executing and delivering to Mortgagee a certificate reasonably satisfactory to Mortgagee.

(i) Mortgagee is hereby irrevocably authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final), other than tenant security accounts, at any time held or other debt at any time owing by Mortgagee to or for the credit or the account of Mortgagor against any and all of the obligations of Mortgagor now or hereafter existing under the Transaction Documents. Mortgagee agrees promptly to notify Mortgagor after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of Mortgagee under this subsection are in addition to

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other rights and remedies (including, without limitation, other rights of set-off) which Mortgagee may have.

(j) If at any time Mortgagor believes that Mortgagee has not acted reasonably in granting or withholding any approval or consent under the Transaction Documents as to which approval or consent either Mortgagee has expressly agreed to act reasonably, or absent such agreement, a court of law having jurisdiction over the subject matter would require Mortgagee to act reasonably, then 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 circumstances be maintained by Mortgagor against Mortgagee.

Section 4.10 Multisite Real Estate Transaction. Mortgagor acknowledges that this Mortgage is one of a number of other mortgages, deeds of trust and assignments of leases and rents and other security documents (hereinafter, collectively, the "Other Security Documents") which secure the Indebtedness in whole or in part. Mortgagor agrees that the lien of this Mortgage shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of Mortgagee and, without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by Mortgagee of any security for or guarantors upon any of the Indebtedness or by any failure, neglect or omission on the part of Mortgagee to realize upon or protect any of the Indebtedness or any collateral security therefor including the Other Security Documents. The lien hereof shall not in any manner be impaired or affected by any release (except as to the property released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing, modification or any disposition of any of the Indebtedness or of any of the collateral security therefor, including the Other Security Documents or any guaranty thereof. Mortgagee may, at its discretion, foreclose, exercise any power of sale or exercise any other remedy available to it under the Other Security Documents without first exercising or enforcing any of its rights and remedies hereunder, or may foreclose, exercise any power of sale, or exercise any other right available under this Mortgage without first exercising or enforcing any of its rights and remedies under the Other Security Documents. Such exercise of Mortgagee's rights and remedies under the Other Security Documents shall not in any manner impair the Indebtedness or lien of this Mortgage, and any exercise of the rights or remedies of Mortgagee hereunder shall not impair the lien of the Other Security Documents or any of Mortgagee's rights and remedies thereunder. Mortgagor specifically consents and agrees that Mortgagee may exercise its rights and remedies hereunder and under the Other Security Documents separately or concurrently and in any order that Mortgagee may deem appropriate.

Section 4.11 Absolute and Unconditional Obligation. Mortgagor acknowledges that Mortgagor's obligation to pay the Indebtedness in accordance with the provisions of the Transaction Documents 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 agreement or circumstance of any nature whatsoever which might otherwise constitute a defense to the obligations of Mortgagor or any other person or entity under the Transaction Documents, including, without limitation, the obligation to pay the Indebtedness. Mortgagor absolutely, unconditionally and irrevocably waives all right to assert any defense, setoff, counterclaim or crossclaim (except for mandatory counterclaims and crossclaims) of any nature whatsoever: (i) with respect to the obligations of Mortgagor under the Transaction Documents,

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including, without limitation, the obligation to pay the Indebtedness in accordance therewith or the obligations of any other person relating to the Transaction Documents; and (ii) in any action or proceeding brought by Mortgagee to collect the Indebtedness, 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 Indebtedness, in whole or in part.

Section 4.12 Usury. It is the intention of the parties hereto to comply with all applicable usury laws; accordingly, it is agreed that under no circumstances shall any provision contained in the Transaction Documents be construed to require the payment or permit the collection of interest in excess of the maximum amount permitted by applicable law. If the amount of interest contracted for, charged or received – (i) pursuant to the Transaction Documents, or (ii) due to any acceleration or prepayment of any part of the Indebtedness – on the amount of principal actually outstanding from time to time on the Indebtedness ever exceeds the maximum amount of interest permitted by the applicable usury laws, now or hereafter enacted, then in any such event: (a) the provisions of this section shall govern and control; (b) neither Mortgagor nor any other person or entity now or hereafter liable for the payment of the Indebtedness shall be obligated to pay interest to the extent that it is in excess of the maximum amount permitted by the applicable usury laws, now or hereafter enacted; (c) any such excess that may have been collected shall be either applied as a credit against the then unpaid principal amount of the Indebtedness or refunded to Mortgagor, at Mortgagee's option; and (d) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed by the applicable usury laws, now or hereafter enacted. Mortgagor and Mortgagee further agree that, without limiting foregoing, all calculations of the rate of interest (made for the purpose of determining whether such rate exceeds the maximum lawful contract rate) contracted for, charged or received under the Transaction Documents shall be made, to the extent permitted by the applicable usury laws now or hereafter enacted, by amortizing, prorating, allocating and spreading in equal parts over the full stated term of the Indebtedness all interest at any time contracted for, charged or received from Mortgagor, or otherwise by Mortgagee, in connection with the Indebtedness.

Section 4.13 Loan Agreement Paramount. If and to the extent that any provision of this Mortgage conflict or are otherwise inconsistent with any provision of the Loan Agreement, the provision of the Loan Agreement shall prevail.

Section 4.14 Receipt of Copy. Mortgagor acknowledges that it has received a true copy of this Mortgage, provided without charge.

Section 4.15 Construction. For purposes of this Mortgage, whenever the circumstances or the context of this Mortgage so requires, the singular shall be construed as the plural, the masculine shall be construed as the feminine or the neuter, and vice versa.

Section 4.16 Commercial Transaction. THE UNDERSIGNED ACKNOWLEDGES THAT THIS MORTGAGE SECURES OBLIGATIONS WHICH ARE COMMERCIAL IN NATURE, AND HEREBY WAIVES ITS RIGHT TO A NOTICE AND HEARING, OR AS OTHERWISE ALLOWED BY ANY STATE OR FEDERAL LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY, WHICH MORTGAGEE OR ITS SUCCESSORS OR ASSIGNS MAY DESIRE TO USE.

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Section 4.17 Future Advance. Without limiting the generality of any other provision hereof, the Indebtedness shall include (a) all existing indebtedness of Mortgagor to Mortgagee evidenced by the Transaction Documents and all renewals, extensions, modifications and replacements thereof, and (b) all future advances that may be subsequently made by Mortgagee to be evidenced by the Transaction Documents and all renewals, extensions, modifications and replacements thereof. This Mortgage secures, among other things, a "revolving credit" loan within the meaning of Section 5(d) of the Illinois Banking Act. The Mortgage will secure not only the existing indebtedness, but all such future advances, whether such advances are obligatory or are to be made at the option of Mortgagee or otherwise, as are made within twenty (20) years from the date hereof, although there may be no advances made at the time hereof, and although there may be no Indebtedness outstanding at the time any advance is made. The lien of this Mortgage as to third persons without actual notice thereof, shall be valid as to all such indebtedness and future advances from the time this Mortgage is filed for record in the Office of the Recorder of Cook County, Illinois. The total principal amount of indebtedness secured by this Mortgage may not exceed \$155,000,000, plus interest thereon, any disbursements made for the payment of taxes, special assessments or insurance on the Premises with interest on such disbursements, together with attorneys' fees, costs to enforce this Mortgage, and any sums that may be advanced pursuant to the Transaction Documents. Furthermore, Mortgagee has bound itself and by the acceptance hereof does bind itself to make advances pursuant to and subject to the terms of the Transaction Documents and the parties hereby acknowledge and intend that all such advances whenever hereafter made shall be a lien from the time this Mortgage is recorded.

Section 4.18 Special Illinois Provisions.

(a) Benefits of Act. Mortgagee shall have the benefit of all of the provisions of the Illinois Mortgage Foreclosure Law (the "Act"), including all amendments thereto which may become effective from time to time after the date hereof. In the event any provision of the Act which is specifically referred to herein may be repealed, Mortgagee shall have the benefit of such provision as most recently existing prior to such repeal, as though the same were incorporated herein by express reference.

(b) Insurance. Wherever provision is made in the Transaction Documents for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure, all such rights and powers of Mortgagee shall continue in Mortgagee as judgment creditor or mortgagee until confirmation of sale.

(c) Protective Advances.

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

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applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

(i) all advances by Mortgagee in accordance with the terms of the Mortgage to: (A) preserve, maintain, repair, restore or rebuild the Improvements upon the Premises; (B) preserve the lien of the Mortgage or the priority thereof; or (C) enforce the Mortgage, as referred to in Subsection (b)(5) of Section 15-1302 of the Act;

(ii) payments by Mortgagee of: (A) principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (B) real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Premises or any part thereof; (C) other obligations authorized by the Mortgage; or (D) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of the Act.

(iii) advances by Mortgagee in settlement or compromise of any claims asserted by claimant's under senior mortgages or any other prior liens;

(iv) attorneys' fees and other costs incurred: (A) in connection with the foreclosure of the Mortgage as referred to in Sections 15-1504(d)(2) and 15-1510 of the Act; (B) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of the Mortgage or arising from the interest of Mortgagee hereunder; or (C) in connection with the commencement, prosecution or defense of any other action related to the Mortgage or the Premises;

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

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

(vii) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (A) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof deemed by Mortgagee to be required to be paid; (B) if Mortgagor's interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (C) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Subsection (c)(1) of Section 15-1704 of the Act; (D) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (E) payments deemed by Mortgagee to be required for the benefit of the Premises or required to be made by the owner of the Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Premises; (F) shares or common

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expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; (G) if the loan secured hereby is a construction loan, costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment, loan agreement or other agreement; (H) payments deemed by Mortgagee to be required pursuant to any lease or other agreement for occupancy of the Premises; and (I) if the Mortgage is insured, payments of FHA or private mortgage insurance required to keep such insurance in force.

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

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

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

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

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

(iii) if right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 15-1603 of the Act;

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

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

(vi) computation of any deficiency judgment pursuant to Subsections (b)(2) and (3) of Section 15-1508 and Section 15-1511 of the Act.

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

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and duties as provided for in Sections 15-1702 and 15-1703 of the Act.

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

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IN WITNESS WHEREOF, this Mortgage, Assignment of Rents and Security Agreement has been duly executed by Mortgagor as of the date first above written.

Attested by:

MORTGAGOR:

KAR PRODUCTS, INC.

By: Edward L. Tofant
Name: EDWARD L. TOFANT
Title: COOPERATE

By: Joseph Corvino
Joseph Corvino
Vice-President

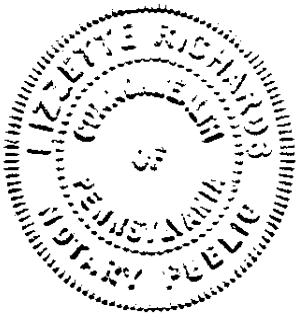
STATE OF PENNSYLVANIA

ss.

COUNTY OF PHILADELPHIA

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Joseph Corvino personally known to me to be the Vice-President of KAR PRODUCTS, INC., a Delaware corporation, and _____, personally known to me to be the _____ Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Vice-President and _____ Secretary of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority, given by the Board of Directors of said corporation as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 13th day of December, 1999



Lizzette Richards

Notary Public

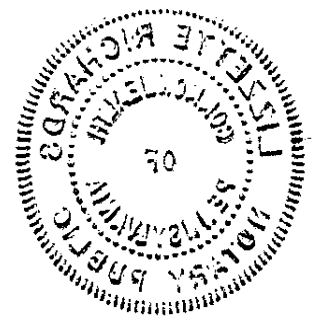
My Commission Expires: _____

Notarial Seal
Lizzette Richards, Notary Public
Philadelphia, Philadelphia County
My Commission Expires Sept. 2, 2000
Member, Pennsylvania Association of Notaries

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SCHEDULE A

DESCRIPTION OF REAL PROPERTY

THAT PART OF LOT 1 IN CONRAD MOERLING'S SUBDIVISION OF PART OF THE EAST 1/2 OF SECTION 7 AND PART OF THE WEST 1/2 OF SECTION 8, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 1, THENCE NORTH ON THE EAST LINE OF SAID LOT 1 A DISTANCE OF 349.64 FEET TO A POINT IN THE SOUTHWESTERLY LINE OF PROPERTY OF THE COMMONWEALTH EDISON COMPANY; THENCE NORTHWESTERLY ON A LINE FORMING AN ANGLE OF 36 DEGREES 32 MINUTES 33 SECONDS TO THE WEST FROM LAST DESCRIBED COURSE EXTENDED, A DISTANCE OF 337.03 FEET TO A POINT IN A LINE 210 FEET WEST OF AND MEASURED AT RIGHT ANGLES AND PARALLEL WITH THE EAST LINE OF SAID LOT 1; THENCE NORTH ON A LINE PARALLEL WITH SAID EAST LINE A DISTANCE OF 548.98 FEET TO A POINT 533.13 FEET SOUTH OF THE NORTH LINE OF SAID LOT 1 (MEASURED IN SAID PARALLEL LINE), SAID POINT BEING THE POINT OF BEGINNING; THENCE WESTERLY PARALLEL WITH THE SOUTH LINE OF SAID LOT 1 A DISTANCE OF 431.45 FEET TO A POINT IN THE EAST LINE OF THIRD AVENUE IN DES PLAINES TERRACE UNIT NO. 3 SUBDIVISION (AS RECORDED MARCH 13, 1963 AS DOCUMENT 18741707), SAID POINT BEING 508.66 FEET SOUTH OF THE NORTHEAST CORNER OF SAID SUBDIVISION (AS MEASURED ON SAID EAST LINE) OF THIRD AVENUE; THENCE NORTHERLY ALONG SAID EAST LINE OF THIRD AVENUE 308 FEET; THENCE EAST PARALLEL WITH THE SOUTH LINE OF SAID LOT 1 A DISTANCE OF 432.15 FEET TO A LINE 210 FEET WEST OF AND MEASURED AT RIGHT ANGLES AND PARALLEL WITH THE EAST LINE OF LOT 1; THENCE SOUTH 308 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

461 N. 3RD AVE
DES PLAINES IL 60016

The Real Estate Tax Permanent Index Number for the mortgaged property is: 09-08-101-006