

# UNOFFICIAL COPY

6

THIS DOCUMENT PREPARED  
BY AND UPON RECORDING  
RETURN TO:



Doc#: 1229733120 Fee: \$90.00  
Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 10/23/2012 02:18 PM Pg: 1 of 27

Brandon R. Calvert, Esq.  
Charity & Associates, P.C.  
20 North Clark Street, Suite 1150  
Chicago, Illinois 60602

212149

## MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT

This Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement (hereinafter the "Mortgage") is made as of October 1, 2012, by CHURCHVIEW MANOR PRESERVATION, L.P., an Illinois limited partnership (the "Mortgagor"), with a mailing address at 2601 W. 63<sup>rd</sup> Street, Chicago, Illinois 60629 and whose organization identification number is C022708, to BMO HARRIS BANK N.A., a national banking association ("Lender"), with a mailing address of 111 West Monroe Street, 2<sup>nd</sup> Floor East, Chicago, Illinois 60603.

### I

#### RECITALS

1.01 **The Land.** Mortgagor is the owner of fee simple title in and to the land (the "Land") located at 2626 West 63<sup>rd</sup> Street, Chicago, Illinois, as more particularly described in Exhibit A attached hereto and made a part hereof.

1.02 **The Project.** The Mortgagor proposes to acquire, construct, furnish, equip and operate on the Land a low-income supportive living facility for seniors consisting of a building containing approximately sixty (60) residential dwelling units for seniors (the "Project").

1.03 **Issuance of Bonds.** The City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer") has issued \$3,700,000 of its Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the "Bonds") pursuant to that certain Trust Indenture, of even date herewith (the "Indenture"), between the Issuer and Seaway Bank and Trust Company, an Illinois banking corporation (the "Trustee"), as trustee; and

1.04 **Bond Loan.** Pursuant to a Loan Agreement of even date herewith between the Mortgagor and the Issuer, the Issuer has agreed to make a loan (the "Bond Loan") of the net sale proceeds of the Bonds to the Mortgagor for the purpose of financing certain of the costs of the Project

S  
P  
S  
SC  
INT

27  
27

# UNOFFICIAL COPY

**1.05 Letter of Credit/Reimbursement Agreement.** Mortgagor and Lender have entered into that certain Letter of Credit and Reimbursement Agreement, of even date herewith (the "**Reimbursement Agreement**"), wherein Lender agrees to issue its irrevocable, transferable direct pay letter of credit (the "**Letter of Credit**") in the stated amount of Three Million Seven Hundred Fifty Thousand and No/100 Dollars (\$3,750,000.00) with an expiration date of October 1, 2030, subject to extension in accordance with the terms of the Letter of Credit, to the benefit of Trustee, which Letter of Credit provides liquidity and security for the Bonds and authorizes the Trustee to make draws in accordance with the terms thereof for the payment of principal of and interest on the Bonds; and

**1.06 Secured Obligations.** Pursuant to the Reimbursement Agreement, the Mortgagor unconditionally promises (a) to pay and reimburse the Lender for the amount of all draws on the Letter of Credit honored and paid by the Lender, together with all fees, charges expenses and other indebtedness described in the Reimbursement Agreement (the amount of the draws under the Letter of Credit and the monetary obligations under the Reimbursement Agreement are hereinafter referred to collectively as the "**Indebtedness**"), plus interest therein at a rate per annum equal to the Prime Rate (as defined hereinafter) plus one percent (1%) or at such other interest rates as specified in the Reimbursement Agreement, (b) to pay all fees, charges and other liabilities (including, without limitation, termination payments) payable by Mortgagor to Lender under any Hedge Agreement (as defined in the Reimbursement Agreement) applicable to the Bonds and the Bond Loan, and (c) to perform all of Mortgagor's covenants, agreements and obligations under the Reimbursement Agreement and the other Letter of Credit Documents (as hereinafter defined) (the obligations under clauses (a) through (c) above are hereinafter referred to collectively as the "**Obligations**"). The term "Prime Rate" means the rate of interest announced or published daily in the Money Rate Section of the Wall Street Journal. If more than one prime rate is published in the Money Rate Section of the Wall Street Journal on any date, the highest rate will be selected. If the Money Section of the Wall Street Journal is no longer available, Mortgagee shall select an alternative comparable index and shall notify Mortgagor of such selection; and

**1.07 Other Letter of Credit Documents.** This Mortgage, the Reimbursement Agreement and the other documents, including, without limitation, the documents described in Section 3.1 of the Reimbursement Agreement, whether now or hereafter existing, that are executed and delivered as additional evidence of, or security for, the performance and repayment of the Obligations are hereinafter referred to collectively as the "**Letter of Credit Documents**"; and

**1.08 This Mortgage.** To induce the Lender to issue the Letter of Credit, in addition to the other Letter of Credit Documents, Mortgagor has executed and delivered to Lender this Mortgage as security for the payment and performance of the Obligations, subject to the following terms and provisions:

## II

### THE GRANT

NOW, THEREFORE, to secure the payment of the principal amount of the Indebtedness and interest thereon and the payment and performance of the other Obligations under the Letter of Credit Documents and the performance of the agreements contained hereinbelow and to secure the payment of any and all other indebtedness, direct or contingent, that may now or hereafter become owing by Mortgagor to Lender and in consideration of the matters recited hereinabove, Mortgagor hereby grants, bargains, sells, conveys and mortgages to Lender and its successors and assigns forever the Land, the Project, and all of its estate, right, title, and interest therein (the "**Premises**"), together with the following described property (the Premises and

# UNOFFICIAL COPY

the following described property being hereinafter referred to collectively as the "**Mortgaged Property**"), all of which other property is hereby pledged primarily on a parity with the Premises and not secondarily:

(a) all buildings and other improvements of every kind and description now or hereafter erected or placed on the Premises thereon and all materials intended for construction, reconstruction, alteration, and repair of such improvements, all of which materials shall be deemed to be included within the Mortgaged Property immediately upon the delivery thereof to the Premises;

(b) all right, title, and interest of Mortgagor, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, sidewalks and alleys adjoining the Premises;

(c) each and all of the tenements, hereditaments, easements, appurtenances, passages, waters, water courses, riparian rights, other rights, liberties, and privileges of the Premises or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity, as well as any after-acquired title, franchise, or license and the reversions and remainders thereof;

(d) all rents, leases, issues, deposits and profits accruing and to accrue from the Premises and the avails thereof; and

(e) all fixtures and personal property now or hereafter owned by Mortgagor and attached to or contained in and used or useful in connection with the Premises or the aforesaid improvements thereon, including without limitation any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, boilers, bookcases, cabinets, carpets, cokers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, sinks, sprinklers, stokers, stoves, toilets, ventilators, wall coverings, washers, windows, window coverings, wiring, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same be attached to the Premises or to such improvements now or hereafter erected or placed thereon, it being intended, agreed, and declared that all such property owned by Mortgagor and placed by it on the Premises or used in connection with the operation or maintenance thereof shall, so far as permitted by law, be deemed for the purpose of this Mortgage to be part of the real estate constituting and located on the Premises and covered by this Mortgage, and as to any of the aforesaid property that is not part of such real estate or does not constitute a "fixture", as such term is defined in the Illinois Uniform Commercial Code, Chapter 810, Illinois Compiled Statutes, this Mortgage shall be deemed to be, as well, a security agreement under such Uniform Commercial Code for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to the Lender as "secured party," as such term is defined in such Uniform Commercial Code.

To have and to hold the same unto Lender and its successors and assigns forever, for the purposes and uses herein set forth.

If and when the principal amount of the Obligations and all interest accruing thereon, any and all other amounts required under the Letter of Credit Documents, and all of the agreements contained in the Letter of Credit Documents have been fully paid and performed, then this Mortgage shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect.

# UNOFFICIAL COPY

## III

### GENERAL AGREEMENTS

**3.01 Principal and Interest.** Mortgagor shall pay promptly when due the principal amount of the Indebtedness and accrued interest thereon, and shall pay and perform the other Obligations at the times and in accordance with the terms of the Reimbursement Agreement or any of the other Letter of Credit Documents to which Mortgagor is a party.

**3.02 Other Payments.** At the option of Lender, Mortgagor shall deposit monthly with Lender or a depository designated by Lender, in addition to any payments of principal amount of Indebtedness or interest thereon required by the Reimbursement Agreement, deposits equal to the aggregate of the estimated annual premiums for the insurance required to be maintained by Paragraph 3.05 hereof and the amount of real estate taxes and assessments next due, divided by the whole number of months to elapse prior to the date when such insurance premiums and/or real estate taxes will become due and payable. The amount of such deposits shall be determined by Lender based upon Lender's reasonable estimate of the amount of such insurance premiums and real estate taxes and assessments next due on the Mortgaged Property.

All such payments described in this Paragraph 3.02 shall be held by Lender or a depository designated by Lender in trust without accruing, or without any obligation arising for the payment of, any interest thereon. If the funds so deposited are insufficient to pay when due all real estate taxes and assessments or insurance premiums as aforesaid, Mortgagor shall, within ten (10) days after receipt of demand therefor from Lender or its agent, deposit such additional funds as may be necessary to pay such real estate taxes and assessments or insurance premiums. If the funds so deposited exceed the amounts required to pay such items, the excess shall, provided no Event of Default (as hereinafter defined) exists hereunder, be refunded to Mortgagor or, if an Event of Default exists hereunder, be applied against other amounts due and payable by Mortgagor hereunder or under the other Letter of Credit Documents in such order and priority as Lender may determine.

Neither Lender nor any such depository shall be liable for any failure to pay and apply any of the foregoing deposits for the payments of real estate taxes and assessments or insurance premiums, as applicable, unless Mortgagor, while not in Default hereunder, has requested Lender or such depository, in writing, to make application of such deposits to the payment of particular real estate taxes and assessments or insurance premiums, accompanied by the bills for such taxes; provided, however, that Lender may, at its option, make or cause such depository to make any such application of the aforesaid deposits without any direction or request to do so by Mortgagor.

**3.03 Property Taxes.** Mortgagor shall pay, before becoming delinquent, all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges that may be asserted against the Mortgaged Property or any part thereof or interest therein, and furnish to Lender duplicate receipts therefor within thirty (30) days after payment thereof, unless payment is made by Lender from the amount of any deposits made by Mortgagor hereunder. If Mortgagor has made deposits with Lender pursuant to Paragraph 3.02, Lender, at its option, either may make such deposits available to Mortgagor for the payments required under this Paragraph 3.03 or may make such payments on behalf of Mortgagor. Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments, provided that:

(a) such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of the Mortgaged Property or any part thereof or interest therein to satisfy the same;

# UNOFFICIAL COPY

(b) Mortgagor has notified Lender in writing of the intention of Mortgagor to contest the same before any tax or assessment has been increased by any interest, penalties, or costs; and

(c) Mortgagor has deposited with Lender, at such place as Lender may from time to time in writing designate, a sum of money or other security acceptable to Lender that, when added to the monies or other security, if any, deposited with Lender pursuant to Paragraph 3.02 hereof for the payment of real estate taxes and assessments, is sufficient, in Lender's sole judgment, to pay in full such contested real estate tax and assessment and all penalties and interest that might become due thereon, and shall keep on deposit an amount sufficient, in Lender's judgment, to pay in full such contested real estate tax and assessment, increasing such amount to cover additional penalties and interest whenever, in Lender's sole judgment, such increase is advisable. In lieu of cash, Mortgagor may provide a surety bond underwritten by a surety company acceptable to Lender in its discretion and in an amount sufficient in Lender's judgment to pay in full such contested real estate tax or assessment, and all penalties and interest or an endorsement in form and content acceptable to Lender over the lien of such tax or assessment issued by the Title Company (as defined in the Reimbursement Agreement) to the Title Policy (as defined in the Reimbursement Agreement).

In the event Mortgagor fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit or such other security on deposit with Lender as hereinabove provided, Lender may, at its option, apply the monies and liquidate any securities deposited with Lender, in payment of or on account of, such real estate taxes and assessments or any portion thereof then unpaid, including all penalties and interest thereon. If the amount of the monies and any such other security so deposited with Lender is insufficient for the payment in full of such real estate taxes and assessments, together with all penalties and interest thereon, Mortgagor shall forthwith, upon demand, either deposit with Lender a sum that, when added to such funds then on deposit, is sufficient to make such payment in full, or, if Lender has applied funds on deposit on account of such real estate taxes and assessments, restore such deposit to an amount satisfactory to Lender. Provided that Mortgagor is not then in Default hereunder, Lender shall, if so requested in writing by Mortgagor, after final disposition of such contest and upon Mortgagor's delivery to Lender of an official bill for such real estate taxes and assessments, apply any monies so deposited in full payment of such real estate taxes and assessments or that part thereof then unpaid, together with all penalties and interest thereon.

**3.04 Tax Payments by Lender.** Lender is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to real estate taxes, assessments, water and sewer charges, and other governmental charges, fines, impositions, or liens that may be asserted against the Mortgaged Property, or any part thereof, and may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy thereof or into the validity of any tax, assessment, lien, sale, forfeiture, or title, lien, statement of lien, encumbrance, claim, charge, or payment, whenever, in its reasonable judgment and discretion, such advance seems necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Lender is further authorized, at its option, to obtain a title search prepared by a title insurance company of Lender's choosing. All such advances and indebtedness authorized by this Paragraph 3.04 shall constitute additional indebtedness and part of the Obligations secured hereby and shall be repayable by Mortgagor upon demand with interest at the rate set forth in the Reimbursement Agreement for delinquent Indebtedness.

### **3.05 Insurance**

(a) **Hazard.** Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured for the "full insurable value" of the Mortgaged Property under a replacement cost form of insurance policy against loss or damage resulting from fire, windstorm, and other hazards as may be required by Lender. Mortgagor shall pay promptly, when due, any premiums on such insurance. All such



# UNOFFICIAL COPY

insurance shall be in form and of content, and shall be carried in companies approved in writing by Lender, and all such policies and renewals thereof (or certificates evidencing the same), marked "paid," shall be delivered to Lender at least thirty (30) days before the expiration of then existing policies and shall have attached thereto standard noncontributory mortgagee clauses entitling Lender to collect any and all proceeds payable under such insurance, as well as standard waiver of subrogation endorsements. Mortgagor shall not carry any separate insurance on such improvements concurrent in kind or form with any insurance required hereunder or contributing in the event of loss. In the event of a change in ownership of the Mortgaged Property approved in writing by Lender, immediate notice thereof shall be delivered by mail to all such insurers. In the event of any casualty loss, Mortgagor shall give immediate notice thereof by mail to Lender. Mortgagor hereby appoints Lender as its agent and attorney-in-fact and authorizes and permits Lender, at Lender's option, to adjust and compromise any such losses under any of the aforesaid insurance and, after deducting any costs of collection, to use, apply or disburse the proceeds as provided in this Section 3.05(a). Lender may collect all proceeds of insurance and after deduction of all reasonable expense of collection and settlement, including reasonable attorneys' and adjustors' fees and charges, and subject to the second paragraph of this subsection (a), apply same in the order of priority as set forth in Section 7.21 of the Reimbursement Agreement. If the insurance proceeds are insufficient to pay the Obligations in full, Lender may declare the balance of such Obligations remaining unpaid immediately due and payable, and avail itself of any of the remedies provided for in the Event of Default.

Notwithstanding the provisions of the first paragraph of subsection (a) above, so long as no Event of Default exists hereunder or under Section 8.1 of the Reimbursement Agreement, and no event or circumstance exists that, with notice or the passage of time or both, would constitute an Event of Default hereunder or under Section 8.1 of the Reimbursement Agreement, Lender shall, upon written request of Mortgagor, apply insurance proceeds to rebuild or restore the Mortgaged Property, provided that all of the following conditions are satisfied: (i) in the Lender's reasonable judgment, the Mortgaged Property can be completed, restored or rebuilt, as the case may be, to a complete architectural unit of an equivalent value (assuming the completion of all construction or rehabilitation contemplated by the Reimbursement Agreement in accordance with approved plans and specifications); (ii) the insurance proceeds are in Lender's reasonable judgment sufficient to complete such restoration or rebuilding or, if such proceeds are insufficient, Mortgagor has deposited with Lender funds, which when added to the insurance proceeds, are sufficient in Lender's reasonable judgment to completely rebuild or restore the Mortgaged Property; (iii) Lender shall have the right to hold and disburse all funds necessary for such rebuilding or to approve disbursements of such insurance proceeds for any such rebuilding or restoration; (iv) the rebuilding or restoration can, in Lender's reasonable judgment, be completed no later than one hundred twenty (120) days prior to the expiration date of the Letter of Credit (v) Lender shall have approved plans and specifications for any rebuilding or restoration; and (vi) Mortgagor shall promptly commence the rebuilding or restoration of the Mortgaged Property following the occurrence of any such casualty event and shall proceed diligently thereafter to completion. Mortgagor shall notify Lender in writing within (60) days after the occurrence of a casualty event affecting the Mortgaged Property or any part thereof. Said written notice shall specify whether Mortgagor intends to rebuild or restore the Mortgaged Property using insurance proceeds. If Mortgagor does not timely notify Lender of its election to rebuild or restore the Mortgaged Property or cannot comply with the conditions set forth in this paragraph for the use of the insurance proceeds to rebuild or restore the Mortgaged Property, then the first paragraph of this subsection (a) shall be applicable and shall govern the use of insurance proceeds.

The term "full insurable value" as used herein shall mean actual cash value -- replacement cost without physical depreciation (inclusive of costs of excavation, foundations and footings below the lowest basement floor of the Mortgaged Property). Lender shall have the right to notify Mortgagor periodically during the term of this Mortgage that it elects to have the replacement value redetermined by an insurance company acceptable to Lender. The redetermination shall be made promptly and in accordance with the rules and practices of the

# UNOFFICIAL COPY

Board of Fire Underwriters, or a like board recognized and generally accepted by insurance companies regularly transacting business in the State of Illinois. The amount of the property and casualty insurance required to be maintained hereunder shall be adjusted according to any such redetermination. The cost of such redetermination and any additional insurance premiums shall be paid by the Mortgagor.

(b) **Liability.** Mortgagor shall carry and maintain such comprehensive public liability and workmen's compensation insurance as may be required from time to time by Lender in form and of content, in amounts, and with companies approved in writing by Lender. Certificates of such insurance, premiums prepaid, shall be deposited with Lender and shall contain a provision for twenty (20) days' notice to Lender prior to any cancellation thereof.

**3.06 Condemnation and Eminent Domain.** Any and all awards heretofore or hereafter made or to be made to the present or any subsequent owner of the Mortgaged Property by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Mortgaged Property, or any easement thereon or appurtenance thereof are hereby assigned by Mortgagor to Lender. Lender is hereby authorized to collect and receive from the condemnation authorities all such awards and Lender is hereby authorized to give appropriate receipts and acquittances therefor. Mortgagor shall give Lender immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Mortgaged Property, or any easement thereon or appurtenance thereof (including severance of, consequential damage to or change in grade of streets), and shall deliver to Lender copies of any and all papers served in connection with any such proceedings. Mortgagor further agrees to make, execute and deliver to Lender, at any time upon request, free, clear, and discharged of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Lender for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter made to Mortgagor for any taking, either permanent or temporary, under any such proceeding. All of the proceeds of any condemnation or taking by eminent domain of all or any part of the Mortgaged Property, if any, interest therein shall, subject to the second paragraph of this Section 3.06, be applied in the order of priority as set forth in Section 7.21 of the Reimbursement Agreement.

Notwithstanding the provisions of the first paragraph of this Section 3.06 above, so long as no Event of Default exists hereunder or under Section 8.1 of the Reimbursement Agreement and no event or circumstance exists that, with notice or the passage of time or both, would constitute an Event of Default hereunder or under Section 8.1 of the Reimbursement Agreement, Lender shall, upon written request of Mortgagor, apply the proceeds of such an award to rebuild or restore the Mortgaged Property provided that (i) in the Lender's reasonable judgment, the Mortgaged Property can be restored or rebuilt to a complete architectural unit of an equivalent value (assuming the completion of all construction or rehabilitation contemplated by the Reimbursement Agreement in accordance with approved plans and specifications); (ii) the net proceeds of such award are in Lender's reasonable judgment sufficient to complete such restoration or rebuilding or, if such net proceeds are insufficient, Mortgagor has deposited with Lender funds, which when added to the net proceeds of such award, are sufficient in Lender's reasonable judgment to completely rebuild or restore the Mortgaged Property; (iii) Lender shall have the right to hold and disburse all funds necessary for such rebuilding or to approve disbursements of proceeds of such an award for any such rebuilding or restoration; (iv) the rebuilding or restoration can, in Lender's reasonable judgment, be completed no later than one hundred twenty (120) days prior to the expiration date of the Letter of Credit; (v) Lender shall have approved plans and specifications for any rebuilding or restoration; and (vi) Mortgagor shall promptly commence the rebuilding or restoration of the Mortgaged Property and improvements following the occurrence of any such taking and shall proceed diligently thereafter to completion. Mortgagor shall notify Lender in writing within (60) days after Mortgagor first has notice of a proposed taking by the exercise of condemnation or eminent domain. Said written notice shall specify whether Mortgagor intends to rebuild or restore the Property using the net proceeds of any award

# UNOFFICIAL COPY

for such taking. If Mortgagor does not timely notify Lender of its election to so use the proceeds of any award for such taking or cannot comply with the conditions set forth in this paragraph for the use of the proceeds of any such award to rebuild or restore the Mortgaged Property, then the first paragraph of this Section 3.06 shall be applicable and shall govern the use of such proceeds. Mortgagor hereby covenants and agrees, upon request by the Lender, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning all such condemnation awards and proceeds to the Lender, free, clear and discharged of any and all encumbrances of any kind or nature whatsoever.

**3.07 Maintenance of Property.** No building or other improvement on the Mortgaged Property shall be materially altered, removed or demolished, nor shall any fixtures, chattels, or articles of personal property on, in or about the Mortgaged Property be severed, removed, sold or mortgaged without the prior written consent of Lender and, in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered by this Mortgage or by any separate security agreement executed in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from any other security interest therein, encumbrances thereon, or reservation of title thereto. Mortgagor shall promptly repair, restore, or rebuild any building or other improvement now existing or hereafter situated on the Mortgaged Property that may become damaged or be destroyed. Any such building or other improvement shall be so repaired, restored, or rebuilt so as to be of at least equal value and of substantially the same character as prior to such damage or destruction.

Mortgagor further agrees: (a) to permit, commit or suffer no waste, impairment, or deterioration of the Mortgaged Property or any part thereof; (b) to keep and maintain the Mortgaged Property and every part thereof in good repair and condition; to effect such repairs as Lender may reasonably require; and (c) from time to time, to make all necessary and proper replacements thereof and additions thereto so that the Mortgaged Property and all such buildings, other improvements, fixtures, chattels, and articles of personal property will at all times be in good condition, fit and proper for the respective purposes for which they were originally erected or installed or rehabilitated.

**3.08 Compliance with Laws.** Mortgagor shall comply with all statutes, ordinances, regulations, rules, orders, decrees and other requirements relating to the Mortgaged Property or any part thereof imposed by any federal, state, or local authority and shall observe and comply with all 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 the Mortgaged Property or that have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Mortgaged Property.

**3.09 Liens and Transfers.** Without Lender's prior written consent, and except for the Permitted Exceptions (as defined in the Reimbursement Agreement), Mortgagor shall not create, suffer, or permit to be created or filed against the Mortgaged Property, or any part thereof, any mortgage lien or other lien superior or inferior to the lien of this Mortgage. Notwithstanding the foregoing, Mortgagor may, at its expense, after prior written notice to Lender, contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any mechanic's lien claim filed against the Mortgaged Property provided that: (i) in Lender's sole judgment, neither the Mortgaged Property nor any part thereof is at any time in danger of being sold, forfeited, lost or interfered with and (ii) Mortgagor shall have furnished an endorsement to the Title Policy affirmatively insuring Lender against the existence or attempted enforcement of such mechanic's lien or such alternative security as Lender may require. In the event Mortgagor hereafter suffers or permits any superior or inferior lien other than the Permitted Exceptions to be attached to the Mortgaged Property or any part thereof without Lender's written consent, other than a



# UNOFFICIAL COPY

mechanic's lien claim being contested in accordance with this Paragraph 3.09, Lender shall have the unqualified right, at its option, to declare a Default under this Mortgage and exercise all available remedies hereunder.

If Mortgagor, without Lender's prior written consent, sells, transfers, conveys, assigns, hypothecates, or otherwise transfers the title to all or any portion of or interest in the Mortgaged Property or contracts to do any of the foregoing, except for residential tenant leases in the ordinary course of business, Lender shall have the unqualified right, at its option, to declare a Default under this Mortgage and exercise all available remedies hereunder. Without limiting the generality of the foregoing, except as otherwise expressly permitted in the Reimbursement Agreement, each of the following events shall be deemed a sale, conveyance, assignment, hypothecation, or other transfer of an interest in the Mortgaged Property prohibited by the proceeding sentence:

(a) if Mortgagor is a partnership, and if the general partner thereof includes one or more corporations or limited liability companies, any sale, conveyance, assignment or other transfer of any portion of the stock of any such corporation or the membership interests in any such limited liability company that results in a material change in the identity of the person(s) in control of any such corporation or limited liability company;

(b) if Mortgagor is a partnership, any sale, conveyance, assignment, or other transfer of all or any portion of the partnership interest of any general partner of such partnership that results in a material change in the identity of the person(s) in control of such partnership; and

(c) if Mortgagor is a partnership or corporation, any sale, conveyance, assignment, or other transfer of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of any corporation or partnership constituting or included within Mortgagor that results in a material change in the identity of the person(s) in control of such entity.

Any waiver by Lender of the provisions of this Paragraph 3.09 shall not be deemed to be a waiver of the right of Lender in the future to insist upon strict compliance with the provisions hereof.

**3.10 Subrogation to Prior Lienholder's Rights.** If the proceeds of the Indebtedness secured hereby, any part thereof or any amount paid out or advanced by Lender 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, to the fullest extent permitted by law, 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.

**3.11 Lender's Dealings with Transferee.** In the event of the sale or transfer, by operation of law, voluntarily or otherwise, of all or any part of the Mortgaged Property, Lender shall be authorized and empowered to deal with the vendee or transferee with regard to the Mortgaged Property, the Obligations secured hereby, and any of the terms or conditions hereof as fully and to the same extent as it might with Mortgagor, without in any way releasing or discharging Mortgagor from its covenants hereunder, specifically including those contained in Paragraph 3.09 hereof, and without waiving Lender's right of acceleration pursuant to Paragraph 3.09 hereof.

**3.12 Stamp Taxes.** If at any time the United States government or any federal, state or municipal governmental subdivision requires Internal Revenue or other documentary stamps, levies or any tax on this Mortgage or requires payment of the United States Interest Equalization Tax on any of the Indebtedness secured hereby, then such Indebtedness and all interest accrued thereon shall be and become due and payable

# UNOFFICIAL COPY

at the election of the Lender thirty (30) days after the mailing by Lender of notice of such election to Mortgagor; provided, however, that such election shall be unavailing, and this Mortgage, the Reimbursement Agreement and the other Letter of Credit Documents shall be and remain in effect if Mortgagor lawfully pays for such stamps or such tax, including interest and penalties thereon, to or on behalf of Lender.

**3.13 Change in Tax Laws.** In the event of the enactment after the date of this Mortgage, of any law of the state in which the Premises are located deducting from the value of the Premises for the purpose of taxation the amount of any lien thereon or imposing upon Lender the payment of all or any part of the taxes, assessments, charges or liens hereby required to be paid by Mortgagor or changing in any way the law relating to the taxation of mortgages or debts secured by mortgages or Mortgagor's interest in the Mortgaged Property or the manner of collection of taxes so as to affect this Mortgage or the Obligations secured hereby or the holder thereof, then Mortgagor, upon demand by Lender, shall pay such taxes, assessments, charges, or liens or reimburse Lender therefor; provided, however, that if, in the opinion of counsel for Lender, it might be unlawful to require Mortgagor to make such payment or the making of such payment might result in violation of the law, then Lender may elect, by notice in writing given to Mortgagor, to declare all of the Obligations secured hereby to become due and payable within sixty (60) days after the giving of such notice. Nothing contained in this Paragraph 3.13 shall be construed as obligating Lender to pay any portion of Mortgagor's federal or state income taxes.

**3.14 Inspection of Property.** Mortgagor shall permit Lender and its representatives and agents to inspect the Mortgaged Property from time to time during normal business hours and as frequently as Lender considers reasonable. Lender shall use best efforts to provide Mortgagor with reasonable prior written or telephonic notice.

**3.15 Inspection of Books and Records.** Mortgagor shall keep and maintain full and correct books and records showing in detail the income and expenses of the Mortgaged Property and, within fifteen (15) days after written demand therefor by Lender, permit Lender or its agents to examine such books and records and all supporting vouchers and data at any time during customary business hours and from time to time on request at Mortgagor's offices, at the address hereinabove identified or at such other location as may be mutually agreed upon.

**3.16 Annual Operating Statements.** Mortgagor shall furnish to Lender within ninety (90) days after the close of each fiscal year of Mortgagor, an annual operating statement of income and expenses of the Mortgaged Property and also of Mortgagor, if so required by Lender. Such report shall contain such detail and embrace such items as Lender may reasonably require.

**3.17 Acknowledgement of Debt.** Mortgagor shall furnish from time to time, within fifteen (15) days after Lender's request, a written statement, duly acknowledged, confirming Lender's determination of the amount then due under the Reimbursement Agreement and this Mortgage, or, if Mortgagor does not agree with Lender's determination, then stating the basis of such disagreement, and disclosing whether any alleged offsets or defenses exist as of the date of the statement against the Obligations secured hereby.

**3.18 Other Amounts Secured.** This Mortgage secures in addition to any Obligations outstanding from time to time, and in addition to any advances pursuant to Paragraphs 3.04 and 3.09 or 7.01 hereof, litigation and other expenses incurred by Lender pursuant to Paragraphs 4.06 and 4.07 hereof, and any other amounts as provided herein, the payment of any and all loan commissions, service charges, liquidated damages, expenses, and advances due to or paid or incurred by Lender in connection with the Obligations secured hereby.

# UNOFFICIAL COPY

**3.19 Declaration of Subordination.** At the option of Lender, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any condemnation or eminent domain award) to any and all leases of all or any part of the Mortgaged Property upon the execution by Lender and recording thereof, at any time hereafter, in the appropriate official records of the county wherein the Premises are situated, of a unilateral declaration to that effect.

**3.20 Security Instruments.** Mortgagor shall execute, acknowledge, and deliver to Lender, within fifteen (15) days after request by Lender, a security agreement, financing statements, and any other similar security instrument reasonably required by Lender, in form and of content reasonably satisfactory to Lender, covering all property of any kind whatsoever owned by Mortgagor that, in the sole opinion of Lender, is essential to the operation of the Mortgaged Property and concerning which there may be any doubt whether title thereto has been conveyed, or a security interest therein perfected, by this Mortgage under the laws of the state in which the Premises are located. Mortgagor shall further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement, certificate or other document as Lender may request in order to perfect, preserve, maintain, continue, and extend such security instruments. Mortgagor further agrees to pay to Lender all reasonable costs and expenses incurred by Lender in connection with the preparation, execution, recording, filing, and refiling of any such document.

**3.21 Releases.** Lender, without notice and without regard to the consideration, if any, paid therefor and, notwithstanding the existence at that time of any inferior liens thereon, may release from the lien created hereby all or any part of the Mortgaged Property or release from liability any person obligated to repay any Obligations secured hereby or extend the time for payment of all or any part of such Obligations or modify the Letter of Credit Documents without in any way affecting the liability of any party to any of the Reimbursement Agreement, this Mortgage or any of the other Letter of Credit Documents, including, without limitation, any guaranty given as additional security for the Obligations secured hereby and without in any way affecting the priority of the lien of this Mortgage. None of the foregoing actions by Lender shall in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the Obligations secured hereby.

**3.22 Interest Laws.** It being the intention of Lender and Mortgagor to comply with the laws of the State of Illinois, it is agreed that, notwithstanding any provision to the contrary in the Reimbursement Agreement, this Mortgage or any of the other Letter of Credit Documents, no such provision shall require the payment or permit the collection of any amount ("**Excess Interest**") in excess of the maximum amount of interest permitted by law to be charged for the use or detention or the forbearance in the collection of all or any portion of the Obligations. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Reimbursement Agreement, this Mortgage, or any of the other Letter of Credit Documents, then in such event: (a) the provisions of this Paragraph 3.22 shall govern and control; (b) neither Mortgagor nor any other obligors shall be obligated to pay any Excess Interest; (c) any Excess Interest that Lender may have received hereunder shall, at the option of Lender, be (i) applied as a credit against the then unpaid principal balance of the Obligations secured hereby, including, accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing; (d) the rate of interest charged under the Reimbursement Agreement shall be subject to automatic reduction to the maximum lawful contract rate allowed under the applicable usury laws of the aforesaid State, and the Reimbursement Agreement, this Mortgage, and the other Letter of Credit Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the interest rate; and (e) neither Mortgagor nor any other Obligors shall have any action against Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest.

# UNOFFICIAL COPY

**3.23 Use of Proceeds.** No part of the proceeds of the Bonds disbursed to the Mortgagor pursuant to the Indenture have been or shall be used for the purchase or carrying of registered equity securities within the purview of Regulation G of the Federal Reserve Board or for the purpose of releasing or retiring any indebtedness which was originally incurred for any such purpose. Mortgagor covenants that no part of the proceeds of the Bonds will be used to purchase or carry any margin stock (within the meaning of Regulations U and G of the Board of Governors of the Federal Reserve System) or for retiring any indebtedness which was originally incurred for such purpose.

## IV

### DEFAULTS AND REMEDIES

**4.01 Event Constituting Defaults.** Each of the following events shall constitute a default (a "Default" or "Event of Default") under this Mortgage:

(a) Failure of Mortgagor to pay any sum secured hereby on the date that such sum becomes due and payable, including without limitation, any payment of the principal amount of any reimbursement obligations under the Reimbursement Agreement or interest thereon, which failure is not remedied within five (5) days of the date due and payable.

(b) Mortgagor shall suffer or permit a transfer of, or lien against, the Mortgaged Property in violation of Paragraph 3.09.

(c) Any representation or warranty contained in any of the Reimbursement Agreement, this Mortgage, the other Letter of Credit Documents or any other document or writing submitted to Lender by or on behalf of Mortgagor pertaining to the Obligations shall be materially false or misleading when made.

(d) Failure of Mortgagor to perform or observe any covenant, warranty or other provision contained in this Mortgage other than as described in clauses (a), (b) or (c) for a period in excess of thirty (30) days after the date on which notice of such failure is given by Lender to Mortgagor in the manner provided in Paragraph 8.01 hereof. In the case of a non-monetary default described in this subsection (d) that is not susceptible of being cured within such thirty (30) day period, Lender shall not declare an Event of Default as long as Mortgagor (a) initiates corrective action within such thirty (30) day period; (b) diligently, continuously and in good faith proceeds to cure such default or potential event of Default; (c) in Lender's sole judgment the security in the Mortgaged Property is not materially impaired by such failure to cure within said thirty (30) day period; and (d) such non-monetary default is cured no later than ninety (90) days after the date that Lender first gives notice as described above to Mortgagor. In no event shall the grace period hereinabove granted be for more than ninety (90) days from the date Lender first gives notice as above to Mortgagor, it being acknowledged and agreed by Mortgagor that concurrently with the expiration of such ninety (90) day period Lender may declare an Event of Default and pursue all remedies contained herein.

(e) The occurrence of a default or event of default under the Reimbursement Agreement or any other Letter of Credit Document, which default continues beyond any applicable notice and cure period.

(f) If Mortgagor or any partner of the Mortgagor, (each of whom is called an "**Obligor**") shall commence any case, proceeding or other action relating to it in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or for any other relief, under bankruptcy, insolvency, reorganization, liquidation, dissolution, winding-up, arrangement,



# UNOFFICIAL COPY

composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or if an Obligor shall apply for a receiver, custodian or trustee of it or for all or a substantial part of its property; or if an Obligor shall make an assignment for the benefit of creditors; or if an Obligor shall be unable to, or shall admit in writing the inability to pay its debts generally as they become due; or if an Obligor shall take any action indicating its consent to, approval of, acquiescence in, or in furtherance of, any of the foregoing; or if any case, proceeding or other action against an Obligor shall be commenced in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing, and such condition shall continue for a period of ninety (90) days undismissed or undischarged; or if a receiver, custodian or trustee of an Obligor or for all or a substantial part of its property shall be appointed and such condition shall continue for a period of ninety (90) days undismissed or undischarged; or if a warrant of attachment, execution or distraint, or similar process, shall be issued against any substantial part of the property of an Obligor and such condition shall continue for a period of ninety (90) days undismissed or undischarged.

- (g) The dissolution or termination of the existence of any Obligor.

**4.02 Performance by Investor Limited Partner.** Notwithstanding anything to the contrary contained herein, the Lender hereby agrees that any cure of any default hereunder made or tendered by Mortgagor's Investor Limited Partner (as defined in the Reimbursement Agreement) on behalf of Mortgagor shall be deemed to be a cure by the defaulting Mortgagor and shall be accepted or rejected on the same basis as if made or tendered by the defaulting Mortgagor. If Mortgagor's Investor Limited Partner timely commences the cure of any non-monetary default described in Paragraph 4.01 above and diligently thereafter prosecutes such cure to completion, and, provided that (a) in Lender's judgment, such cure is reasonably subject to being cured without (1) materially adversely affecting the Lender's security interests in the Mortgaged Property described in this Mortgage and the collateral described in the other Security Documents securing payment of the Obligations hereunder or (2) causing the Mortgagor to be unable to Substantially Complete (as defined in the Reimbursement Agreement) the Project by the Substantial Completion Date (as defined in the Reimbursement Agreement); and (b) none of the Subordinate Lenders (as defined in the Reimbursement Agreement) has commenced the exercise of its remedies under any of the Subordinate Loan Documents (as defined in the Reimbursement Agreement) following the occurrence of a default thereunder, then the Investor Limited Partner shall have 60 days from the receipt of notice of such default to cure such non-monetary default.

**4.03 Acceleration of Maturity.** At any time during the existence of any Event of Default, and at the option of Lender, the entire principal balance of the Obligations under the Reimbursement Agreement, together with interest accrued thereon and all other sums due from Mortgagor thereunder or under this Mortgage and under any of the other Letter of Credit Documents, shall without notice become immediately due and payable with interest thereon at the Default Rate (as defined in the Reimbursement Agreement).

**4.04 Foreclosure of Mortgage.** Upon the occurrence of any Default, or at any time thereafter, Lender may, at its option, proceed to foreclose the lien of this Mortgage by judicial proceedings in accordance with the laws of the state in which the Premises are located. Any failure by Lender to exercise such option shall not constitute a waiver of its right to exercise the same at any other time.

**4.05 Lender's Continuing Options.** The failure of Lender to exercise its options to accelerate the maturity of the Indebtedness secured hereby or to exercise any other option granted to Lender hereunder in any

# UNOFFICIAL COPY

one or more instances or the acceptance by Lender of partial payments of such Obligations, shall neither constitute a waiver of any such Default or of Lender's options hereunder nor establish, extend or affect any grace period for payments due under the Reimbursement Agreement, but such options shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Lender, may at Lender's option and, to the extent permitted by law, be rescinded by written acknowledgement to that effect by Lender and shall not affect Lender's right to accelerate maturity upon or after any future Default.

**4.06 Litigation Expenses.** In any proceeding to foreclose the lien of this Mortgage or enforce any other remedy of Lender under any of the Reimbursement Agreement, this Mortgage and the other Letter of Credit Documents or in any other proceeding whatsoever in connection with any of the Letter of Credit Documents or any of the Mortgaged Property in which Lender is named as a party, there shall be allowed and included, as additional Obligations in the judgment or decree resulting thereof, all expenses paid or incurred in connection with such proceeding by or on behalf of Lender, including without limitation, reasonable attorney's fees, appraiser's fees, outlays for documentary evidence and expert advice, stenographers' charges, publication costs, survey costs, and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and any similar data and assurances with respect to title to the Mortgaged Property as Lender may deem necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises or the Mortgaged Property. All expenses of the foregoing nature, and such expenses as may be incurred in the protection of any of the Mortgaged Property and the maintenance of the lien of this Mortgage thereon, including without limitation, the reasonable fees of any attorney employed by Lender in any litigation affecting its rights under the Reimbursement Agreement, this Mortgage or any of the Mortgaged Property or, from and after the occurrence of an Event of Default, in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall be immediately due and payable by Mortgagor with interest at the rate set forth in the Reimbursement Agreement.

**4.07 Performance by Lender.** In the event of any Default Lender may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient by Lender, and Lender may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any; purchase, discharge, compromise, or settle any tax lien or other prior or junior lien or title or claim thereof; redeem the Mortgaged Property from any tax sale or forfeiture; or contest any tax or assessment thereon. All monies paid for any of the purposes authorized herein and all expenses paid or incurred in connection therewith, including reasonable attorney's fees and any other monies advanced by Lender to protect the Mortgaged Property and the lien of this Mortgage, shall be so much additional Obligations secured hereby and shall become immediately due and payable by Mortgagor to Lender without notice and with interest thereon at the rate or rates as determined by Section 2.14 of the Reimbursement Agreement. Inaction of Lender shall never be construed to be a waiver of any right accruing to Lender by reason of any Default by Mortgagor.

**4.08 Right of Possession.** In any case in which, under the provisions of this Mortgage or the other Letter of Credit Documents, Lender has a right to institute foreclosure proceedings, whether or not the entire principal sum secured hereby becomes immediately due and payable as aforesaid, or whether before or after the institution of proceedings to foreclose the lien hereof or before or after sale thereunder, Mortgagor shall, forthwith upon demand of Lender, surrender to Lender, and Lender shall be entitled to take actual possession of, the Mortgaged Property or any part thereof, personally or by its agent or attorneys, and Lender, in its discretion, 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 or the then owner of the Mortgaged Property relating thereto and may exclude Mortgagor, such owner and any agents and servants

# UNOFFICIAL COPY

thereof wholly therefrom and may, as attorney-in-fact or agent of Mortgagor or such owner, or in its own name as Lender and under the powers herein granted:

(a) 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 of 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;

(b) 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;

(c) elect to disaffirm any lease or sublease of all of any part of the Mortgaged Property made subsequent to this Mortgage or subordinated to the lien hereof;

(d) to the fullest extent permitted by law, 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 Letter of Credit and the Reimbursement Agreement 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 Obligations secured hereby, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and

(e) make all necessary or proper repairs, decoration, 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.

**4.09 Priority of Payments.** Any rents, issues, deposits, profits and avails of the Mortgaged Property received by Lender after taking possession of all or any part of the Mortgaged Property or pursuant to any assignment thereof to Lender under the provisions of this Mortgage or any of the other Letter of Credit Documents shall be applied in payment of or on account of the following, in such order as Lender or, in case of receivership, as the court, may determine:

(a) operating expenses of the Mortgaged Property (including reasonable compensation to Lender, any receiver of the Mortgaged Property, any agent or agents to whom management of the Mortgaged Property has been delegated), and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized;

(b) taxes, special assessments, and water and sewer charges now due or that may hereafter become due on the Mortgaged Property, or that may become a lien thereon prior to the lien of this Mortgage;

(c) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Mortgaged Property (including without limitation the cost, from time to time, of installing or replacing ranges, refrigerators, and other appliances and other personal property therein, and of placing the

# UNOFFICIAL COPY

Mortgaged Property in such condition as will, in the reasonable judgment of Lender or any receiver thereof, make it readily rentable or salable);

(d) any Obligations secured by this Mortgage or any deficiency that may result from any foreclosure sale pursuant hereto; and

(e) any remaining funds to for the benefit of Mortgagor or its successors or assigns, as their interests and rights may appear.

**4.10 Appointment of Receiver.** Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Mortgaged Property or any part thereof. Such appointment may be made (a) either before or after foreclosure sale, without notice; (b) without regard to the solvency or insolvency at the time of application for such receiver of the person or persons, if any, liable for the payment of the Obligations secured hereby; (c) without regard to the value of the Mortgaged Property at such time and whether or not the same is then occupied as a homestead; and (d) without bond being required of the applicant. Such receiver shall have the power to take possession, control and care of the Mortgaged Property and to collect all rents, issues, deposits, profits and avails thereof during the pendency of such foreclosure suit and, in the event of a sale and a deficiency where Mortgagor has not waived its statutory rights of redemption, during the full statutory period of redemption, as well as during any further times when Mortgagor or its devisees, legatees, heirs, executors, administrators, legal representatives, successors, or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits, and avails. Such receiver shall have all other powers that may be necessary or useful for the protection, possession, control, management, and operation of the Mortgaged Property. To the extent permitted by law, such receiver may be authorized by the court to extend or modify any then existing leases and to make new leases of the Mortgaged Property or any part thereof, 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 Obligations secured hereby; 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 and all persons whose interests in the Mortgaged Property are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of Obligations, satisfaction of foreclosure decree or issuance of certificate of sale or deed to any purchaser.

**4.11 Foreclosure Sale.** In the event of any foreclosure sale of the Mortgaged Property, the same may be sold in one or more parcels. Lender may be the purchaser at any foreclosure sale of the Mortgaged Property or any part thereof.

**4.12 Application of Proceeds.** The proceeds of any foreclosure sale of the Mortgaged Property, or any part thereof, shall be distributed and applied in the following order of priority: (a) on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraphs 4.06 and 4.07 hereof; (b) all other items that, under the terms of this Mortgage, constitute secured Obligations additional to the payment and reimbursement obligations under the Reimbursement Agreement, with interest thereon at the interest rate set forth in the Reimbursement Agreement; (c) all principal Obligations and interest thereon remaining unpaid under the Reimbursement Agreement including, without limitation, termination payments payable by Mortgagor to Lender under any Hedge Agreement, in the order of priority specified by Lender in its sole discretion; and (d) the balance to or for the benefit of Mortgagor or its successors or assigns, as their interests and rights may appear.

**4.13 Application of Deposits.** In the event of any Event of Default, Lender may, at its option, without being required to do so, apply any monies or securities that constitute deposits made to or held by



# UNOFFICIAL COPY

Lender or any depositary pursuant to any of the provisions of this Mortgage, the Reimbursement Agreement or any of the other Letter of Credit Documents toward payment of any of Mortgagor's Obligations hereunder or under the Reimbursement Agreement or any of the other Letter of Credit Documents, in such order and manner as Lender may elect. When the Obligations secured hereby have been fully paid, any remaining deposits shall be paid to or for the benefit of Mortgagor or to the then owner or owners of the Mortgaged Property. Such deposits are hereby pledged as additional security for the prompt payment of the Obligations and any other indebtedness secured hereby and shall be held to be applied irrevocably by such depositary for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor.

**4.14 Waiver of Statutory Rights.** Mortgagor shall not apply for or avail itself of any appraisement, valuation, redemption, 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, to the fullest extent permitted by law, the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, hereby also waives any and all rights to have the Mortgaged Property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold in its entirety. Mortgagor hereby further waives any and all rights of redemption from sale under any order or decree of foreclosure of the lien hereof for itself and on behalf of any trust estate of which the Premises are a part, all persons beneficially interested therein each and every person acquiring any interest in the Mortgaged Property or title to the Premises subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by law.

**4.15 Cross Default Effect Under Letter of Credit Documents.** A default or event of default under the provisions of any of the Letter of Credit Documents, after any applicable notice and after the expiration of any applicable cure period, shall be deemed to be an Event of Default under this Mortgage. Lender may at its option, exhaust its rights and remedies under any or all of said Letter of Credit Documents, as well as its rights and remedies hereunder, either concurrently or independently and in such order as it may determine and may apply the proceeds received therefrom to the Obligations of Mortgagor secured hereby without waiving or affecting the status of any breach or Event of Default or any right or remedy, whether contained in this Mortgage or any contained or exercised pursuant to any of the Letter of Credit Documents.

V

## SECURITY AGREEMENT

**5.01 Grant of Security Interest.** Mortgagor hereby grants to Lender, in addition to and not in substitution for, any interest granted hereinabove, an express security interest in, and mortgages to the Lender, all goods, types and items of personal property and fixtures owned by the Mortgagor which are described in subsection (e) of Article II of this Mortgage and in Paragraph 5.02 below (hereinafter the "**Collateral**") whether now or hereafter erected on or placed in or upon the Premises or any part thereof, and all replacements thereof and accessions thereto and proceeds thereof to further secure the payment of the Obligations, the payment of all other sums due from the Mortgagor to the Lender, and the performance by Mortgagor of all the covenants and agreements set forth herein. Mortgagor warrants and covenants that Mortgagor is the owner of the Collateral free from any adverse lien, security interest or encumbrance and Mortgagor warrants that Mortgagor has made payment in full for all such Collateral. Mortgagor will upon request from Lender, deliver to Lender such further security agreements, chattel mortgages, financing statements and evidence of ownership of such Collateral as Lender may request.

# UNOFFICIAL COPY

**5.02 Description of Collateral.** The security interest granted to the Lender hereby shall cover the types of items described in subparagraph (e) of Article II of this Mortgage, together with the following types of items of property now or hereafter owned by the Mortgagor and used in connection with, and located upon, the Premises: all machinery, apparatus, equipment, goods, systems, fixtures and property of every kind and nature whatsoever now or hereafter located in or upon or affixed to the Premises, or any part thereof, and used or usable in connection with any present or future operation of the Premises, and now owned or hereafter acquired by Mortgagor, including, but without limitation of the generality of the foregoing, all building permits, plans and specifications, the construction contract, all contracts, sub-contracts and all other rights, licenses, permits, and agreements related to construction, leasing and management of the Premises, heating, lighting, incinerating, refrigerating, ventilating, air-conditioning, air-cooling, lifting, fire-extinguishing, plumbing, cleaning, communications, power, equipment, systems and apparatus; and all elevators, escalators, switchboards, engines, motors, tanks, pumps, screens, storm doors, storm windows, shades, blinds, awnings, floor coverings, ranges, stoves, refrigerators, washers, dryers, cabinets, partitions, conduits, ducts and compressors; and all other items of personal property used in connection with the Premises. In addition, the Mortgagor hereby grants to the Lender an express security interest in all tenements, hereditaments, easements, appendages, licenses, privileges and appurtenances belonging or in any way appertaining to the Premises, and all interests in property, rights and franchises or any part thereof together with all the reversions and remainders, and to the extent permitted by laws, all rents, tolls, issues and profits from the Premises, and all the estate, right, title, interest and claims whatsoever, at law and in equity which the Mortgagor now has or may hereafter acquire with respect to the Premises and the Collateral.

**5.03 Remedies Upon Default.** Upon a Default hereunder and acceleration of the Obligations pursuant to the provisions hereof, Lender may at its discretion require Mortgagor to assemble the Collateral and make it available to Lender at a place reasonably convenient to both parties to be designated by Lender and Lender may exercise all of its rights and remedies under the Illinois Uniform Commercial Code, Chapter 810, Illinois Compiled Statutes, with respect to the Collateral, either exclusive of or contemporaneously with, the exercise of any other right or remedy granted under this Mortgage. Lender shall give Mortgagor notice, by registered mail, postage prepaid, of the time and place of any public sale of any of the Collateral or of the time after which any private sale or other intended disposition thereof is to be made by sending notice to Mortgagor at least five (5) days before time of the sale or other disposition, which provisions for notice Mortgagor and Lender agree are reasonable; provided, however, that nothing herein shall preclude Lender from proceeding as to both the Premises and personal property in accordance with Lender's rights and remedies in respect to the Premises as provided in Section 5/9-501 of Chapter 810 of the Illinois Compiled Statutes.

**5.04 Reimbursement for Expenses.** Mortgagor shall reimburse Lender for all costs, charges and fees, including reasonable legal fees incurred by Lender in preparing and filing security agreements, extension agreements, financing statements, continuation statements, termination statements and chattel searches.

**5.05 Collateral as Real Estate.** The Collateral described herein shall be considered for all purposes a part of the Mortgaged Property as described herein; all warranties and covenants contained in this Mortgage made by Mortgagor shall be deemed as having been made with reference to the Collateral; all agreements, undertakings and obligations of Mortgagor stated herein shall apply to the Collateral, including without limitation, obligations regarding insurance, freedom from adverse lien or encumbrance, repair and maintenance; and all remedies of the Lender in the event of any default by Mortgagor under the provisions of this Mortgage or any other instrument evidencing or securing the Obligations shall be available to the Mortgage against the Collateral.

**5.06 Mortgage as Security Agreement.** This Mortgage constitutes a Security Agreement as the term is used in the Illinois Uniform Commercial Code, Chapter 810, Illinois Compiled Statutes (the "Code").

# UNOFFICIAL COPY

**5.07 Mortgage as Financing Statement.** This Mortgage is intended to be a financing statement within the purview of the Code with respect to any Collateral, which is or may become fixtures relating to the Premises. The addresses of Mortgagor (debtor) and Lender (secured party) are hereinabove set forth. This Mortgage is to be filed with the Recorder of Deeds of the County where the Premises is located. Mortgagor is the record owner of the Premises.

## VI

### ASSIGNMENT OF LEASES, RENTS AND CONTRACTS

**6.01 Assignment of Rents.** Mortgagor hereby assigns to Lender all of Mortgagor's interest in all leases, rents, issues and profits of the Mortgaged Property, as further security for the payment of the Obligations and other sums secured hereby. Mortgagor grants to Lender the right to enter upon the Mortgaged Property and to let the Mortgaged Property, or any part thereof, and to apply said rents, issues, profits and proceeds after payment of all charges and expenses, on account of the Obligations and other sums secured hereby. This assignment and grant shall continue in effect until the Obligations and other sums secured hereby are paid in full. Lender hereby agrees not to exercise the right to enter the Mortgaged Property for the purpose of collecting said rents, issues or profits and Mortgagor shall be entitled to collect and receive said rents, issues, profits and proceeds until the occurrence of an Event of Default by Mortgagor under the terms and provisions hereof; provided that any rents issues and profits collected and received by Mortgagor after the occurrence of an Event of Default hereunder which is not cured within the applicable grace period provided hereby shall be deemed collected and received by Mortgagor in trust for Lender and Mortgagor shall account to Lender for the full amount of such receipts. Mortgagor agrees to apply said rents, issues and profits whenever received, to payment of the Obligations, all impositions on or against the Mortgaged Property and other sums secured hereby. The right of Mortgagor to collect and receive said rents, issues and profits in trust for Lender during the continuance of any Event of Default by Mortgagor under the terms and provisions of this Mortgage may be revoked by Lender's giving written notice of such revocation to Mortgagor.

**6.02 Further Assurances.** Mortgagor will, from time to time after notice and demand, execute and deliver to Lender, in form satisfactory to Lender, further agreements evidencing its willingness to comply and its compliance with the provisions of this Article VI. Mortgagor shall pay Lender the expenses incurred by Lender in connection with the recording of any such agreement.

**6.03 Primary Assignment.** The assignment contained in this Article VI is given as collateral security and the execution and delivery hereof shall not in any way impair or diminish the obligations of the Mortgagor, nor shall this assignment impose any obligation on Lender to perform any provision of any contract or lease pertaining to the Mortgaged Property or create any responsibility for the non-performance thereof by Mortgagor or any other person. The assignment under this Article VI is given as a primary pledge and assignment of the rights described herein and such assignment shall not be deemed secondary to the Mortgagor's security interest and mortgage in the Mortgaged Property. Lender shall have the right to exercise any rights under this Article VI before, together with, or after exercising any other rights under this Mortgage.

**6.04 Mortgagor's Performance of Obligations.** Mortgagor shall observe and perform all covenants, conditions and agreements in each lease to which it is a party, now or hereafter affecting any portion of the Mortgaged Property. Mortgagor shall not, without the prior written consent of Lender, (a) accept any installments of rent for more than one month in advance or any security deposit for more than an amount equal to two months' rent, or (b) take any action or fail to take any action or exercise any right or option which would permit the tenant under any lease to cancel or terminate such lease, or (c) amend or modify any lease in a

# UNOFFICIAL COPY

manner which would (i) decrease or abate the rent payable per unit of time under the lease, (ii) decrease or abate the payments to be made by the tenant under the lease for rent, (iii) reduce or extend the term of the lease, or (iv) impose any additional obligations on the landlord under the lease; (d) consent to a sublease or a substitution of tenants under the lease; or (e) terminate any lease, unless the tenant thereunder is in default. Mortgagor agrees that hereafter it shall not assign any of the rents or profits of the Mortgaged Property, except for subordinate collateral assignments granted as security for the Subordinate Loans (as defined in the Reimbursement Agreement).

**6.05 Lender's Rights.** In the event of a Default by Mortgagor under this Mortgage or any of the other Letter of Credit Documents, Lender may, as attorney-in-fact for Mortgagor, or in its own name as Lender, and under the powers herein granted, hold, operate, manage and control the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment of the avails, rents, issues, and profits of the Mortgaged Property, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (b) to elect to disaffirm any lease or sublease which is then subordinate to this Mortgage; (c) to extend or modify any then existing leases and to make new leases, 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 of the Letter of Credit or as described hereinabove, 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 and all persons whose interests in the Mortgaged Property are subject to this Mortgage; (d) to make all necessary or proper repair, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Mortgaged Property as Lender may deem judicious; (e) to insure and reinsure the same and all risks incidental to Lender's possession, operation and management thereof; and (f) to receive all of such avails, rents, issues and profits. Mortgagor hereby grants Lender full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times after the occurrence of a Default, without notice to Mortgagor, except for any notice of Default expressly provided for herein or in the other Letter of Credit Documents.

**6.06 Mortgagor's Indemnification.** Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any of the leases assigned hereby. Mortgagor shall and does hereby agree to indemnify and hold Lender harmless of and from any and all liability, loss or damage, including, without limitation, reasonable attorneys' fees and expenses (excluding expenses attributable to in-house attorneys, employees salaries and other normal overhead expenses of Lender) related thereto, which Lender may or might incur by reason of its performance of any action authorized under Paragraph 6.05 and of and from any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements of Mortgagor (except for any such liability, loss or damage resulting from Lender's gross negligence or willful misconduct). Nothing herein contained shall be construed as constituting Lender in possession in the absence of the taking of actual possession of the Mortgaged Property by Lender. In the exercise of the powers herein granted Lender, no liability (except for any such liability resulting from Lender's gross negligence or willful misconduct) shall be asserted or enforced against Lender, all such liability being expressly waived and released by Mortgagor, its successors and assigns.

**6.07 Waiver.** Nothing herein contained shall be construed as constituting Lender a Lender in possession in the absence of the taking of actual possession of the Mortgaged Property by Lender pursuant to court order or as otherwise permitted by law. In the exercise of the powers herein granted Lender, no liability



# UNOFFICIAL COPY

shall be asserted or enforced against Lender, all such liability being expressly waived and released by Mortgagor.

## VII

### PROTECTIVE ADVANCES/MAXIMUM AMOUNT OF INDEBTEDNESS

**7.01 Protective Advances Defined.** All advances, disbursements and expenditures (collectively "Protective Advances") made by Lender before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Illinois Mortgage Foreclosure Act (the "Act"), 735 ILCS 5/15-1101 et seq., shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

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

(b) payments by Lender of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;

(c) advances by Lender in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(d)(2) and 5/15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against Lender for the enforcement of this Mortgage or arising from the interest of Lender hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

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

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

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

(h) expenses incurred and expenditures made by Lender for any one or more of the following: (i) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or

# UNOFFICIAL COPY

sublease; (iii) 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 Lender takes possession of the Mortgaged Property imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Lender to be for the benefit of the Mortgaged Property or required to be made by the owner 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; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; (vii) costs incurred by Lender for demolition, preparation for and completion of construction, as may be; (viii) pursuant to any lease or other agreement for occupancy of the Mortgaged Property; and (ix) if this Mortgage is insured payments of FHA or private mortgage insurance.

All Protective Advances shall be so much additional Obligations secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate of interest payable after a default under the terms of the Reimbursement Agreement.

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

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

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

The maximum amount of indebtedness secured by this Mortgage is \$4,687,500, plus interest, plus any disbursements for the payment of taxes and insurance on the Mortgaged Property, together with interest thereon, plus the amount of any other Protective Advances, together with interest thereon.

# UNOFFICIAL COPY

## MISCELLANEOUS

**8.01 Notices.** Except as otherwise hereinabove specified, any notice that Lender or Mortgagor may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipients thereof in the manner and at the addresses set forth in Section 7.2 of the Reimbursement Agreement or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant to the Reimbursement Agreement. Except as otherwise specifically required, herein, notice of the exercise of any right or option granted to Lender by this Mortgage is not required to be given, any such notice being deemed waived by Mortgagor to the fullest extent permitted by law.

**8.02 Time of Essence.** It is specifically agreed that time is of the essence of this Mortgage.

**8.03 Covenants Run with Land.** All of the covenants of this Mortgage shall run with the land constituting the Premises.

**8.04 Governing Law.** The place of negotiation, execution, and delivery of this Mortgage, the location of the Mortgaged Property, and the place of payment and performance under the Letter of Credit Documents being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that State. To the extent that this Mortgage may operate as a security agreement under the Code, Lender shall have all rights and remedies conferred therein for the benefit of a secured party, as such term is defined therein.

**8.05 Rights and Remedies Cumulative.** All rights and remedies set forth in this Mortgage are cumulative, and the Lender may recover judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy afforded hereby.

**8.06 Severability.** If any provision of this Mortgage or any paragraph, sentence, clause, phrase or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included herein.

**8.07 Non-Waiver.** No consent or waiver, express or implied, by Lender to or of any breach or default by Mortgagor in the performance by Mortgagor of any obligations contained herein shall be deemed a consent to or waiver of the performance by Mortgagor of any other obligations hereunder or the future performance of the same or of any other obligations hereunder.

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

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

**8.10 Deed in Trust.** If title to the Mortgaged Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Mortgaged Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

# UNOFFICIAL COPY

**8.11 Successors and Assigns.** This Mortgage and all provisions hereof shall be binding upon Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor, and the word "Mortgagor," when used herein, shall include all such persons and entities and any others liable for the payment of the Obligations secured hereby or any part thereof, whether or not they have executed the Reimbursement Agreement or this Mortgage. The word "Lender," when used herein, shall include Lender's successors, assigns, and legal representatives.

**8.12 Revolving Credit.** Subject to the terms and conditions set forth in the Reimbursement Agreement and the Letter of Credit, the Trustee, as beneficiary under the Letter of Credit, may, pursuant to the Indenture, draw, repay or cause to be repaid, and redraw, up to the Available Amount (as defined in the Letter of Credit) under the Letter of Credit, the proceeds of which shall be used for the purposes stated in the Reimbursement Agreement. All revolving credit advances made in accordance with the Reimbursement Agreement and the Letter of Credit shall be a lien on the Mortgaged Property as of the date of recording of this Mortgage pursuant to Section 15-1302(b)(3) of the Act. Notwithstanding the foregoing, no drawings, reborrowings or disbursements shall be made or permitted under the Letter of Credit from and after the date of the Stated Expiration Date (as defined in the Letter of Credit).

**8.13 Limited Recourse.** Neither Mortgagor, nor any partner or shareholder of Mortgagor shall be personally liable for the repayment of any of the principal of or interest due under the terms of the Reimbursement Agreement or for any deficiency judgment that Lender may obtain after foreclosure on its collateral after default by Mortgagor, provided, however, that (a) the Mortgagor shall not be exonerated or exculpated for any deficiency, loss or damage suffered by Lender as a result of the failure by the Mortgagor to comply with any of the terms or conditions of the Mortgage or any of the other Letter of Credit Documents to which it is a party (other than the provisions relating to the payment of principal, interest or late charges), and (b) Mortgagor shall not be exonerated or exculpated for any deficiency, loss or damage suffered by Lender as a result of the commission by such party of any of the following:

- (i) fraud or misrepresentation;
- (ii) the misapplication by of insurance or condemnation proceeds;
- (iii) committing or suffering to occur waste or intentional damage to the Mortgaged Property;
- (iv) failure to comply with provisions of the Mortgage prohibiting the sale or further encumbering of the collateral;
- (v) attempting to interfere with Lender's rights under the assignment of rents or Letter of Credit issued in connection with the Reimbursement Agreement;
- (vi) failure to apply proceeds of rents and other income of the collateral toward the costs of maintenance and operation of the Mortgaged Property and to the payment of taxes, lien claims, insurance premiums and debt service and other indebtedness to the extent that the Mortgage or other Letter of Credit Documents required such rents and income to be so applied;
- (vii) entering into or modifying leases in violation of the provisions of the Mortgage or Section 42 of the U.S. Internal Revenue Code;
- (viii) collection of rentals for periods of more than one month in advance under residential leases of the Mortgaged Property;



# UNOFFICIAL COPY

(ix) the receipt of monies in connection with the modification of any existing or future lease or the entering into of a new lease in violation of the applicable provisions of the Mortgage;

(x) the failure to pay any loss, liability or expense (including attorney's fees) incurred by Lender or any of its affiliates arising out of any claim or allegation made by such party, its successors or assigns, or any creditor of such party, its successors or assigns, or any creditor of such party, that this Mortgage or the transactions contemplated hereby establish a joint venture or partnership arrangement between such party, and Lender or that for any purpose the obligations under the Reimbursement Agreement are not recognized as debt;

(xi) the indemnification obligations under Paragraph 6.06 hereof;

(xii) any liability or claim relating to any security deposits or other tenant deposits; and

provided further, that the foregoing limitations on personal liability with respect to principal and interest shall not impair the validity of the Indebtedness secured by Lender's collateral or the lien on or security interest in the collateral or the right of Lender as mortgagee or secured party to foreclose and/or enforce the collateral after default by Mortgagor. In the event any party shall have guaranteed all or part of the Indebtedness by separate written guaranty, none of the foregoing limitations on personal liability for payment of principal and interest shall modify, diminish or discharge the personal liability of any such guarantor as set forth in any such written guaranty. None of the foregoing limitations on personal liability shall modify, diminish or discharge the personal liability of the Mortgagor or any other person under the Environmental Indemnity of even date herewith or under any indemnification provisions of the Mortgage or any of the other Letter of Credit Documents. Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provision of the Bankruptcy Reform Act of 1978 to file a claim for the full amount of the debt owing to Lender by Mortgagor or to require that all collateral shall continue to secure all of the indebtedness owing to Lender in accordance with the Reimbursement Agreement, the Mortgage and the other Letter of Credit Documents.

(remainder of page intentionally left blank)



**UNOFFICIAL COPY**

Exhibit A  
Legal Description

**PARCEL 1:**

LOTS 16 THROUGH 23, BOTH INCLUSIVE, IN BLOCK 15, TOGETHER WITH THE WEST HALF OF VACATED SOUTH TALMAN AVENUE LYING EAST OF THE EAST LINE OF SAID LOT 16 IN BLOCK 15, ALL IN COBE & MCKINNON'S 63<sup>RD</sup> ST. & CALIFORNIA AVE. SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PARCEL 2:**

A PERPETUAL, NON-EXCLUSIVE EASEMENT FOR PRIVATE INGRESS AND EGRESS BENEFITTING PARCEL 1 PURSUANT TO THAT CERTAIN EASEMENT AGREEMENT DATED MARCH 1, 2003 AND RECORDED MARCH 27, 2003 IN THE COOK COUNTY RECORDER'S OFFICE AS DOCUMENT NUMBER 0030415529 UPON, OVER AND ACROSS THE FOLLOWING DESCRIBED PROPERTY:

LOTS 16 THROUGH 25, BOTH INCLUSIVE, IN BLOCK 16, TOGETHER WITH THE EAST HALF OF VACATED SOUTH TALMAN AVENUE LYING WEST OF AND ADJOINING SAID LOT 25 IN BLOCK 16, ALL IN COBE & MCKINNON'S 63<sup>RD</sup> ST. & CALIFORNIA AVE. SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as 2626 West 63<sup>rd</sup> Street, Chicago, IL 60629

**Permanent Index Numbers:****As to Parcel 1:**

19-13-426-033  
 19-13-426-034  
 19-13-426-035  
 19-13-426-036  
 19-13-426-037  
 19-13-426-038

**As to Parcel 2:**

19-13-427-030  
 19-13-427-031  
 19-13-427-032  
 19-13-427-033  
 19-13-427-034  
 19-13-427-035  
 19-13-427-036  
 19-13-427-037  
 19-13-427-040