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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Doc#: 1209418037 Fee: \$128.0
Eugene "Gene" Moore RHSP Fee: \$10.01
Cook County Recorder of Deeds
Date: 04/03/2012 02:45 PM Pg: 1 of 46

Report Mortgage Fraud
800-532-8785

The property identified as: **PIN:** 17-08-438-004-0000

Address:

Street: 1000 W. WASHINGTON

Street line 2:

City: CHICAGO

State: IL

ZIP Code: 60607

Lender: GENWORTH LIFE AND ANNUITY INSURANCE COMPANY

Borrower: WASHINGTON PHASE II DEVELOPERS, L.L.C.

FIDELITY NATIONAL TITLE

Loan / Mortgage Amount: \$3,850,000.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 7770 et seq. because it is commercial property.

Certificate number: 1A30659B-F716-4696-853A-9D9861DCC32A

Execution date: 03/30/2012

999011151 NK

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Recording Requested By and
When Recorded Mail To:
Best & Flanagan LLP
225 South Sixth Street
Suite 4000
Minneapolis, Minnesota 55402
Attn: Duane L. Paulson
GLIC Loan No. 901000329

**MORTGAGE, ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT
AND FIXTURE FINANCING STATEMENT**

THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT (this "Mortgage") is made this 30 day of March, 2012, between WASHINGTON PHASE II DEVELOPERS, L.L.C., an Illinois limited liability company, as Mortgagor, whose address is 910 W. Van Buren St., PMB #403, Chicago, Illinois 60607, and GENWORTH LIFE AND ANNUITY INSURANCE COMPANY, a Virginia corporation, as Mortgagee, whose address is c/o Bank of America, Real Estate Structural Finance – Servicing, Mail Code NC1-026-01, 900 West Trade Street, Suite 650, Charlotte, North Carolina 28255. For purposes of Article 9 of the Uniform Commercial Code, this Mortgage constitutes a security agreement and fixture financing statement with Mortgagor being the Debtor and Mortgagee being the Secured Party. This Mortgage also constitutes a financing statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code.

Mortgagee is making a loan (the "Loan") in the principal amount of Three Million Eight Hundred Fifty Thousand and No/100 Dollars (\$3,850,000.00), to be secured by that certain real property (the "Realty") described in Exhibit A attached hereto. The Loan, if not sooner paid, is due and payable in full on April 1, 2022.

Common Address: 1000 W. Washington, Chicago, Illinois
Tax Parcel I.D. Number: 17-08-438-004-0000
1442862v5/Mortgage/1000 W. Washington/016278-312001

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In consideration of the Loan and the sum of One and No/100 Dollar (\$1.00) in hand paid by the Mortgagee, the receipt of which is hereby acknowledged, and to secure the payment of the principal and interest and premium, if any, on the Note, hereinafter defined, according to its tenor and effect and to secure payment of all other indebtedness secured hereby and the performance and observance of all the covenants, provisions and agreements herein and in the Note contained (whether or not the Mortgagor is personally liable for such payment, performance and observance) Mortgagor does hereby MORTGAGE, GRANT, BARGAIN, SELL AND CONVEY to Mortgagee, its successors and assigns, forever, AND GRANT TO THE MORTGAGEE A SECURITY INTEREST IN, all of Mortgagor's estate, rights, title, claim, interest and demand, either in law or in equity, of, in and to the following property, whether the same be now owned or hereafter acquired (the "Property"):

(a) The Realty and all rights to the land lying in alleys, streets and roads adjoining or abutting the Realty;

(b) All buildings, improvements and tenements now or hereafter located on the Realty;

(c) All fixtures and articles of property now or hereafter attached to, or used or adapted for use in the ownership, development, operation or maintenance of, the buildings, improvements and Realty (whether such items are leased, owned or subject to any title retaining or security instrument, or otherwise used or possessed), including without limitation all heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, generating, power, lighting, laundry, maintenance, incinerating, lifting, cleaning, fire prevention and extinguishing, security and access control, cooking, gas, electric and communication fixtures, equipment and apparatus, all engines, motors, conduits, pipes, pumps, tanks, ducts, compressors, boilers, water heaters and furnaces, all ranges, stoves, disposers, refrigerators and other appliances, all escalators and elevators, all baths and sinks, all cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash, all carpeting, underpadding, floor covering, panelling and draperies, all furnishings of public spaces, halls and lobbies, and all shrubbery and plants; all of which items shall be deemed part of the real property and not severable wholly or in part without material injury to the freehold; provided, however, that personal property and trade fixtures owned or supplied by tenants of the Property with the right of removal at the termination of their tenancies shall not be included within the scope of this paragraph;

(d) All easements, access, air and development rights, minerals and oil, gas and other hydrocarbon substances, royalties, water, water rights and water stock, and all other rights, hereditaments, privileges, permits, licenses, franchises and appurtenances now or hereafter belonging or in any way appertaining to the Realty;

(e) All present and future contracts and policies of insurance which insure Realty or any building, structures or improvements thereon, or any such fixtures or personal property, against casualties and theft, and all monies and proceeds and rights thereto which may be or become payable by virtue of any such insurance contracts or policies;

(f) All of the rents, revenues, issues, profits and income of the Property, and all

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present and future leases and other agreements for the occupancy or use of all or any part of the Realty, including without limitation those described on Exhibit B hereto and all cash or security deposits, advance rentals and deposits or payments of similar nature and all guaranties of tenants' or occupants' performances under such leases and agreements; SUBJECT, HOWEVER, to the assignment of rents and other property to Mortgagee herein contained;

(g) All general intangibles relating to the development or use of the Property, including without limitation all permits, licenses and franchises, all names under or by which the Property may at any time be operated or known, and all rights to carry on business under any such names or any variant thereof, and all trademarks, trade names, logos and good will in any way relating to the Property;

(h) All awards, compensation and settlements in lieu thereof made as a result of the taking by power of eminent domain of the whole or any part of the Property, including any awards for damages sustained to the Property for a temporary taking, change in grade of streets or taking of access;

(i) All shares of stock or other evidence of ownership of any part of the Property that is owned by Mortgagor in common with others, and all documents of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Property; and

(j) All products and proceeds of all of the foregoing.

TO SECURE THE FOLLOWING (collectively the "Secured Obligations"):

(1) Payment of the sum of Three Million Eight Hundred Fifty Thousand and No/100 Dollars (\$3,850,000.00) with interest thereon, according to the terms and provisions of a Promissory Note of even date herewith, in the form attached hereto as Exhibit C, payable to Mortgagee, or order, and made by Mortgagor, and all modifications, extensions, renewals and replacements thereof (collectively the "Note");

(2) Payment of all sums advanced to protect the security of this Mortgage, together with interest thereon as herein provided;

(3) Payment of all other sums which are or which may become owing under the Loan Documents;

(4) Performance of all of Mortgagor's other obligations under the Loan Documents; and

(5) Payment of the principal and interest on all other future loans or advances made by Mortgagee to Mortgagor when the promissory note evidencing the loan or advance specifically states that it is secured by this Mortgage, including all modifications, extensions, renewals, and replacements of any such future loan or advance.

However, the maximum amount secured by this Mortgage shall not exceed Seven Million Seven Hundred Thousand and No/100 Dollars (\$7,700,000.00).

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As used herein, the term "Loan Documents" means the Note, this Mortgage, an Assignment of Rents and Leases (the terms of which shall control in the event of any conflict with the terms of Article VI of this Mortgage), any loan agreement and Uniform Commercial Code Financing Statements filed in connection herewith, and any other instrument or document evidencing or securing the Loan or otherwise in connection therewith (except the Environmental Indemnity), together with all modifications, extensions, renewals and replacements thereof.

MORTGAGOR HEREBY REPRESENTS, WARRANTS, COVENANTS AND AGREES AS FOLLOWS:

ARTICLE I **TITLE AND USE**

1.1 Warranty of Title. Mortgagor represents and warrants to Mortgagee that: (a) except as may otherwise be expressly stated in this Mortgage, Mortgagor has good and marketable title in fee simple to such of the Property as is real property and is the sole and absolute owner of all other Property; (b) the Property is free from liens, encumbrances, exceptions or other charges of any kind whatsoever other than non-delinquent installments of property taxes and assessments, general and special, the "Permitted Exceptions," if any, listed on Exhibit A attached and any other liens, encumbrances, exceptions or charges expressly permitted by the terms of this Mortgage, and no others, whether superior or inferior to this Mortgage, will be created or suffered to be created by Mortgagor during the life of this Mortgage without the prior written consent of Mortgagee; (c) no default on the part of Mortgagor or, to the best of Mortgagor's knowledge, any other person exists under any of the Permitted Exceptions and all Permitted Exceptions are in full force and effect and in good standing, without modification except as disclosed on Exhibit A attached; (d) none of the Permitted Exceptions will be modified by Mortgagor without Mortgagee's prior written consent; (e) Mortgagor will fully comply with all the terms of the Permitted Exceptions; and (f) that Mortgagor has the right to grant, transfer, convey and assign the Property as herein provided and will forever warrant and defend the Property unto Mortgagee against all claims and demands of any other person whomsoever, subject only to non-delinquent installments of taxes and assessments and the Permitted Exceptions.

1.2 Hazardous Substances.

(a) Representations and Warranties. Mortgagor represents and warrants to Mortgagee that: (i) to the best of Mortgagor's knowledge, no asbestos has ever been used in the construction, repair or maintenance of any building, structure or other improvement now or heretofore located on the Property; (ii) no Hazardous Substance is currently being generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (iii) neither Mortgagor nor, to the best of Mortgagor's knowledge, any other person or entity has ever caused or permitted any Hazardous Substance to be generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (iv) Mortgagor has not received any notice of, nor is Mortgagor

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aware of, any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances; and (v) neither Mortgagor nor the Property is subject to any governmental or judicial claim, order, judgment or lien with respect to the clean-up of Hazardous Substances at or with respect to the Property. Mortgagor further represents and warrants to Mortgagee that the foregoing representations and warranties contained in this paragraph 1.2(a) are made after and are based upon inspection of the Property by Mortgagor and due inquiry by Mortgagor as to the prior uses of the Property.

(b) Definition. As used herein, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean up, including without limitation any substance, waste or material which now or hereafter is (A) designated as a "hazardous substance" under or pursuant to the Federal Water Pollution Control Act (33 U.S.C. §1251 et seq.), (B) defined as a "hazardous waste" under or pursuant to the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.), or (C) defined as a "hazardous substance" in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et seq.).

1.3 Location of Mortgagor. Mortgagor represents and warrants to Mortgagee that Mortgagor is a limited liability company organized under the laws of the State of Illinois, and Mortgagor's exact legal name is as set forth in the first paragraph on page 1 of this Mortgage. Mortgagor covenants that it will give Mortgagee thirty (30) days' prior written notice of any act, event or occurrence which will cause the representations and/or warranties in this paragraph to become untrue in any respect.

ARTICLE II MORTGAGOR'S COVENANTS

2.1 Payment and Performance of Secured Obligations. Mortgagor will pay when due all sums which are now or which may become owing on the Note, and will pay and perform all other Secured Obligations, in accordance with their terms.

2.2 Payment of Taxes, Utilities, Liens and Charges.

(a) Taxes and Assessments. Except as the same may otherwise be paid under Article III, Mortgagor will pay prior to delinquency directly to the payee thereof all taxes and assessments (including without limitation non-governmental levies or assessments such as maintenance charges, owner association dues or charges, or fees, levies or charges resulting from covenants, conditions or restrictions) levied, assessed or charged against or with respect to the Property or this Mortgage. Upon request, Mortgagor shall promptly furnish to Mortgagee all notices of amounts due under this subparagraph and all receipts evidencing such payments. However, Mortgagor may contest any such taxes or assessments by appropriate proceedings duly instituted and diligently prosecuted at Mortgagor's expense. Mortgagor shall not be obligated to pay such taxes or assessments while such contest is pending if the Property is not thereby subjected to imminent loss or forfeiture and, if Mortgagor has not provided evidence that it has

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deposited the entire amount assessed with the applicable governmental authority, it deposits the entire amount together with projected penalties and interest with the Mortgagee or provides other security satisfactory to the Mortgagee in its sole discretion.

(b) Utilities. Mortgagor will pay when due all utility charges and assessments for services furnished to the Property.

(c) Liens and Charges. Mortgagor will pay when due the claims of all persons supplying labor or materials to or in connection with the Property. Without waiving the restrictions of paragraph 4.1, Mortgagor will promptly discharge any lien or other charge, whether superior or inferior to this Mortgage, which may be claimed against the Property.

2.3 Insurance.

(a) Coverages Required. Mortgagor will keep the following insurance coverages in effect with respect to the Property:

(k) Insurance against loss by fire, vandalism, malicious mischief and such other hazards as may now or hereafter be embraced by the standard "all risk" or "special form" policy of insurance, in an amount equal at all times to the current replacement value of the improvements then located on the Property. All such insurance coverage shall contain a "replacement cost endorsement," without deduction for depreciation.

(ii) Flood risk insurance in the maximum amount of insurance coverage available or the full replacement cost of the buildings on the Realty, whichever is less, if the Realty is now or hereafter designated as being located within a special flood hazard area under the Flood Disaster Protection Act of 1973 and if flood insurance is available.

(iii) Loss of rental value insurance and/or business interruption insurance, as follows: If all or any portion of the Property is rented or leased, loss of rental value insurance in an amount equal to twelve (12) months' aggregate gross rents from the Property as is so occupied. If all or any portion of the Property is occupied by Mortgagor, business interruption insurance in an amount equal to twelve (12) months' net income from such portion of the Property as is so occupied. The amount(s) of such coverage(s) shall be subject to adjustment, from time to time at Mortgagee's request, to reflect changes in the rental and/or income levels during the term of the Loan.

(iv) Commercial general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Property (including coverage for elevators and escalators, if any, on the Property), with the coverage being in an amount of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single-limit liability coverage, or in such greater amount(s) as Mortgagee may reasonably require.

(v) Insurance covering the perils of terrorism and acts of terrorism.

(vi) Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator and escalator equipment, provided the improvements contain equipment of such nature, and insurance against

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loss of occupancy or use arising from breakdown of any of such items, in such amounts as Mortgagee may reasonably require.

(vii) Demolition, increased cost of construction and contingent building laws liability insurance, if and at any time the Property constitutes a legal, non-conforming use under applicable zoning or other governmental laws.

(viii) Insurance (excluding, however, earthquake insurance) against such similar or other hazards, casualties, liabilities and contingencies, in such forms and amounts, as Mortgagee may from time to time reasonably require.

(b) Policies. Each insurance policy will be in form and content acceptable to Mortgagee, and will be issued by a company acceptable to Mortgagee, which company shall, among other things, be (i) duly authorized to provide such insurance in the state in which the Property is located, and (ii) rated "A-" or better with a size rating of "V" or larger by A.M. Best Company in its most recent publication of ratings (provided, however, that if A.M. Best Company changes its designations, the basis for its ratings or ceases to provide ratings, Mortgagee shall be entitled to select replacement ratings in the exercise of its reasonable business judgment). Each hazard insurance policy will include a Form 438BFU or equivalent mortgagee endorsement in favor of and in form acceptable to Mortgagee, and which endorsement provides that the policy to which it relates will survive foreclosure of this Mortgage. Each liability insurance policy will name Mortgagee as an additional assured. An "agreed amount endorsement" will be included in any policy containing a co-insurance clause, and Mortgagor agrees that any and all co-insurance clauses and "agreed amount endorsements" must be satisfactory to Mortgagee. If any required property insurance coverage is furnished as part of a "blanket policy," either the blanket policy will include an "agreed value endorsement" or "agreed amount endorsement," or Mortgagor will furnish to Mortgagee a copy of the insurer's "statement of value" for the Property. All required policies will provide for at least thirty (30) days' written notice to Mortgagee prior to the effective date of any cancellation or material amendment, which term shall include any reduction in the scope or limits of coverage. Mortgagor shall furnish to Mortgagee (x) the complete original of each required insurance policy, or (y) a certified copy thereof (including all declaration pages, policy forms and endorsements), which shall include an original signature of an authorized officer or agent of the insurer, or (z) an uncertified memorandum copy thereof (including all declaration pages, policy forms and endorsements), together with an original evidence of insurance or certificate of insurance setting forth the coverage, the limits of liability, the carrier, the policy number and the expiration date. As security for the Secured Obligations, Mortgagor hereby assigns to Mortgagee all required insurance policies, together with all monies and proceeds thereof, rights thereto and all unearned premiums returnable upon cancellation (all such assigned items constituting "Property" for purposes of this Mortgage).

(c) Payment; Renewals. Mortgagor shall promptly furnish to Mortgagee all renewal notices relating to insurance policies. Except as the same may otherwise be paid under Article III, Mortgagor will pay all premiums on insurance policies directly to the carrier. At least thirty (30) days prior to the expiration date of each such policy, Mortgagor shall furnish to Mortgagee a renewal policy in a form acceptable to Mortgagee, together with evidence that the renewal premium has been paid.

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(d) Insurance Proceeds.

(i) In the event of any loss, Mortgagor will give prompt written notice thereof to the insurance carrier and Mortgagee. Mortgagee hereby grants Mortgagor a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in Mortgagee's or Mortgagor's name, any action relating to any claim, and to collect and receive insurance proceeds; provided, however, that Mortgagee shall have no obligation to do so. If no event of default has occurred and is continuing, the immediately preceding sentence shall apply except that Mortgagee shall not be entitled to act as Mortgagor's attorney-in-fact and Mortgagor shall be entitled to participate jointly with Mortgagee in adjusting and compromising any claim, and appearing in any proceeding.

(ii) Except as may otherwise be required by applicable law, Mortgagee shall apply any insurance proceeds received hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds and shall then apply the balance (the "Net Proceeds"), in its absolute discretion and without regard to the adequacy of its security, to:

(A) The payment of the Secured Obligations, whether then due and payable or not. Any such application of proceeds to principal on the Note shall be without the imposition of any prepayment fee otherwise payable under the Note, but shall not extend or postpone the due dates of the installment payments under the Note, or change the amounts thereof; or

(B) The reimbursement of Mortgagor, under Mortgagee's prescribed disbursement control procedures, for the cost of restoration or repair of the Property. Mortgagee may, at its option, condition the reimbursement on Mortgagee's approval of the plans and specifications of the reconstruction, contractor's cost estimates, construction budget and schedule, architects' certificates, waivers of liens, sworn statements of mechanics and materialmen, and such other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as Mortgagee may reasonably require.

(iii) Notwithstanding the provisions of paragraph 2.3(d)(ii) above, Mortgagee agrees that the Net Proceeds from a loss described in this paragraph 2.3(d) will be made available under clause (ii)(B) above to reimburse Mortgagor for the cost of restoration or repair of the Property, provided that each of the following conditions is satisfied:

(A) No event of default has occurred and is continuing at the time the proceeds are received;

(B) The Net Proceeds are less than the indebtedness then secured by this Mortgage;

(C) The proceeds are received more than one (1) year prior to the maturity date of the Note, including any acceleration of the maturity date by Mortgagee if the Note gives Mortgagee a right of acceleration;

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(D) Mortgagor gives Mortgagee written notice within thirty (30) days after the proceeds are received that it intends to restore or repair the Property and requests that the Net Proceeds be made available therefor, and Mortgagor thereafter promptly commences the restoration or repair and completes the same with reasonable diligence in accordance with plans and specifications approved by Mortgagee, which approval shall not be unreasonably withheld;

(E) The Net Proceeds are sufficient, in Mortgagee's reasonable business judgment, to restore or repair the Property substantially to its condition prior to the damage or destruction or, if in Mortgagee's reasonable business judgment they are not, Mortgagor deposits with Mortgagee funds in an amount equal to the deficiency, which funds Mortgagee may, at its option, require be expended prior to use of the Net Proceeds; and

(F) Mortgagee receives evidence reasonably satisfactory to Mortgagee that the Property can lawfully be restored or repaired to its condition prior to the damage and destruction and that, upon completion of the restoration or repair, the Property can be operated substantially as it was before and will produce substantially as much income from tenant leases as it did before the damage or destruction.

(iv) Except to the extent, if any, that insurance proceeds are applied to payment of the Secured Obligations, nothing herein contained shall be deemed to excuse Mortgagor from restoring, repairing or maintaining the Property as provided in paragraph 2.4, regardless of whether there are insurance proceeds available or whether any such proceeds are sufficient in amount.

(e) Transfer of Title. If the Property is sold pursuant to Article VIII or if Mortgagee otherwise acquires title to the Property, Mortgagee shall have all of the right, title and interest of Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

(f) Acknowledgement of Notice of Rights Under Collateral Protection Act. The Mortgagor acknowledges that, pursuant to the Collateral Protection Act 815 ILCS 180/1, *et seq.* ("Act"), the Mortgagor has been advised that unless it provides the Mortgagee with evidence of the insurance coverage required by this Mortgage, the Mortgagee may purchase insurance at the Mortgagor's expense to protect the Mortgagee's interests in the Property. This insurance may, but need not, protect the Mortgagor's interests. The coverage that the Mortgagee purchases may not pay any claim that the Mortgagor makes or any claim that is made against the Mortgagor in connection with the Property. The Mortgagor may later cancel any insurance purchased by the Mortgagee but only after providing the Mortgagee with evidence that the Mortgagor has purchased insurance for the Property. The Mortgagor will be responsible for the cost of that insurance, including interest on the cost of any of the insurance, until the effective date of the cancellation or expiration of the insurance premiums. The cost of the insurance, including interest thereon, may be added to the Secured Obligations. The cost of the insurance may be more than the cost of the insurance the Mortgagor may be able to obtain on its own.

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2.4 Preservation and Maintenance of Property; Right of Entry.

(a) Preservation and Maintenance. Mortgagor (i) will not commit or suffer any waste or permit any impairment or deterioration of the Property, (ii) will not abandon the Property, (iii) will restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Mortgagee may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (iv) will keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon, in good condition and repair and shall replace fixtures, equipment, machinery and appliances of the Property when necessary to keep such items in good condition and repair, and (v) will generally operate and maintain the Property in a commercially reasonable manner.

(b) Alterations. No building or other improvement on the Realty will be structurally altered, removed or demolished, in whole or in part, without Mortgagee's prior written consent, nor will any fixture or chattel covered by this Mortgage and adapted to the use and enjoyment of the Property be removed at any time without like consent unless actually replaced by an article of equal suitability, owned by Mortgagor, free and clear of any lien or security interest except such as may be approved in writing by Mortgagee.

(c) Right of Entry. Mortgagee is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice, for the purpose of inspecting the Property and for the purpose of performing any of the acts it is authorized to perform hereunder.

2.5 Hazardous Substances.

(a) No Future Hazardous Substances. Mortgagor will not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process any Hazardous Substance (as defined in this Mortgage), except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws, nor shall Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant, subtenant or other user or occupier of the Property, a releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of any Hazardous Substance onto the Property or any other property or into any waters, except in compliance with all such laws.

(b) Notification; Clean Up. Mortgagor will immediately notify Mortgagee if Mortgagor becomes aware of (i) any Hazardous Substance problem or liability with respect to the Property, (ii) any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, or (iii) any lien or action with respect to any of the foregoing. Mortgagor will, at its sole expense, take all actions as may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Property, including without limitation all removal, containment and remedial actions in accordance with all applicable laws and in all events in a manner satisfactory to Mortgagee, and shall further pay or cause to be paid all clean-up, administrative and enforcement

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costs of governmental agencies with respect to Hazardous Substances on or with respect to the Property if obligated to do so by contract or by law.

(c) Verification. For the purposes of inspecting the Property to ascertain the accuracy of all representations and warranties in this Mortgage relating to Hazardous Substances, and the observance of all covenants contained in this paragraph 2.5, (i) Mortgagee is hereby authorized to enter and inspect the Property, including the interior of any structures, at reasonable times and after reasonable notice; and (ii) if and at any time Hazardous Substances are being handled on the Property, Mortgagor shall furnish Mortgagee with such information and documents as may be reasonably requested by Mortgagee to confirm that such Hazardous Substances are being handled in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws. Mortgagor shall reimburse Mortgagee upon demand for all costs and expenses, including without limitation attorneys' fees, incurred by Mortgagee in connection with any such entry and inspection and the obtaining of such information and documents.

2.6 Parking. If any part of the automobile parking areas included within the Property is taken by condemnation, and before the parking areas are reduced for any other reason, Mortgagor will take all actions as are necessary to provide parking facilities in kind, size and location to comply with all governmental zoning and other regulations and all leases. Before making any contract for substitute parking facilities, Mortgagor will furnish to Mortgagee satisfactory assurance of completion thereof free of liens and in conformity with all government zoning and other regulations.

2.7 Use of Property. Mortgagor will comply with all laws, ordinances, regulations and requirements of any governmental body, and all other covenants, conditions and restrictions, applicable to the Property, and pay all fees and charges in connection therewith. Mortgagor shall not cause or permit the installation, operation or presence on the Realty of any underground storage tank or system used or to be used for the storage, handling or dispensing of petroleum or any other substance regulated under the Resource Conservation and Recovery Act (42 USC § 6901 et seq.), as now or hereafter amended, or any state or local statute, ordinance, rule, regulation or other law now or hereafter in effect regulating underground storage tanks or systems. Mortgagor shall not cause or permit all or any of the Realty to be used for a gasoline station, service station or other fueling facility which in whole or in part handles, sells or distributes gasoline, diesel fuel, gasohol or any other substance used in self-propelled motor vehicles. Unless required by applicable law or unless Mortgagee has otherwise agreed in writing, Mortgagor will not allow changes in the use for which all or any part of the Property was intended at the time this Mortgage was executed. Mortgagor will not initiate or acquiesce in a change in the zoning classification of the Property without Mortgagee's prior written consent.

2.8 Condemnation.

(a) Proceedings. Mortgagor will promptly notify Mortgagee of any action or proceeding relating to any condemnation or other taking (including without limitation change of grade), whether direct or indirect, of the Property or part thereof or interest therein, and Mortgagor will appear in and prosecute any such action or proceeding unless otherwise directed by Mortgagee in writing. Mortgagor grants Mortgagee a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to commence, appear in and prosecute, in

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Mortgagee's or Mortgagor's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking; provided, however, that Mortgagee shall have no obligation to do so. All awards, payments, damages, direct, consequential and otherwise, claims, and proceeds thereof, in connection with any such condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Mortgagee (all such assigned items constituting "Property" for purposes of this Mortgage); all proceeds of any such awards, payments, damages or claims shall be paid to Mortgagee.

(b) Application of Proceeds. Mortgagee shall apply any such proceeds in the manner and upon the terms and conditions set forth in paragraph 2.3(d)(ii) relating to the application of insurance proceeds, without regard to the provisions of paragraph 2.3(d)(iii).

2.9 Protection of Mortgagee's Security. Mortgagor will give notice to Mortgagee of and will, at its expense, appear in and defend any action or proceeding that might affect the Property or title thereto or the interests of Mortgagee therein or the rights or remedies of Mortgagee. If any such action or proceeding is commenced or if Mortgagee is made a party to any such action or proceeding by reason of this Mortgage, or if Mortgagor fails to perform any obligation on its part to be performed hereunder, then Mortgagee, in its own discretion, may make any appearances, disburse any sums, make any entries upon the Property and take any actions as may be necessary or desirable to protect or enforce the security of this Mortgage, to remedy Mortgagor's failure to perform its obligations (without, however, waiving any default by Mortgagor) or otherwise to protect Mortgagee's interests. Mortgagor will pay all losses, damages, fees, costs and expenses, including reasonable attorneys' fees, of Mortgagee thus incurred. This paragraph shall not be construed to require Mortgagee to incur any expenses, make any appearances or take any actions.

2.10 Reimbursement of Mortgagee's Expenses. All amounts disbursed by Mortgagee pursuant to paragraph 2.9 or any other provision of this Mortgage, with interest thereon, shall be additional indebtedness of Mortgagor secured by this Mortgage. All such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the interest rate in effect on the Note from time to time, or at the maximum rate which may be collected from Mortgagor on such amounts by the payee thereof under applicable law if that is less.

2.11 Books and Records; Financial Statements. Mortgagor will keep and maintain at Mortgagor's address stated above, or such other place as Mortgagee may approve in writing, books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination, inspection and copying at any reasonable time by Mortgagee. Mortgagor will furnish to Mortgagee, within twenty (20) days after Mortgagee's written request therefor, the following documents, each certified to Mortgagee by Mortgagor as being true, correct and complete: (a) a copy of all leases and other agreements for the occupancy or use of all or any part of the Property, (b) a rent roll for the Property, showing the name of each tenant, and for each tenant, the suite occupied, the number of square feet rented, the lease expiration date, the rent payable, the date through which rent has been paid, the amount of any security deposit and the number and term of any renewal options, (c) a copy of the most recent real and personal

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property tax statements for the Property, (d) a copy of the most recent statements for the insurance coverages maintained under paragraph 2.3(a) of this Mortgage, and (e) a statement of income and expenses of the Property for the most recently ended fiscal year of Mortgagor. In addition, Mortgagor and any general partner therein will furnish to Mortgagee, within twenty (20) days after Mortgagee's written request therefor, a complete and current financial statement, in reasonable detail and certified as correct by Mortgagor or such partner. Mortgagor and any general partner therein hereby irrevocably authorize Mortgagee to obtain credit reports on Mortgagor and any such general partner on one or more occasions during the term of the Loan.

ARTICLE III RESERVES

3.1 Deposits. Mortgagor will, at the time of making each installment payment under the Note, deposit with Mortgagee a sum, as estimated by Mortgagee, equal to (a) the rents under any ground lease, (b) the taxes and special assessments next due on the Property, and (c) the premiums that will next become due on insurance policies as may be required under this Mortgage, less all sums already deposited therefor, divided by the number of months to elapse before two (2) months prior to the date when such rents, taxes, special assessments and premiums will become delinquent. Mortgagee may require Mortgagor to deposit with Mortgagee, in advance, such other sums for other taxes, assessments, premiums, charges and impositions in connection with Mortgagor or the Property as Mortgagee reasonably deems necessary to protect Mortgagee's interests (herein "Other Impositions"). Such sums for Other Impositions shall be deposited in a lump sum or in periodic installments, at Mortgagee's option. If required by Mortgagee, Mortgagor will promptly deliver to Mortgagee all bills and notices with respect to any rents, taxes, assessments, premiums and Other Impositions. All sums deposited with Mortgagee under this paragraph 3.1 are hereby pledged as security for the Secured Obligations.

3.2 Application of Deposits. All such deposited sums shall be held by Mortgagee and applied in such order as Mortgagee elects to pay such rents, taxes, assessments, premiums and Other Impositions or, in the event of default hereunder, may be applied in whole or in part, to the Secured Obligations. The arrangement provided for in this Article III is solely for the added protection of Mortgagee and, except as may otherwise be required by applicable law, entails no responsibility on Mortgagee's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon any assignment of this Mortgage by Mortgagee any funds on hand shall be turned over to the assignee and any responsibility of Mortgagee with respect thereto shall terminate. Each transfer of the Property shall automatically transfer to the transferee all rights of Mortgagor with respect to any funds accumulated hereunder. Upon payment in full of the Secured Obligations, Mortgagee shall promptly refund to Mortgagor the remaining balance of any deposits then held by Mortgagee.

3.3 Adjustments to Deposits. If the total deposits held by Mortgagee exceed the amount deemed necessary by Mortgagee to provide for the payment of such rents, taxes, assessments, premiums and Other Impositions as the same fall due, then such excess shall, provided no event of default then exists hereunder, be credited by Mortgagee on the next due installment or installments of such deposits. If at any time the total deposits held by Mortgagee are less than the amount deemed necessary by Mortgagee to provide for the payment thereof as the same fall

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due, then Mortgagor will deposit the deficiency with Mortgagee within thirty (30) days after written notice to Mortgagor stating the amount of the deficiency.

ARTICLE IV RESTRICTIONS ON TRANSFER OR ENCUMBRANCE

4.1 Restrictions on Transfer or Encumbrance of the Property.

(a) A "Transfer" is: any sale (by contract or otherwise), encumbrance, conveyance or other transfer of the Property or any part thereof or interest therein; or any change in the ownership of any stock interest in a corporate Mortgagor, in the ownership of any membership interest or in the manager of a limited liability company Mortgagor, in the ownership of any general partnership interest in any general or limited partnership Mortgagor, or in the ownership of any beneficial interest in any other Mortgagor which is not a natural person or persons (including without limitation a trust); or any change in the ownership of any such stock, membership, general partnership or other beneficial interest in any corporation, limited liability company, partnership, trust or other entity, organization or association directly or indirectly owning an interest in Mortgagor, or a change in the manager of a limited liability company. A change in the ownership of a limited partnership interest in a limited partnership shall not be deemed a "Transfer."

(b) In the event of a Transfer without Mortgagee's prior written consent, Mortgagee may at its sole option declare the Transfer to constitute an event of default under this Mortgage and invoke any remedy or remedies provided for in paragraph 8.1 hereof, or may at its sole option consent to such Transfer. Mortgagee may condition its consent to a Transfer upon the payment of a fee to Mortgagee, or an increase in the rate of interest due under the Note, or the items in paragraph 4.1(d) below, or any combination of the foregoing. None of the foregoing options shall apply, however, in the case of a Transfer under any will, trust or applicable law of descent arising because of the death of an individual so long as Mortgagee is given prompt notice of the Transfer and the transferee. Mortgagee's consent to a Transfer or its waiver of an event of default by reason of a Transfer shall not constitute a consent or waiver of any right, remedy or power accruing to Mortgagee by reason of any subsequent Transfer.

(c) Mortgagee will give its written consent to Transfers of interests in Mortgagor or of interests in an entity with an ownership interest in Mortgagor to the transferor's spouse or lineal descendant or to an estate planning trust whose trustees and beneficiaries are the transferor or the transferor's spouse or lineal descendant if Mortgagor gives Mortgagee prior written notice accompanied by copies of the proposed Transfer documents and a \$1,500.00 transfer review fee.

(d) For any Transfer permitted under this Mortgage or requested by Mortgagor, Mortgagee may condition its consent upon: the Property having been and assurances that it shall continue to be well maintained and managed in a manner reasonably satisfactory to Mortgagee; Mortgagee's approval of the Transfer terms, documents and background materials; there being no uncured event of default under this Mortgage; Mortgagor furnishing an endorsement to Mortgagee's title insurance policy insuring the continued validity and priority of the lien of this Mortgage following the Transfer and such subordination agreements and other documents as may be required by Mortgagee or its title company to issue the endorsement. Unless Mortgagee

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in its sole discretion otherwise agrees in writing at that time, no Transfer shall release the transferor from any liability under the Loan Documents or the Environmental Indemnity. By accepting a Transfer, the transferee assumes any and all liability of the transferor under the Loan Documents and the Environmental Indemnity to the extent the transferor has any personal liability. At Mortgagee's request, the parties shall execute agreements, guaranties and indemnities in form and substance acceptable to Mortgagee. Regardless whether Mortgagee consents to a Transfer request, Mortgagor agrees to pay all of Mortgagee's out-of-pocket expenses incurred in connection with any Transfer request, including without limitation title fees and attorneys' fees and costs, and Mortgagee may condition its willingness to consider a Transfer request upon a deposit to pay for Mortgagee's expenses.

ARTICLE V UNIFORM COMMERCIAL CODE SECURITY AGREEMENT

5.1 Grant to Mortgagee. This Mortgage constitutes a security agreement pursuant to the Uniform Commercial Code with respect to:

(a) Any of the Property which, under applicable law, is not real property or effectively made part of the real property by the provisions of this Mortgage; and

(b) Any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Mortgagor as Debtor and Mortgagee as Secured Party and affecting property in any way connected with the use and enjoyment of the Property (any and all such other property constituting "Property" for purposes of this Mortgage);

and Mortgagor hereby grants Mortgagee a security interest in all property described in clauses (a) and (b) above as security for the Secured Obligations. Mortgagor and Mortgagee agree, however, that neither the foregoing grant of a security interest nor the filing of any such financing statement shall ever be construed as in any way derogating from the parties' hereby stated intention that everything used in connection with the production of income from the Property or adapted for use therein or which is described or reflected in this Mortgage is and at all times shall be regarded for all purposes as part of the real property.

5.2 Mortgagee's Rights and Remedies. With respect to Property subject to the foregoing security interest, Mortgagee has all of the rights and remedies (i) of a secured party under the Uniform Commercial Code, (ii) provided herein, including without limitation the right to cause such Property to be sold by Mortgagee under the power of sale granted by this Mortgage, and (iii) provided by law. In exercising its remedies, Mortgagee may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way affecting the availability of Mortgagee's remedies. Upon demand by Mortgagee following an event of default hereunder, Mortgagor will assemble any items of personal property and make them available to Mortgagee at the Property, a place which is hereby deemed to be reasonably convenient to both parties. Mortgagee shall give Mortgagor at least ten (10) days' prior written notice of the time and place of any public sale or other disposition of such Property or of the time of or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale

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may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law. All expenses incurred in realizing on such Property shall be borne by Mortgagor.

5.3 Fixture Filing. This Mortgage covers goods which are or are to become fixtures on the Realty, and this Mortgage constitutes and is filed as a "fixture filing" (as that term is defined in the Illinois Uniform Commercial Code) upon such of the Property which is or may become fixtures. Mortgagor has an interest of record in the Realty.

- (a) The name and address of the record owner of the real estate described in this instrument is:

WASHINGTON PHASE II DEVELOPERS, L.L.C., an Illinois limited liability company
910 W. Van Buren St., PMB #403
Chicago, Illinois 60607

- (b) the name, mailing address and, if Debtor is not an individual, type of organization, jurisdiction of organization and organizational number (if any) of the Debtor is:

WASHINGTON PHASE II DEVELOPERS, L.L.C., an Illinois limited liability company
910 W. Van Buren St., PMB #403
Chicago, Illinois 60607

Organizational Number: IL- 00018201

- (c) the name and address of the Secured Party is:

Genworth Life and Annuity Insurance Company, a Virginia corporation
c/o Bank of America
Real Estate Structural Finance – Servicing
Mail Code NC1-026-01
900 West Trade Street, Suite 650
Charlotte, North Carolina 28255

- (d) Information concerning the security interest evidenced by this instrument may be obtained from the Secured Party at its address above.

- (e) This document covers goods which are or are to become fixtures.

- (f) Proceeds and products of collateral are also covered.

5.4 Mortgagee Authorization to File Financing Statement; Mortgagor Cooperation. Mortgagor hereby authorizes Mortgagee to file one or more Uniform Commercial Code Financing Statements with respect to the Property. Mortgagor covenants and agrees that it will promptly furnish to Mortgagee, upon Mortgagee's request, such information as may be required in order for Mortgagee to do so.

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ARTICLE VI

ASSIGNMENT OF RENTS AND LEASES; LEASES OF PROPERTY; APPOINTMENT OF RECEIVER; MORTGAGEE IN POSSESSION

6.1 Assignment of Rents and Leases. As security for the Secured Obligations, Mortgagor hereby assigns and transfers to Mortgagee all right, title and interest of Mortgagor in and to (a) any and all present and future leases and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof (collectively "Leases, (b) all cash or security deposits, advance rentals and deposits or payments of similar nature under the Leases, (c) any and all guaranties of tenants' or occupants' performances under any and all Leases, and (d) all rents, issues, profits and revenues (collectively "Rents") now due or which may become due or to which Mortgagor may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including without limitation minimum, additional, percentage and deficiency rents and liquidated damages.

6.2 Collection of Rents. Prior to written notice given by Mortgagee to Mortgagor of an event of default hereunder, Mortgagor shall collect and receive all Rents of the Property as trustee for the benefit of Mortgagee and Mortgagor, and apply the Rents so collected first to the payment of taxes, assessments and other charges on the Property prior to delinquency, second to the cost of insurance, maintenance and repairs required by the terms of this Mortgage, third to the costs of discharging any obligation or liability of Mortgagor under the Leases, and fourth to the indebtedness secured hereby, with the balance, if any, so long as no such event of default has occurred, to the account of Mortgagor. Upon delivery of written notice by Mortgagee to Mortgagor of an event of default hereunder and stating that Mortgagee exercises its rights to the Rents, and without the necessity of Mortgagee entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Mortgagee shall immediately be entitled to possession of all Rents from the Property as the same become due and payable, including without limitation Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Mortgagor as trustee for the benefit of Mortgagee only. Upon delivery of such written notice by Mortgagee, Mortgagee may make written demand upon all or some of the tenants and occupants of the Property to pay all Rents to Mortgagee, and Mortgagor hereby agrees that each such tenant and occupant shall have no liability to inquire further as to the existence of a default by Mortgagor. Upon written demand by Mortgagee, Mortgagor hereby agrees to direct each tenant or occupant of the Property to pay all Rents to Mortgagee. Payments made to Mortgagee by tenants or occupants shall, as to such tenants and occupants, be in discharge of the payors' obligations to Mortgagor. Mortgagee may exercise, in Mortgagee's or Mortgagor's name, all rights and remedies available to Mortgagor with respect to collection of Rents. Nothing herein contained shall be construed as obligating Mortgagee to perform any of Mortgagor's obligations under any of the Leases.

6.3 Mortgagor's Representations and Warranties. Mortgagor represents and warrants to Mortgagee that Mortgagor has not executed and will not execute any other assignment of said Leases or Rents, that Mortgagor has not performed and will not perform any acts and has not executed and will not execute any instrument which would prevent Mortgagee from exercising its rights under this Article VI, and that at the time of execution of this Mortgage there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months

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prior to the due dates thereof. Mortgagor further represents and warrants to Mortgagee that all existing Leases are in good standing and there is no default thereunder, whether by Mortgagor or lessee, nor to Mortgagor's knowledge any event or condition which, with notice or the passage of time or both, would be a default thereunder.

6.4 Leases of the Property. Mortgagor will comply with and observe Mortgagor's obligations as landlord under all Leases and will do all that is necessary to preserve all Leases in force and free from any right of counterclaim, defense or setoff. Without Mortgagee's written consent, Mortgagor will not collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates thereof, will not enter into, execute, modify or extend any Lease now existing or hereafter made providing for a term (assuming that all renewal options, if any, are exercised) of more than five (5) years unless the area demised by the Lease is less than twenty-five percent (25%) of the net rentable area of the building(s) at the Property. Without Mortgagee's written consent, Mortgagor will not surrender or terminate any Lease now existing or hereafter made providing a term (assuming that all renewal options, if any, are exercised) of more than five (5) years, nor will Mortgagor surrender or terminate in any single twelve-month period Leases demising more than twenty-five percent (25%) of the aggregate total net rentable area. Each Lease of the Property will be subordinate to the lien of this Mortgage, unless Mortgagee elects that the Lease shall be superior to this Mortgage, and each tenant shall execute an appropriate subordination or attornment agreement as may be required by Mortgagee. To the extent required by Mortgagee, each tenant shall execute an estoppel certificate and acknowledge receipt of a notice of the assignment to Mortgagee of its Lease, all satisfactory in form and content to Mortgagee. Without Mortgagee's written consent, Mortgagor will not request or consent to the subordination of any Lease to any lien subordinate to this Mortgage.

6.5 Mortgagee in Possession; Appointment of Receiver. In any event of default hereunder, Mortgagee may, in person, by agent or by a court-appointed receiver, regardless of the adequacy of Mortgagee's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Mortgagor could do the same, including without limitation the execution, enforcement, cancellation and modification of Leases, the collection of all Rents of the Property, the removal and eviction of tenants and other occupants, the making of alterations and repairs to the Property, and the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as are deemed best by Mortgagee to protect the security of this Mortgage. From and after the occurrence of any such event of default, if any owner of the Property shall occupy the Property or part thereof such owner shall pay to Mortgagee in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure so to do Mortgagee shall be entitled to remove such owner from the Property by any appropriate action or proceedings. Following an event of default hereunder, Mortgagee shall be entitled (without notice and regardless of the adequacy of Mortgagee's security) to the appointment of a receiver, Mortgagor hereby consenting to the appointment of such receiver, and the receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receivers, all the rights and powers granted to Mortgagee in this Article VI. Mortgagee or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

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6.6 Application of Rents. All Rents collected subsequent to delivery of written notice by Mortgagee to Mortgagor of an event of default hereunder shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including without limitation attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Mortgagor under the Leases, and then to the indebtedness secured hereby. Mortgagee or the receiver shall be liable to account only for those Rents actually received. Mortgagee shall not be liable to Mortgagor, anyone claiming under or through Mortgagor or anyone having an interest in the Property by reason of anything done or left undone by Mortgagee under this Article VI.

6.7 Deficiencies. To the extent, if any, that the costs of taking control of and managing the Property, collecting the Rents, and discharging obligations and liabilities of Mortgagor under the Leases, exceed the Rents of the Property, the excess sums expended for such purposes shall be indebtedness secured by this Mortgage. Such excess sums shall be payable upon demand by Mortgagee and shall bear interest from the date of disbursement at the default rate of interest stated in the Note, or the maximum rate which may be collected from Mortgagor therefor under applicable law if that is less.

6.8 Mortgagee Not Mortgagee in Possession. Nothing herein shall constitute Mortgagee a "mortgagee in possession" prior to its actual entry upon and taking possession of the Property. Entry upon and taking possession by a receiver shall not constitute possession by Mortgagee.

6.9 Enforcement. Mortgagee may enforce this assignment without first resorting to or exhausting any security or collateral for the indebtedness. As used in this Article VI, the word "lease" shall mean "sublease" if this Mortgage is on a leasehold. This assignment shall terminate at such time as this Mortgage ceases to secure payment of indebtedness held by Mortgagee.

ARTICLE VII EVENTS OF DEFAULT

7.1 Events of Default. The occurrence of any one or more of the following shall constitute an event of default hereunder:

(a) Mortgagor's failure to make any payment when due under the Note, this Mortgage or any of the other Loan Documents, followed by Mortgagor's failure to make such payment within ten (10) days after written notice thereof given to Mortgagor by Mortgagee; provided, however, that Mortgagee shall not be obligated to give Mortgagor written notice prior to exercising its remedies with respect to such default if Mortgagee had previously given Mortgagor during the previous twelve (12) month period a notice of default for failure to make a payment of similar type.

(b) Mortgagor's failure to perform any other covenant, agreement or obligation under the Note, this Mortgage or any of the other Loan Documents, followed by Mortgagor's failure to cure such default within thirty (30) days after written notice thereof given to Mortgagor by Mortgagee (or if such cure cannot be completed within such thirty (30) day period through the

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exercise of diligence, the failure by Mortgagor to commence the required cure within such thirty (30) day period and thereafter to continue the cure with diligence and to complete the cure within ninety (90) days following Mortgagee's notice of default).

(c) Mortgagor, or any trustee of Mortgagor files a petition in bankruptcy or for an arrangement, reorganization or any other form of debtor relief; or such a petition is filed against Mortgagor or any trustee of Mortgagor and the petition is not dismissed within forty-five (45) days after filing.

(d) A decree or order is entered for the appointment of a trustee, receiver or liquidator for Mortgagor or Mortgagor's property, and such decree or order is not vacated within forty-five (45) days after the date of entry.

(e) Mortgagor commences any proceeding for dissolution or liquidation; or any such proceeding is commenced against Mortgagor and the proceeding is not dismissed within forty-five (45) days after the date of commencement.

(f) Mortgagor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due.

(g) There is an attachment, execution or other judicial seizure of any portion of Mortgagor's assets and such seizure is not discharged within ten (10) days.

(h) Any representation or disclosure made to Mortgagee by Mortgagor or any guarantor in connection herewith proves to be materially false or misleading when made, whether or not that representation or disclosure is contained in the Loan Documents.

7.2 Form of Notice. At Mortgagee's option, any written notice of default required to be given to Mortgagor under paragraph 7.1 may be given in the form of a statutory notice of default under the laws of the State of Illinois relating to non-judicial foreclosures of mortgages.

ARTICLE VIII REMEDIES

8.1 Acceleration Upon Default; Additional Remedies. In the event of default hereunder, Mortgagee may, at its option and without notice to or demand upon Mortgagor, take any one or more of the following actions:

(a) Declare any or all indebtedness secured by this Mortgage to be due and payable immediately.

(b) Bring a court action to enforce the provisions of this Mortgage or any of the indebtedness or obligations secured by this Mortgage.

(c) Bring a court action to foreclose this Mortgage.

(d) Foreclose this Mortgage in any manner permitted by applicable law.

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(e) Exercise any or all of the rights and remedies provided for under this Mortgage and the other Loan Documents.

(f) Exercise any other right or remedy available under law or in equity.

8.2 Right to Foreclose. If an event of default shall occur hereunder, the Mortgagee may, either with or without entry or taking possession, proceed by suit or suits at law or in equity or by any other appropriate proceedings or remedy to enforce payment of the indebtedness secured by this Mortgage or the performance of any other term hereof or any other right and the Mortgagor hereby authorizes and fully empowers the Mortgagee to foreclose this Mortgage by judicial proceedings, either in one parcel or separate lots and parcels, all in accordance with and in the manner prescribed by law, and out of the proceeds arising from sale and foreclosure to retain the principal and interest due on the Note and the indebtedness secured by this Mortgage, together with all such sums of money as Mortgagee shall have expended or advanced pursuant to this Mortgage or pursuant to statute together with interest thereon at the applicable rate of interest provided in the Note and all costs and expenses of such foreclosure, including lawful attorney's fees, with the balance, if any, to be paid to the persons entitled thereto by law. In any such proceeding the Mortgagee may apply all or any portion of the indebtedness secured by this Mortgage to the amount of the purchase price. Mortgagor hereby covenants and agrees that Mortgagee shall have and be entitled to, and hereby affords Mortgagee, all rights and remedies provided mortgagees in and under the Illinois Mortgage Foreclosure Act 735 ILCS 5/15-1101 *et seq.*, whether or not such rights and remedies are specifically set forth herein.

8.3 Receiver. If an event of default shall occur hereunder, the Mortgagee shall be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of the Mortgagor, or waste of the Property, or adequacy of the security of the Property, to apply for the appointment of a Receiver who shall have all the rights, powers and remedies as provided by law and who:

(a) shall apply the rents, issues and profits as provided by law and thereafter to all expenses for maintenance of the Property and to the costs and expenses of the receivership, including reasonably attorneys fees and to the payment of the indebtedness secured by this Mortgage or

(b) pursuant to the Assignment of Rents and Leases executed by the Mortgagor to the Mortgagee given contemporaneously with this Mortgage, who shall in addition to the rights, powers and remedies as provided by law have such rights, powers and remedies as provided in such Assignment of Rents and Leases and who shall apply the rents, issues and profits as provided therein.

8.4 Waiver of Order of Sale and Marshalling. Mortgagee shall have the right to determine the order in which any and all portions of the Secured Obligations are satisfied from the proceeds realized upon the exercise of any remedies provided herein. Mortgagor, any person who consents to this Mortgage, and any person who now or hereafter or acquires a security interest in the Property hereby waives, to the extent permitted by law, any and all rights to require marshalling of assets in connection with the exercise of any of the remedies provided herein or to direct the order in which any of the Property will be sold in the event of any sale under this

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Mortgage.

8.5 Non-Waiver of Defaults. The entering upon and taking possession of the Property, the collection of Rents or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release thereof as herein provided, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

8.6 Expenses During Redemption Period. If this Mortgage is foreclosed, the purchaser may during any redemption period allowed, make such repairs or alterations on the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the default rate of interest stated in the Note or the highest lawful rate if that is less shall be added to and become a part of the amount required to be paid for redemption from such sale to the extent allowed by applicable law.

8.7 Foreclosure Subject to Tenancies. Mortgagee shall have the right at its option to foreclose this Mortgage subject to the rights of any tenant or tenants of the Property.

8.8 Evasion of Prepayment Terms. If an event of default hereunder has occurred and is continuing, a tender of payment of the amount necessary to satisfy the Secured Obligations made at any time prior to or at a judicial or non-judicial foreclosure sale of the Property by Mortgagor or anyone on behalf of Mortgagor, shall constitute an evasion of the prepayment terms of the Note and shall constitute voluntary prepayment thereunder and any such tender shall to the extent permitted by law, will, therefore, include the additional payment required under the prepayment privilege, if any, contained in the Note or, if at that time there is no prepayment privilege, then such payment shall to the extent permitted by law include an additional payment of five percent (5%) of the then principal Loan balance.

8.9 Remedies Cumulative. To the extent permitted by law, every right and remedy provided in this Mortgage is distinct and cumulative to all other rights or remedies under this Mortgage or afforded by law or equity or any other agreement between Mortgagee and Mortgagor, and may be exercised concurrently, independently or successively, in any order whatsoever. Mortgagee may exercise any of its rights and remedies at its option without regard to the adequacy of its security.

8.10 Mortgagee's Expenses. Mortgagor will pay all of Mortgagee's expenses incurred in any efforts to enforce any terms of this Mortgage, whether or not any suit is filed, including without limitation legal fees and disbursements, foreclosure costs and title charges. All such sums, with interest thereon, shall be additional indebtedness of Mortgagor secured by this Mortgage. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the default rate of interest stated in the Note, or the maximum rate which may be collected from Mortgagor under applicable law if that is less.

8.11 Waiver of Appraisal, Homestead, Redemption. The Mortgagor hereby covenants and agrees that it will not at any time insist or plead, or in any manner whatever claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now

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or at any time hereafter in force, nor claim, take or insist upon any benefit of advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Property, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to decree, judgment or order of any court of competent jurisdiction; or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshaling thereof, upon foreclosure sale or other enforcement hereof. The Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person, it being the intent hereof that any and all such rights of redemption of the Mortgagor and of all other persons are and shall be deemed to be hereby waived to the full extent permitted by the provisions of 735 ILCS 5/5-1601, *et seq.* currently in effect or other applicable law or replacement statutes. The Mortgagor will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any right, power or remedy herein or otherwise granted or delegated to the Mortgagee, but will suffer and permit the execution of every other right, power and remedy as though no such law or laws had been made or enacted. If the Mortgagor is a trustee, Mortgagor represents that the provisions of this Section (including the waiver of redemption rights) were made at the express direction of Mortgagor's beneficiaries and the persons having the power of direction over Mortgagor and are made on behalf of the Trust Estate of Mortgagor and all beneficiaries of Mortgagor, as well as all other persons mentioned above.

ARTICLE IX GENERAL

9.1 Application of Payments. Except as applicable law or this Mortgage may otherwise provide, all payments received by Mortgagee under the Note or this Mortgage shall be applied by Mortgagee in the following order of priority: (a) Mortgagee's expenses incurred in any efforts to enforce any terms of this Mortgage; (b) amounts payable to Mortgagee by Mortgagor under Article III for reserves; (c) interest and late charges payable on the Note; (d) principal of the Note; (e) interest payable on advances made to protect the security of this Mortgage; (f) principal of such advances; and (g) any other sums secured by this Mortgage in such order as Mortgagee, at its option, may determine; provided, however, that Mortgagee may, at its option, apply any such payments received to interest on and principal of advances made to protect the security of this Mortgage prior to applying such payments to interest on or principal of the Note.

9.2 Release of Mortgage. Upon payment of all sums secured by this Mortgage, this Mortgage and all assignments contained herein shall be void, and this Mortgage shall be released by the Mortgagee at the cost and expense of the Mortgagor, otherwise to remain in full force and effect.

9.3 Mortgagee's Powers. Without affecting the liability of any person for payment or performance of the Secured Obligations or any of Mortgagee's rights or remedies, or the priority of the Mortgage, Mortgagee, at its option, may extend the time for payment of the Secured Obligations or any part thereof, reduce payment thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefor, modify the terms and time of payment of the indebtedness, release the lien of this Mortgage on any part of the Property, take or release other or additional security, release or cause to be released all or any part of the Property, or

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consent to the making of any map or plat of the Property, consent to the granting of any easement or creating of any restriction on the Property, or join in any subordination or other agreement affecting this Mortgage or the lien or charge hereof. Mortgagor shall pay Mortgagee a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Mortgagee's option, for any such action if taken at Mortgagor's request.

9.4 Subrogation. Mortgagee shall be subrogated for further security to the lien, although released of record, of any and all encumbrances discharged, in whole or in part, by the proceeds of the Loan or any other indebtedness secured hereby.

9.5 Limitation on Interest and Charges. Interest, fees and charges collected or to be collected in connection with the Secured Obligations shall not exceed the maximum, if any, permitted by any applicable law. If any such law is interpreted so that said interest, fees and/or charges would exceed any such maximum and Mortgagor is entitled to the benefit of such law, then: (a) such interest, fees and/or charges shall be reduced by the amount necessary to reduce the same to the permitted maximum; and (b) any sums already paid to Mortgagee which exceeded the permitted maximum will be refunded. Mortgagee may choose to make the refund either by treating the payments, to the extent of the excess, as prepayments of principal or by making a direct payment to the person(s) entitled thereto. No prepayment premium shall be assessed on prepayments under this paragraph. The provisions of this paragraph shall control over any inconsistent provision of this Mortgage or the Note or any other Loan Documents.

9.6 Additional Documents; Power of Attorney. Mortgagor, from time to time, will execute, acknowledge and deliver to Mortgagee upon request, and hereby grants Mortgagee a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to execute, acknowledge, deliver and if appropriate file and record, such security agreements, assignments for security purposes, assignments absolute, financing statements, affidavits, certificates and other documents, in form and substance satisfactory to Mortgagee, as Mortgagee may request in order to perfect, preserve, continue, extend or maintain the assignments herein contained, the lien and security interest under this Mortgage, and the priority thereof. Mortgagor will pay to Mortgagee upon request therefor all costs and expenses incurred in connection with the preparation, execution, recording and filing of any such document.

9.7 Waiver of Statute of Limitations. To the full extent Mortgagor may do so, Mortgagor hereby waives the right to assert any statute of limitations as a defense to the enforcement of the lien of this Mortgage or to any action brought to enforce the Note or any other obligation secured by this Mortgage.

9.8 Forbearance by Mortgagee Not a Waiver. Any delay, omission or forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy, and no waiver by Mortgagee of any particular default by Mortgagor shall constitute a waiver of any other default or of any similar default in the future. Without limiting the generality of the foregoing, the acceptance by Mortgagee of payment of any sum secured by this Mortgage after the due date thereof shall not be a waiver of Mortgagee's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall

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not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Mortgage, nor shall Mortgagee's receipt of any awards, proceeds or damages under paragraphs 2.3 and 2.8 hereof operate to cure or waive Mortgagor's default in payment of sums secured by this Mortgage.

9.9 Modifications and Waivers. This Mortgage cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

9.10 Notice. Except as applicable law may otherwise require, all notices and other communications shall be in writing and shall be deemed given when delivered by personal service or when mailed, by certified or registered mail, postage prepaid, addressed to the address set forth at the beginning of this Mortgage. Any party may at any time change its address for such purposes by delivering or mailing to the other parties hereto as aforesaid a notice of such change.

9.11 Governing Law; Severability; Captions. This Mortgage shall be governed by the laws of the State of Illinois. If any provision or clause of this Mortgage conflicts with applicable law, such conflicts shall not affect other provisions or clauses hereof which can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable. The captions and headings of the paragraphs and articles of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

9.12 Definitions. As used herein: the term "Mortgagor" means the Mortgagor herein named, together with any subsequent owner of the Property or any part thereof or interest therein, and the term "Mortgagee" means the Mortgagee herein named, together with any subsequent owner or holder of the Note or any interest therein, including pledgees, assignees and participants.

9.13 Successors and Assigns Bound; Joint and Several Liability; Agents. This Mortgage shall bind and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees, administrators, executors, successors and assigns, subject to the provisions of Article IV hereof. Each person executing this Mortgage as Mortgagor shall be jointly and severally liable for all obligations of Mortgagor hereunder. In exercising any rights hereunder or taking actions provided for herein, Mortgagee may act through their respective employees, agents or independent contractors as authorized by Mortgagee.

9.14 Number; Gender. This Mortgage shall be construed so that wherever applicable the use of the singular number shall include the plural number, and vice versa, and the use of any gender shall be applicable to all genders.

9.15 Time. Time is of the essence in connection with all obligations of Mortgagor herein.

9.16 Request for Notice. Mortgagor hereby requests that a copy of any notice of default and notice of sale hereunder be mailed to it at its address set forth at the beginning of this Mortgage.

9.17 Business Loan. Mortgagor represents that the Loan is a business loan for the business purpose of Mortgage within the purview and intent of the Illinois Interest Act, 815 ILCS 205/4.

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9.18 Waiver of Jury Trial. MORTGAGOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION ARISING IN ANY WAY IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, OR ANY OTHER STATEMENTS OR ACTIONS OF MORTGAGOR OR MORTGAGEE. MORTGAGOR ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS DISCUSSED THIS WAIVER WITH SUCH LEGAL COUNSEL. MORTGAGOR FURTHER ACKNOWLEDGES THAT (I) IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER, (II) THIS WAIVER HAS BEEN REVIEWED BY MORTGAGOR AND MORTGAGOR'S COUNSEL AND IS A MATERIAL INDUCEMENT FOR MORTGAGEE TO ENTER INTO THE AGREEMENT AND THE OTHER LOAN DOCUMENTS (III) THIS WAIVER SHALL BE EFFECTIVE AS TO EACH OF SUCH OTHER LOAN DOCUMENT AS IF FULLY INCORPORATED THEREIN.

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

[Balance of Page is Blank and Signatures Begin on Next Page]

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WASHINGTON PHASE II DEVELOPERS,
L.L.C., an Illinois limited liability company

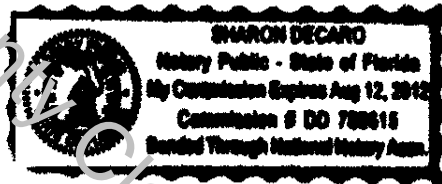
By: [Signature]
Its: Manager
(Print Name): James M. Engel

Florida
STATE OF ILLINOIS)
)SS
COUNTY OF Palm Beach)

On this 28 day of March, 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared James M. Engel, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as the Manager of WASHINGTON PHASE II DEVELOPERS, L.L.C., an Illinois limited liability company that executed the within instrument.

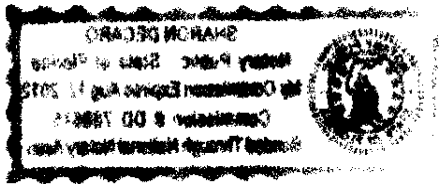
WITNESS my hand and official seal.

Signature: [Signature]
Name: Sharon De Caro
My Commission Expires: _____



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Property of Cook County Clerk's Office



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EXHIBIT A
TO
MORTGAGE

LEGAL DESCRIPTION

The property which is the subject of this Mortgage is situated in the County of Cook, State of Illinois, and is legally described as follows:

PARCEL 1:

THOSE PARTS OF THE SOUTH 125.75 FEET OF BLOCK 41 IN CARPENTER'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE SOUTHEAST 1/4 OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD MERIDIAN, TAKEN AS A SINGLE TRACT OF LAND, DESCRIBED AS LYING ABOVE A HORIZONTAL PLANE, HAVING AN ELEVATION OF +14.44 FEET AND BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID TRACT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT, A DISTANCE OF 4.0 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 121.75 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 87.39 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 4.0 FEET TO THE SOUTH LINE OF SAID TRACT; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, ALONG THE SOUTH LINE OF SAID TRACT, A DISTANCE OF 91.39 FEET TO THE SOUTHWEST CORNER OF SAID TRACT; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, ALONG THE WEST LINE OF SAID TRACT, 125.75 FEET, TO THE PLACE OF BEGINNING.

ALSO

THAT PART OF SAID TRACT LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +15.97 FEET AND BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID TRACT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT, A DISTANCE OF 4.0 FEET TO THE PLACE OF BEGINNING; THENCE CONTINUING NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT, A DISTANCE OF 4.0 FEET, THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 117.75 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 83.39 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 4.0 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 87.39 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 121.75 FEET TO THE PLACE OF BEGINNING.

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ALSO

THAT PART OF SAID TRACT LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +13.22 FEET AND BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID TRACT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG THE SOUTH LINE OF SAID TRACT, A DISTANCE OF 91.39 FEET, TO THE PLACE OF BEGINNING; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 20.0 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 19.60 FEET;

THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 20.0 FEET TO THE SOUTH LINE OF SAID TRACT; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, ALONG THE SOUTH LINE OF SAID TRACT, A DISTANCE OF 19.60 FEET, TO THE PLACE OF BEGINNING.

ALSO

THAT PART OF SAID TRACT LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +14.96 FEET AND BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID TRACT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG THE SOUTH LINE OF SAID TRACT, A DISTANCE OF 110.99 FEET, TO THE PLACE OF BEGINNING; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 17.00 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 12.22 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 17.00 FEET TO THE SOUTH LINE OF SAID TRACT; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, ALONG THE SOUTH LINE OF SAID TRACT, A DISTANCE OF 12.22 FEET, TO THE PLACE OF BEGINNING.

ALSO

THAT PART OF SAID TRACT LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +15.97 FEET AND BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID TRACT; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SAID TRACT, A DISTANCE OF 28.50 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 4.0 FEET TO THE PLACE OF BEGINNING; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 93.25 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 123.71 FEET TO A POINT ON A LINE THAT IS 123.21 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID TRACT; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, ALONG SAID PARALLEL LINE, A DISTANCE OF 4.0 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 119.71 FEET; THENCE NORTH 00 DEGREES 09 MINUTES 00 SECONDS EAST, 89.25 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 4.0 FEET TO THE PLACE OF BEGINNING.

ALSO

THAT PART OF SAID TRACT LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +14.44 FEET AND BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID TRACT; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SAID TRACT, A DISTANCE OF 28.50 FEET TO THE PLACE OF BEGINNING; THENCE CONTINUING SOUTH 00 DEGREES 09 MINUTES 00

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SECONDS WEST, ALONG THE EAST LINE OF SAID TRACT, A DISTANCE OF 97.25 FEET TO THE SOUTHEAST CORNER OF SAID TRACT; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, ALONG THE SOUTH LINE OF SAID TRACT, A DISTANCE OF 127.71 FEET TO A POINT THAT IS 123.21 FEET EAST OF THE SOUTHWEST CORNER OF SAID TRACT (AS MEASURED ALONG THE SOUTH LINE OF SAID TRACT); THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, ALONG A LINE PARALLEL WITH THE WEST LINE OF SAID TRACT, A DISTANCE OF 4.0 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 123.71 FEET; THENCE NORTH 00 DEGREES 09 MINUTES 00 SECONDS EAST, 93.25 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 4.0 FEET TO THE PLACE OF BEGINNING.

ALSO

THAT PART OF SAID TRACT LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET AND BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +31.49 FEET, CHICAGO CITY DATUM,

EXCEPTING FROM THE ABOVE DESCRIBED PROPERTY

THOSE PARTS LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +17.56 FEET AND LYING BELOW A HORIZONTAL PLANE AN ELEVATION OF +31.49 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID TRACT; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, ALONG THE WEST LINE OF SAID TRACT, A DISTANCE OF 34.91 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 51.43 FEET TO THE PLACE OF BEGINNING; THENCE CONTINUING NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 11.46 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 18.45 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 4.70 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 1.40 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 6.76 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 19.85 FEET, TO THE PLACE OF BEGINNING.

ALSO EXCEPT THAT PART OF SAID TRACT

COMMENCING AT THE SOUTHWEST CORNER OF SAID TRACT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG THE SOUTH LINE OF SAID TRACT, 89.27 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 19.30 FEET TO THE PLACE OF BEGINNING; THENCE CONTINUING NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 2.85 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 10.18 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 1.45 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 1.01 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 1.20 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 7.98 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 16.43 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 20.10 FEET; THENCE SOUTH 00 DEGREES

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07 MINUTES 55 SECONDS WEST, 7.68 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 0.19 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 23.34 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 2.14 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 9.78 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 19.62 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 0.69 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 2.14 FEET, TO THE PLACE OF BEGINNING.

ALSO EXCEPT THAT PART OF SAID TRACT

COMMENCING AT THE NORTHEAST CORNER OF SAID TRACT; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SAID TRACT, A DISTANCE OF 4.50 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 2.25 FEET TO THE PLACE OF BEGINNING; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 13.90 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 1.10 FEET; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 2.97 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 7.42 FEET; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 3.72 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 2.80 FEET; THENCE NORTH 00 DEGREES 19 MINUTES 00 SECONDS EAST, 2.10 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 1.41 FEET; THENCE NORTH 00 DEGREES 09 MINUTES 00 SECONDS EAST, 18.50 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 3.16 FEET; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 1.76 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 0.70 FEET; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 1.32 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 1.05 FEET, TO THE PLACE OF BEGINNING.

ALSO EXCEPT THAT PART OF SAID TRACT

COMMENCING AT THE NORTHEAST CORNER OF SAID TRACT; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, ALONG THE NORTH LINE OF SAID TRACT, 17.98 FEET; THENCE SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 8.92 FEET TO THE PLACE OF BEGINNING; THENCE CONTINUING SOUTH 00 DEGREES 09 MINUTES 00 SECONDS WEST, 8.97 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 11.50 FEET; THENCE NORTH 00 DEGREES 09 MINUTES 00 SECONDS EAST, 8.97 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 11.50 FEET TO THE PLACE OF BEGINNING.

ALSO EXCEPT THAT PART OF SAID TRACT

LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +27.15 FEET AND BELOW A HORIZONTAL PLANE OF +31.49 FEET, CHICAGO CITY DATUM, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID TRACT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, ALONG THE NORTH LINE OF SAID TRACT, A DISTANCE OF 56.59

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FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 1.36 FEET TO THE PLACE OF BEGINNING; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 11.70 FEET; THENCE SOUTH 00 DEGREES 07 MINUTES 55 SECONDS WEST, 11.80 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 10.07 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 5.30 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 1.63 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 55 SECONDS EAST, 6.50 FEET, TO THE PLACE OF BEGINNING

ALL IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENTS FOR THE BENEFIT OF PARCEL 1 PURSUANT TO AND AS MORE PARTICULARLY SET FORTH IN ARTICLE 3 OF THE GRANT AND RESERVATION OF EASEMENTS, RESTRICTIONS AND COVENANTS RECORDED APRIL 4, 1997 AS DOCUMENT NO. 97237253, AS AMENDED BY THE SPECIAL AMENDMENT THERETO RECORDED AUGUST 9, 2001 AS DOCUMENT NO. 0010731337.

PARCEL 3:

UNIT PARKING SPACES NUMBER PC-1, PC-40, PC-43, PC-45, PC-46 AND PD-34 IN THE 1000 WEST WASHINGTON LOFTS CONDOMINIUM, AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED TRACT OF LAND:

BLOCK 41 (EXCEPT THE SOUTH 125.75 FEET THEREOF, AND EXCEPT THAT PART TAKEN FOR RANDOLPH STREET) IN CARPENTER'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE SOUTHEAST 1/4 OF SECTION 8, TOWNSHIP 35 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

WHICH SURVEY IS ATTACHED AS EXHIBIT "A" TO THE DECLARATION OF CONDOMINIUM RECORDED MARCH 26, 1996 AS DOCUMENT NUMBER 96240428; TOGETHER WITH THEIR UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS; ALL AS SET FORTH IN SAID DECLARATION AS AMENDED FROM TIME TO TIME, IN COOK COUNTY ILLINOIS.

ADDITIONAL PINS: 17-08-438-006-1180; 1219;
1222; 1224, 1225 and 1321

[TO BE INSERTED PRIOR TO EXECUTION]

PERMITTED EXCEPTIONS

- 1.
- 2.
3. The Leases of the Property listed on Exhibit B to this Mortgage to tenants as tenants only, with no rights to purchase, and any and all other Leases entered into in accordance with this Mortgage.

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EXHIBIT B
TO
MORTGAGE

LEASES

Lessee	Date of Lease	Street Address/ Suite Number
Subway Real Estate LLC, a Delaware limited liability company	February 14, 2003, as amended by Amendment dated February 14, 2003	1000 W. Washington Blvd., Chicago, Illinois
La Sardine, Inc., d/b/a La Sardine	November 17, 1997, as amended by Lease Modification dated May 20, 1998, Amendment to Store Lease dated February 29, 2007, and Amendment to Store Lease dated December 20, 2011	1000 W. Washington Blvd., Chicago, Illinois
Lepeep Grill of Washington Street, Inc., an Illinois corporation	June 8, 1998, as amended by Lease Amendment dated May ___, 2008	1000 W. Washington Blvd., Chicago, Illinois
Flat Out Crazy, LLC, d/b/a Flat Top Grill	May 30, 1997, as amended by Amendment to Store Lease dated December 13, 2006	1000 W. Washington Blvd., Chicago, Illinois
West Loop Chiropractic S.C., an Illinois professional service corporation	July 1, 2010	1000 W. Washington Blvd., Chicago, Illinois

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Lessee	Date of Lease	Street Address/ Suite Number
Calphalon Corporation, an Ohio corporation, as successor in interest to Newell Rubbermaid, Inc.	November 15, 2000, as amended by an Amendment to Lease dated November 15, 2000, a Third Amendment to Lease (referred to in the first paragraph thereof as a Second Amendment to Lease) dated March 30, 2005, a Fourth Amendment to Lease dated September 26, 2005, a Fifth Amendment to Lease dated October 31, 2006, and a Sixth Amendment to Lease dated September 23, 2001	1000 W. Washington Blvd., Chicago, Illinois

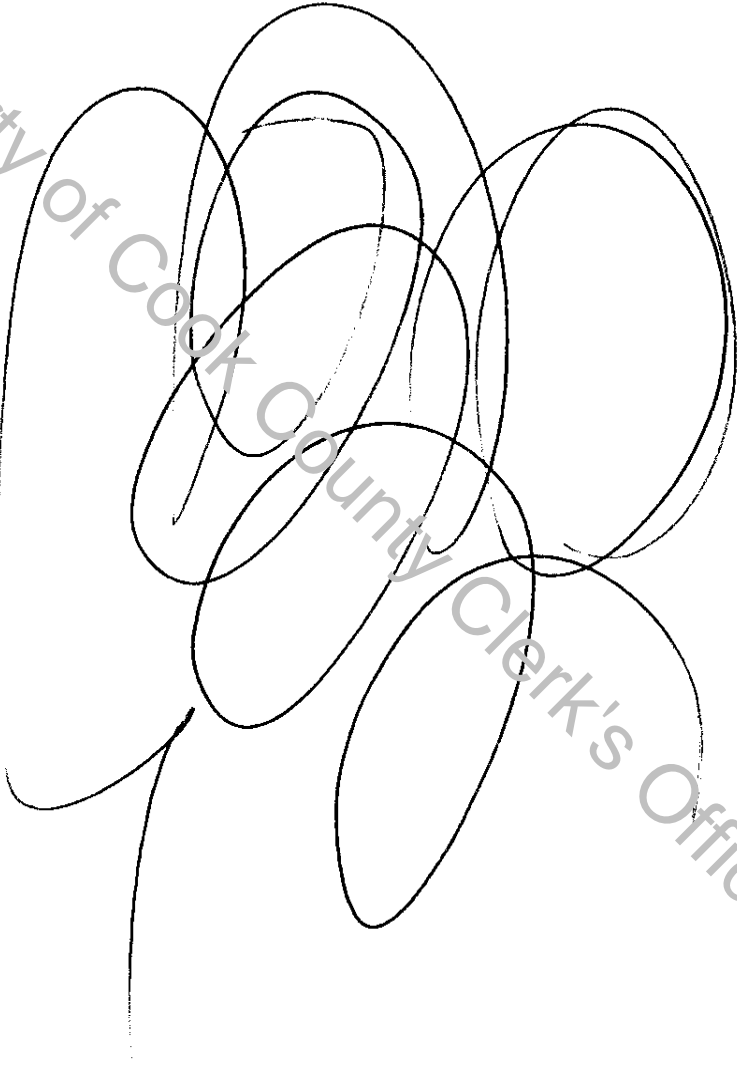
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EXHIBIT C
TO
MORTGAGE

PROMISSORY NOTE

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PROMISSORY NOTE

\$3,850,000.00

March 30, 2012
Chicago, Illinois
GLAIC Loan No. 901000329

1. Promise to Pay.

FOR VALUE RECEIVED, the undersigned, WASHINGTON PHASE II DEVELOPERS, L.L.C., an Illinois limited liability company ("Borrower"), promises to pay in lawful money of the United States of America to the order of GENWORTH LIFE AND ANNUITY INSURANCE COMPANY, a Virginia corporation ("Lender"), at c/o Bank of America, Real Estate Structural Finance – Servicing, Mail Code NC1-026-01, 900 West Trade Street, Suite 650, Charlotte, North Carolina 28255, or such other place either within or without the State of North Carolina as Lender may designate in writing from time to time, the principal sum of Three Million Eight Hundred Fifty Thousand and No/100 Dollars (\$3,850,000.00), with interest from the date hereof on the unpaid principal balance at the rate set forth below.

2. Interest.

From the date hereof, interest shall accrue on the unpaid principal balance at the rate of Four and six-tenths Percent (4.600%) per annum.

3. Payments and Term.

Principal and interest shall be due and payable as follows:

- (a) A payment of all interest to accrue hereon from the Disbursement Date to and including the last day of the month during which the Disbursement Date occurs shall be due and payable on the Disbursement Date. For purposes of this Note, the "Disbursement Date" shall be the date on which disbursement of loan proceeds occurs.
- (b) Monthly payments of principal and interest in the sum of Twenty-four Thousand Five Hundred and Sixty-five and 31/100 Dollars (\$24,565.31) each shall be due and payable on the first day of each calendar month, commencing on the first day of the second calendar month following the Disbursement Date and continuing on the first day of each calendar month thereafter to and including Maturity Date (hereinafter defined), such payments being based upon the Twenty (20) year amortization period beginning on April 1, 2012.
- (c) The entire indebtedness evidenced by this Note, if not sooner paid, shall be due and payable on April 1, 2022 (the "Maturity Date").

All payments on account of the indebtedness evidenced by this Note shall be first applied to interest, costs and prepayment fees (if any) and then to principal. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

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4. Prepayment.

This Note may be prepaid in full but not in part on a scheduled payment date, upon giving the holder of this Note (“Holder”) thirty (30) days prior written notice, by paying, in addition to the outstanding principal balance at the date of prepayment (plus all accrued interest and other sums due under the terms of the Loan Documents, as defined in the Mortgage referred to below), a Prepayment Fee.

The Prepayment Fee is equal to the greater of:

- (i) 1% of the principal prepaid (principal outstanding after application of payment due on date of prepayment) at the date of prepayment; or
- (ii) the present value computed on a monthly basis as of the date of prepayment of all future principal and interest payments due under this Note (starting with the first monthly payment due after the prepayment date and including any balloon payments) using the Discount Rate (as defined below) less the principal prepaid.

No Prepayment Fee shall be due if this Note is prepaid (a) during the 60 days prior to the Maturity Date, or (b) in connection with the application of insurance proceeds or any condemnation award.

Except as specifically provided above, Borrower hereby expressly agrees that if, for any reason, a prepayment of any or all of this Note is made, whether voluntary or upon or following any acceleration of the Maturity Date by Lender on account of any event of default by Borrower, including but not limited to any transfer or disposition as prohibited or restricted by the Mortgage (as hereafter defined), then Borrower shall be obligated to pay concurrently therewith, as a prepayment premium, the applicable Prepayment Fee specified above. The Prepayment Fee shall be due and payable in connection with all such payments, including but not limited to payments made by Borrower or any guarantor after the occurrence of an event of default, or payments made from the application of proceeds obtained in connection with any foreclosure or other sale of all or any collateral securing the loan (“Loan”) evidenced hereby. Borrower agrees that Lender’s agreement to make the Loan on the terms and conditions set forth in this Note constitutes adequate consideration, given individual weight by Borrower, for this agreement and acknowledges that, in making the Loan on the terms and conditions set forth herein, Lender has given individual weight to the consideration afforded by this agreement.

Discount Rate (defined)

The Discount Rate (DR) is the rate that, when compounded monthly, is equivalent to the Adjusted Reinvestment Rate, as defined below (ARR) when compounded semi-annually. The DR shall be rounded to the nearest one hundredth of one percent. For example, if the ARR equals 2.35%, then the DR would equal 2.34%. This is further defined as:

$$DR = (((1+ARR/2)^2)^{(1/12)}-1)*12$$

The term “Adjusted Reinvestment Rate” means the Reinvestment Rate (defined below), plus 0.50% (50 basis points).

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Reinvestment Rate (defined)

The Reinvestment Rate (RR) is the yield in percent per annum of the Treasury Constant Maturity Nominal 10 (TCM) that equals the remaining Weighted Average Life (WAL) of the Note as published 5 business days prior to the date of prepayment in the Federal Reserve Statistical Release H.15 Selected Interest Rates. If the remaining WAL of this Note does not equal any of the published TCM's then the Reinvestment Rate will be determined by interpolating linearly between two TCM's, one having a maturity as close as possible to, but greater than the remaining WAL of this Note and one having a maturity as close as possible to, but less than the remaining WAL of this Note. The RR shall be rounded to the nearest one hundredth of one percent.

For example, if the remaining WAL of the Note on June 24, 2004 was 1.38 years then the RR would equal 2.35%. In this example the RR is arrived at by interpolating the 1-year and 2-year TCM's. On June 24, 2004 the 1-year TCM equaled 2.11% and the 2-year TCM equaled 2.74%.

In the event the Federal Reserve Statistical Release H.15 Selected Interest Rates is discontinued or no longer published, the Holder of this Note shall, in its sole discretion, designate some other daily financial or governmental publication of national circulation to determine the Reinvestment Rate which most nearly corresponds to the yield of the TCM.

Weighted Average Life (defined)

The Weighted Average Life (WAL) of the Note is the average number of years that each dollar of unpaid principal due on the Note remains outstanding. WAL is computed as the weighted-average time to the receipt of all future cash flows, using as the weights the dollar amounts of the principal paydowns. The WAL shall be rounded to the second decimal place (for example: 1.38).

For example, for a loan with 17 months remaining and principal payments as detailed in Column B in the chart below, the WAL would equal 1.38 years.

A		B		C	
Month	X	Principal Payment	=	Weighted Principal Payment	
1	X	\$4,495	=	\$4,495	
2	X	\$4,521	=	\$9,042	
3	X	\$4,547	=	\$13,641	
4	X	\$4,574	=	\$18,295	
5	X	\$4,600	=	\$23,002	
6	X	\$4,627	=	\$27,763	
7	X	\$4,654	=	\$32,579	
8	X	\$4,681	=	\$37,451	
9	X	\$4,709	=	\$42,378	
10	X	\$4,736	=	\$47,361	
11	X	\$4,764	=	\$52,401	
12	X	\$4,792	=	\$57,498	

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13	X	\$4,819 =	\$62,653
14	X	\$4,848 =	\$67,866
15	X	\$4,876 =	\$73,138
16	X	\$4,904 =	\$78,469
17	X	\$1,577,601 =	\$26,819,214
Totals:		\$1,652,747	\$27,467,245

Column C = Column A X Column B

WAL = (Total Column C / Total Column B) / 12

Borrower waives any right of prepayment except as expressly provided herein.

Lender shall notify Borrower of the amount and the basis of determination for the Prepayment Fee, which absent manifest error, shall be conclusive and binding upon Lender and Borrower.

Borrower expressly understands, acknowledges and agrees that (i) the Prepayment Fee is fair and reasonable and represents a reasonable estimate of the fair compensation for the loss that Lender shall sustain due to the early pre-payment of the outstanding principal under the Note, (ii) its agreement to pay the Prepayment Fee is a material inducement to Lender to make the Loan, without which inducement Lender would not make the Loan and (iii) the Prepayment Fee shall be paid without prejudice to the right of Lender to collect and retain any and all other amounts or charges provided to be paid hereunder or under the other Loan Documents.

5. Default.

- (a) The occurrence of any one or more of the following shall constitute an event of default under this Note:
- (i) Borrower's failure to make any payment of principal or interest when due hereon, followed by Borrower's failure to make such payment within ten (10) days after written notice thereof given to Borrower by Lender; provided, however, that Lender shall not be obligated to give Borrower written notice prior to exercising its remedies with respect to such default if Lender had previously given Borrower during the previous twelve (12) month period a notice of default for failure to make a payment of principal or interest hereon.
 - (ii) The occurrence of any other event of default under the Mortgage referred to in the "Security; Loan Documents" section below.
- (b) Time is of the essence. During the continuance of an event of default under this Note:
- (i) the entire principal balance hereof and all accrued interest shall, at the option of Lender, without notice, bear interest at a rate from time to time equal to five (5) percentage points over what would otherwise be the Note

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rate (or the maximum rate permitted by applicable law if that is less) from the date of default until the default is cured;

- (ii) the entire principal balance hereof and all accrued interest shall immediately become due and payable at the option of Lender, without notice.

Borrower acknowledges that, during the period of time that any payment of principal, interest or other amount due under this Note is delinquent, Lender will incur costs, expenses and losses attributable to such things as its loss of use of the moneys due and to the adverse impact on its ability to meet its other obligations and to avail itself of other opportunities. Borrower further acknowledges that the exact amount of the costs, expenses and losses would be extremely difficult or impractical to ascertain. Borrower and Lender agree that the increased rate of interest provided for in clause (b)(i) above represents a fair and reasonable estimate of the costs, expenses and losses Lender will incur by reason of any such delinquency in payment.

- (c) At Lender's option, any written notice of default required to be given to Borrower hereunder may be given in the form of a statutory notice of default under the laws of the State of Illinois relating to non-judicial foreclosures.

Lender's failure to exercise any option hereunder shall not constitute a waiver of the right to exercise the same for any subsequent default.

6. Late Charges.

Borrower acknowledges that, if any monthly installment payment under this Note is not made when due, Lender will as a result thereof incur costs not contemplated by this Note, the exact amount of which would be extremely difficult or impracticable to ascertain. Such costs include without limitation processing and accounting charges. Accordingly, except as may otherwise be mandated by applicable law, Borrower hereby agrees to pay to Lender with respect to each monthly installment payment which is not received by Lender within five (5) days of (and including) the date when due (four (4) days after the due date) a late charge equal to Five Percent (5%) of the amount of the payment. Borrower and Lender agree that such late charge represents a fair and reasonable estimate of the costs Lender will incur by reason of such late payment. Acceptance of such late charge by Lender shall in no event constitute a waiver of the default with respect to the overdue amount, and shall not prevent Lender from exercising any of the other rights and remedies available to Lender.

7. Security; Loan Documents.

This Note is secured, among other documents, by a Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement ("Mortgage") and a separate Assignment of Rents and Leases ("Assignment") covering property located in Cook County, Illinois ("Property"). It is also secured by an Unconditional Guaranty executed by AMELIA GAYE ENGEL ("Guarantor"). This Note, the Mortgage, the Assignment and all other related instruments and documents are collectively referred to herein as the "Loan Documents."

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8. Collection Expenses.

If there is a default under this Note and Lender consults an attorney regarding the enforcement of any of its rights or remedies under this Note or any of the other Loan Documents, or if this Note is placed in the hands of an attorney for collection, or if suit is brought to enforce this Note or any of the other Loan Documents, Borrower promises to pay Lender on demand for all fees, costs and expenses, including reasonable attorneys' fees, incurred in connection therewith. Such fees, costs and expenses shall include those incurred with or without suit and those incurred at or in preparation for any trial, appeal or review, or in any proceedings under any present or future federal bankruptcy act or state receivership law, and any post-judgment collection proceedings.

9. Waivers.

Except as expressly provided in this Note to the contrary, to the fullest extent permitted by applicable law Borrower hereby waives presentment, protest, and demand for payment, notice of protest, demand, dishonor and notice of nonpayment of this Note.

10. Limitation of Liability.

- (a) The Borrower is hereby released from all personal liability under the Loan Documents to the extent such release does not operate to invalidate the lien of the Mortgage. In the event of foreclosure of the Mortgage or other enforcement of the collection of the indebtedness evidenced by this Note, Lender agrees, and any holder hereof shall be deemed by acceptance hereof to have agreed, not to take a deficiency judgment against Borrower with respect to said indebtedness except as may be provided as follows in this paragraph 10.
- (b) Notwithstanding the terms of subparagraph (a) of this Limitation of Liability section, however, the Borrower shall be fully and personally liable to the holder of this Note for all claims, demands, damages, losses, liabilities, fines, penalties, fees, liens, costs and expenses suffered or incurred by Lender on account of or in connection with the following:
 - (i) Waste to the Property or fraud or willful misrepresentation committed by Borrower;
 - (ii) Any retention of rental income or other income of the Property after an event of default, including any applicable notice and expiration of any applicable cure period, has occurred, to the extent that any such retention is not applied to the operation of the Property (i.e., operating expenses and debt service), and the retention of security deposits or other deposits made by tenants of the Property which are not paid to tenants when due or transferred to Lender or any other party acquiring the Property at a foreclosure sale or any transfer in lieu of foreclosure;
 - (iii) Any taxes or assessments related to the Property accrued prior to the Lender's acquisition of title to the Property;

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- (iv) The removal or disposition by Borrower of any personal property or fixtures encumbered by the Mortgage which are not replaced as required by the Mortgage;
- (v) The misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage or destruction to any portion of the Property or any building or buildings located thereon;
- (vi) Borrower's failure to maintain hazard, liability and other insurance as required under the terms of the Mortgage.
- (vii) Due to the presence of any hazardous, toxic and dangerous wastes, substances and materials, including asbestos, on the Property and due to any breach of covenant, breach of warranty or misrepresentation by Borrower under the Mortgage, the Environmental Indemnity, or any of the other Loan documents delivered in connection with the Loan evidenced by this Note with respect to hazardous, toxic and dangerous wastes, substances and materials, and Borrower's failure to perform any obligations under the Environmental Indemnity. There will be no liability of the Borrower for such waste, substances and materials which are introduced to the Property subsequent to a permitted transfer of the Property by the Borrower if the Borrower or any guarantor, as applicable, is released from such liability in accordance with the Mortgage or to the Lender's acquisition of title as a result of foreclosure or a deed in lieu of foreclosure; provided, however, the Borrower shall bear the burden of proof that the introduction and initial release of such hazardous waste, substances or materials (i) occurred subsequent to the transfer date, (ii) did not occur as a result of any action of the Borrower, and (iii) did not occur as a result of continuing migration or release of any hazardous waste, substances or materials introduced prior to the transfer date, in, on, under or near the Property; and
- (viii) Any fees and costs including reasonable attorney fees incurred in connection with and in enforcing and collecting any amounts due under this provision 10.

Borrower shall not be entitled to the benefits of the provisions of subparagraph (a) of this "Limitation of Liability" section upon the occurrence of any one or more of the events described in clauses (A) and (B) below (the event described in clauses (A) and (B) below being hereinafter collectively referred to as "Full Recourse Events"):

- (A) Without Lender's prior written consent, the Property or any part thereof or interest therein encumbered by any consensual lien or encumbrance other than that of the Mortgage; provided, however, that, for purposes of this clause (A), the lien or encumbrance of general property taxes or special

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assessments or of persons supplying labor or materials to or in connection with the Property shall not be deemed to be consensual in nature; or

- (B) Without Lender's prior written consent, the Property or any part thereof or interest therein is sold (by contract or otherwise), conveyed or otherwise transferred except as expressly permitted under the terms of the Mortgage.

Upon the occurrence of any one or more Full Recourse Events, the provisions of subparagraph (a) of this "Limitation of Liability" section shall immediately and automatically be of no further force or effect, and Borrower shall thereupon and thereafter have personal liability on this Note without regard to the provisions of paragraph (a) of this "Limitation of Liability" section.

- (c) The limitations on personal liability contained in paragraph (a) of this "Limitation of Liability" section are not intended and shall not be deemed to constitute a forgiveness of the indebtedness evidenced by this Note or a release of the obligation to repay said indebtedness according to the terms and provisions hereof, but shall operate solely to limit the remedies otherwise available to the holder hereof for the enforcement and collection of such indebtedness.
- (d) As used in this "Limitation of Liability" section, the term "Borrower" includes (i) Borrower (and each of them, if more than one), (ii) all general partners of any Borrower which is a general or limited partnership, and (iii) all joint venturers of any Borrower which is a joint venture. The personal liability hereunder of all persons included within the term "Borrower" shall be joint and several.
- (e) The provisions of this "Limitation of Liability" section shall control over any conflicting provisions of this Note, the Mortgage or other Loan Document.

11. Limitation on Interest and Loan Charges.

Interest, fees and charges collected or to be collected in connection with the indebtedness evidenced hereby shall not exceed the maximum, if any, permitted by any applicable law. If any such law is interpreted so that said interest, fees and/or charges would exceed any such maximum and Borrower is entitled to the benefit of such law, then:

- (i) such interest, fees and/or charges shall be reduced by the amount necessary to reduce the same to the permitted maximum; and
- (ii) any sums already collected from Borrower which exceeded the permitted maximum will be refunded. Lender may choose to make the refund either by treating the payments, to the extent of the excess, as prepayments of principal or by making a direct payment to Borrower. No Prepayment Fee shall be assessed on prepayments under this paragraph. The provisions of this paragraph shall control over any inconsistent provision of this Note or the Mortgage or any other document executed in connection with the indebtedness evidenced hereby.

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12. Governing Law.

This Note shall be construed, enforced and otherwise governed by the laws of the State of Illinois.

13. Lender.

As used herein, the term "Lender" includes any subsequent holder or participant in this Note.

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

WASHINGTON PHASE II DEVELOPERS,
L.L.C., an Illinois limited liability company

By: 

Its: Manager

(Print Name): James M. Engel

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THIS INSTRUMENT WAS PREPARED BY AND WHEN
RECORDED RETURN TO:

Duane L. Paulson
BEST & FLANAGAN LLP
225 South Sixth Street
Suite 4000
Minneapolis, Minnesota 55402

A large, complex, and illegible handwritten signature or scribble in black ink dominates the center of the page. The lines are thick and overlapping, making the text underneath completely unreadable.

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