

UNOFFICIAL COPY

Illinois Anti-Predatory Lending Database Program



Doc#: 1222349006 Fee: \$122.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 08/10/2012 10:52 AM Pg: 1 of 43

Certificate of Exemption

Report Mortgage Fraud
800-532-8785

The property identified as: **PIN:** 20-20-304-025-0000

Address:

Street: 6753 S. Loomis

Street line 2:

City: Chicago

State: IL

ZIP Code: 60636

Lender: VICTOR GERARDI

Borrower: REGROUP, LLC AND MAREK PILNY

Loan / Mortgage Amount: \$15,000.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 7770 et seq. because it is not owner-occupied.

43

Certificate number: 928BBA0A-FE5C-4240-93F5-E6E26A120BD5

Execution date: 07/13/2012

UNOFFICIAL COPY

Document prepared by and
after recording return to:

Kevin M. Carrara
Rathje & Woodward, LLC
300 E. Roosevelt Road
Suite 300
Wheaton, IL 60187

Property Address:

6753 S. Loomis, Chicago, Illinois

PIN Number:

20-20-304-025-0000

MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS

THIS MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS (this "Mortgage") is made as of July 13, 2012, by **REGROUP, LLC**, an Illinois limited liability company, **MAREK PILNY**, as owner of ReGroup, LLC (the "Mortgagor"), for the benefit of **VICTOR GERARDI**, with an address at 170-a Alexandra Way, Carol Stream, IL 60188 (the "Lender").

WITNESSETH:

Mortgagor and Lender entered into a certain loan arrangement (the "Original Loan") (hereinafter the Original Loan shall be referred to as the "Loan") and the Original Loan was evidenced by that certain Amended and Restated Promissory Note dated as of even date herewith, in the original principal amount of FIFTEEN THOUSAND and 00/100 Dollars (\$15,000.00) (the "Original Note") (hereinafter the Original Note shall be referred to as the "Note"), the provisions of which are incorporated herein by reference to the same extent as if fully set forth herein. As a condition precedent to making the Loan, the Lender has required that the Mortgagor execute and deliver this Mortgage to the Lender.

Now, therefore, in order to induce the Lender to make the Loan to the Mortgagor, the Mortgagor agrees as follows:

This Mortgage encumbers certain real estate located in Cook County, Illinois, legally described on Exhibit A attached hereto, and payment of the Loan and all other obligations of Mortgagor are secured by this Mortgage, financing statements and other security documents, and all other documents evidencing or securing the Loan (as amended, modified, replaced or restated from time to time) are collectively hereinafter referred to as the "Loan Documents").

To secure (i) the payment when and as due and payable of the principal of and interest on the Loan or so much thereof as may be advanced from time to time, and any and all late charges, Additional Costs (as defined in the Note), and all other indebtedness evidenced by or owing

UNOFFICIAL COPY

Document prepared by and
after recording return to:

Kevin M. Carrara
Rathje & Woodward, LLC
300 E. Roosevelt Road
Suite 300
Wheaton, IL 60187

Property Address:

6753 S. Loomis, Chicago, Illinois

PIN Number:

20-20-304-025-0000

MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS

THIS MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS (this "Mortgage") is made as of July 17, 2012, by **REGROUP, LLC**, an Illinois limited liability company, **MAREK PILNY**, as owner of ReGroup, LLC (the "Mortgagor"), for the benefit of **VICTOR GERARDI**, with an address at 170-a Alexandra Way, Carol Stream, IL 60188 (the "Lender").

WITNESSETH:

Mortgagor and Lender entered into a certain loan arrangement (the "Original Loan") (hereinafter the Original Loan shall be referred to as the "Loan") and the Original Loan was evidenced by that certain Amended and Restated Promissory Note dated as of even date herewith, in the original principal amount of FIFTEEN THOUSAND and 00/100 Dollars (\$15,00.00) (the "Original Note") (hereinafter the Original Note shall be referred to as the "Note"), the provisions of which are incorporated herein by reference to the same extent as if fully set forth herein. As a condition precedent to making the Loan, the Lender has required that the Mortgagor execute and deliver this Mortgage to the Lender.

Now, therefore, in order to induce the Lender to make the Loan to the Mortgagor, the Mortgagor agrees as follows:

This Mortgage encumbers certain real estate located in Cook County, Illinois, legally described on Exhibit A attached hereto, and payment of the Loan and all other obligations of Mortgagor are secured by this Mortgage, financing statements and other security documents, and all other documents evidencing or securing the Loan (as amended, modified, replaced or restated from time to time) are collectively hereinafter referred to as the "Loan Documents").

To secure (i) the payment when and as due and payable of the principal of and interest on the Loan or so much thereof as may be advanced from time to time, and any and all late charges, Additional Costs (as defined in the Note), and all other indebtedness evidenced by or owing

UNOFFICIAL COPY

under the Note and any of the other Loan Documents, together with any extensions, modifications, renewals or refinancings of any of the foregoing (ii) the payment of all other indebtedness which this Mortgage by its terms secures, and (iii) the performance and observance of the covenants and agreements contained in this Mortgage, the Loan Agreement, the Note and each of the other Loan Documents, and all obligations and liabilities under any interest rate or hedging agreement (all of such indebtedness, obligations and liabilities identified in (i), (ii) and (iii) above being hereinafter referred to as the "Debt"), the Mortgagor does hereby GRANT, SELL, CONVEY, MORTGAGE and ASSIGN unto the Lender, its successors and assigns, and does hereby grant to the Lender, its successors and assigns a security interest in, all and singular the properties, rights, interests and privileges described in Granting Clauses I, II, III, IV, V, VI, VII, and VIII below, all of same being collectively referred to herein as the "Mortgaged Property":

GRANTING CLAUSE I:

THE LAND located in DuPage County, Illinois which is legally described on Exhibit A attached hereto and made a part hereof (the "Land");

GRANTING CLAUSE II:

TOGETHER WITH all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, including all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or for any such buildings, structures and improvements and all of the right, title and interest of the Mortgagor now or hereafter acquired in and to any of the foregoing (the "Improvements");

GRANTING CLAUSE III:

TOGETHER WITH all easements, rights of way, strips and gores of land, streets, ways, alleys, sidewalks, vaults, passages, sewer rights, waters, water courses, water drainage and reservoir rights and powers (whether or not appurtenant), all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, easements, franchises, appendages and appurtenances whatsoever, in any way belonging, relating or appertaining to the Land or the Improvements, whether now owned or hereafter acquired by the Mortgagor, including without limitation all existing and future mineral, oil and gas rights which are appurtenant to or which have been used in connection with the Land, all existing and future water stock relating to the Land or the Improvements, all existing and future share of stock respecting water and water rights pertaining to the Land or the Improvements or other evidence of ownership thereof, and the reversions and remainders thereof (the "Appurtenant Rights");

GRANTING CLAUSE IV:

TOGETHER WITH all machinery, apparatus, equipment, fittings and fixtures of every kind and nature whatsoever, and all furniture, furnishings and other personal property now or hereafter owned by the Mortgagor and forming a part of, or used or obtained for use in connection with, the Land or the Improvements or any present or future operation, occupancy, maintenance or leasing thereof; including, but without limitation, any and all heating, ventilating and air conditioning equipment and systems, antennae, appliances, apparatus, awnings, basins,

UNOFFICIAL COPY

bathtubs, bidets, boilers, bookcases, cabinets, carpets, communication systems, coolers, curtains, dehumidifiers, dishwashers, disposals, doors, drapes, drapery rods, dryers, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing and electric equipment, pool equipment, pumps, radiators, ranges, recreational facilities and equipment, refrigerators, screens, sprinklers, stokers, stoves, shades, shelving, sinks, security systems, toilets, ventilators, wall coverings, washers, windows, window covering, wiring and all extensions, renewals or replacements thereof or substitutions therefor or additions thereto, whether or not the same are or shall be attached to the Land or the Improvements in any manner (collectively, the "Fixtures"); it being agreed that all of said property owned by the Mortgagor and placed on the Land or on or in the Improvements (whether affixed or annexed thereto or not) shall, so far as permitted by law, conclusively be deemed to be real property and conveyed hereby for purposes of this Mortgage.

GRANTING CLAUSE V:

TOGETHER WITH the following:

All personal property of every nature whatsoever now or hereafter owned by the Mortgagor or used in connection with the Land or the Improvements thereon, including all extensions, additions, Improvements, betterments, renewals, substitutions and replacements thereof and all of the right, title and interest of the Mortgagor in and to any such personal property together with the benefit of any deposits or payments now or hereafter made on such personal property by the Mortgagor or on its behalf, including without limitation, any and all Goods, Investment Property, Instruments, Chattel Paper, Documents, Letter of Credit Rights, Accounts, Deposit Accounts, Commercial Tort Claims and General Intangibles (each as defined in the Uniform Commercial Code of the State of Illinois) of Mortgagor located on the Land or in the Improvements which are now or in the future owned by Mortgagor and used or obtained for use in connection with the Land or the Improvements or any present or future operation, occupancy, maintenance or leasing thereof, or any construction or at the Land or the Improvements;

All proceeds of the foregoing, including, without limitation, all judgments, awards of damages and settlements hereafter made resulting from condemnation proceeds or the taking of the Land or Improvements thereon or any portion thereof under the power of eminent domain, any proceeds of any policies of insurance, maintained with respect to the Land or Improvements thereon or proceeds of any sale, option or contract to sell the Land or Improvements thereon or any portion thereof;

Any and all additions and accessories to all of the foregoing and any and all proceeds (including proceeds of insurance, eminent domain or other governmental takings and tort claims), renewals, replacements and substitutions of all of the foregoing;

All of the books and records pertaining to the foregoing (all of the foregoing being referred to as the "Personal Property");

UNOFFICIAL COPY

GRANTING CLAUSE VI:

TOGETHER WITH all right, title and interest which the Mortgagor hereafter may acquire in and to all leases and other agreements now or hereafter entered into for the occupancy or use of the Land, the Appurtenant Rights, the Improvements, the Fixtures and the Personal Property (herein collectively referred to as the "Premises") or any portion thereof, whether written or oral (herein collectively referred to as the "Leases"), and all rents, issues, incomes and profits in any manner arising thereunder (herein collectively referred to as the "Rents"), and all right, title and interest which the Mortgagor now has or hereafter may acquire in and to any bank accounts, security deposits, and any and all other amounts held as security under the Leases, reserving to the Mortgagor any statutory rights;

GRANTING CLAUSE VII:

TOGETHER WITH any and all Awards and Insurance Proceeds, as each are hereinafter respectively defined, or proceeds of any sale, option or contract to sell the Premises or any portion thereof (provided that no right, consent or authority to sell the Mortgaged Property or any portion thereof shall be inferred or deemed to exist by reason hereof); and the Mortgagor hereby authorizes, directs and empowers the Lender, at its option, on the Mortgagor's behalf, or on behalf of the successors or assigns of the Mortgagor, to adjust, compromise, claim, collect and receive such proceeds; to give acquittances herefor; and, after deducting expenses of collection, including reasonable attorneys' fees, costs and disbursements, to apply the Net Proceeds, as hereinafter defined, to the extent not utilized for the Restoration of the Mortgaged Property as provided in Section 7 or 8 hereof, to payment of the Debt, notwithstanding the fact that the same may not then be due and payable or that the Debt is otherwise adequately secured; and the Mortgagor agrees to execute and deliver from time to time such further instruments as may be requested by the Lender to confirm such assignment to the Lender of any such proceeds;

GRANTING CLAUSE VIII:

TOGETHER WITH all estate, right, title and interest, homestead or other claim or demand, as well in law as in equity, which the Mortgagor now has or hereafter may acquire of, in and to the Premises, or any part thereof, and any and all other property of every kind and nature from time to time hereafter (by delivery or by writing of any kind) conveyed, pledged, assigned or transferred as and for additional security hereunder by the Mortgagor or by anyone on behalf of the Mortgagor to the Lender;

TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto, unto the Lender and its successors and assigns, in trust, fee simple or leasehold (as applicable) forever, subject to the terms, provisions and conditions herein set forth, to secure the obligations of the Mortgagor under the Note and Loan Documents (as hereinafter defined) and all other Debt;

TO HAVE AND TO HOLD the Mortgaged Property, unto the Lender and its successors and assigns, in trust, fee simple or leasehold (as applicable) for the benefit of the Lender, and its successors and assigns, IN FEE SIMPLE forever; subject, however, to those encumbrances

UNOFFICIAL COPY

which Lender has approved in the Loan Agreement or set forth in the Lender's title insurance policy issued in connection with the Loan (the "Permitted Encumbrances");

UPON CONDITION that, subject to the terms hereof and until the occurrence of an Event of Default hereunder, the Mortgagor shall be permitted to possess and use the Mortgaged Property; and

SUBJECT to the covenants and conditions hereinafter set forth.

PROVIDED, NEVERTHELESS, that if (i) Mortgagor shall pay and perform in full when due the Debt and shall duly and timely perform and observe all of the covenants and conditions herein and in the other Loan Documents required to be performed and observed by the Mortgagor, and (ii) the Lender shall have no further obligation to make any further disbursements of the Loan to or for the benefit of Mortgagor under the provisions of the Loan Agreement, then the Lender shall execute and deliver to the Mortgagor such instruments as may be reasonably requested by the Mortgagor which are sufficient to release this Mortgage.

NOTWITHSTANDING any provision hereof to the contrary, this Mortgage shall secure all future advances made in connection with the Mortgaged Property within ten (10) years from the date hereof, whether such advances are obligatory or are made at the option of the Lender pursuant to Lender's rights under the Loan Documents and whether or not such advances are evidenced by the Note, to the same extent as if such advances were made on the date of execution and delivery hereof, with interest on such future advances at the Default Rate (as defined in the Note); provided that the aggregate outstanding balance of the Debt shall at no time exceed two hundred percent of the stated principal amount of the Note. All covenants, warranties and agreements contained in this Mortgage shall be equally applicable to future advances.

THE MORTGAGOR FURTHER COVENANTS AND AGREES AS FOLLOWS:

1. Representations of Mortgagor. The Mortgagor hereby represents and warrants to the Lender as follows:

(a) The Mortgagor (i) is a limited liability company duly formed and validly existing under the laws of the State of Illinois and has complied with all conditions prerequisite to its doing business in the State of Illinois; (ii) has the power and authority to own its properties and to carry on its business as now being conducted; (iii) is qualified to do business in every jurisdiction in which the nature of its business or its properties makes such qualification necessary; and (iv) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

(b) The Mortgagor has good and marketable title to an indefeasible fee simple estate in the Premises, subject to no liens, charges or encumbrances, other than the Permitted Encumbrances; that it has good, right and lawful authority to mortgage the Mortgaged Property in the manner and form herein provided; that this Mortgage is and shall remain a valid and enforceable lien on the Mortgaged Property subject only to the Permitted Encumbrances; that the Mortgagor and its successors and assigns shall defend the same and the priority of this lien

UNOFFICIAL COPY

forever against the lawful claims and demands of all persons whomsoever, and that this covenant shall not be extinguished by any foreclosure hereof but shall run with the Land.

(c) As of the date hereof, there has been no material change in the financial condition of the Mortgagor or any guarantor of the Note from that set forth in the Mortgagor's most recent financial statement, and, to the best of the Mortgagor's knowledge, the financial statements of such guarantor, and the financial information contained therein was true and correct on the date the statements were issued and there has been no material adverse change as of the date hereof.

(d) There are no suits or proceedings pending, or to the knowledge of the Mortgagor, threatened against or affecting the Mortgagor, which, if adversely determined, would have a material adverse effect on the financial condition or business of the Mortgagor or its ability to perform its obligations under this Mortgage or any of the other Loan Documents executed by it, and there are no proceedings by or before any court, governmental commission, board, bureau, or other administrative agency pending or, to the knowledge of the Mortgagor, threatened against the Mortgagor, which, if adversely determined, would have a material adverse effect on the financial condition or business of the Mortgagor or its ability to perform its obligations under this Mortgage or any of the other Loan Documents executed by it.

(e) To the best of the Mortgagor's knowledge, the Mortgaged Premises complies with all requirements of law, municipal ordinances and restrictions and covenants of record with respect to the Mortgaged Premises and the use thereof.

(f) The Mortgagor has and shall maintain title to the Collateral (as hereinafter defined), including any additions or replacements thereto, free of all security interests, liens and encumbrances, other than the Lender's security interests.

(g) No person who owns twenty percent (20.00%) or more of the equity interests in the Mortgagor, or otherwise controls the Mortgagor or any of its subsidiaries, is listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, and the proceeds of the Loan will not violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

(h) The Mortgagor is able to pay its debts as such debts become due, and has capital sufficient to carry on its present businesses and transactions and all businesses and transactions in which it is about to engage. The Mortgagor (i) is not bankrupt or insolvent, (ii) has not made an assignment for the benefit of its creditors, (iii) has not had a trustee or receiver appointed, (iv) has not had any bankruptcy, reorganization or insolvency proceedings instituted by or against it, or (v) shall not be rendered insolvent by its execution, delivery or performance of the Loan Documents or by the transactions contemplated thereunder.

2. Mortgagor's Covenants.

(a) Payment of Debt. The Mortgagor shall, prior to the expiration of any grace period: (i) pay the Debt when due, and (ii) duly and punctually perform and observe all of the covenants and conditions to be performed or observed by the Mortgagor as provided in the Note, the Loan Agreement, this Mortgage and the other Loan Documents.

UNOFFICIAL COPY

(b) Repair/Maintenance. The Mortgagor shall (i) promptly repair, restore, replace or rebuild any portion of the Premises which may be damaged or destroyed whether or not Insurance Proceeds (as hereinafter defined) are available or sufficient for that purpose; (ii) keep the Premises in good condition and repair, free from waste; (iii) pay all operating costs and expenses of the Premises when due; (iv) comply with all legal requirements applicable to all or any portion of the Premises, or the use and occupancy, thereof (subject to the right of the Mortgagor to contest the enforceability or applicability of any such legal requirements in good faith, diligently and at its expense by appropriate proceedings which shall not subject the Mortgagor or the Lender to any risk of civil or criminal liability and which shall operate during the pendency thereof to prevent the imposition or foreclosure of any lien upon, or any interference with the availability, use or occupancy of, the Mortgaged Property or any part thereof), and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to all or any portion of the Premises or the use and occupancy thereof; (v) refrain from any action, and correct any condition known to the Mortgagor, which would materially increase the risk of fire or other hazard to the Premises or any portion thereof; and (vi) cause the Premises to be managed in a competent and professional manner.

(c) Alteration of Mortgaged Property. Without the prior written consent of the Lender, the Mortgagor shall not cause, suffer or permit (i) any material alteration of the Premises, except as required by any applicable legal requirement or as otherwise contemplated by the Loan Agreement; (ii) any change in the zoning classification or intended use or occupancy of the Premises, including without limitation any change which would increase any fire or other hazard; (iii) any change in the identity of the Mortgagor or the person or entity responsible for managing the Premises; or (iv) any modification of the licenses, permits, privileges, franchises, covenants, conditions or declarations of use applicable to the Premises, except as required to operate the Premises in the manner required hereunder. Upon receiving Lender's consent as required, Mortgagor shall utilize a construction escrow at Chicago Tide Insurance Company for any construction, repair, restoration or rebuilding ("Construction Activities") of any buildings or improvements on the Premises or to be constructed on the Premises when the amount of money involved for the Construction Activities totals more than \$10,000.00. Mortgagor shall provide Mortgagee with confirmation of said construction escrow prior to beginning any Construction Activities valued at more than \$10,000.00. Mortgagee shall be a necessary party to said construction escrow and shall approve any request for payment from said construction escrow.

(d) Continuing Existence. The Mortgagor, without the prior written consent of the Lender, shall not (i) permit itself to be dissolved or its existence terminated, or (ii) amend or modify its organizational documents if such amendment or modification could have a material adverse effect on (A) the Mortgagor's ability to perform its obligations under any of the Loan Documents, or (B) the validity or priority of the Lender's liens or security interests under the Loan Documents.

(e) Compliance with Laws. The Mortgagor shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Mortgagor or to the Premises or any part thereof.

UNOFFICIAL COPY

(f) Operating and Reserve Accounts. The Mortgagor shall maintain the operating, escrow, reserve and other accounts, if any, for the Premises with the Lender and pledge the same to the Lender as additional security for the Loan.

3. Liens, Contest and Defense of Title.

(a) The Mortgagor shall not create or suffer or permit any lien, charge or encumbrance to attach to or be filed against the Mortgaged Property or any part thereof, or interest thereon, or any other rights and properties conveyed, mortgaged, transferred and granted hereunder, whether such lien, charge or encumbrance is on a parity, inferior or superior to the lien of this Mortgage, including liens for labor or materials with respect to the Premises ("Mechanic's Liens").

(b) Notwithstanding paragraph (a) of this Section, the Mortgagor may in good faith and with reasonable diligence contest the validity or amount of any Mechanic's Liens and defer payment and discharge thereof during the pendency of such contest, provided that: (i) such contest shall prevent the sale or forfeiture of the Mortgaged Property, or any part thereof or any interest therein, to satisfy such Mechanic's Liens and shall not result in a forfeiture or impairment of the lien of this Mortgage; and (ii) within fifteen (15) days after the Mortgagor has been notified of the filing of any such Mechanic's Liens, the Mortgagor shall have notified the Lender in writing of the Mortgagor's intention to contest such Mechanic's Liens, or to cause such other party to contest such Mechanic's Liens, and shall have obtained a title insurance endorsement over such Mechanic's Liens in form and substance reasonably satisfactory to the Lender, insuring the Lender against loss or damage by reason of such Mechanic's Liens; provided that in lieu of such title insurance endorsement the Mortgagor may deposit and keep on deposit with the Lender (or such depository as may be designated by the Lender) a sum of money sufficient, in the judgment of the Lender, to pay in full such Mechanic's Liens and all interest thereon. Any such deposits are to be held without any allowance of interest and may be used by the Lender in its sole discretion to protect the priority of this Mortgage. In case the Mortgagor shall fail to maintain such title insurance or deposit, or to prosecute or cause the prosecution of such contest with reasonable diligence, or to pay or cause to be paid the amount of the Mechanic's Lien, plus any interest finally determined to be due upon the conclusion of such contest; then the Lender may, at its option, apply any money and liquidate any securities then on deposit with the Lender (or other depository designated by the Lender) in payment of or on account of such Mechanic's Liens, or that part thereof then unpaid, together with all interest thereon according to any written bill, notice or statement, without inquiring into the amount, validity or enforceability thereof. If the amount of money so deposited shall (in Lender's reasonable judgment) be insufficient for the payment in full of such Mechanic's Liens, together with all interest thereon, then the Mortgagor shall forthwith, upon demand, deposit with the Lender (or other depository designated by the Lender) the sum which shall (in Lender's reasonable judgment, when added to the funds then on deposit with Lender) be necessary to make such payment in full (or such other security as shall be reasonably satisfactory to Lender). If a Mechanic's Lien claim is ultimately resolved in the claimant's favor, then the monies so deposited shall be applied in full payment of such Mechanic's Lien or that part thereof then unpaid, together with all interest thereon (provided no Event of Default shall then exist) when the Lender has been furnished with satisfactory evidence of the amount of payment to be made. Any

UNOFFICIAL COPY

excess monies remaining on deposit with the Lender (or other depository) under this Section 3(b) shall be paid to the Mortgagor, provided that no Event of Default shall then exist.

(c) If the lien and security interest of the Lender in or to the Mortgaged Property, or any part thereof, shall be endangered or shall be attacked, directly or indirectly, the Mortgagor shall immediately notify the Lender and shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, or any part thereof, and shall file and prosecute such proceedings and take all actions necessary to preserve and protect such title, lien and security interest in and to the Mortgaged Property.

4. Payment and Contest of Taxes.

(a) The Mortgagor shall pay or cause to be paid when due and before any penalty attaches, all general and special taxes, assessments, water charges, sewer charges, and other fees, taxes, charges and assessments of every kind and nature whatsoever levied or assessed against the Mortgaged Property, or any part thereof, or any interest therein, or any income or revenue therefrom, or any obligation or instrument secured hereby, and all installments thereof (collectively, the "Taxes"), on or before the date such Taxes are due; and the Mortgagor shall discharge any claim or lien relating to Taxes upon the Premises. The Mortgagor shall provide the Lender with copies of paid receipts for Taxes, if requested by the Lender, within ten (10) days after being requested to do so by the Lender.

(b) Notwithstanding paragraph (a) of this Section, the Mortgagor may, in good faith and with reasonable diligence, contest or cause to be contested the validity or amount of any such Taxes, provided that: (i) no Event of Default has occurred; (ii) such proceeding shall stay the collection of the applicable Taxes from Mortgagor and from the Premises or Mortgagor shall have paid all of the applicable Taxes under protest, (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Mortgagor is subject and shall not constitute a default thereunder, (iv) neither the Premises nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost so long as the contest is being pursued, and (v) Mortgagor shall have deposited with Lender adequate reserves for the payment of the applicable Taxes, together with all interest and penalties thereon, unless Mortgagor has paid all of the applicable Taxes under protest, or Mortgagor shall have furnished such other security as may be accepted by Lender, in its sole and absolute discretion, to insure the payment of any contested Taxes, together with all interest and penalties thereon. If the Mortgagor fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds as hereinabove provided, the Lender may, at its option, liquidate any securities and apply the monies then on deposit with the Lender (or other depository), in payment of, or on account of, such Taxes, or any portion thereof then unpaid, including all penalties and interest thereon according to any written bill, notice or statement, without inquiry as to the amount, validity or enforceability thereof. If the amount of money and any such security so deposited shall (in the Lender's reasonable judgment) at any time be insufficient for the payment in full of such Taxes, together with all penalties and interest which are or might become due thereon, the Mortgagor shall forthwith, upon demand, either deposit with the Lender (or other depository designated by the Lender) a sum (or such other security as shall be reasonably satisfactory to the Lender) which when added to the funds then on deposit, shall (in the Lender's reasonable judgment) be sufficient to make such payment in full, or, if the Lender (or other

UNOFFICIAL COPY

depository) has applied funds so deposited on account of such Taxes, restore such deposit to an amount satisfactory to the Lender. After final disposition of such contest and upon the Mortgagor's written request and delivery to the Lender of an official bill for such Taxes, the Lender (or other depository) shall liquidate any securities and apply the monies, if any, then on deposit under this Section 4 to the payment of such Taxes or that part thereof then unpaid and the balance, if any, in excess of the amount required to be on deposit with the Lender (or other depository) under Section 26 hereof shall be refunded to the Mortgagor after such final disposition, provided that no Event of Default shall then exist.

5. Change in Tax Laws.

(a) If, by the laws of the United States of America, or of any state or municipality having jurisdiction over the Lender, the Mortgagor or the Mortgaged Property, any tax is imposed or becomes due in respect of the Note or this Mortgage (excluding income, excise or franchise taxes imposed upon the Lender, except as provided in Section 5(c) below), or any liens on the Mortgaged Property created thereby, then the Mortgagor shall pay such tax in the manner required by such law.

(b) If any law, statute, rule, regulation, order or court decree effects a deduction from the value of the Mortgaged Property for the purpose of taxation by creating any lien thereon, or imposing upon the Lender any liability for the payment of all or any part of the Taxes required to be paid by the Mortgagor, or changing in any way the laws relating to the taxation of mortgages or deeds of trusts or debts secured by mortgages or deeds of trust or the interest of the Lender in the Mortgaged Property, or the manner of collection of Taxes so as to adversely affect this Mortgage, the Debt, or the Lender, then, and in any such event, the Mortgagor, upon demand by the Lender, shall pay such Taxes, or reimburse the Lender therefor on demand, unless the Lender determines, in the Lender's sole judgment, that such payment or reimbursement by the Mortgagor is unlawful or that the payment might, in the Lender's judgment, constitute usury or render the Debt wholly or partially usurious; in which event the Lender may elect to declare the Debt to be due and payable within the lesser of (i) thirty (30) days after written notice, or (ii) such shorter period as may be required to ensure compliance by Lender with applicable law.

(c) Nothing contained herein shall require the Mortgagor to pay any income, franchise or excise tax imposed upon the Lender, excepting only such income, franchise or excise tax which may be levied against the income of the Lender as a complete or partial substitute for Taxes required to be paid by the Mortgagor hereunder.

6. Insurance Coverage. For so long as this Mortgage is in effect, Mortgagor shall continuously maintain insurance in accordance with the following provisions:

(a) Mortgagor shall obtain and maintain at all times during the term of the Loan the insurance required by Lender pursuant to Exhibit B attached hereto. In addition, Mortgagor shall cause Lender to be named as a named insured under the insurance policies required by Lender and Lender shall be identified in each policy as follows: Victor Gerardi, his successors and assigns as their respective interests may appear. Mortgagor shall provide Lender with evidence of all such insurance required hereunder.

UNOFFICIAL COPY

(b) The policies of insurance to be obtained and maintained by Mortgagor under the provisions of this Mortgage shall be issued by responsible insurance carriers with a Best's rating of no less than A/VII, licensed to do business in the State of Illinois, who are acceptable to Lender and shall be in such form and with such endorsements (including a mortgagee clause in favor of Lender), waivers and deductibles (in no event to exceed Ten Thousand Dollars (\$10,000)) as Lender shall designate or approve. Without limitation on the foregoing:

(i) All policies shall name Mortgagor as the insured, and (with the exception of policies for workmen's compensation insurance) shall name Lender as mortgagee and as an additional insured (under a standard non-contributing mortgagee protection clause, in form reasonably satisfactory to Lender, attached to such policy or policies whenever applicable, and providing, among other matters, that all insurance proceeds shall be paid to Lender)

(ii) All policies shall contain: (1) the agreement of the insurer to give Lender at least thirty (30) days' written notice prior to cancellation or expiration of or change in such policies, or any of them; (2) a waiver of subrogation rights against Lender and, if available Mortgagor; (3) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Lender; (4) a statement that the insurance shall not be invalidated should any insured waive in writing prior to a loss any or all right of recovery against any party for loss accruing to the property described in the insurance policy; and (5) if obtainable, a provision that no act or omission of Mortgagor shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained. As of the date hereof, and subject to any changes in such requirements which Lender may, in its discretion, make from time to time pursuant to its rights under this Section 6, each policy of property insurance hereunder shall contain a lender's loss payable endorsement, lender clause, or other non-contributory mortgagee clause of similar form and substance acceptable to Lender in favor of Lender as a first mortgagee.

(c) Concurrently herewith, Mortgagor shall deliver to Lender original policies or certificates with premiums prepaid evidencing the insurance required hereunder. Mortgagor shall procure and pay for renewals of such insurance (or shall cause the procurement and payment) from time to time before the expiration thereof, and Mortgagor shall deliver to Lender such original renewal policies or certificates with premiums prepaid at least thirty (30) days before the expiration of any existing policy.

(d) Mortgagor, for itself, and on behalf of its insurers, hereby releases and waives any right to recover against Lender on any liability for: damages for injury to or death of persons; any loss or damage to property, including the property of any occupant of the Premises; any loss or damage to buildings or other improvements comprising the Premises; any other direct or indirect loss or damage caused by fire or other risks, which loss or damage is or would be covered by the insurance required to be carried hereunder by Mortgagor, or is otherwise insured; or claims arising by reason of any of the foregoing, except to the extent caused solely by the active gross negligence of Lender, as determined by a final non-appealable judgment by a court of competent jurisdiction respectively.

UNOFFICIAL COPY

(e) Lender shall not, by reason of accepting, rejecting, obtaining or failing to obtain insurance, incur any liability for (i) the existence, non-existence, form, amount or legal sufficiency thereof, (ii) the solvency or insolvency of any insurer, or (iii) the payment of losses. All insurance required hereunder or carried by Mortgagor shall be procured at Mortgagor's sole cost and expense. Mortgagor shall deliver to Lender receipts satisfactory to Lender evidencing full prepayment of the premiums therefor, except to the extent Lender makes payments with Mortgagor's deposits under Section 26 hereof (for the periods and payments so covered by such payments). In the event of foreclosure on, or other transfer of title in lieu of foreclosure of, the Premises, all of Mortgagor's interest in and to any and all insurance policies in force shall pass to Lender, or the transferee or purchaser as the case may be, and Lender is hereby irrevocably authorized to assign in Mortgagor's name to such purchaser or transferee all such policies, which may be amended or rewritten to show the interest of such purchaser or transferee.

(f) Mortgagor is hereby notified pursuant to the Illinois Collateral Protection Act (815 ILCS 180/1 et. seq.) that unless Mortgagor provides Lender with evidence of the insurance coverage required by this Agreement, Lender may purchase the required insurance at Mortgagor's expense to protect Lender's interest in the Premises. This insurance may, but need not, protect Mortgagor's interests. The coverage that Lender purchases may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the Premises. Mortgagor may later cancel any insurance purchased by Lender, but only after providing Lender with evidence that Mortgagor has obtained insurance as required by this Mortgage. If Lender purchases insurance for the Premises, Mortgagor will be responsible for the costs of that insurance, including interest at the Default Rate and any other charges Lender may impose in connection with the placement of the insurance until the effective date of the cancellation or the expiration of the insurance. The costs of the insurance shall be added to Mortgagor's total outstanding balance or obligation and shall constitute additional Debt. The costs of the insurance may be more than the cost of insurance Mortgagor may be able to obtain on its own. The Mortgagor shall pay to the Lender on demand any premiums so paid with interest thereon at the Default Rate set forth in the Note, from the time of the advance for such payment by the Lender, and said advance and interest shall be part of the Debt.

(g) Approval by the Lender of any policies of insurance ("Policies") shall not be deemed a representation by the Lender as to the adequacy of coverage of such Policies or the solvency of the insurer.

7. Casualty Loss; Proceeds of Insurance.

(a) The Mortgagor will give the Lender prompt written notice of any loss or damage to the Premises, or any part thereof, by fire or other casualty.

(b) In case of loss or damage covered by any one of the Insurance Policies in excess of Fifty Thousand Dollars (\$50,000.00), the Lender is hereby authorized to settle and adjust any claim under such Insurance Policies (and after the entry of a decree of foreclosure, or a sale or transfer pursuant thereto or in lieu thereof, the decree creditor or such purchaser or transferee, as the case may be, are hereby authorized to settle and adjust any claim under such Insurance Policies) upon consultation with, but without requiring the consent of, the Mortgagor; and the Lender shall, and is hereby authorized to, collect and receipt for any and all proceeds payable

UNOFFICIAL COPY

under such Insurance Policies in connection with any such loss (collectively, the “Insurance Proceeds”). Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence. Each insurance company is hereby authorized and directed to make payment (i) of one hundred percent (100%) of all such losses (if such loss exceeds said amount) directly to Lender alone, and (ii) of one hundred percent (100%) of all such losses (if such loss is less than or equal to said amount) directly to Mortgagor alone, and in no case to Mortgagor and Lender jointly. All reasonable costs and expenses incurred by the Lender in the adjustment and collection of any such Insurance Proceeds (including without limitation reasonable attorneys’ fees and expenses) shall be so much additional Debt, and shall be reimbursed to the Lender upon demand or may be paid and deducted by the Lender from such Insurance Proceeds prior to any other application thereof. Lender shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure, other than the gross negligence or willful misconduct of Lender.

(c) Net Insurance Proceeds received by the Lender under the provisions of this Mortgage or any instrument supplemental hereto or thereto or any policy or policies of insurance covering any improvements on the Mortgaged Property or any part thereof shall be applied by the Lender at its option as and for a prepayment on the Note, without a prepayment fee (whether or not the same is then due or otherwise adequately secured), or shall be disbursed for restoration of such improvements (“Restoration”) in which event the Lender shall not be obligated to supervise Restoration work nor shall the amount so released or used be deemed a payment of the indebtedness evidenced by the Note. If Lender elects to permit the use of Insurance Proceeds to restore such improvements it may do all necessary acts to accomplish that purpose, including advancing additional funds and all such additional funds shall constitute part of the Debt. If Lender elects to make the Insurance Proceeds available to Mortgagor for the purpose of effecting the Restoration, or, following an Event of Default, elects to restore such improvements, any excess of Insurance Proceeds above the amount necessary to complete the Restoration shall be applied as and for a prepayment on the Note, without a prepayment fee or premium. No interest shall be payable to Mortgagor upon Insurance Proceeds held by Lender.

(d) Notwithstanding the provisions of subsection 7(c) above, Lender agrees to allow the Insurance Proceeds to be disbursed for Restoration provided: (i) no Event of Default, and no default with which the passage of time or giving of notice would constitute an Event of Default, shall have occurred; (ii) Lender shall be satisfied in its sole and absolute discretion, that by expenditure of the Insurance Proceeds hereunder the Premises damaged or destroyed shall be fully restored within a reasonable period of time to the condition and value contemplated by this Mortgage and the Restoration Plans (as hereinafter defined), and all payments required under the Loan will continue to be paid as and when the same become due and payable; (iii) in Lender’s good faith judgment, such work of repair and restoration can be completed in the ordinary course of business not later than the earlier of (A) six (6) months prior to the Maturity Date; (B) the outside date, if any, under any Lease or any federal, state, county, municipal or other governmental statute, law, rule, order, regulation, ordinance, judgment, decree or injunction, or any permit, license, covenant, agreement, restriction or encumbrance; (iv) the Insurance Proceeds do not exceed Fifty Thousand Dollars (\$50,000.00) (the “Restoration Threshold Amount”); (v) no Lease may be terminated as a result of the casualty or other event resulting in the claim for payment of such Insurance Proceeds; (v) the Lender shall have reviewed and approved Mortgagor’s plans and specifications for the repair and restoration of the Mortgaged

UNOFFICIAL COPY

Property involving costs in excess of the Restoration Threshold Amount (the "Restoration Plans"), Mortgagor's architect and any general contractors, subcontractors and material suppliers employed to perform such work; (vi) if so required by Lender in its sole and absolute discretion, all general contractors, all major subcontractors and material suppliers shall have supplied one hundred percent (100%) performance and completion bonds; (vii) if the net Insurance Proceeds available are insufficient for payment of the full cost of restoration or repair and the payments under the Loan during the completion period, as estimated by Lender, then Mortgagor shall have deposited with Lender sufficient additional funds to insure payment of all such costs, or made arrangements acceptable to Lender for such sufficient additional funds; (viii) rent loss or business interruption insurance is available to cover the full amount of any loss of income from the Premises during its repair and restoration; (ix) Mortgagor shall provide evidence of the implementation of builder's risk coverage for the Premises with coverage and in such amounts as Lender shall request and which otherwise complies with the insurance requirements set forth in Section 6 hereof; and (x) Mortgagor shall have satisfied such other conditions as Lender may in good faith determine to be appropriate.

(e) So long as any Debt shall be outstanding and unpaid, and whether or not Insurance Proceeds are available or sufficient therefor, the Mortgagor shall promptly commence and complete, or cause to be commenced and completed, with all reasonable diligence, the Restoration of the Premises as nearly as possible to the same value, condition and character which existed immediately prior to such loss or damage in accordance with the Restoration Plans and in compliance with all legal requirements. Any Restoration shall be effected in accordance with procedures to be first submitted to and approved by the Lender in accordance with Section 9 hereof. The Mortgagor shall pay all costs of such Restoration to the extent Insurance Proceeds are not made available or are insufficient.

8. Condemnation and Eminent Domain.

(a) Any and all awards (the "Awards") in excess of the Restoration Threshold Amount heretofore or hereafter made or to be made to the Mortgagor (or any subsequent owner of the Premises, or any part thereof) by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Premises (including any award from the United States government at any time after the allowance of a claim therefor, the ascertainment of the amount thereto, and the issuance of a warrant for payment thereof), are hereby assigned by the Mortgagor to the Lender, which Awards the Lender is hereby authorized to collect and receive from the condemnation authorities, and the Lender is hereby authorized to appear in and prosecute, in the name of and on behalf of the Mortgagor, any action or proceeding to enforce any such cause of action in which an award in excess of the Restoration Threshold Amount is sought and to make any compromise or settlement in connection therewith and to give appropriate receipts and acquittance therefor in the name and in behalf of the Mortgagor. The Mortgagor shall give the Lender immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Premises and shall deliver to the Lender copies of any and all papers served in connection with any such proceedings. All reasonable costs and expenses incurred by the Lender in the adjustment and collection of any such Awards (including without limitation reasonable attorneys' fees and expenses) shall be so much additional Debt, and shall be reimbursed to the Lender from any Award prior to any other application thereof. The Mortgagor further agrees to make, execute

UNOFFICIAL COPY

and deliver to the Lender, at any time upon request, free, clear, and discharged of any encumbrance of any kind whatsoever (other than Permitted Encumbrances), any and all further assignments and other instruments deemed necessary by the Lender for the purpose of validly and sufficiently assigning all Awards in excess of the Restoration Threshold Amount and other compensation heretofore and hereafter made to the Mortgagor for any permanent taking, under any such proceeding.

(b) The proceeds of any Award received by the Lender under the provisions of this Mortgage or any instrument supplemental hereto shall be applied by the Lender at its option as and for a prepayment of the Debt, without a prepayment fee (whether or not the same is then due or otherwise adequately secured), or shall be disbursed for Restoration of the Premises, in which event the Lender shall not be obligated to supervise Restoration work nor shall the amount so released or used be deemed a payment of the Debt. If Lender elects to permit the use of the proceeds of an Award to restore such improvements it may do all necessary acts to accomplish that purpose, including advancing additional funds, all such additional funds to constitute part of the Debt. If Lender elects to make the proceeds of an Award available to Mortgagor for the purpose of effecting the Restoration, or, following an Event of Default, elects to restore such improvements, any excess of such proceeds above the amount necessary to complete the Restoration shall be applied as and for a prepayment of the Debt, without a prepayment fee or premium. No interest shall be payable to Mortgagor upon such proceeds held by Lender.

(c) Notwithstanding the provisions of Section 8(b) above, Lender agrees to allow the Award to be disbursed for Restoration provided: (i) all conditions to the use of casualty proceeds under Section 7(d) have been satisfied, and (ii) the condemnation, in the judgment of Lender, shall have no material adverse effect on the operation or value of the Premises remaining after the condemnation is completed, and (iii) Mortgagor shall have satisfied such other conditions as Lender may in good faith determine to be appropriate.

(d) So long as any Debt shall be outstanding and unpaid, and whether or not Awards are available or sufficient therefor, the Mortgagor shall promptly commence and complete, or cause to be commenced and completed, with all reasonable diligence the Restoration of the portion of the Premises not so taken as nearly as possible to the same value, condition and character, which existed immediately prior to such taking in compliance with all legal requirements. Any Restoration of the Premises involving costs in excess of the Restoration Threshold Amount shall be effected in accordance with Restoration Plans to be first submitted to and approved by the Lender as provided in Section 9 hereof. The Mortgagor shall pay all costs of such Restoration to the extent the Award is not made available or is insufficient.

9. Disbursement of Insurance Proceeds and Awards.

(a) All Insurance Proceeds and/or Awards received by the Lender as provided in Section 7 or Section 8 hereof shall, after payment or reimbursement therefrom of all reasonable costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by the Lender in the adjustment and collection thereof (collectively, the "Net Proceeds"), shall be deposited with the Lender, or such other depository as may be designated by the Lender, and applied as provided in this Section.

UNOFFICIAL COPY

(b) Except as otherwise provided in Section 7 or Section 8, the Lender may elect to apply the Net Proceeds to prepayment of the Debt, whether then due or not. If the Debt is not prepaid in full, then the Net Proceeds shall be applied to the installments of principal and interest in the inverse order of maturity.

(c) All Net Proceeds which are not applied to the payment of the Debt shall be applied to fund the payment of the costs, fees and expenses incurred for the Restoration of the Premises as required under Section 7 or Section 8 hereof and such Net Proceeds shall be disbursed through the title company which has insured the lien of the Mortgage to complete the Restoration; provided that the Lender shall receive the following:

(i) Restoration Plans (unless the costs involved in such Restoration shall not exceed the Restoration Threshold Amount), which shall be subject to the reasonable approval of the Lender prior to the commencement of the Restoration.

(ii) Such architect's and engineer's certificates, waivers of lien, contractor's sworn statements, payment and performance bonds (if applicable), title insurance endorsements, plats of survey, opinions of counsel and such other evidences of cost, payment and performance as the Lender may reasonably require and approve.

(d) If the Mortgagor shall fail to commence Restoration within thirty (30) days after the settlement of the claim involving loss or damage to the Premises, and diligently proceed to complete Restoration in accordance with the Restoration Plans and Applicable Laws (as defined in the Loan Agreement), or if any other Event of Default shall occur hereunder at any time (whether before or after the commencement of such Restoration), all or any portion of the Debt may be declared to be immediately due and payable and such Net Proceeds, or any portion thereof, then held, or subsequently received, by the Lender or other depositary hereunder may be applied, at the option and in the sole discretion of the Lender, to the payment or prepayment of the Debt in whole or in part, or to the payment and performance of such obligations of the Mortgagor as may then be in default hereunder.

(e) Any surplus which may remain out of such Net Proceeds after payment of all costs, fees and expenses of such Restoration shall be applied to prepayment of the Debt, without the payment of a prepayment fee or prepayment premium.

10. The Lender's Performance of the Mortgagor's Obligations.

(a) Upon the occurrence of an Event of Default hereunder, the Lender may, but without any obligation to do so, upon simultaneous notice to the Mortgagor, make any payment or perform any act which the Mortgagor is required to make or perform hereunder or under any other Loan Document (whether or not the Mortgagor is personally liable therefor) in any form and lawful manner deemed expedient to the Lender, including without limitation, the right to enter into possession of the Premises, or any portion thereof, and to take any action (including without limitation the release of any information regarding the Premises, the Mortgagor and the obligations secured hereby) which the Lender deems necessary or desirable in connection therewith, all at the sole cost and expense of the Mortgagor. The Lender, in addition to any rights or powers granted or conferred hereunder but without any obligation to do so, may

UNOFFICIAL COPY

complete construction of, rent, operate, and manage the Premises, or any part thereof, including payment of management fees and other operating costs and expenses, of every kind and nature in connection therewith, so that the Premises shall be operational and usable for their intended purposes. All monies paid, and all reasonable expenses paid or incurred in connection therewith, including but not limited to reasonable costs of surveys, evidence of title, court costs and attorneys' fees and expenses and other monies advanced by the Lender to protect the Premises and the lien hereof, to complete construction of, rent, operate and manage the Premises or to pay any such operating costs and expenses thereof or to keep the Premises operational and usable for their intended purposes shall be so much additional Debt, and shall become immediately due and payable on demand, and with interest thereon at the Default Rate.

(b) The Lender, in making any payment, may do so according to any written bill, notice, statement or estimate, without inquiry into the amount, validity or enforceability thereof.

(c) Nothing contained herein shall be construed to require the Lender to advance or expend monies for any purpose mentioned herein, or for any other purposes.

11. Security Agreement

(a) Grant of Security Interest. Mortgagor hereby grants to Lender a security interest in the Personal Property to secure the Debt. This Mortgage constitutes a security agreement with respect to all Personal Property in which Lender is granted a security interest hereunder, and Lender shall have all of the rights and remedies of a secured party under the Uniform Commercial Code of Illinois, as the same may be amended from time to time (the "Code") as well as all other rights and remedies available at law or in equity.

(b) Perfection. Mortgagor hereby consents to any instrument that may be requested by Lender to publish notice or protect, perfect, preserve, continue, extend, or maintain the security interest and lien, and the priority thereof, of this Mortgage or the interest of Lender in the Mortgaged Property, including, without limitation, deeds of trust, security agreements, financing statements, continuation statements, and instruments of similar character, and Mortgagor shall pay or cause to be paid (i) all filing and recording taxes and fees incident to each such filing or recording, (ii) all expenses, including without limitation, actual attorneys' fees and costs (of both in house and outside counsel), incurred by Lender in connection with the preparation and acknowledgement of all such instruments, and (iii) all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments, and charges arising out of or in connection with the delivery of such instruments. Mortgagor hereby consents to, and hereby ratifies, the filing of any financing statements relating to the Loan made prior to the date hereof. Mortgagor hereby irrevocably constitutes and appoints Lender as the attorney-in-fact of Mortgagor, to file with the appropriate filing office any such instruments. In addition, Mortgagor hereby authorizes Lender to cause any financing statement or fixture filing to be filed or recorded without the necessity of obtaining the consent of Lender.

(c) Place of Business. Mortgagor maintains its chief executive office as set forth as the address of Mortgagor in Section 30 below, and Mortgagor will notify Lender in writing of any change in its place of business within five (5) days of such change.

UNOFFICIAL COPY

(d) Fixture Filing. This Mortgage is intended to be a financing statement within the purview of Section 9-502(b) of the Code and will be recorded as a “fixture filing” in accordance with the Code.

(e) Representations and Warranties. The Mortgagor represents and warrants that: (i) the Mortgagor is the record owner of the Mortgaged Property; (ii) the Mortgagor’s chief executive office is located in the State of Illinois; (iii) the Mortgagor’s state of organization is the State of Illinois; (iv) the Mortgagor’s exact legal name is as set forth on Page 1 of this Mortgage; (v) the Mortgagor’s organizational identification number is 03341593, (vi) the Mortgagor is the owner of the Personal Property subject to no liens, charges or encumbrances other than the Lender’s liens, (vii) the Personal Property will not be removed from the Mortgaged Premises without the consent of the Lender, and (viii) no financing statement covering any of the Personal Property or any proceeds thereof is on file in any public office except pursuant hereto. The following addresses are the mailing addresses of the Mortgagor, as debtor under the Code, and the Lender, as secured party under the Code, respectively:

Mortgagor: REGROUP, LLC
MAREK PILNY
26 W 241 Petersen Avenue
Carol Stream, IL 60188

Lender: VICTOR GERARDI
170-A Alexandra Way
Carol Stream, IL 60188

12. Restrictions on Transfer. For the purpose of protecting the Lender’s security, and keeping the Premises free from subordinate financing liens, the Mortgagor agrees that it, the members, partners or stockholders of the Mortgagor, as the case may be, and the members, partners or stockholders of any entity controlling, directly or indirectly, the Mortgagor, will not:

(a) Sell, assign, transfer, hypothecate, grant a security interest in or convey title to (i) the Premises or any part thereof, or (ii) any membership interest, partnership interest or stock, as the case may be, in the Mortgagor, or (iii) any membership interest, partnership interest or stock in any entity controlling, directly or indirectly, the Mortgagor;

(b) Obtain any financing, all or a part of which, will be secured by (i) the Premises, or (ii) any membership interest, partnership interest or stock, as the case may be, in the Mortgagor, or (iii) any membership interest, partnership interest or stock in any entity controlling, directly or indirectly, the Mortgagor; or

(c) Convert the Mortgagor from one type of legal entity into another type of legal entity, without, in each instance, the Lender’s prior written consent. Any violation of this Section 12 shall be deemed a “Prohibited Transfer.”

13. Events of Default. Any one or more of the following events not cured within any applicable cure period shall constitute an “Event of Default” under this Mortgage:

UNOFFICIAL COPY

(a) If the Mortgagor shall fail (i) to make any payment of principal or interest under the Note within five (5) days of when due, or (ii) to make any other payment under the Loan Documents within ten (10) days of the date when due or, if no date is stated, five (5) days after demand (or such shorter period as may be expressly provided for herein or therein); or

(b) If the Mortgagor shall fail to maintain the insurance coverages in effect as required in Section 6 hereof; or

(c) If a Prohibited Transfer shall occur; or

(d) If any representation or warranty made by Mortgagor or any Guarantor of the Note pursuant to or in connection with this Mortgage shall prove to be untrue or incorrect in any material respect; or

(e) Mortgagor fails to perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Mortgagor contained in this Mortgage and not specifically referred to elsewhere in this Section 13; provided, however, that if such failure by its nature can be cured, then so long as the continued operation and safety of the Premises, and the priority, validity and enforceability of the liens created by this Mortgage or any of the other Loan Documents and the value of the Premises are not impaired, threatened or jeopardized, then Mortgagor shall have a period ("Cure Period") of thirty (30) days after Mortgagor obtains actual knowledge of such failure or receives written notice of such failure to cure the same and an Event of Default shall not be deemed to exist during the Cure Period (provided, however, such period shall be limited to ten (10) days if such failure can be cured by the payment of money), provided further that if Mortgagor commences to cure such failure during the Cure Period and is diligently and in good faith attempting to effect such cure, the Cure Period shall be extended for thirty (30) additional days, but in no event shall the Cure Period be longer than sixty (60) days in the aggregate ; or

(f) Mortgagor or any Guarantor of the Loan, or any successors or permitted assigns of any of them, shall:

(i) file a voluntary petition in bankruptcy or an arrangement or reorganization under any federal or state bankruptcy, insolvency or debtor relief law or statute (hereinafter referred to as a "Bankruptcy Proceeding");

(ii) file any answer in any Bankruptcy Proceeding or any other action or proceeding admitting insolvency or inability to pay its debts;

(iii) fail to oppose, or fail to obtain a vacation or stay of, any involuntary Bankruptcy Proceeding within thirty (30) days after the filing thereof;

(iv) solicit or cause to be solicited petitioning creditors for any involuntary Bankruptcy Proceeding against Mortgagor or any guarantor of the Loan;

(v) be granted a decree or order for relief, or be adjudicated a bankrupt or declared insolvent in any Bankruptcy Proceeding, whether voluntary or involuntary;

UNOFFICIAL COPY

(vi) have a trustee or receiver appointed for or have any court take jurisdiction of its property, or the major part thereof, or all of any portion of the Mortgaged Property, in any voluntary or involuntary proceeding for the purpose of reorganization, arrangement, dissolution or liquidation, and, with respect to an involuntary proceeding only, such trustee or receiver is not discharged or such jurisdiction is not relinquished, vacated or stayed on appeal or otherwise, within thirty (30) days after the commencement thereof;

(vii) make an assignment for the benefit of creditors;

(viii) consent to any appointment of a receiver or trustee or liquidator of all of its property, or the major part thereof, or all or any portion of the Mortgaged Property; or

(ix) have an attachment or execution levied with respect to, or other judicial seizure be effected for, all or substantially all of its assets or all or any portion of the Mortgaged Property, or the placing of any attachment, levy of execution, charging order, or other judicial seizure on the interest of any Guarantor in Mortgagor; or

(g) the dissolution, termination or merger of the Mortgagor; or

(h) If any Event of Default occurs under any other Loan Document.

14. Remedies. Upon the occurrence and continuation of an Event of Default (regardless of the pendency of any proceeding which has or might have the effect of preventing Mortgagor from complying with the terms of this instrument), and in addition to such other rights as may be available under any other Loan Document or under applicable law, but subject at all times to any mandatory legal requirements:

(a) Acceleration. Lender may declare the outstanding principal balance of the Note and all unpaid indebtedness of Mortgagor hereby secured, including interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without other notice or demand of any kind.

(b) Uniform Commercial Code. Lender shall, with respect to the Collateral, have all the rights, options and remedies of a secured party under the Code, including without limitation, the right to the possession of any such property or any part thereof, and the right to enter with legal process any premises where any such property may be found. Any requirement of said Code for reasonable notification shall be met by mailing written notice to Mortgagor at its address set forth in Section 30 hereof at least ten (10) days prior to the sale or other event for which such notice is required. Any such sale may be held as part of and in conjunction with any foreclosure sale of the other properties and rights constituting the Mortgaged Property in order that the Mortgaged Property, including the Collateral, may be sold as a single parcel if the Lender elects. The Mortgagor hereby agrees that if the Lender demands or attempts to take possession of the Collateral or any portion thereof in exercise of its rights and remedies hereunder, the Mortgagor will promptly turn over and deliver possession thereof to the Lender, and the Mortgagor authorizes, to the extent the Mortgagor may now or hereafter lawfully grant such authority, the Lender, its employees and agents, and potential bidders or purchasers to enter upon the Premises or any other office, building or property where the Collateral or any portion

UNOFFICIAL COPY

thereof may at the time be located (or believed to be located) and the Lender may (i) remove the same therefrom or render the same inoperable (with or without removal from such location); (ii) repair, operate, use or manage the Collateral or any portion thereof; (iii) maintain, repair or store the Collateral or any portion thereof; (iv) view, inspect and prepare the Collateral or any portion thereof for sale, lease or disposition; (v) sell, lease, dispose of or consume the same or bid thereon; or (vi) incorporate the Collateral or any portion thereof into the Land or the Improvements or Fixtures and sell, convey or transfer the same. The expenses of retaking, selling and otherwise disposing of the Collateral, including reasonable attorneys' fees and legal expenses incurred in connection therewith, shall constitute so much additional Debt and shall be payable upon demand with interest at the Default Rate.

(c) Foreclosure. Lender may proceed to protect and enforce the rights of Lender hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law, or (ii) by the foreclosure of this Mortgage. In any suit to foreclose the lien hereof, there shall be allowed and included as additional Debt in the decree of sale, all expenditures and expenses authorized by the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et. seq., as from time to time amended (the "Act") and all other expenditures and expenses which may be paid or incurred by or on behalf of Lender for reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be reasonably estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Lender may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree the true conditions of the title to or the value of the Mortgaged Property. All expenditures and expenses of the nature mentioned in this paragraph, and such other expenses and fees as may be incurred in the protection of the Mortgaged Property and rents and income therefrom and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Lender in any litigation or proceedings affecting this Mortgage, the Note or the Mortgaged Property, including bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional Debt and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate until paid.

(d) Appointment of Receiver. Lender shall, as a matter of right, without notice and without giving bond to Mortgagor or anyone claiming by, under or through it, and without regard to the solvency or insolvency of Mortgagor or the then value of the Mortgaged Property, be entitled to have a receiver appointed pursuant to the Act of all or any part of the Mortgaged Property and the rents, issues and profits thereof, with such power as the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Mortgaged Property or any part thereof by summary proceedings, ejectment or otherwise, and may remove Mortgagor or other persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with

UNOFFICIAL COPY

respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

(e) Taking Possession, Collecting Rents, Etc. Upon demand by Lender, Mortgagor shall surrender to Lender and Lender may enter and take possession of the Mortgaged Property or any part thereof personally, by its agent or attorneys or be placed in possession pursuant to court order as mortgagee in possession or receiver as provided in the Act, and Lender, in its discretion, personally, by its agents or attorneys or pursuant to court order as mortgagee in possession or receiver as provided in the Act may enter upon and take and maintain possession of all or any part of the Mortgaged Property, together with all documents, books, records, papers, and accounts of Mortgagor relating thereto, and may exclude Mortgagor and any agents and servants thereof wholly therefrom and may, on behalf of Mortgagor, or in its own name as Lender and under the powers herein granted:

(i) hold, operate, manage and control all or any part of the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Mortgaged Property, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(ii) cancel or terminate any lease or sublease of all or any part of the Mortgaged Property for any cause or on any ground that would entitle Mortgagor to cancel the same;

(iii) elect to disaffirm any lease or sublease of all or any part of the Mortgaged Property made subsequent to this Mortgage without Lender's prior written consent;

(iv) extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Property, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the Maturity Date of the Loan and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the Mortgaged Property are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Debt, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;

(v) make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Mortgaged Property as may seem judicious to Lender, to insure and reinsure the Mortgaged Property and all risks incidental to Lender's possession, operation and management thereof, and to receive all rents, issues, deposits, profits, and avails therefrom;

UNOFFICIAL COPY

(vi) apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Mortgaged Property, to the payment of taxes, premiums and other charges applicable to the Mortgaged Property, or in reduction of the Debt in such order and manner as Lender shall select, in its sole discretion; and

(vii) receive and collect the rents, issues, profits and revenues of the Mortgaged Property personally or through a receiver so long as an Event of Default shall exist and during the pendency of any foreclosure proceedings and during any redemption period, and the Mortgagor hereby consents to a receiver without the necessity of posting bond and without notice to the Mortgagor. The collection of rents, issues, profits or revenues of the Mortgaged Property by the Lender shall in no way waive the right of the Lender to foreclose this Mortgage in the event of any said Event of Default.

Nothing herein contained shall be construed as constituting Lender a mortgagee in possession in the absence of the actual taking of possession of the Mortgaged Property. The right to enter and take possession of the Mortgaged Property and use any personal property therein, to manage, operate, conserve and improve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of Lender hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof or under the other Loan Documents. The expenses (including any receiver's fees, reasonable counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby which expenses Mortgagor promises to pay upon demand together with interest thereon at the Default Rate. Lender shall not be liable to account to Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by Lender. Without taking possession of the Mortgaged Property, Lender may, in the event the Mortgaged Property become vacant or are abandoned, take such steps as it deems appropriate to protect and secure the Mortgaged Property (including hiring watchmen therefor) and all costs incurred in so doing shall constitute so much additional Debt payable upon demand with interest thereon at the Default Rate.

(f) Indemnity by Mortgagor. To the fullest extent permitted by law, the Mortgagor agrees to defend (with counsel reasonably satisfactory to the Lender), protect, indemnify and hold harmless the Lender, any parent corporation, affiliated corporation or subsidiary of the Lender, and each of their respective officers, directors, employees, attorneys and agents (each, an "Indemnified Party") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs and expenses of any kind or nature (including, without limitation, the disbursements and the reasonable fees of counsel for each Indemnified Party thereto, which shall also include, without limitation, reasonable attorneys' fees and time charges of attorneys who may be employees of Lender or any parent or affiliated corporation of the Lender), which may be imposed on, incurred by, or asserted against, any Indemnified Party (whether direct, indirect or consequential and whether based on any federal, state or local laws or regulations, including, without limitation, securities, environmental laws and commercial laws and regulations, under common law or in equity, or based on contract or otherwise) in any manner relating to or arising out of this Mortgage, any use, operation, or lease of any of the Mortgaged Property, or any of the Loan Documents, or any act, event or transaction related or attendant thereto, the preparation, execution and delivery of this Mortgage, the Note and the Loan Documents, the making or issuance and management of the Loan, the use or intended use of the proceeds of the Loan and the enforcement of the Lender's rights and remedies under this

UNOFFICIAL COPY

Mortgage, the Note, the Loan Documents, any other instruments and documents delivered hereunder or thereunder; provided, however, that the Mortgagor shall not have any obligation hereunder to any Indemnified Party with respect to matters caused by or resulting from the willful misconduct or gross negligence of such Indemnified Party, as determined by a final nonappealable judgment of a court of competent jurisdiction. To the extent that the undertaking to indemnify set forth in the preceding sentence may be unenforceable because it violates any law or public policy, the Mortgagor shall satisfy such undertaking to the maximum extent permitted by applicable law. Any liability, obligation, loss, damage, penalty, cost or expense covered by this indemnity shall be paid to such Indemnified Party within five (5) days of written demand, and failing prompt payment, together with interest thereon at the Default Rate from the date incurred by such Indemnified Party until paid by the Mortgagor, shall be added to the obligations of the Mortgagor evidenced by the Note and secured by the collateral securing the Loan. This indemnity is not intended to excuse the Lender from performing hereunder. The provisions of this section shall survive the closing of the Loan, the satisfaction and payment of the Note and any release of this Mortgage. The Mortgagor shall also pay, and hold the Lender harmless from, any and all claims of any brokers, finders or agents claiming a right to any fees in connection with arranging the Loan.

15. Compliance with Illinois Mortgage Foreclosure Law.

(a) In the event that any provision in this Mortgage shall be inconsistent with any provision of the Act, the provisions of the Act shall take precedence over the inconsistent provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act.

(b) If any provision of this Mortgage shall grant to Lender any rights or remedies upon the occurrence and continuation of an Event of Default which are more limited than the rights that would otherwise be vested in Lender under the Act in the absence of said provision, Lender shall be vested with the rights granted in the Act to the full extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Lender to the extent reimbursable under Sections 5/15-1510 and 5/15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in Sections 14(c) or 17 of this Mortgage, shall be added to the Debt and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate until paid or shall be included in the judgment of foreclosure.

16. Waiver of Right to Redeem - Waiver of Appraisement, Valuation, Etc. Mortgagor shall not and will not apply for or avail itself of any appraisement, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such Moratorium Laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Property marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Mortgaged Property may be sold in one parcel as an entirety or in separate lots or parcels at the same or

UNOFFICIAL COPY

different times, all as the Lender may determine in its sole discretion. Lender shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Lender so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Lender with the amount payable to Lender out of the net proceeds of such sale. In the event of any such sale, the outstanding principal amount of the Loan and the other Debt, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. Mortgagor acknowledges that the Mortgaged Property does not constitute agricultural real estate, as defined in Section 5/15-1201 of the Act, or residential real estate, as defined in Section 5/15-1219 of the Act. To the fullest extent permitted by law, Mortgagor, on behalf of Mortgagor, and each and every person acquiring any interest in, or title to the Mortgaged Property described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by applicable law, hereby voluntarily and knowingly waives (i) any and all rights of redemption pursuant to Section 5/15-1601(b) of the Act, and (ii) any and all rights of reinstatement.

17. Costs and Expenses of Foreclosure. In any suit to foreclose the lien hereof there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Lender for appraiser's fees, outlays for documentary and expert evidence, stenographic charges, publication costs and costs (which may be estimated as to items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches and examination, guarantee policies, and similar data and assurances with respect to title as Lender may deem to be reasonably necessary either to prosecute any foreclosure action or to evidence to the bidder at any sale pursuant thereto the true condition of the title to or the value of the Mortgaged Property, and reasonable attorneys' fees, all of which expenditures shall become so much additional Debt which Mortgagor agrees to pay and all of such expenditures shall be immediately due and payable with interest thereon from the date of expenditure until paid at the Default Rate.

18. Protective Advances.

(a) Advances, disbursements and expenditures made by Lender for the following purposes, whether before and during a foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, shall, in addition to those otherwise authorized by this Mortgage, constitute "Protective Advances":

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

(ii) payments by Lender of: (A) when due, installments of principal, interest or other obligations in accordance with the terms of any prior lien or encumbrance; (B) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the mortgaged real estate or any part thereof; (C) other obligations authorized by this Mortgage; or (D) with court approval, any other amounts in connection

UNOFFICIAL COPY

with other liens, encumbrances or interests reasonably necessary to preserve the status of title to the Mortgaged Property, as referred to in Section 5/15-1505 of the Act;

(iii) advances by Lender in settlement or compromise of any claims asserted by claimants under any prior liens;

(iv) reasonable attorneys' fees and other costs incurred: (A) in connection with the foreclosure of this Mortgage as referred to in Section 5/15-1504(d)(2) and 5/15-1510 of the Act; (B) in connection with any action, suit or proceeding brought by or against the Lender for the enforcement of this Mortgage or arising from the interest of the Lender hereunder or under any of the other Loan Documents; or (C) in the preparation for the commencement or defense of any such foreclosure or other action;

(v) Lender's fees and costs, including reasonable attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;

(vi) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

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

(viii) expenses incurred and expenditures made by Lender for any one or more of the following: (A) premiums for casualty and liability insurance paid by Lender whether or not Lender or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the mortgaged real estate imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (B) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (C) payments required or deemed by Lender to be for the benefit of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (D) shared or common expense assessments payable to any association or corporation in which the owner of the mortgaged real estate is a member in any way affecting the Mortgaged Property; (E) pursuant to any lease or other agreement for occupancy of the mortgaged real estate.

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

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

UNOFFICIAL COPY

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

- (i) determination of the amount of Debt at any time;
- (ii) indebtedness found due and owing to the Lender in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;
- (iii) determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;
- (iv) application of income in the hands of any receiver or mortgagee in possession; and
- (v) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Section 5/15-1508 and Section 5/15-1511 of the Act.

19. Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property or of any sale of property pursuant to Section 14(c) hereof shall be distributed in the following order of priority: First, on account of all costs and expenses incident to the foreclosure or other proceedings including all such items as are mentioned in Sections 14(c) and Section 17 hereof; second, to all items, other than principal and interest evidenced by the Note, which under the terms hereof constitute Debt with interest thereon as herein provided; third, to all unpaid interest on the Note; fourth, to all unpaid principal on the Note; fifth, to whomsoever shall be lawfully entitled to the same.

20. Rights Cumulative.

(a) Each right, power and remedy herein conferred upon the Lender is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter provided by law or in equity, and each and every right, power, and remedy herein set forth or otherwise so existing may be exercised from time to time concurrently or independently and as often and in such order as may be deemed expedient by the Lender.

(b) By accepting payment of any sums secured by this Mortgage after the due date thereof, by accepting performance of any of the Mortgagor's obligations hereunder after such performance is due, or by making any payment or performing any act on behalf of the Mortgagor which the Mortgagor was obligated but failed to perform or pay, the Lender shall not waive, nor be deemed to have waived, its rights to require payment when due of all sums secured hereby and the due, punctual and complete performance of the Mortgagor's obligations under this Mortgage, the Note, and all other Loan Documents. No waiver or modification of any of the terms of this Mortgage shall be binding on the Lender unless set forth in writing signed by the Lender and any such waiver by the Lender of any Event of Default by the Mortgagor under this Mortgage shall not constitute a waiver of any other Event of Default under the same or any other provision hereof. If the Lender holds any additional security for any of the obligations secured

UNOFFICIAL COPY

hereby, it may pursue its rights or remedies with respect to such security at its option either before, contemporaneously with, or after a sale of the Mortgaged Property or any portion thereof.

(c) No act or omission by the Lender shall release, discharge, modify, change or otherwise affect the liability of Mortgagor under the Note, this Mortgage, or any of the other Loan Documents, or any other obligation of the Mortgagor, or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor, or preclude the Lender from exercising any right, power or privilege herein granted or intended to be granted in the event of any Event of Default then made or of any subsequent Event of Default, or alter the security interest or lien of this Mortgage or any of the other Loan Documents except as expressly provided in an instrument or instruments executed by the Lender. The exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of the Lender in the exercise of any right, power or remedy accruing hereunder or under any of the other Loan Documents or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any Event of Default or acquiescence therein. Except as otherwise specifically required herein, notice of the exercise of any right, remedy or power granted to the Lender by this Mortgage is not required to be given.

21. Successors and Assigns, Assignment.

(a) This Mortgage and each and every provision hereof shall be binding upon the Mortgagor and its successors and assigns (including, without limitation, each and every record owner from time to time of the Mortgaged Property or any other person having an interest therein), and shall inure to the benefit of the Lender and its successors and assigns.

(b) All of the covenants of this Mortgage shall run with the Land and be binding on any successor owners of the Land. In the event that the ownership of the Mortgaged Property or any portion thereof becomes vested in a person or persons other than the Mortgagor, the Lender may, without notice to the Mortgagor, deal with such successor or successors in interest of the Mortgagor with reference to this Mortgage and the Debt in the same manner as with the Mortgagor without in any way releasing or discharging the Mortgagor from its obligations hereunder. The Mortgagor will give immediate written notice to the Lender of any conveyance, transfer or change of ownership of the Mortgaged Property, but nothing in this Section shall vary or negate the provisions of Section 12 hereof.

(c) Except as specifically set forth in this Mortgage, the rights and obligations of Mortgagor under this Mortgage may not be assigned and any purported assignment by Mortgagor shall be null and void. Lender shall have the right to sell, assign or transfer portions of its right, title and/or interest in and to this Mortgage and the other Loan Documents (including the sale of participation interests therein), without the consent or approval of Mortgagor, and Mortgagor agrees to cooperate in all respects with Lender in connection therewith, including, without limitation, the execution of all documents and instruments reasonably requested by Lender or such transferee provided that such documents and instruments do not materially adversely affect any of Mortgagor's duties, liability or obligations under this Mortgage and the other Loan Documents.

UNOFFICIAL COPY

22. Execution of Separate Security Agreements, Financing Statements, Etc.; Estoppel Letter; Corrective Documents.

(a) The Mortgagor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, conveyances, notes, mortgages, security agreements, financing statements and assurances as the Lender shall reasonably require for the better assuring, conveying, mortgaging, assigning and confirming unto the Lender all property mortgaged hereby or property intended so to be, whether now owned by the Mortgagor or hereafter acquired. Without limitation of the foregoing, the Mortgagor will assign to the Lender, upon request, as further security for the Debt, its interest in all agreements, contracts, licenses and permits affecting the Premises, such assignments to be made by instruments reasonably satisfactory to the Lender, but no such assignment shall be construed as a consent by the Lender to any agreement, contract, license or permit or to impose upon the Lender any obligations with respect thereto.

(b) From time to time, the Mortgagor will furnish, within ten (10) Business Days after request from the Lender, a written confirmation and duly acknowledged statement of the amount due under the Note and this Mortgage and whether any alleged offsets or defenses exist against the Debt.

(c) The Mortgagor and the Lender shall, at the request of the other, promptly correct any defect, error or omission which may be discovered in the contents of this Mortgage or in the execution or acknowledgment hereof or in any other instrument executed in connection herewith or in the execution or acknowledgment of such instrument and will execute and deliver any and all additional instruments as may be requested by the Lender or the Mortgagor, as the case may be, to correct such defect, error or omission.

23. Subrogation. If any part of the Debt is used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then by advancing the monies to make such payment, the Lender shall be subrogated to the rights of the holder thereof in and to such other lien or encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

24. Governing Law. Governing Law and Consent to Jurisdiction.

(a) Substantial Relationship. The parties agree that the State of Illinois has a substantial relationship to the parties and to the underlying transactions embodied by the Loan Documents.

(b) Place of Delivery. Mortgagor agrees to furnish to the Lender at the Lender's office in Carol Stream, Illinois all further instruments, certifications and documents to be furnished hereunder, if any.

(c) Governing Law. This Mortgage and the obligations of the Mortgagor hereunder that affect the Property shall be governed by and interpreted and determined in accordance with the laws of the State of Illinois.

UNOFFICIAL COPY

25. Business Loan.

(a) The Mortgagor declares, represents, certifies and agrees that the proceeds of the Note will be used solely for business purposes and that the loan is exempt from interest limitations pursuant to the provisions of 815 ILCS 205/4 and is an exempted transaction under the Truth in Lending Act, 15 U.S.C. Section 1601 et seq.

(b) All rights, remedies and powers provided by this Mortgage may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and all the provisions of this Mortgage are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Mortgage invalid or unenforceable under the provisions of any applicable law.

26. Escrow Deposits. Following the occurrence of an Event of Default beyond any applicable notice and cure periods, and without limiting the effect of Section 4, Section 5, and Section 6 hereof, the Lender may require that the Mortgagor pay to the Lender on the first business day of each calendar month an amount equal to one-twelfth (1/12th) of what the Lender estimates is necessary to pay, on an annualized basis, (1) all Taxes, and (2) all premiums for the insurance policies required under Section 6 hereof ("Premiums") and to enable the Lender to pay same at least thirty (30) days before the Taxes would become delinquent and the Premiums are due, and, on demand, from time to time shall pay to the Lender additional sums necessary to pay the Premiums and Taxes. No amounts so paid shall be deemed to be trust funds, but may be commingled with the general funds of the Lender, and no interest shall be payable thereon. In the event that the Mortgagor does not pay such sums for Premiums and Taxes, then the Lender may, but shall not be obligated to, pay such Premiums and Taxes and any money so paid by the Lender shall constitute additional Debt hereunder and shall be payable by Mortgagor to Lender on demand with interest thereon from the date of disbursement by Lender at Default Rate until repaid to Lender. If an Event of Default occurs, the Lender shall have the right, at its election, to apply any amounts so held under this Section 26 against all or any part of the Debt, or in payment of the Premiums or Taxes for which the amounts were deposited. The Mortgagor will furnish to the Lender bills for Taxes and Premiums not less than thirty (30) days before Taxes become delinquent and such Premiums become due.

27. Assignment of Leases and Other Agreements Affecting the Mortgaged Property. In order to further secure payment of the Debt and the observance, performance and discharge of the Mortgagor's obligations under the Loan Documents, the Mortgagor hereby assigns to the Lender all of the Mortgagor's right, title, interest and estate in, to and under all of the Leases and sales contracts now or hereafter affecting the Mortgaged Property or any part thereof (the "Sales Contracts") and in and to all of the Rents and Profits (defined as all rents, income, issues and profits arising from any Leases, Sales Contracts or other agreements affecting the use, enjoyment or occupancy of the Mortgaged Property now or hereafter made affecting the Mortgaged Property or any portion thereof), as more particularly described in that certain Assignment of Leases and Rents dated as of even herewith from Mortgagor to and for the benefit of Lender. Unless and until an Event of Default occurs, the Mortgagor shall be entitled to collect the Rents and Profits (except as otherwise provided in this Mortgage) as and when they become due and payable. Neither these assignments nor Lender's enforcement of the provisions of these assignments (including the receipt of the Rents) will operate to subordinate the lien of this

UNOFFICIAL COPY

Mortgage to any of the rights of any tenant or contract purchaser of all or any part of the Mortgaged Property, or to subject Lender to any liability to any such tenant or contract purchaser for the performance of any obligations of Mortgagor under any such Lease or Sales Contract unless and until Lender agrees to such subordination or assumes such liability by an appropriate written instrument.

28. Inspection of Premises and Records. The Lender and its representatives and agents shall have the right to inspect the Premises and all books, records and documents relating thereto at all reasonable times, after giving reasonable notice to the Mortgagor, and access thereto, subject to the rights of tenants pursuant to Leases. The Lender shall use reasonable efforts to avoid disturbing business operations on the Premises during such inspections. The Mortgagor or the Lender thereof shall keep and maintain full and correct books and records showing in detail the income and expenses of the Premises and permit the Lender or its agents to examine such books and records and all supporting vouchers and data at any time and from time to time on request at its offices at the address hereinafter identified or at such other location as may be mutually agreed upon.

29. Environmental Matters. Concurrently herewith, Mortgagor shall execute and deliver an Environmental Indemnity Agreement in form satisfactory to the Lender dated as of the date hereof (as amended, modified and restated from time to time, the "Environmental Indemnity Agreement"). The performance of the covenants, undertakings and obligations of the indemnitees under the Environmental Indemnity Agreement shall be secured by this Mortgage.

30. Notices. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person, (ii) one (1) business day after having been deposited for overnight delivery with any reputable overnight courier service, (iii) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, or (iv) upon receipt, if sent by facsimile, telex or telegram, addressed to the addresses set forth below in this Section or as such party may from time to time designate by written notice to the other parties. Either party by notice to the other in the manner provided herein may designate additional or different addresses for subsequent notices or communications:

To Lender:

VICTOR GERARDI
170-A Alexandra Way
Carol Stream, IL 60188

With copy to:

Kevin M. Carrara, Esq.
Rathje & Woodward, LLC
300 East Roosevelt Road, Suite 300
Wheaton, IL 60187
Fax: (630) 668-9218

UNOFFICIAL COPY

To Mortgagor: REGROUP, LLC
MAREK PILNY
26 W Petersen Avenue
Carol Stream, IL 60188

31. Releases.

(a) Upon payment in full of all sums due under the Note and this Mortgage and the other of the Loan Documents, the Lender shall, upon the request of, and at the cost of, the Mortgagor, execute a proper release of this Mortgage.

(b) The Lender may, regardless of consideration, cause the release of any part of the Mortgaged Property from the lien of this Mortgage without in any manner affecting or impairing the lien or priority of this Mortgage as to the remainder of the Mortgaged Property not so released.

32. OFAC Covenant. Mortgagor shall ensure, and cause each of its subsidiaries to ensure, that (i) no person who owns twenty percent (20.00%) or more of the equity interests in the Mortgagor, or otherwise controls the Mortgagor or any of its subsidiaries is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, (viii) the proceeds of the Loan do not violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and (iii) it shall comply, and cause each of its subsidiaries to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended.

33. Miscellaneous.

(a) Time is of the Essence. Time is of the essence of this Mortgage.

(b) Captions and Pronouns. The captions and headings of the various Sections of this Mortgage are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

(c) The Mortgagor Not a Joint Venturer or Partner. The Mortgagor and the Lender acknowledge and agree that in no event shall the Lender be deemed to be a partner or joint venturer with the Mortgagor. Without limitation of the foregoing, the Lender shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document evidencing or securing any of the Debt, or otherwise.

UNOFFICIAL COPY

(d) Replacement of the Note. Upon notice to the Mortgagor of the loss, theft, destruction or mutilation of the Note, the Mortgagor will execute and deliver, in lieu thereof, a replacement note, identical in form and substance to the Note and dated as of the date of the Note and upon such execution and delivery all references in any of the Loan Documents to the Note shall be deemed to refer to such replacement note.

(e) Waiver of Consequential Damages. The Mortgagor covenants and agrees that in no event shall the Lender be liable for consequential damages, whatever the nature of a failure by the Lender to perform its obligation(s), if any, under the Loan Documents, and the Mortgagor hereby expressly waives all claims that it now or may hereafter have against the Lender for such consequential damages.

(f) After Acquired Mortgaged Property. The lien hereof will automatically attach, without further act, to all after-acquired Mortgaged Property attached to and/or used in connection with or in the operation of the Mortgaged Property or any part thereof.

(g) Severability. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Mortgage except that if such provision relates to the payment of any monetary sum, then the Lender may, at its option declare the Debt immediately due and payable.

(h) Interpretation of Agreement. Should any provision of this Mortgage require interpretation or construction in any judicial, administrative, or other proceeding or circumstance, it is agreed that the parties hereto intend that the court, administrative body, or other entity interpreting or construing the same shall not apply a presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same, it being agreed that the agents of both parties hereto have fully participated in the preparation of all provisions of this Mortgage, including, without limitation, all Exhibits attached to this Mortgage.

(i) Joint and Several Obligations; Counterparts. If this Mortgage is executed by more than one Mortgagor, (i) the obligations and liabilities of Mortgagor under this Mortgage shall be joint and several and shall be binding upon and enforceable against each Mortgagor and their respective successors and assigns, and (ii) this Mortgage may be executed in counterparts, and all said counterparts when taken together shall constitute one and the same Mortgage.

(j) Effect of Extensions and Amendments. If the payment of the Debt, or any part thereof, be extended or varied, or if any part of the security or guaranties therefor be released, all persons now or at any time hereafter liable therefor, or interested in the Mortgaged Property shall be held to assent to such extension, variation or release, and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by the Lender, notwithstanding any such extension, variation or release.

UNOFFICIAL COPY

(k) Mortgagee-in-Possession. Nothing herein contained shall be construed as constituting the Lender a mortgagee-in-possession in the absence of the actual taking of possession of the Premises by the Lender pursuant to this Mortgage.

(l) No Merger. The parties hereto intend that the Mortgage and the lien hereof shall not merge in fee simple title to the Premises, and if the Lender acquires any additional or other interest in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by the Lender as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title and this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

(m) Complete Agreement. This Mortgage, the Note and the other Loan Documents constitute the complete agreement between the parties with respect to the subject matter hereof and the Loan Documents may not be modified, altered or amended except by an agreement in writing signed by both the Mortgagor and the Lender.

34. JURISDICTION AND VENUE. MORTGAGOR HEREBY AGREES THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY MORTGAGOR AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS MORTGAGE SHALL BE LITIGATED IN THE 18TH JUDICIAL CIRCUIT COURT, DUPAGE COUNTY, ILLINOIS, OR THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS OR, IF LENDER INITIATES SUCH ACTION, ANY COURT IN WHICH LENDER SHALL INITIATE SUCH ACTION AND WHICH HAS JURISDICTION. MORTGAGOR HEREBY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED BY LENDER IN ANY OF SUCH COURTS, AND HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY RECORDED OR CERTIFIED MAIL ADDRESSED TO MORTGAGOR AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO THIS MORTGAGE. MORTGAGOR WAIVES ANY CLAIM THAT THE 18TH JUDICIAL CIRCUIT COURT, DUPAGE COUNTY, ILLINOIS, OR THE NORTHERN DISTRICT OF ILLINOIS IS AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED ON LACK OF VENUE. THE EXCLUSIVE CHOICE OF FORUM FOR MORTGAGOR SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY LENDER OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY LENDER OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION (SO LONG AS NOTICE WAS PROVIDED TO MORTGAGOR IN ACCORDANCE WITH THE RULES OF SUCH JURISDICTION), AND MORTGAGOR HEREBY WAIVES THE RIGHT, IF ANY, TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

35. WAIVER OF JURY TRIAL. MORTGAGOR AND LENDER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG MORTGAGOR AND LENDER ARISING OUT OF OR IN ANY WAY RELATED

UNOFFICIAL COPY

TO THIS MORTGAGE, ANY OTHER LOAN DOCUMENT, OR ANY RELATIONSHIP BETWEEN MORTGAGOR AND LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE LOAN DESCRIBED HEREIN AND IN THE OTHER LOAN DOCUMENTS.

36. Compliance with Loan Documents. Mortgagor will abide by and comply with and be governed and restricted by all of the terms, covenants, provisions, restrictions and agreements contained in the Loan Documents, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns.

THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

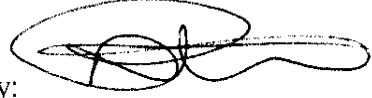
[The remainder of this page is left blank intentionally]

UNOFFICIAL COPY

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed and delivered as of the day and year first above written.

MORTGAGOR:

REGROUP, LLC, an Illinois limited liability company



By: _____

Name: MAREK PILNY

Its: ~~Managing Member~~



By: _____

Name: MAREK PILNY

Individually

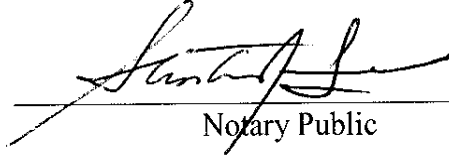
Property of Cook County Clerk's Office

UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS.
COUNTY OF DUPAGE)

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that MAREK PILNY is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 13th day of July, 2012.



Notary Public

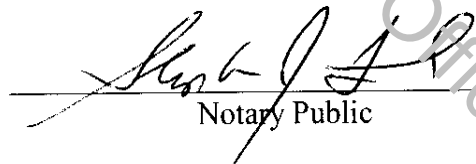
My Commission Expires: 5-6-14

STATE OF ILLINOIS)
) SS.
COUNTY OF DUPAGE)



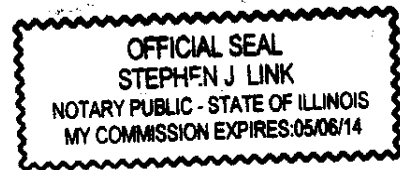
The undersigned, a Notary Public in and for the said County, in the State aforesaid, DOES HEREBY CERTIFY that MAREK PILNY, Managing Member of REGROUP, LLC, an Illinois limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 13th day of July, 2012.



Notary Public

My Commission Expires: 5-6-14



UNOFFICIAL COPY

EXHIBIT "A"

LEGAL DESCRIPTION

LOT 164 IN WEDDELL AND COX'S ADDITION TO ENGLEWOOD, BEING A SUBDIVISION OF THE EAST ½ OF THE SOUTHWEST ¼ OF SECTION 20, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PIN Number: 20-20-304-025-0000

Commonly known as: 6753 S. Loomis, Chicago, IL

Property of Cook County Clerk's Office

UNOFFICIAL COPY

EXHIBIT "B"

INSURANCE REQUIREMENTS

1. Property Insurance. For so long as any of the Debt is outstanding, Mortgagor shall continuously maintain property insurance in accordance with the following provisions:

(a) Special Perils Form/All Risk Property Coverage. Mortgagor shall maintain property insurance with respect to the Improvements, Fixtures and Personal Property insuring against any peril now or hereafter included within the classification "All Risks of Physical Loss," including, without limitation, losses from fire, lightning, building collapse, debris removal, windstorm, hail, explosion, smoke, aircraft and vehicle damage, riot, vandalism and malicious mischief, falling objects, impact of vehicles and aircraft, weight of snow, ice or sleet, collapse, mudslide, sinkhole, subsidence, tsunami, water damage and sprinkler leakage, in amounts at all times sufficient to prevent Mortgagor or Lender from becoming a co-insurer within the terms of the applicable law, but in any event such insurance shall be maintained in an amount equal to the full replacement cost of the Improvements, Fixtures and Personal Property. The term "replacement cost" means the actual replacement cost (without taking into account any depreciation and exclusive of excavations, footings and foundation, landscaping and paving) determined annually by an insurer, a recognized independent insurance agent or broker or an independent appraiser selected and paid by Mortgagor. The policy shall include an agreed amount endorsement or a waiver of the co-insurance requirement and an inflation guard endorsement.

(b) Flood and Mudslide. Flood and mudslide insurance in amount equal to the lesser of (1) the amount required for one hundred percent (100%) of the full replacement value of the Improvements, Fixtures and Personal Property, with co-insurance clause if any, only as acceptable to Lender, or (2) the maximum limit of coverage available with respect to the Premises under the Federal Flood Insurance Program; provided that such flood and mudslide insurance shall not be required if Mortgagor shall provide Lender with evidence satisfactory to Lender that the Premises is not situated within an area identified by the Secretary of Housing and Urban Development (or any other appropriate governmental department, agency, bureau, board, or instrumentality) as an area having special flood or mudslide hazard, and that no flood or mudslide insurance is required on the Property by any regulations under which the Lender is governed;

(c) Boiler and Machinery Coverage. Mortgagor shall maintain broad form, replacement cost basis boiler and machinery insurance (without exclusion for explosion) covering all boilers or other pressure vessels, machinery, equipment and air conditioning or heating units located in, on or about the Premises and insurance against physical loss, rental loss, extra expense, expediting loss and loss of occupancy or use arising from any breakdown in such amounts as are generally required by institutional lenders for properties comparable to the Premises.

(d) Rent Loss/Business Interruption/Extra Expense. Mortgagor shall maintain business interruption and/or loss of "rental income" insurance in an amount sufficient to avoid any co-insurance penalty and to provide proceeds that will cover a period of not less than twelve

UNOFFICIAL COPY

(12) months from the date of casualty or loss, the term "rental income" to mean the sum of (i) the total then ascertainable rents escalations and all other recurring sums payable under the leases affecting the subject property and (ii) the total ascertainable amount of all other amounts to be received by Mortgagor from third parties which are the legal obligation of the tenants, reduced to the extent such amounts would not be received because of operating expenses not incurred during a period of non-occupancy to that portion of the subject property then not being occupied. The policy shall include an agreed amount endorsement or a waiver of the coinsurance requirement.

(e) Building Ordinance or Law. Mortgagor shall maintain building ordinance coverage in amount of at least 25% of the building coverage limit.

(f) Builder's Risk. Mortgagor shall maintain at all times during which structural construction, repair or alterations are being made with respect to the Premises (1) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the commercial general liability insurance policy, and (2) the insurance provided for in subsection (a) above written on a builder's risk completed value form (a) on a non-reporting basis, (b) against all risks of physical loss, including earthquake and flood, (c) including permission to occupy the subject property, and (d) with an agreed amount endorsement (including soft costs), specifications, blueprints/models, demolition, increased cost of construction and rental interruption for delayed opening as pertinent, waiving co-insurance provisions.

(g) Terrorism Coverage. Upon Lender's request, in the event that such coverage with respect to terrorist acts is not included as part of the insurance policy required by subsection (a) above, coverage against loss or damage by terrorist acts in an amount equal to one hundred percent (100%) of the full replacement value of the Improvements, Fixtures and Personal Property, with a co-insurance clause, if any, only as acceptable to Lender.

2. Liability Insurance. For so long as any of the Debt is outstanding, Mortgagor shall continuously maintain liability insurance in accordance with the following provisions:

(a) Commercial General Liability Insurance. Mortgagor shall maintain commercial general liability insurance, including bodily injury and property damage liability insurance against any and all claims, including all legal liability to the extent insurable and imposed upon Lender and all court costs and attorneys' fees and expenses, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the subject property in amounts not less than \$2,000,000 per occurrence per year and an excess/umbrella liability coverage in an amount not less than \$10,000,000. Such liability insurance must be occurrence-based coverage, rather than claims made coverage. This insurance must stand on its own with no shared participation or proration and be on a following form basis.

(b) Liquor Liability/Dram Shop. If alcoholic beverages are sold or served at the Premises, by Mortgagor or tenants, Mortgagor shall maintain dram shop, host liquor liability of liquor liability coverage of at least Ten Million Dollars (\$10,000,000) per occurrence and annual aggregate. The combination of primary and umbrella/excess liability policies can be obtained to satisfy these liability limits requirements.

UNOFFICIAL COPY

(c) Automobile. Mortgagor shall maintain automobile liability insurance if over the road vehicles, whether owned, hired or non-owned, are operated in conjunction with the Premises. The combination of the primary automobile liability and applicable umbrella/excess liability must equal a minimum of Ten Million Dollars (\$10,000,000) combined single limit.

(d) Workers' Compensation and Employer's Liability Insurance. Mortgagor shall maintain workers' compensation and employers' liability insurance with respect to any work on or about the Premises. Liability limits shall be a minimum of:

(i) Workers Compensation – Statutory as required by state law

(ii) Employers' Liability –

Bodily injury by accident	\$1,000,000 each accident
Bodily injury by disease	\$1,000,000 each employee
Bodily injury by disease	\$1,000,000 policy limit

3. Additional Insurance. Mortgagor shall maintain such other insurance with respect to Mortgagor and the subject property against loss of damage of the kinds from time to time required by Lender.