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1136141063

Illinois Anti-Predatory Lending Database Program

Certificate of Exemption

Doc#: 1136141063 Fee: \$98.00 Eugene "Gene" Moore RHSP Fee:\$10.00 Cook County Recorder of Deeds Date: 12/27/2011 11:05 AM Pg: 1 of 30

Report Mortgage Fraud 800-532-8785

Property of Cook County Clerk's Office

The property identified as: PIN: 13-36-427-014-0000

Address:

Street: 2656 W. North Avenue

Street line 2:

City: Chicago

State: IL

ZIP Code: 60647

Lender: Chicago Low Income Housing Trust Fund

Borrower: North & Talman III Limited Partnership

Loan / Mortgage Amount: \$327,653.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 7/10 et seq. because it is commercial property.

S Y
P 32
S 20
SC Y
INT LB

Certificate number: 2F96FAE8-84B6-4970-B4C8-79112BF126FB

Execution date: 12/22/2011

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①

This instrument prepared by
and when recorded return to:

Neal, Gerber & Eisenberg LLP
2 North LaSalle Street, Suite 1700
Chicago, Illinois 60602
Attention: Anne E. Koday

212082

**JUNIOR MORTGAGE, SECURITY AGREEMENT
AND FINANCING STATEMENT**

THIS JUNIOR MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (Mortgage) is made as of this 22nd day of December, 2011, by **NORTH & TALMAN III LIMITED PARTNERSHIP**, an Illinois limited partnership (the "**Mortgagor**"), to the **CHICAGO LOW-INCOME HOUSING TRUST FUND**, an Illinois not-for-profit corporation, together with its successors and assigns (the "**Mortgagee**").

All capitalized terms, unless defined herein, shall have the same meanings as are set forth in that certain Grant Agreement dated as of even date herewith between Hispanic Housing Development Corporation, an Illinois not-for-profit corporation ("**Hispanic Housing**") and the Mortgagee (herein as the same may be amended, supplemented or restated from time to time called the "**Grant Agreement**").

WITNESSETH:

WHEREAS, Hispanic Housing and the Mortgagee have concurrently herewith executed the Grant Agreement under which the Mortgagee grants to Hispanic Housing certain LTOS Funds (as defined in the Grant Agreement) in the amount described in paragraph 1 of Exhibit B attached hereto and made a part hereof (the "**Grant**"), which such amount is recoverable, in whole or in part plus interest, if any, by the Mortgagee pursuant to the Grant Agreement through the term of the Grant Agreement described in paragraph 2 of Exhibit B hereto (the "**Expiration Date**");

WHEREAS, Hispanic Housing is the sole member of Hispanic Housing NT III, LLC, an Illinois limited liability company ("**HHDC LLC**"), and HHDC LLC is the sole shareholder of North and Talman III Corporation, an Illinois corporation, which is the general partner (the "**General Partner**") of the Mortgagor;

WHEREAS, Hispanic Housing will contribute the Grant proceeds through HHDC LLC to the General Partner, which will make a capital contribution of such Grant proceeds to the Mortgagor for use by the Mortgagor in accordance with the terms of the Grant Documents (as defined in the Grant Agreement);

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WHEREAS, the Mortgagee has provided the Grant to Hispanic Housing, and Hispanic Housing has caused the Grant proceeds to be contributed to the Mortgagor, all pursuant to the Grant Documents (as defined in the Grant Agreement);

WHEREAS, Hispanic Housing and the Mortgagor will each derive substantial economic and other benefits and value from the Grant;

WHEREAS, the Mortgagee desires to secure the Mortgagor's and Hispanic Housing's obligations under the Grant Documents and recovery of any unforgiven portion of the Grant, together with interest thereon, if any, in accordance with the terms of the Grant Documents and any additional indebtedness or obligations incurred by the Mortgagor and/or Hispanic Housing on account of any future payments, advances or expenditures made by the Mortgagee pursuant to the Grant Documents;

NOW, THEREFORE, in order to secure the Mortgagor's and Hispanic Housing's obligations under the Grant Documents and recovery of any unforgiven portion of the Grant, together with interest thereon, if any, and of all other payments due to the Mortgagee by the Mortgagor or Hispanic Housing under any of the Grant Documents and performance of the covenants and agreements contained in this Mortgage, including any substitutions, extensions or modifications hereto, the Mortgagor does grant, assign, warrant, convey and mortgage to the Mortgagee, its successors and assigns, and grants to the Mortgagee, its successors and assigns forever a continuing security interest in and to all of the following rights, interests, claims and property:

(A) all of the real estate, as more particularly described on Exhibit A attached hereto and hereby made a part hereof, together with all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto (the "**Real Property**");

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

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

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

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

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

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

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

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

All of the property referred to in the preceding clauses (A) through (I) shall be called, collectively, the "Premises".

IT IS FURTHER agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Premises and be covered by this Mortgage.

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

If the Mortgagor hereunder is described as a trustee under a trust agreement, said trust arrangement constitutes a land trust as said term is defined in Section 5/15-1205 of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time (the Act).

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

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(1) Recovery and Senior Loan Documents. Upon an Event of Default, an Election to Recover or as otherwise set forth in the Grant Agreement, Hispanic Housing shall pay or shall cause the Mortgagor to pay, as applicable, promptly when due any unforgiven portion of the Grant and any other sums required to be paid under the Grant Documents at the times and in the manner provided therein and shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Grant Documents.

Hispanic Housing or the Mortgagor shall pay promptly when due any sums due under the Senior Loan Documents (as defined in the Grant Agreement) and shall perform promptly and fully any acts required under the Senior Loan Documents. Neither Hispanic Housing nor the Mortgagor will, without prior written consent of the Mortgagee, which consent shall not be unreasonably withheld or delayed, modify, extend or amend the Senior Loan Documents, increase the amount of the indebtedness secured thereby (excluding protective advances made by the Senior Lender in accordance with the terms of the Senior Mortgage) or change the repayment terms of such indebtedness. The Mortgagor shall promptly give the Mortgagee a copy of any notice received by the Mortgagor from Senior Lenders or given by the Mortgagor to Senior Lenders pursuant to any of the Senior Loan Documents.

(2) Preservation, Restoration and Use of Premises. The Mortgagor shall:

- (a) promptly repair, restore, replace or rebuild any portion of the Premises which may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances on or reservation of title thereto except those exceptions listed in paragraph 3 of Exhibit B hereto (the "Permitted Encumbrances");
- (b) keep and maintain the Premises in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances;
- (c) complete, within a reasonable time, any construction or improvements now or hereafter constructed upon the Premises;
- (d) comply with all statutes, rules, regulations, orders, decrees and other requirements of any federal, state or local governmental body having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Premises;

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- (e) upon completion of the Project, make no material alterations in the Premises (except those required by law) without the Mortgagee's prior written consent;
- (f) upon completion of the Project, suffer or permit no change in the general nature of the occupancy or use of the Premises without the Mortgagee's prior written consent;
- (g) pay all operating costs of the Premises when due, including all utility charges and all other assessments or charges of a similar nature;
- (h) not initiate or acquiesce in any zoning reclassification with respect to the Premises, without the Mortgagee's prior written consent;
- (i) not abandon the Premises, nor do anything whatsoever to materially depreciate or materially impair the value of the Premises or the security of this Mortgage;
- (j) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Premises;
- (k) not permit any unlawful use or nuisance to exist upon the Premises; and
- (l) comply with all instruments and documents of record or otherwise affecting the use or occupancy of all or any portion of the Premises.

(3) Taxes and Charges. The Mortgagor agrees to pay or cause to be paid, at least ten (10) days prior to delinquency, all Charges (as hereinafter defined) which are assessed or imposed upon the Premises or upon any of the Grant Documents or Senior Loan Documents, or become due and payable, and which create, may create or appear to create a lien upon the Premises or any part thereof or upon any of the Grant Documents or Senior Loan Documents; provided, however, that if by law any such Charge is payable or, at the option of the Mortgagor, may be paid in installments, the Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. ("Charge" shall mean and include all federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances related to the Premises, the Mortgagor, Hispanic Housing or any of the Grant Documents, the Senior Loan Documents or the Subordinate Loan Documents.)

The Mortgagor shall furnish the Mortgagee within thirty (30) days after the date upon which any Charge is due and payable by the Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to the Mortgagee, evidencing the payment thereof. The Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Premises to collect the same; provided that no such contest or

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objection shall be deemed or construed in any way as relieving, modifying or extending the Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless the Mortgagor has given prior written notice to the Mortgagee of the Mortgagor's intent to contest or object to a Charge and, unless at the Mortgagee's sole option, (i) the Mortgagor shall demonstrate to the Mortgagee's satisfaction that legal proceedings instituted by the Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the Premises or any part thereof as satisfaction of such Charge prior to final determination of such proceedings, and (ii) the Mortgagor shall furnish to the Mortgagee or Senior Lenders (and if to Senior Lenders, notice thereof to the Mortgagee) a good and sufficient bond or surety, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Premises during the pendency of such contest, in an amount (x) not less than 125% of such Charge and (y) adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

(4) Insurance. The Mortgagor shall procure and maintain, or cause to be maintained, at all times, at the Mortgagor's own expense, until final repayment of the indebtedness secured hereby, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations contemplated in connection with the Project, whether performed by the Mortgagor, the General Contractor, any Subcontractor or others.

The kinds and amounts of insurance required are as follows:

(a) Workers Compensation and Occupational Disease Insurance

Workers compensation and occupational disease insurance, in accordance with the laws of the State of Illinois, or any other applicable jurisdiction, covering all employees who are to provide a service in connection with the Project and employer's liability coverage with limits of not less than \$100,000 per each accident or illness.

(b) Commercial Liability Insurance (Primary and Umbrella)

Commercial liability insurance or equivalent with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury, personal injury and/or property damage liability. Coverage extensions shall include the following: all premises and operations, products/completed operation, independent contractors, cross liability and contractual liability coverages (with no limitation endorsement). the Mortgagee, its employees, elected officials, agents and representatives shall be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the Project.

(c) Automobile Liability Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with the Project, the Mortgagor shall provide comprehensive

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automobile liability insurance with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury and property damage. the Mortgagee shall be named as an additional insured on a primary, non-contributory basis.

(d) All Risk Property Damage

The Mortgagor shall obtain an all risk property policy in the amount of full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list the Mortgagee as loss payee as their interest may appear.

(e) All Risk Builders Risk Insurance

When the Mortgagor, the General Contractor or any Subcontractor undertakes any construction, including improvements, betterments and/or repairs, to the Premises, all risk builder's risk insurance shall be procured and maintained to cover materials, supplies, equipment, machinery and fixtures that are or will be part of the Premises. The Mortgagee shall be named as loss payee as their interest may appear.

(f) Railroad Protective Liability Insurance

When, in connection with the Project, any work is to be done adjacent to or on property owned by a railroad or public transit entity, the Mortgagor shall procure and maintain, or cause to be procured and maintained, with respect to the operations that the Mortgagor, the General Contractor or any Subcontractor shall perform, railroad protective liability insurance in the name of such railroad or public transit entity. The policy shall have limits of not less than \$2,000,000 per occurrence, combined single limit, and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(g) Contractors' Pollution Liability Insurance

When any environmental remediation work is undertaken by the Mortgagor, the General Contractor or any Subcontractor in connection with the Project, contractors' pollution liability insurance shall be procured with limits of not less than \$1,000,000 covering all construction and related work undertaken in connection with the Project. The Mortgagee is to be named as an additional insured on a primary, non-contributory basis. The Mortgagor, the General Contractor and any Subcontractor shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's regulations, Title 49 of the Code of Federal Regulations, Department of

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Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transportation of Hazardous Materials.

The Mortgagor shall furnish the Mortgagee original certificates of insurance evidencing the required coverages to be in force on the date hereof, and renewal certificates of insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term hereof.

The receipt of any certificate does not constitute agreement by the Mortgagee that the insurance requirements of this Section have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements. The failure of the Mortgagee to obtain certificates or other insurance evidence from the Mortgagor shall not be deemed to be a waiver by the Mortgagee. The Mortgagor shall advise all insurers of the provisions of this Section regarding insurance. Non-conforming insurance shall not relieve the Mortgagor of its obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions of this Section may constitute an Event of Default, and the Mortgagee retains the right to suspend disbursement of Grant proceeds until proper evidence of insurance is provided.

All insurance policies shall provide that the Mortgagee shall be given thirty (30) days' prior written notice of any modification, nonrenewal or cancellation.

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

The Mortgagor shall require the General Contractor and all Subcontractors to carry the insurance required herein, or the Mortgagor may provide the coverage for any or all of the General Contractor and Subcontractors, and, if so, the evidence of insurance submitted shall so stipulate.

Any and all deductibles or self-insured retention on the insurance coverages required herein shall be borne by the Mortgagor, the General Contractor or the appropriate Subcontractor, as applicable.

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

The Mortgagor agrees and shall cause the General Contractor to agree that all insurers shall waive their rights of subrogation against the Mortgagee, its employees, elected officials, agents or representatives.

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

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

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

The Mortgagee maintains the right to modify, delete, alter or change these requirements.

(5) Inspection of Premises and of Books and Records. The Mortgagor shall permit the Mortgagee, the City, the Illinois Housing Development Authority ("IHDA") and/or their agents to inspect the Premises at all reasonable times during normal business hours and upon reasonable notice, and access there to shall be permitted for that purpose. The Mortgagor shall keep and maintain full and correct records at the Mortgagor's office showing in detail the income and expenses of the Premises and shall make such books, records and all supporting vouchers, data and other documents available for inspection, copying (including excerpts and transcriptions), audit and examination upon request by the Mortgagee, the City, IHDA, HUD and their respective agents, successors and assigns until the fifth anniversary of the date of repayment of the Grant in full.

(6) Insurance Proceeds. In the event of any damage to, or destruction of the Premises, the Mortgagor will give written notice to the Mortgagee of such damage or destruction within five Business Days thereafter and, subject to the rights granted to Senior Lenders under the Senior Mortgages (including as set forth in the Subordination Agreements among the Mortgagor, the Mortgagee, the Senior Lender, and the Subordinate Lender), authorize the Mortgagee to proceed as follows:

- (a) In the event of any loss covered by insurance policies, the Mortgagee is hereby authorized at its option to either (i) settle and adjust any claim under such policies without the consent of the Mortgagor, or (ii) allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. The Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the expenses incurred by the Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to the Mortgagee by the Mortgagor upon demand.
- (b) In the event of any insured damage to, or destruction of, the Premises or any part thereof, the Mortgagee shall apply the proceeds of insurance to

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

- (c) In the event that proceeds of insurance, if any, shall be made available to the Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, the Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and approved by the Mortgagee, and to expend all such proceeds and any funds deposited by the Mortgagor pursuant to Section 6(b)(ii) hereof prior to the further disbursement of any Grant proceeds. If the amount of such insurance proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by the Mortgagee.
- (d) If all of the conditions described in paragraph (b) of this Section with respect to the application of proceeds of insurance shall not be met, the Mortgagee may, in its sole discretion, apply such proceeds to the portion of the indebtedness which is (i) not forgiven pursuant to the Grant Agreement at the time the insured damage to, or destruction of, the Premises or any part thereof, occurs; and (ii) secured hereby, in such order or manner as the Mortgagee may elect.
- (e) To the extent that any amount of proceeds of insurance remain unexpended after completion of the restoration, repair, replacement or rebuilding of the Premises, such amount shall be applied to the indebtedness secured hereby.

(7) Condemnation/Eminent Domain. The Mortgagor shall give the Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or

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taking by eminent domain or any like process ("Taking"), of all or any portion of the Premises or affecting any easement thereon or appurtenance thereto and shall deliver to the Mortgagee copies of any and all papers served in connection with any such proceedings, and the Mortgagor hereby assigns and transfers to the Mortgagee, subject to the rights granted to Senior Lenders under the Senior Mortgages, the entire proceeds of all awards resulting from any Taking. The Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. In the event of any such Taking, but subject to any rights granted to Senior Lenders under the Senior Mortgages, the Mortgagee may, in the event of a complete Taking or existence of an Event of Default, in its sole discretion, (i) apply the proceeds of all awards resulting from such Taking to the indebtedness secured hereby in such order or manner as the Mortgagee may elect, or (ii) apply such proceeds to reimburse the Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises. In the event of a partial Taking, the Mortgagee shall apply the proceeds of the award to reimburse the Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises if (i) an Event of Default hereunder or an event of default under any of the other Grant Documents or the Senior Loan Documents shall not have occurred and be continuing; (ii) such award proceeds shall be in an amount sufficient to restore the balance of the Premises to its intended purpose, or if such proceeds are not so sufficient, the Mortgagor shall promptly deposit with the Mortgagee funds equal to the amount of such deficiency; (iii) the Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, the Mortgagee shall receive and approve plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Expiration Date. In the event that such proceeds, if any, shall be made available to the Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, the Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value and substantially the same character as prior to such Taking, all to be effected in accordance with plans and specifications submitted to and approved by the Mortgagee. If the amount of such proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by the Mortgagee.

(8) Transfer and Encumbrance of Premises. The Mortgagor shall not create, effect, contract for, commit to, consent to, suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing), directly or indirectly, by willful act, by operation of law or otherwise, of all or any portion of the Premises or any interest therein, other than Permitted Encumbrances, or any general partner interest in the Mortgagor, except pursuant to the enforcement of a pledge of general partner interest in the Mortgagor made to a lender providing funds borrowed by the Mortgagor and/or HHDC LLC and irrevocably available to pay for the cost of the Project, and where the replacement general partner is an affiliate of the lender (each of the foregoing being referred to herein as a "**Prohibited Transfer**"), without the Mortgagee's prior written consent. Notwithstanding the foregoing, the Mortgagee shall not unreasonably withhold its consent to the replacement and/or addition of a general partner of the Mortgagor pursuant to the terms of the Mortgagor's Amended and Restated Limited Partnership Agreement and to the extent the Mortgagee so consents, it shall not be considered a Prohibited Transfer hereunder. Further, no consent by the Mortgagee shall be required for the withdrawal,

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replacement and/or addition of any of the Mortgagor's limited partners or of any such limited partner's general partners (or any other ownership interests in and to said limited partners), and the same shall not constitute a Prohibited Transfer hereunder. If the Mortgagor shall do or allow any of the Prohibited Transfers without the Mortgagee's prior written consent, the Mortgagee at its option has the right to declare an Election to Recover causing the unforgiven portion of the Grant to be immediately due and payable without notice to the Mortgagor. Any waiver by the Mortgagee of the provisions of this paragraph shall not be deemed to be a waiver of the right of the Mortgagee to insist upon strict compliance with the provisions of this paragraph in the future.

- (9) Mortgagee's Options; Subrogation. (a) In case of an Event of Default hereunder by the Mortgagor, the Mortgagee may (but is not obligated to) make any payment or perform any act herein required of the Mortgagor in any form and manner deemed expedient, and may (but is not obligated to) make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem the Premises from any tax sale or forfeiture affecting the Premises or contest any tax or assessment thereon. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by the Mortgagee to protect the Premises and the lien hereof, shall be deemed additional indebtedness secured hereby, and shall become immediately due and payable, with interest thereon at a rate of the lesser of fifteen percent (15%) per annum or the maximum amount permitted by law. Inaction of the Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of the Mortgagor.
- (b) To the extent that the Mortgagee, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or the Mortgagor or any other person pays any such sum with the proceeds of the indebtedness secured hereby, the Mortgagee shall have and be entitled to a lien or other interest on the Premises equal in priority to the lien or other interest discharged and the Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit the Mortgagee in securing the indebtedness secured hereby.

(10) Events of Default. The following shall constitute an "Event of Default" under this Mortgage:

- (i) the occurrence of an Event of Default under Section 7.01 of the Grant Agreement; or
- (ii) non-compliance by the Mortgagor with, or failure by the Mortgagor to perform, any agreement contained herein, which remains unremedied for thirty (30) days after notice thereof from

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the Mortgagee to the Mortgagor; provided, however, that if any such failure cannot reasonably be cured within said 30-day period and if the Mortgagor shall have commenced to cure such failure within said 30-day period and shall thereafter continue diligently to effect such cure, then said 30-day period shall be extended to sixty (60) days upon written request from the Mortgagor to the Mortgagee delivered during such 30-day period, and upon further written request from the Mortgagor to the Mortgagee delivered during such 60-day period, and at the sole option of the Mortgagee, said 60-day period shall be extended to ninety (90) days (provided, however, that the Mortgagee shall not be precluded during any such periods from exercising any remedies hereunder if its security becomes or is about to become materially jeopardized by any failure described in this clause (ii) within such period). The Mortgagee shall accept any cures tendered or made by the Mortgagor's limited partner as and for cures tendered or made by the Mortgagor.

(11) Recovery, Etc. Upon the occurrence of an Event of Default hereunder, the Mortgagee may declare an Election to Recover causing the unforgiven portion of the Grant, together with all other amounts then due and owing by Hispanic Housing or the Mortgagor to the Mortgagee under any of the Grant Documents to become immediately due and payable at the place of payment as aforesaid, and the Mortgagee may proceed to foreclose this Mortgage and to exercise any rights and remedies available to the Mortgagee under this Mortgage or any of the other Grant Documents and to exercise any other rights and remedies against the Mortgagor, which the Mortgagee may have at law, in equity or otherwise. The Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Grant Documents.

Upon the occurrence of an event of default under any of the Senior Loan Documents, the Mortgagee may at its option proceed to cure, if possible, such event of default; subject to Section 9(b) hereof, all amounts so expended by the Mortgagee in the course of such action shall be reimbursed by the Mortgagor to the Mortgagee upon demand and shall be additional indebtedness of the Mortgagor secured by this Mortgage, and the other Grant Documents.

(12) Remedies. The Mortgagee's remedies as provided in this Mortgage or the other Grant Documents shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of the Mortgagee and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Failure of the Mortgagee, for any period of time or on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of the Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by the Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any

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subsequent event or as a bar to any subsequent exercise of the Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the Mortgagee by the Grant Documents is not required to be given.

(13) Additional Indebtedness. In the event that: (a) an attorney is retained to collect or enforce any obligations of the Mortgagor under the Grant Agreement or any of the other Grant Documents or any such obligations are collected or enforced through any legal proceeding; (b) an attorney is retained to represent the Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Grant Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Grant Documents; or (d) an attorney is retained to represent the Mortgagee in any other proceedings whatsoever in connection with the Grant Documents, or any property subject thereto, then the Mortgagor shall pay to the Mortgagee all attorneys' fees, and all costs and expenses reasonably incurred in connection therewith.

(14) Waiver. The Mortgagee's failure to require strict performance by the Mortgagor of any provision of this Mortgage shall not waive, affect or diminish any right of the Mortgagee thereafter to demand strict compliance and performance therewith, nor shall any waiver by the Mortgagee of an Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. The Mortgagee's delay in instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the other Grant Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

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

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

(16) Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Premises. Such appointment may be made either before or after foreclosure sale, without notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness hereby

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secured, without regard to the value of the Premises at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. The Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Premises and to collect all rents and profits thereof during the pendency of such foreclosure suit, and all powers and duties provided for in Section 5/15-1704 of the Act, and such other powers as the court may direct.

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

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

(19) Insurance Upon Foreclosure. Wherever provision is made in this Mortgage for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of the Mortgagee, or to confer authority upon the Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of the Mortgagee shall continue in the Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, the Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Premises, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

(20) Waiver of Statutory Rights. To the extent permitted by law, the Mortgagor shall not apply for or avail itself of any appraisement, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called Moratorium Laws now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage and hereby waives the benefit of such laws. The Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. To the extent permitted by law, the Mortgagor hereby expressly waives any and all rights of redemption and reinstatement, on its own behalf and on behalf of each and every person having a beneficial interest in the Mortgagor, it being the intent hereof that any and all such rights of redemption or

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reinstatement of the Mortgagor and of all other persons are and shall be deemed to be hereby waived. The Mortgagor acknowledges that the Premises do not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Act or residential real estate as defined in Section 5/15-1219 of the Act.

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

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

(23) Notice. Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by facsimile or electronic mail; (c) nationally recognized overnight courier; or (d) registered or certified mail, return receipt requested to the addresses listed in paragraph 4 of Exhibit B hereto.

Such addresses listed in paragraph 4 of Exhibit B hereto may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier and, if sent pursuant to clause (d) above, shall be deemed received two Business Days following deposit in the mail.

(24) Time. Time is of the essence with respect to the Grant Documents.

(25) Modifications. This Mortgage may not be altered, amended, modified, cancelled, changed or discharged except by written instrument signed by the parties hereto or their respective successors and assigns.

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

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

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(28) Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the remainder of this Mortgage shall be construed as if such invalid part were never included herein and this Mortgage shall be and remain valid and enforceable to the fullest extent permitted by law.

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

(30) Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Premises or any other person having an interest therein), and shall inure to the benefit of the Mortgagee and its successors and assigns.

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

(32) Indemnification. In addition to all other indemnities in favor of the Mortgagee specifically provided in this Mortgage, the Mortgagor shall indemnify the Mortgagee and save the Mortgagee harmless from and against any and all Losses incurred in any Claim brought by reason of any such Loss, excluding, however, any Loss arising out of the Mortgagee's gross negligence or willful misconduct or following the Mortgagee's acquisition of title to or control of the Premises, unless such act is taken in response to (i) any willful misconduct or negligent act or omission of the Mortgagor or Hispanic Housing or (ii) any breach by the Mortgagor or Hispanic Housing of any provisions of the instruments executed by the Mortgagor or Hispanic Housing in connection with the Grant. Notwithstanding the foregoing, this Section is not intended to give rise to a right of the Mortgagee to claim payment of the principal and accrued interest, if any, due under the Grant Documents in circumvention of the Mortgagee's non-recourse provision (as such provision is limited pursuant to Section 37 hereof).

(33) Junior Mortgage. This is a junior mortgage on the Premises and is subject and subordinate in each and every respect to any and all rights of any kind created by those mortgage(s) listed in paragraph 5 of Exhibit B hereto (the "**Senior Mortgages**"). So long as the Senior Mortgages are in effect, in the event of any conflict between the provisions of this Mortgage and the Senior Mortgages, the provisions of the Senior Mortgages shall prevail. Any waiver or forbearance by the Senior Lenders under the Senior Loan Documents shall not impair

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the priority of their respective liens under the Senior Loan Documents. Notwithstanding any other provision herein to the contrary, the failure by the Mortgagor to provide to the Mortgagee any dollar amounts or any documents as may be required herein because such amounts or documents are required to be deposited with the Senior Lenders pursuant to the provisions of the Senior Mortgages shall not be deemed an Event of Default hereunder; provided, however, that the Mortgagor shall promptly provide to the Mortgagee written notice of the deposit of such amounts or documents with the Senior Lenders (together with copies of such documents). Notwithstanding any other provision herein to the contrary, the failure by the Mortgagor to comply with any provision hereof (other than the payment of amounts or the provision of documents to the Mortgagee) due to conflict between the provisions of the Senior Mortgages and the provisions hereof shall not be deemed an Event of Default hereunder; provided, however, that the Mortgagor shall promptly provide to the Mortgagee written notice of such conflict and of the actions taken by the Mortgagor pursuant to the Senior Mortgages.

(34) Security Agreement. This Mortgage shall be construed as a security agreement within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Premises which constitutes fixtures or personal property. The Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded the Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code. This Mortgage is a construction mortgage as that term is defined in Section 9-334(h) of said Uniform Commercial Code.

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

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

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

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- (b) payments by the Mortgagee of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance, including the Senior Mortgages; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Premises or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;
- (c) advances by the Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;
- (d) reasonable attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(1)(2) and 5/15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of this Mortgage or arising from the interest of the Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;
- (e) the Mortgagee's fees and costs, including reasonable attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;
- (f) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;
- (g) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act;
- (h) expenses incurred and expenditures made by the Mortgagee for any one or more of the following: (i) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by the Mortgagee whether or not the Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction

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in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by the Mortgagee to be for the benefit of the Premises or required to be made by the owner of the Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Premises; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; (vii) if the grant secured hereby is a construction grant, costs incurred by the Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment or grant agreement; (viii) pursuant to any lease or other agreement for occupancy of the Premises; and (ix) if this Mortgage is insured, payments of FHA or private mortgage insurance.

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 rate of interest payable after default under the terms of the Grant Agreement.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 5/15-1302 of the Act.

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

- (1) the determination of the amount of indebtedness secured by this Mortgage at any time;
- (2) the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;
- (3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Act;
- (4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;
- (5) the application of income in the hands of any receiver or mortgagee in possession; and
- (6) the computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Act.

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The maximum amount of indebtedness secured by this Mortgage is set forth in paragraph 6 of Exhibit B hereto, plus interest, plus any disbursements for the payment of taxes and insurance on the Premises, plus interest thereon, and any other sums advanced in accordance with the terms hereof or any of the other Grant Documents to protect the security of this Mortgage or any of the other Grant Documents plus interest thereon.

(37) Non-Recourse. Subject to the terms contained in Section 8.06 of the Grant Agreement, the indebtedness evidenced by this Mortgage shall be non-recourse and in the Event of Default hereunder, the Mortgagee's sole source of satisfaction of repayment of the amounts due to the Mortgagee hereunder or under any of the Grant Documents shall be limited to the Mortgagee's rights with respect to the collateral pledged and assigned hereunder or under any of the other Grant Documents. Nothing herein or in any of the Grant Documents shall limit the rights of the Mortgagee, following any of the events described in Section 8.06(b) of the Grant Agreement, to take any action as may be necessary or desirable to pursue the Mortgagor for any and all Losses (as such term is defined in the Grant Agreement) incurred by the Mortgagee arising from such events

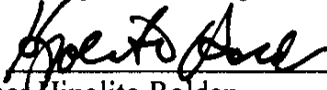
[Signature Page Follows]

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

**NORTH & TALMAN III LIMITED
PARTNERSHIP**, an Illinois limited partnership

By: North and Talman III Corporation, an
Illinois corporation, its general partner

By:  _____

Name: Hipolito Roldan

Title: President

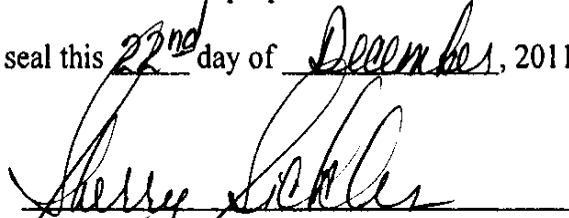
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

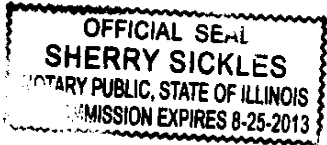
I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Hipolito Roldan, personally known to me to be the President of North & Talman III Corporation, an Illinois corporation, the general partner of North & Talman III Limited Partnership, an Illinois limited partnership (the "Mortgagor"), and known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President, he signed and delivered the said instrument pursuant to authority duly given by the partners of the Mortgagor, and as his free and voluntary act and deed and as the free and voluntary act and deed of the Mortgagor for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 22nd day of December, 2011.



Notary Public

(SEAL)



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EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1A:

LOTS 27 AND 28, (EXCEPT THE NORTH 8 FEET OF EACH OF SAID LOTS TAKEN OR USED FOR ALLEY) IN CHARLES PROEBSTING'S SUBDIVISION OF LOTS 4, 5, 6 AND THE SOUTH 60 FEET OF LOT 7 IN BLOCK 8 OF J. BORDEN'S SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 1B:

THE SOUTH 21.00 FEET OF LOT 9 IN C. BOETTCHER'S SUBDIVISION OF LOTS 8 AND 10 AND THAT PART NORTH OF THE SOUTH 60 FEET OF LOT 7 IN BLOCK 8 IN BORDEN'S SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 1C:

THE SOUTH 18.50 FEET OF LOT 8 (EXCEPT THE EAST 104.00 FEET THEREOF) IN C. BOETTCHER'S SUBDIVISION OF LOTS 8 AND 10 AND THAT PART NORTH OF THE SOUTH 60 FEET OF LOT 7 IN BLOCK 8 IN BORDEN'S SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 9 AND 10 (EXCEPT THE SOUTH 21.00 FEET OF SAID LOT 9) IN C. BOETTCHER'S SUBDIVISION OF LOTS 8 AND 10 AND THAT PART NORTH OF THE SOUTH 60 FEET OF LOT 7 IN BLOCK 8 IN BORDEN'S SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOT 6 AND THE NORTH 3.27 FEET OF LOT 7 IN C. BOETTCHER'S SUBDIVISION OF LOTS 8 AND 10 AND THAT PART NORTH OF THE SOUTH 60 FEET OF LOT 7 IN BLOCK 8 IN BORDEN'S SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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PARCEL 4:

LOT 7 (EXCEPT THE NORTH 3.27 FEET THEREOF) AND LOT 8 (EXCEPT THE SOUTH 18.50 FEET THEREOF) IN C. BOETTCHER'S SUBDIVISION OF LOTS 8 AND 10 AND THAT PART NORTH OF THE SOUTH 60 FEET OF LOT 7 IN BLOCK 8 IN BORDEN'S SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX NUMBERS:

13-36-427-014-0000

13-36-427-030-0000

13-26-427-031-0000

13-36-427-032-0000

13-36-427-040-0000 (part of)

Commonly known as 2656 West North Avenue, 1617-19 North Washtenaw Avenue and 1618-20 North Talman Avenue, Chicago, Illinois

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EXHIBIT B

MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

Between North & Talman III Limited Partnership
and
Chicago Low-Income Housing Trust Fund
dated as of December 2nd, 2011

1. As referred to in the first Recital of the Mortgage:

The amount of the Grant is \$327,653.00

2. As referred to in first Recital of the Mortgage, the Expiration Date of the Grant Agreement is:

Thirty (30) years after the date hereof.

3. As referred to in Section 2 of the Mortgage, the Permitted Encumbrances are:

Those items listed on Schedule B to the title insurance policy issued by the Title Company (as defined in the Grant Agreement) to the Mortgagee insuring the Mortgage and relating to the Premises, and residential leases entered into in the ordinary course of the Mortgagor's business in connection with the operation of the Premises, specifically including but not limited to the Senior Mortgages, the Subordinate Mortgages, the Low-Income Housing Tax Credit Regulatory Agreement between IHDA and the Mortgagor, the Illinois Affordable Housing Tax Credit Regulatory Agreement between IHDA, Hispanic Housing and the Mortgagor, the North & Talman III Limited Partnership Redevelopment Agreement between the Mortgagor, the City, Hispanic Housing and HHDC LLC.

4. As referred to in Section 23 of the Mortgage, notices shall be sent to the following addresses:

IF TO MORTGAGEE: Chicago Low-Income Housing Trust Fund
c/o Chicago Department of Housing and
Economic Development
121 N. LaSalle Street, Room 1006
Chicago, Illinois 60602
Attention: Cary Steinbuck, Executive Director
Facsimile: (312) 742-8549
Email: cary.steinbuck@cityofchicago.org

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WITH COPIES TO: Neal, Gerber & Eisenberg LLP
 2 North LaSalle Street, Suite 1700
 Chicago, Illinois 60602
 Attention: Anne E. Koday & Thomas J. McNulty
 Facsimile: (312) 980-0812
 Email: akoday@ngelaw.com

IF TO MORTGAGOR: North & Talman III Limited Partnership
 325 North Wells Street, 8th Floor
 Chicago, Illinois 60654
 Attention: Mark Kruse
 Facsimile: (312) 602-6530
 Email: mkruse@hhdcdev.org

WITH COPIES TO: Applegate & Thorne-Thomsen, P.C.
 626 West Jackson Boulevard, Suite 400
 Chicago, Illinois 60661
 Attention: Bill Skalitzky
 Facsimile: (312) 491-4411
 Email: wskalitzky@att-law.com

IF TO HISPANIC HOUSING: Hispanic Housing Development Corporation
 325 North Wells Street, 8th Floor
 Chicago, Illinois 60654
 Attention: Mark Kruse
 Facsimile: (312) 602-6530
 Email: mkruse@hhdcdev.org

IF TO LIMITED PARTNER: Bank of America, N.A.
 Mail Code: WA1-501-37-67
 Fifth Avenue Plaza, Floor 37
 800 Fifth Avenue
 Seattle, Washington 98104-3176
 Attention: Todd McCain, Vice President
 Facsimile: (206) 585-8404

WITH COPIES TO: Banc of America CDC Special Holding Company,
 Inc.
 c/o Bank of America Merrill Lynch
 Tax Credit Equity Investment Asset Management
 NC1-007-11-25
 100 North Tryon Street
 Charlotte, North Carolina 28202
 Attention: Nichole Baldon, Vice President
 Facsimile: (980) 386-6662

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LENDER:**

Bank of America, N.A.
7800 Forsyth Blvd.
Suite 350
Clayton, Missouri 63105
Mail Code: MO1 076 03 06
Attention: Loan Administration Manager
Facsimile: (214) 290-9612

**IF TO BRIDGE
LENDER:**

Local Initiatives Support Corporation
501 Seventh Avenue, 7th Floor
New York, New York 10018
Attention: Patrick Maher, Vice President, Deputy,
& General Counsel
Facsimile: (212) 682-8608
Email: pmaher@lisc.org

WITH COPIES TO:

Local Initiatives Support Corporation
135 South LaSalle Street, Suite 2230
Chicago, Illinois 60603
Facsimile: (312) 422-0802
Email: tbeck@lisc.org

5. As referred to in Section 33 of the Mortgage.

“**Bridge Lender**” shall mean Local Initiatives Support Corporation and its successors and assigns.

“**Bridge Loan**” shall mean the loan by the Bridge Lender to HHDC LLC in the principal amount of \$2,058,496, the proceeds of which HHDC LLC will loan to the Mortgagor along with \$300,000 of tax increment allocation financing provided by the City to HHDC LLC.

“**Senior Lender**” shall mean Bank of America, N.A. and its successors and assigns.

“**Senior Loans**” shall mean, initially, the construction loan by the Senior Lender to the Mortgagor in the principal amount of \$7,251,640, and following repayment thereof, the permanent loan by the Senior Lender to the Mortgagor in the principal amount of \$410,000, each for financing a portion of the costs of the Project.

“**Senior Mortgages**” shall mean, collectively, those certain mortgages and additional security documents from the Mortgagor to the Senior Lender that secure the present and forthcoming Senior Loans.

“**Subordinate Lender**” shall mean collectively Hispanic Housing and HHDC LLC.

“**Subordinate Loans**” shall mean, collectively, the seller financing loan from the Subordinate Lender to the Mortgagor in the amount of \$305,307 and the sponsor loan from the

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Subordinate Lender to the Mortgagor in the amount of \$139,755, and the TIF loan from the Subordinate Lender to the Owner in the amount of \$2,358,496.

“**Subordinate Mortgages**” shall mean, collectively, those certain mortgages and additional security documents from the Mortgagor to the Subordinate Lender that secure the Subordinate Loans.

6. The amount referred to in the last sentence of Section 36 of the Mortgage is:

\$655,306.00.

Property of Cook County Clerk's Office