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Doc#: 1305316079 Fee: \$162.00
Karen A. Yarbrough RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 02/22/2013 03:19 PM Pg: 1 of 63

Illinois Anti-Predatory Lending Database Program

Certificate of Exemption

Report Mortgage Fraud
800-532-8785

The property identified as: **PIN:** 17-16-107-024-0000

Address:

Street: 555 West Monroe Street

Street line 2:

City: Chicago

State: IL

ZIP Code: 60661

Lender: Allianz Life Insurance Company of North America

Borrower: West Monroe Fund Investors, LLC and West Monroe Life Investors, LLC

Loan / Mortgage Amount: \$73,000,000.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 7/70 et seq. because it is commercial property.

Certificate number: D8EB1802-98AE-4E8C-9EB9-25E17F044F1C

Execution date: 02/22/2013

Property of Cook County Clerk's Office

1 of 4 pp

First American Title Order # NCS-561492

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PREPARED BY AND UPON
RECORDATION RETURN TO:

Kelley Drye & Warren LLP
200 Kimball Drive
Parsippany, New Jersey 07054
Attention: Paul A. Keenan, Esq.

Loan No. 10228

WEST MONROE FUND INVESTORS, LLC and WEST MONROE LIFE INVESTORS, LLC
(Borrower)

to

ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA
(Lender)

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

This document serves as a Fixture Filing under the Uniform Commercial Code.

Date: February 22, 2013
Location: 555 West Monroe Street
Chicago, Illinois
County: Cook

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

This MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Security Instrument") is made as of February 22, 2013, by WEST MONROE FUND INVESTORS, LLC, a Delaware limited liability company, and WEST MONROE LIFE INVESTORS, LLC, a Delaware limited liability company, as tenants-in-common, each having its principal place of business at c/o Principal Real Estate Investors, 801 Grand Avenue, Des Moines, Iowa 50392 (each, hereinafter referred to as an "Individual Borrower" and, together, as "Borrower"), to ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA, a Minnesota corporation, having a business and mailing address at c/o Allianz Real Estate of America LLC, 55 Green Farms Road, P.O. Box 5160, Westport, Connecticut 06881-5160, Attention: Servicing Department (hereinafter referred to as "Lender").

WITNESSETH

THAT, to secure (i) payment to Lender of the principal indebtedness of Seventy-Three Million and No/100 Dollars (\$73,000,000.00), together with interest thereon, and together with applicable late charges, prepayment fees and all other applicable fees, costs and charges, if any, as evidenced by that certain Promissory Note of even date herewith given by Borrower, as maker, to Lender, as payee, and any renewals, replacements, extensions or modifications thereof and any substitutions therefor (collectively, the "Note"), with the final payment of the entire outstanding indebtedness being due and payable on the Maturity Date (as defined in the Note), in and by which Note, Borrower promises to pay the said principal indebtedness and interest at the rate and in installments as provided in the Note, (ii) the performance of the covenants of Borrower herein contained and the payment of any monies expended by Lender in connection therewith, (iii) the payment of all obligations and the performance of all covenants of Borrower under the Loan Documents (as hereinafter defined) and (iv) any and all additional advances made by Lender to protect or preserve the Security (as hereinafter defined) or the security interest created hereby in or on the Security, or for taxes, assessments, or insurance premiums as hereinafter provided or for performance of any of Borrower's obligations hereunder or for any other purpose provided herein (whether or not the original Borrower remains the owner of the Security at the time of such advances) (all of the aforesaid indebtedness and obligations of Borrower being hereinafter, collectively, referred to as the "Indebtedness", and all of the documents, agreements and instruments between Borrower and/or others and Lender, and/or for the benefit of Lender, now or hereafter evidencing or securing the repayment of, or otherwise pertaining to, the Indebtedness, together with all amendments, modifications, substitutions and replacements thereof, being hereinafter, collectively, referred to as the "Loan Documents", and the loan evidenced or secured by the Loan Documents being hereinafter referred to as the "Loan"), subject to the Permitted Encumbrances (as hereinafter defined), Borrower does hereby mortgage, grant, bargain, sell, assign, pledge, transfer and convey unto Lender and to Lender's successors and assigns forever, all of Borrower's estate, right, title and interest in or hereafter acquired by Borrower in the following described land, improvements, real and personal property, rents and leases (hereinafter, collectively, referred to as the "Security"):

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A fee simple interest in the land described in Exhibit A attached hereto and made a part hereof (the "Land") situate, lying and being in the City of Chicago, County of Cook and State of Illinois (the "State");

TOGETHER with all buildings and other improvements now or hereafter located on the Land or any part thereof, including, but not limited to, all extensions, betterments, renewals, renovations, substitutes and replacements of, and all additions and appurtenances to the Security (collectively, the "Improvements");

TOGETHER with the land lying in the bed of any street, road, highway or avenue in front of or adjoining the Land to the center lines or to any other rightful further extension thereof;

TOGETHER with all easements and agreements now or hereafter located on or appurtenant to the Land and/or the Improvements or under or above the same or any part thereof, appurtenances, rights-of-way, licenses, permits, approvals and privileges, belonging or in any way appertaining to the Land and/or the Improvements including without limitation (i) any drainage ponds or other like drainage areas not located on the Land which may be required for water run-off, (ii) any easements necessary to obtain access from the Land to such drainage areas, or to any other location to which Borrower has a right to drain water or sewage, (iii) any land required to be maintained as undeveloped land by the zoning rules and regulations applicable to the Land, (iv) any easements and agreements which are or may be established to allow satisfactory ingress to, egress from and operation of the Land and/or the Improvements, including without limitation, those for pedestrian areas, vehicular access and parking (whether on-site or off-site) and reimbursement for parking, (v) any other reciprocal easement arrangement or reciprocal covenants as to land use relating to the Land and/or the Improvements, and (vi) any sanitary sewer, drainage, water and utility service agreements benefiting the Land and the Improvements or any part thereof;

TOGETHER with any and all awards hereafter to be made by any governmental, municipal or state authorities to the present and all subsequent owners of the Security for the taking of all or any portion of the Security by power of eminent domain, including, without limitation, awards for damage to the remainder of the Security and any awards for any change or changes of grade of streets affecting the Security, which said awards are, on and subject to the terms hereof, hereby assigned to Lender, and Lender, at its option, is hereby authorized, directed and empowered to collect and receive the proceeds of any such awards from the authorities making the same and to give proper receipts and acquittances therefor, and to apply the same toward the payment of the Indebtedness, notwithstanding the fact that such amount may not then be due and payable; and Borrower hereby covenants and agrees to and with Lender, upon request by Lender, to make, execute and deliver, at Borrower's expense, any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid awards to Lender, free, clear and discharged of any and all encumbrances of any kind or nature whatsoever (all of the foregoing Land, Improvements, rights, easements, rights-of-way, licenses, privileges, and awards, collectively, the "Real Property");

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TOGETHER with all proceeds, insurance or otherwise, paid for the damage done to any of the Security and all proceeds of the conversion, voluntarily or involuntarily, of any of the Security into cash or liquidated claims;

TOGETHER with all fixtures, machinery, equipment, goods, and every other article of personal property, tangible and intangible, now or hereafter attached to or used in connection with the Real Property, or placed on any part thereof and whether or not attached thereto, appertaining or adapted to the use, management, operation or improvement of the Real Property, insofar as the same and any reversionary right thereto may now or hereafter be owned or acquired by Borrower, including, without limitation: all partitions, screens, awnings, shades, blinds, floor coverings, hall and lobby equipment; all heating, lighting, plumbing, ventilating, refrigerating, incinerating, elevator, escalator, air conditioning and communication plants or systems with appurtenant fixtures; all vacuum cleaning systems; all security systems, call systems; all sprinkler systems and other fire prevention and extinguishing apparatus and materials; all equipment, manual, mechanical and motorized, for the construction, maintenance, repair and cleaning of, and removal of snow from, parking areas, walks, underground ways, truck ways, driveways, common areas, roadways, highways and streets; all equipment, manual, mechanical and motorized, for the transportation of customers or employees to and from the stores or other facilities on the Real Property; all telephone, computer and other electronic equipment and appurtenances thereto, including software; and all other machinery, pipes, poles, appliances, equipment, wiring, fittings, panels and fixtures; and any proceeds therefrom, any replacements thereof or additions or accessions thereto; and all building materials, supplies and other property delivered to the Real Property for incorporation into the Improvements thereon, all of which are declared to be a part of the realty and covered by the lien hereof, but said lien shall not cover any fixture, machinery, equipment or article of personal property which is owned by a tenant or other third party unaffiliated with Borrower or not required for the operation or maintenance of the Real Property, provided said fixture, machinery, equipment or article of personal property is not permanently affixed to the realty and may be removed without material damage thereto and is not a replacement of any item which shall have been subject to the lien hereof, but said lien shall include any other fixture, machinery, equipment or article of personal property so incorporated into the Improvements so as to constitute realty under applicable law whether or not owned by Borrower;

TOGETHER with all of Borrower's books and records and all other general intangibles relating to or used in connection with the Security, including all computerized or electronic books and records relating to or used in connection with the Security;

TOGETHER with all contracts for sale, and leases in the nature of sales of the Real Property, or any portion thereof, now and hereafter entered into and all right, title and interest of Borrower thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees or contract purchasers; all proceeds, rents, issues, profits, royalties, interest, bonuses and revenues and any other amounts now or hereafter arising from or out of the Real Property or any part thereof; all proceeds, credits or rebates arising from or out of any Imposition (as hereinafter defined) or Real Property Taxes (as hereinafter defined) appeal or similar proceeding, or any settlement thereof; all licenses, permits, franchises, governmental approvals and all sanitary sewer, drainage, water and utility service agreements benefiting the Real Property or any part thereof, together with all accounts, accounts receivable, cash receipts,

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credit card receipts, deposit accounts, including, without limitation, bank accounts of Borrower used in connection with the operation of the Security or for the holding of Security Deposits (as defined in the Assignment of Leases and Rents as hereinafter defined), contract rights, escrow and reserve accounts required to be established as security for the Loan, general intangibles, documents, instruments, chattel paper (tangible and electronic), letters of credit, letter of credit rights, supporting obligations and investment property and proceeds of any of the foregoing arising from or in connection with the Real Property, including all books and records in connection therewith; all agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Security; and all rights of Borrower under any leases, covenants, agreements, easements, restrictions or declarations with respect to, or as an appurtenance to, the Real Property (whether recorded or not) or any part thereof and all amounts, including interest on, and proceeds of, the escrow account under any tax escrow agreement that may be required hereunder (all of the tangible and intangible personal property described in this and the previous two paragraphs, collectively, the "Personal Property"), and Borrower's interest, as lessee, under any lease of property included within the description of Personal Property above;

TOGETHER with all of Borrower's right, title and interest in and to all and singular tenements, hereditaments and appurtenances, including water rights, belonging to or in any way pertaining to the Security; all the estate, right, title and claim whatsoever of Borrower, either in law or in equity, in and to the Security; all of Borrower's right, title, an interest in, to and under that certain Agreement of Co-Tenants dated as of September 22, 2004 between each Individual Borrower (the "TIC Agreement"), together with all rights now or hereafter arising under Section 363(i) of the Bankruptcy Code relating thereto; and any and all other, further or additional title, estate, interest or right which may at any time be acquired by Borrower in or to the Security (inclusive of any replacements or substitutions therefor at any time acquired by Borrower), and if Borrower shall at any time acquire any further estate or interest in or to the Security, the lien of this Security Instrument shall attach, extend to, cover and be a lien upon such further estate or interest automatically without further instrument or instruments, and Borrower, upon request of Lender, shall execute such instrument or instruments as shall reasonably be requested by Lender to confirm such lien, and Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact (which appointments are coupled with an interest) to execute all such instruments if Borrower shall fail to do so within ten (10) days after demand;

TOGETHER with all of the rents, issues and profits of the Security, including, without limitation, Rents under present and future Leases (as defined in the Assignment of Leases and Rents), or otherwise, which are hereby specifically assigned, transferred and set over to Lender, including, but not limited to, all cash, letters of credit, or securities deposited under such Leases to secure performance by the lessees of their obligations thereunder, whether such cash, letters of credit, or securities are to be held until the expiration of the terms of such Leases, or applied to one or more of the installments of rent coming due thereunder; and

TOGETHER with all proceeds, products, replacements, additions, substitutions, renewals and accessions of any property of the types described in the preceding clauses arising from or in connection with the Real Property, together with all after-acquired right, title, or interest of

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Borrower in and to any property of the types described in the preceding clauses arising from or in connection with the Real Property.

TO HAVE AND TO HOLD the Security, and each and every part thereof, unto Lender, and its successors and assigns, forever, for the purposes and uses herein set forth.

AND, Borrower hereby further covenants, agrees and warrants as follows:

1. Payment of Indebtedness. Borrower will pay the principal indebtedness and interest thereon in accordance with the provisions of the Note and all prepayment charges, late charges and all other fees and costs required thereunder, and all extensions, renewals, modifications, amendments and replacements thereof, and will keep and perform all of the covenants, promises and agreements and pay all sums provided in, (i) each of the Note or any other promissory note or notes at any time hereafter issued to evidence the Indebtedness, (ii) this Security Instrument and (iii) any and all other Loan Documents, all in the manner herein or therein set forth. Each of the persons and/or entities constituting Borrower hereunder shall be fully liable for such payment and performance, and such liability shall be joint and several.

2. Covenants of Title. Borrower has insurable fee simple title to the Real Property and good title to the Personal Property, free and clear of all Liens (as defined hereinafter) whatsoever except the Permitted Encumbrances (as defined hereinafter); and has good right and full power to sell, mortgage and convey the same; and Borrower will warrant and defend title to the Security against all claims and demands whatsoever except the Permitted Encumbrances, provided, however, if Borrower fails to take action to defend and uphold the title to the Security within ten (10) Business Days after its receipt of notice of any claim or demand, Lender shall have the right, at its option and at such time or times as it, in its sole discretion shall deem necessary, to take whatever action it may deem necessary to defend or uphold the lien of this Security Instrument or otherwise enforce any of the rights of Lender hereunder or any obligation secured hereby, including without limitation, the right to institute appropriate legal proceedings for such purposes. As used herein, the following terms shall have the following meaning:

“Lien” shall mean any mortgage, deed of trust, lien, pledge, hypothecation, assignment or security interest, the filing of any financing statement, and mechanic’s, materialmen’s and other similar liens and encumbrances (whether or not a lien or other encumbrance is created or exists at the time of filing).

“Material Adverse Effect” shall mean a material adverse effect on (i) the Real Property, (ii) the business, profits, operations or condition (financial or otherwise) of Borrower or the Real Property, (iii) the enforceability, validity, perfection or priority of the lien of the Security Instrument or the other Loan Documents, or (iv) the ability of Borrower to perform its obligations under the Security Instrument or the other Loan Documents.

“Permitted Encumbrances” shall mean collectively, (a) the Liens and security interests created by the Loan Documents; (b) all Liens and other matters disclosed in Lender’s title insurance policy issued in connection herewith; (c) Liens, if any, for taxes, water rates or sewer rents now or hereafter imposed by any Governmental Authority not yet delinquent; (d) such other title and survey exceptions as Lender has approved or may approve in

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writing; (e) Liens which are expressly permitted by the Loan Documents; (f) the Permitted Equipment Leases; (g) Liens being contested in accordance with the terms of the Loan Documents; (h) rights of tenants, as tenants only; and (i) easements, rights of way, restrictions on use and other similar encumbrances incurred or entered into in the ordinary course of business that do not have a Material Adverse Effect.

“Permitted Equipment Leases” shall mean equipment leases or other similar instruments entered into with respect to the Personal Property; provided, that, in each case, such equipment leases or similar instruments (i) are entered into on commercially reasonable terms and conditions in the ordinary course of Borrower’s business, (ii) relate to Personal Property which is (A) used in connection with the operation and maintenance of the Security in the ordinary course of Borrower’s business and (B) readily replaceable without material interference or interruption to the operation of the Security, and (iii) provide for annual payments not in excess of \$150,000.00.

3. Usury. It is hereby expressly agreed that if from any circumstances whatsoever fulfillment of any provision of the Note, this Security Instrument, or any other Loan Documents, at the time performance of such provision shall be due, shall cause the payments thereunder to exceed the maximum rate that the parties hereto can contract for under any applicable usury statute or any other law, with regard to obligations of like character and amount, then ipso facto the obligation to be fulfilled shall be reduced to such maximum rate, so that in no event shall any exaction be possible under the Loan Documents that is in excess of such maximum rate. In no event shall Borrower be bound to pay for the use, forbearance or detention of the money loaned pursuant to the Loan Documents, interest of more than the current maximum rate that the parties hereto can contract for under applicable law; the right to demand any such excess being hereby expressly waived by Lender

4. Impositions and Insurance Premiums. Except to the extent such amounts are paid by Lender pursuant to Section 5 below, Borrower shall pay or cause to be paid, prior to delinquency, the following:

(a) all real estate taxes and assessments for the Security (the “Real Property Taxes”), all taxes other than Real Property Taxes, assessments, sewer rents, water charges, fees and other payments to be made to any local, state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction over the Security (a “Governmental Authority”) in connection with the Real Property, and all other municipal and governmental assessments, rates, charges, impositions and liens (collectively hereinafter referred to as “Impositions”) which now or hereafter are imposed by law upon the Security; and

(b) all premiums (collectively the “Insurance Premiums”, and as to each insurance policy, an “Insurance Premium”) under the insurance policies maintained in accordance with Section 12 hereof.

If any Real Property Taxes, Imposition or Insurance Premium is not paid within the time hereinabove specified, subject in all cases to Borrower’s right to contest any Real Property Taxes or Impositions pursuant to and in accordance with the provisions hereinbelow, Lender shall have

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the right to pay the same, together with any penalty and interest thereon, and the amount or amounts so paid or advanced shall forthwith be payable by Borrower to Lender and shall be secured by the lien of this Security Instrument; provided, however, in the case of Real Property Taxes and Impositions, Borrower may in good faith contest, at Borrower's own cost and expense, by proper legal proceedings, the validity or amount of any Real Property Taxes or Imposition, on the condition that Borrower first shall deposit with the applicable taxing authority, as security for the payment of such contested item, any and all amounts required by the applicable taxing authority in connection with such contest proceedings, and on the further condition that no amount so contested may remain unpaid for such length of time as shall permit the Security, or the lien thereon created by the item being contested, to be sold for the nonpayment thereof, or as shall permit an action, either of foreclosure or otherwise, to be commenced by the holder of any such lien. Borrower will not claim any credit on, or make any deduction from the Indebtedness by reason of the payment of any Real Property Taxes, Imposition or Insurance Premium.

Borrower hereby assigns to Lender all rights of Borrower now or hereafter arising in and to the refund of any Real Property Taxes or Imposition during the existence and continuance of an Event of Default. If following receipt of any such refund by Lender, there exists an Event of Default under any of the Loan Documents has occurred and is continuing, Lender may apply said refund in reduction of the Indebtedness in whatever order Lender may elect.

Borrower will be excused from complying with the foregoing provisions of this Section 4 to the extent Borrower complies with the provisions of Section 5 hereof.

5. Escrow Deposits. Borrower shall deposit with Lender or with an escrow agent selected by Lender, on each Monthly Payment Date (as defined in the Note) until the payment in full of the Indebtedness, (i) a sum equal to one-twelfth (1/12) of the Real Property Taxes to be levied, charged, assessed or imposed upon or for the Security within one year after said Monthly Payment Date, and (ii) a sum equal to one-twelfth (1/12) of the annual estimated Insurance Premiums (based on the then current year's premiums). If on any Monthly Payment Date the amount of Real Property Taxes to be levied, charged, assessed or imposed within the ensuing one (1) year period shall not be fixed, such amount for the purpose of computing the deposit to be made by Borrower hereunder, shall be reasonably estimated by Lender, with appropriate adjustment and reimbursement to Borrower (if any) when the amount of such Real Property Taxes on the Security is fixed.

Any interest earned under this Section shall be the sole property of and shall be paid to Borrower. Borrower shall provide Lender with copies of all Real Property Taxes bills when each such Real Property Taxes bill is received and copies of all Insurance Premium bills when each such Insurance Premium bill is received; or otherwise give fifteen (15) Business Days' prior written notice to Lender in each instance Real Property Taxes or Insurance Premium is due, specifying the Real Property Taxes and Insurance Premiums to be paid and the amount thereof, the place of payment and the last day on which the same may be paid in order to be within the time limit specified in this Section. So long as an Event of Default has not occurred and is then continuing, to the extent that there are sufficient funds on deposit pursuant to this Section 5, Lender shall pay such Real Property Taxes prior to delinquency.

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If for any reason the sums on deposit with Lender or escrow agent under this Section shall not be sufficient to pay any Real Property Taxes and Insurance Premiums no later than thirty (30) days before the last day on which the same may be paid without penalty or interest, then Borrower shall, within ten (10) days after demand by Lender, deposit sufficient sums so that Lender may pay such Real Property Taxes and Insurance Premiums in full, together with any penalty and interest thereon. Lender may reasonably change its estimate of Real Property Taxes and/or Insurance Premiums for any period, on the basis of a change in an assessment or tax rate, a change in the Insurance Premiums, or on the basis of a prior miscalculation or for any other reason, in which event Borrower shall deposit with Lender or escrow agent within ten (10) days after demand the amount of any excess of the deposits which would theretofore have been payable under the revised estimate over the sums actually deposited.

If any Real Property Taxes shall be levied, charged, assessed or imposed upon or for the Security, or any portion thereof, and if such Real Property Taxes shall also be a levy, charge, assessment or imposition upon or for any other premises not covered by the lien of this Security Instrument, then the computation of the amounts to be deposited under this Section shall be based upon the entire amount of such Real Property Taxes and Borrower shall not have the right to apportion any deposit with respect to such Real Property Taxes.

Upon an assignment of this Security Instrument, Lender shall have the right to arrange to transfer all amounts deposited and still in its possession to the assignee and Lender shall thereupon be completely released from all liability with respect to such deposit and Borrower or owner of the Security shall look solely to the assignee or transferee in reference thereto.

Upon the payment in full by Borrower of the entire Indebtedness, any sums then held by Lender under this Section shall be promptly refunded to Borrower.

All amounts deposited shall be held by Lender as additional security for the sums secured by this Security Instrument, and Borrower hereby grants to Lender a security interest in such sums, and upon the occurrence and during the continuance of an Event of Default hereunder Lender may, in its sole and absolute discretion, apply said amounts to the payment of the Indebtedness in whatever order Lender may elect.

6. Change in Taxes. In the event any tax shall be due or become due and payable to the United States of America, the State (as hereinafter defined) or any political subdivision thereof with respect to the execution and delivery or recordation of this Security Instrument or any other Loan Document or the interest of Lender in the Security, Borrower shall pay such tax at the time and in the manner required by applicable law and Borrower shall hold Lender harmless and shall indemnify Lender against any liability of any nature whatsoever as a result of the imposition of any such tax. In the event of the enactment, after the date of this Security Instrument, of any law changing in any way the present law as to the taxation of notes or debts secured by mortgages, for federal, state, or local purposes, or the manner of collection of any Impositions or Real Property Taxes, so as to materially and adversely affect this Security Instrument or the Note secured hereby, then Borrower shall within ten (10) Business Days following Lender's written demand therefor make such payments to Lender and take such other steps, as may be necessary in Lender's reasonable judgment, to place Lender in the same

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financial position as it was prior to any such enactment, failing which, or if Borrower is not permitted by law to make such payments, the Indebtedness shall, at the option of Lender, immediately become due and payable. Lender will notify Borrower in writing of any event occurring after the date of this Security Agreement that will entitle Lender to compensation pursuant to this Section 6 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation and, upon request by Borrower, will designate a different lending office if such designation will avoid the need for, or reduce the amount of such compensation and will not, in the reasonable judgment of Lender, be otherwise disadvantageous to Lender. Such notice shall set forth in reasonable detail the basis for calculating the additional amounts owed to Lender. Notwithstanding the foregoing, in no event shall Borrower be required to compensate Lender or any holder of the Loan for any portion of the income or franchise taxes of Lender or such holder, whether or not attributable to payments made by Borrower.

7. Insurance. Borrower shall at all times until the Indebtedness shall be paid in full, keep the Security insured against loss or damage for its full replacement cost (which cost shall be reset once a year at Lender's option) under policies of All Risk Replacement Cost Insurance, and otherwise upon the following terms and conditions:

(a) Borrower shall further provide the following insurance in such amounts as shall be approved by Lender in its reasonable discretion: Special Form property insurance that provides for one hundred percent (100%) Replacement Cost, flood insurance (if the Security is situated in an area which is considered a flood risk area by the federal government or any agency thereof); boiler and machinery insurance; earthquake and windstorm/hail insurance; rent loss insurance in an amount sufficient to cover the total of all Rents (as defined in the Assignment of Leases and Rents) accruing from the Security for a two (2) year period plus a 365 day Extended Period of Indemnity; worker's compensation as required by law; commercial general liability insurance against claims brought anywhere in the world in a minimum amount of \$1,000,000.00 per occurrence and \$2,000,000.00 in the "aggregate per location basis" insuring against liability for bodily injury or property damage, and excess or umbrella liability of at least \$25,000,000.00; a Demolition and Increased Cost of Construction endorsement; an Ordinance or Law Coverage Endorsement; environmental insurance as reasonably required by Lender; and such other appropriate insurance as Lender may reasonably require from time to time. All such insurance shall provide for a deductible of no more than \$100,000, except for CAT perils which shall be permitted to have a deductible of not more than \$250,000.

(b) Such insurance shall contain no exclusion for acts of terrorism (other than biological and nuclear terrorism) and shall include coverages, limits, deductibles and amounts relating to acts of terrorism reasonably acceptable to Lender in its sole discretion, including without limitation, (i) coverage for acts of domestic and international terrorism, and (ii) to the extent available at commercially reasonable rates, coverage whether or not a specific act is certified under the Terrorism Risk Insurance Program Reauthorization Act of 2007, as amended, as an act of terrorism by the U.S. Secretary of the Treasury.

(c) During any period of material construction or restoration by or directed by Borrower, Borrower shall provide a policy or policies of builder's "all risk" insurance in an amount not less than the full insurable value of the Security.

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- (d) The insurance policies must include a waiver of subrogation in favor of Lender.
- (e) Borrower will deliver to Lender certificates of insurance in the most current form approved by the State's Department of Insurance and the primary property insurance binder together with policy coverage form language or excerpts that Lender may reasonably require. Each certificate of insurance provided by Borrower shall (i) be issued by a company or companies reasonably approved by Lender and rated not less than A/X in accordance with the latest "Best Insurance Guide" for a minimum of seventy-five percent (75%) of coverage and a minimum A/VIII for balance of coverage, (ii) name Lender as an additional insured, as evidenced by an Additional Insured (with respect to general liability) – Mortgagee, Assignee, or Receiver (with respect to property insurance) endorsement, and as Mortgagee/Loss Payee under any mortgagee clauses, exactly as Lender is named in the Loan Documents, (iii) provide that all proceeds shall be payable to Lender, (iv) provide that it may not be cancelled or modified except upon thirty (30) days prior written notice to Lender, (v) provide that no act or thing done by Borrower shall invalidate the policy as against Lender, (vi) be endorsed with standard noncontributory Lender clauses in favor of and in form acceptable to Lender, (vii) indicate the exact location of the Security, (viii) provide the Standard Mortgage Clause, and (ix) otherwise be in such form as shall be reasonably acceptable to Lender. Borrower will provide Lender with evidence satisfactory to Lender of such insurance (in compliance with the terms of this Security Instrument) at least three (3) Business Days prior to the expiration of any policy or policies of insurance. In no event shall more than twenty percent (20%) of the primary layer of any insurance required herein be provided by Fireman's Fund Insurance Company, Allianz Global Corporate & Specialty or any other affiliate of Lender.
- (f) If Borrower shall fail to obtain any such policy or policies as required pursuant to the terms hereof, or shall fail to assign and deliver the same (or reasonably acceptable evidence thereof) to Lender as required pursuant to the terms hereof, then Lender may obtain such insurance and pay the premium or premiums therefor, in which event Borrower shall, within ten (10) days following demand of Lender, repay such reasonable premium or premiums to Lender and such repayment shall be secured by the lien of this Security Instrument. If Borrower fails to maintain the level of insurance required under this Security Instrument, then Borrower shall indemnify Lender for all damages incurred to the extent that a casualty occurs and insurance proceeds would have been available had such insurance been maintained.
- (g) Borrower shall promptly provide to Lender copies of any and all material notices (including notice of non-renewal), claims, and demands which Borrower receives from insurers of the Security.
- (h) Intentionally omitted.
- (i) After the occurrence of a casualty to the Security, Borrower shall give prompt written notice thereof to Lender generally describing the nature and causes of such casualty and the extent of the damage or destruction to the Security, regardless of whether Borrower is required to have insurance coverage for such casualty.
8. Insurance/Condemnation Proceeds. Subject to the provisions of this Section and Sections 9, 10 and 11 hereof, Borrower hereby assigns to Lender all proceeds of any insurance or

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condemnation awards, which Borrower may be entitled to receive for any loss or damage to, or a taking of, the Security. Unless an Event of Default exists and is continuing, Borrower shall be permitted to make proof of loss, to adjust, settle and compromise (i) any claim under insurance policies in connection with any fire or other casualty, or (ii) any proceeding for the condemnation of the Security, in each case to the extent the casualty loss or condemnation award, as applicable, is not reasonably anticipated by Borrower to exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00). With respect to any such casualty loss or condemnation award which Borrower reasonably anticipates to exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00), Borrower hereby authorizes and empowers Lender, at Lender's option and in Lender's reasonable discretion as attorney-in-fact for Borrower, to make proof of loss, to adjust, settle and compromise of (a) any claim under insurance policies in connection with any fire or other casualty, or (b) any proceeding for the condemnation of the Security. In the event of any loss or damage to, or a taking of, the Security, (i) in excess of Five Hundred Thousand and No/100 Dollars (\$500,000.00), the proceeds of said insurance or condemnation award shall be payable to Lender alone and Borrower hereby authorizes and directs any affected insurance company or government agency to make payment of the insurance proceeds or condemnation awards directly to Lender, or (ii) in an amount which is equal to or less than Five Hundred Thousand and No/100 Dollars (\$500,000.00), Lender hereby authorizes and directs any affected insurance company or government agency to make payment of the insurance proceeds or condemnation awards directly to Borrower. Lender agrees to promptly execute and deliver any additional authorization or direction required by the insurance company or government agency for the payment of such proceeds or award, and otherwise cooperate with Borrower in obtaining same, provided Lender is not required to pay any cost or incur any out-of-pocket third-party expense in connection therewith. In the event that any such insurance proceeds or condemnation awards are paid directly to Borrower or Lender, as applicable, in contravention of the provisions of this Security Instrument, Borrower or Lender, as applicable, shall deliver such proceeds or awards to the other party within five (5) days of Borrower's or Lender's receipt thereof, as applicable. No such loss or damage shall itself reduce the Indebtedness. With respect to any such casualty loss or condemnation award which Borrower reasonably anticipates to exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00), Lender is authorized to collect and receive such proceeds or awards in the name of Lender and Borrower and to endorse Borrower's name upon any check in payment thereof. Subject to the provisions of Sections 9, 10 and 11 hereof, such proceeds or awards disbursed to Lender shall be applied first toward reimbursement of all third-party, out-of-pocket costs and expenses of Lender in collecting said proceeds or awards, then toward payment of the Indebtedness or any portion thereof (without application of Prepayment Fee or any other prepayment fee or penalty of any kind), whether or not then due and payable, in whatever order Lender may elect, or Lender may, at its option, apply said insurance proceeds or condemnation awards in whole or in part toward restoration of the Security for which such insurance proceeds or condemnation awards shall have been paid to Lender.

In the event of foreclosure of this Security Instrument or other transfer of title to the Security and extinguishment, in whole or in part, of the Indebtedness, all right, title, and interest of Borrower in and to any insurance policy, or premiums or payments in satisfaction of claims or any other rights thereunder then in force, shall pass to the purchaser or grantee notwithstanding the amount of any bid at such foreclosure sale. Nothing contained herein shall prevent the accrual of interest as provided in the Note on any portion of the principal balance due under the

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Note until such time as the insurance proceeds or Condemnation awards are actually received by Lender and applied to reduce the principal balance outstanding.

9. Disposition of Condemnation or Insurance Proceeds. If there exists an Event of Default, Lender, in its absolute discretion, may decide whether and to what extent, if any, proceeds of insurance or condemnation awards paid directly to Lender in accordance with Section 8 will be made available to Borrower for repair or restoration of the Security. So long as there exists no Event of Default, Lender agrees to make any casualty insurance proceeds or condemnation awards received by Lender available to Borrower for repair or restoration of the Security provided that Borrower demonstrates to Lender (in Lender's judgment) that such repair or restoration is feasible and the following conditions have been satisfied:

(a) Lender's independent consultant certifies that the Work (as defined below) can be completed at least one hundred eighty (180) days prior to the Maturity Date;

(b) insurance proceeds and additional funds deposited by Borrower with Lender prior to the commencement of any Work are adequate to complete the Work pursuant to plans and specifications reasonably approved by Lender;

(c) disbursement procedures reasonably acceptable to Lender are in place, which procedures shall include provision for the deposit of construction shortfalls, collection of lien waivers (which may be partial and conditioned on receipt of the subject disbursement), issuance of title endorsements by a title insurance company, payment of Lender's fees and expenses in disbursing, and coordination of the Work, and Borrower shall have reimbursed Lender for all of its out of pocket expenses in connection with such reconstruction and disbursement, including, without limitation, title insurance fees, inspection fees, attorneys' fees (including costs of paralegals), and architect's fees; and

(d) Lender shall have determined the Real Property shall maintain a Debt Service Coverage Ratio of at least 1.50 to 1.0 (without giving effect to any business interruption insurance) upon completion of the restoration or repair, notwithstanding the occurrence of any such casualty or condemnation, whichever the case may be.

Lender may establish other reasonable conditions it deems necessary to assure the Work is fully completed in good and workerlike manner free of all liens or claims by reason thereof, and in compliance with all applicable laws, rules and regulations.

Notwithstanding anything stated to the contrary herein or in the Loan Documents, with respect to any such casualty loss or condemnation award which Borrower reasonably anticipates to be less than Five Hundred Thousand and No/100 Dollars (\$500,000.00) provided no Event of Default then exists such casualty insurance proceeds or condemnation awards shall be disbursed directly to Borrower from the applicable insurer or Governmental Authority, as applicable, for the purpose of promptly effecting the restoration, repair, replacement or rebuilding of the Real Property that is damaged or destroyed to Lender's reasonable satisfaction.

If the conditions set forth in this Section 9 are not satisfied, then such proceeds shall, in Lender's sole but reasonable judgment, be either applied to reduce the Indebtedness in whatever order Lender may elect, or to payment of the restoration, repair, replacement or rebuilding of the

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Real Property that is damaged or destroyed in such manner as Lender may reasonably determine. So long as there exists no Event of Default at the time of prepayment, any principal reduction from an early involuntary payment as a result of the application of Condemnation awards or insurance proceeds will not be subject to any Prepayment Fee (as defined in the Note) and the debt service payments shall be recalculated based upon the reduced Loan balance, the remaining amortization schedule and the Interest Rate (as defined in the Note) or any other prepayment premium or penalty of any kind. Any application of insurance proceeds or Condemnation proceeds shall not extend or postpone the due dates of the monthly installments of principal and/or interest payable under the Note or change the amount of such installments.

10. Restoration Following Fire and Other Casualty or Condemnation. In the event of damage to the Security by reason of fire or other hazard or casualty, Borrower shall give prompt written notice thereof to Lender and shall promptly proceed with reasonable diligence to perform repair, replacement and/or rebuilding work (hereinafter referred to as the "Work") to restore the Security to its condition prior to such damage, in full compliance with all legal requirements, in all material respects. In the event of a taking by power of eminent domain or conveyance in lieu thereof (each a "Condemnation"), Borrower shall give prompt written notice thereof to Lender and shall, if restoration is feasible as reasonably determined by Lender, promptly proceed with reasonable diligence to perform such restoration (also referred to as the "Work"). Before commencing any Work, Lender shall have reasonably approved (x) all plans and specifications for any proposed restoration or repair, (y) the construction schedule, and (z) the architect's and general contractor's contract for all restoration or repair that exceeds \$500,000.00 in the aggregate.

Borrower shall not commence any of the Work until Borrower shall have complied with the above requirements, and thereafter Borrower shall perform the Work diligently and in good faith in substantial accordance with the plans and specifications referred to herein. At Lender's reasonable option, net insurance proceeds in excess of \$500,000.00 shall be disbursed pursuant to a construction escrow reasonably acceptable to Lender.

If the above conditions are not satisfied as to application of insurance proceeds, and in any event as to Condemnation awards, Lender shall apply the same, after first deducting therefrom Lender's reasonable out-of-pocket third-party expenses incurred in collecting the same, including but not limited to reasonable attorneys' fees (including costs of paralegals), to the reduction of the Indebtedness, without a Prepayment Fee or any prepayment premium or penalty of any kind, or to payment of the restoration, repair, replacement or rebuilding of the Real Property that is damaged or destroyed in such manner as Lender may reasonably determine. Any application of insurance proceeds or Condemnation proceeds shall not extend or postpone the due dates of the monthly installments of principal and/or interest payable under the Note or change the amount of such installments.

11. Fire and Other Casualty; Self-Help. If within one hundred sixty (160) days after the occurrence of any damage to the Security which is estimated to cost in excess of \$500,000.00 to restore, Borrower shall not have submitted to Lender for approval plans and specifications for the Work pursuant to Section 10, or shall not have submitted for approval such plans and specifications from all Governmental Authorities whose approval is required, or if, after such plans and specifications are approved by Lender and all such Governmental Authorities,

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Borrower shall fail to commence the Work within a reasonable time under the circumstances, or if thereafter Borrower fails to perform the Work diligently or is delinquent in the payment to mechanics, materialmen or others of the costs incurred in connection with the Work, then, in addition to all other rights herein set forth, and after giving Borrower thirty (30) days written notice of the nonfulfillment of one or more of the foregoing conditions (a "Notice of Nonfulfillment"), Lender or any lawfully appointed receiver of the Security may, at its respective option, perform or cause the Work to be performed, and may take such other steps as it deems advisable to perform the Work, and may enter upon the Security for any of the foregoing purposes, and Borrower hereby waives, for Borrower and all others holding under Borrower, any claim against Lender or such receiver arising out of anything done by Lender or such receiver pursuant to this Section (other than for claims of gross negligence or willful misconduct), and Lender may apply insurance proceeds (without the need to fulfill the requirements of Section 10 hereof) to reimburse Lender, and/or such receiver for all amounts reasonably expended or incurred by them, respectively, in connection with the performance of the Work, and any excess costs shall be paid by Borrower to Lender within ten (10) days' time following Borrower's receipt of Lender's demand therefor with interest at the Default Rate (as defined in the Note), and such payment shall be secured by the lien of this Security Instrument.

12. Rent Insurance Proceeds. So long as (i) Borrower is proceeding diligently under the terms of Section 11 and Lender has not given Borrower a Notice of Nonfulfillment; and (ii) there exists no uncured Event of Default, then Lender shall each month pay to Borrower out of the rent insurance proceeds held by Lender a sum equal to that amount, if any, of the rent insurance proceeds paid by the insurer which is allocable to the rental loss for the preceding month. Lender at its reasonable option may waive any of the foregoing conditions to the payment of rent insurance proceeds. If Borrower does not fulfill the foregoing conditions entitling Borrower to monthly disbursements of rent insurance proceeds, then such rent insurance proceeds may be applied by Lender, at Lender's option, to the payment of the Indebtedness in whatever order Lender may elect (without application of the Prepayment Fee or any other prepayment premium or penalty).

13. Repair; Alterations; Waste; Compliance with Law. Borrower shall keep or cause to be kept all of the Security in good and substantial repair, and expressly agrees that it will neither permit nor commit any willful act of material physical waste upon the Security nor intentionally or knowingly do any other act or intentionally or knowingly permit any act to be done that would be reasonably likely to result in a Material Adverse Effect, and shall comply, in all material respects, with all zoning laws, building codes, subdivision laws, environmental laws, and other laws, ordinances, rules and regulations made or promulgated by any government or municipality, or by any agency thereof or by any other lawful authority, which are now or may hereafter become applicable to the Security. Borrower shall repair or restore any building now or hereafter under construction on the Security and complete the same within a reasonable period of time. Borrower agrees not to initiate or knowingly acquiesce in any zoning variance or reclassification, without Lender's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. Borrower shall not construct any additional building or buildings or make any other material improvements on the Land nor materially alter, remove or demolish any building or other Improvements on the Land, without the prior written consent of Lender, which consent shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, Borrower shall have the right, without Lender's consent or

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approval, to construct any tenant improvements provided for by any Lease entered into in accordance with the Loan Documents.

Without limiting the generality of the foregoing, Borrower covenants that the Security, to the extent applicable, and any additions or alterations thereto, shall be maintained in compliance, in all material respects, with the provisions of the Americans with Disabilities Act of 1990, including all regulations promulgated thereunder, as heretofore and hereinafter amended (the "ADA"). Furthermore, Borrower shall comply, in all material respects, with all terms and implement the recommendations of the Property Condition Report certified to Lender by EBI Consulting dated January 23, 2013 (the "Property Condition Report").

If Borrower fails to observe any of the provisions of this Section and such failure is reasonably likely to result in a Material Adverse Effect, or permits any Event of Default to exist under this Section, Lender or a lawfully appointed receiver of the Security at its option, from time to time, may perform, or cause to be performed, any and all repairs and such other work as it deems necessary to bring the Security into material compliance with the provisions of this Section and may, subject in all respects to the rights of tenants under the Leases (as defined in the Assignment of Leases and Rents), enter upon the Security at reasonable times and upon reasonable advance notice to Borrower for any of the foregoing purposes, and Borrower hereby waives any claim against Lender and/or such receiver, arising out of such entry or out of any other act carried out pursuant to this Section (other than claims with respect to gross negligence or willful misconduct). Borrower shall within ten (10) days' time following Lender's written demand therefor repay to Lender and such receiver, if applicable, with interest at the Default Rate, all out-of-pocket third-party costs expended or incurred by them, respectively, in connection with any action taken pursuant to this Section, and such repayment shall be secured by the lien of this Security Instrument.

Borrower hereby covenants to maintain as part of the Security, and at all times throughout the term of the Loan sufficient parking spaces in quantity, size, location, appearance and handicap designation(s), to comply, in all material respects, with all applicable governmental and private laws and regulations, rules, regulations, ordinances, approvals and agreements, and all Leases.

14. Environmental Indemnification. Reference is made to that certain Environmental Indemnification Agreement of even date herewith executed by Borrower and for the benefit of Lender (the "Environmental Indemnification Agreement"). The terms and provisions of the Environmental Indemnification Agreement are by this reference incorporated herein as though fully set forth herein.

15. Independence of Security. Borrower shall not knowingly by act or omission, other than pursuant to any Permitted Encumbrances, permit any building or other improvement on any premises not subject to the lien of this Security Instrument to rely on the Security or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Borrower hereby assigns to Lender any and all rights to give consent for all or any portion of the Security or any interest therein to be so used. Similarly, other than pursuant to any Permitted Encumbrances, no part of the Security shall rely on any premises not subject to the lien of this Security Instrument or any interest therein to fulfill any governmental or municipal requirement.

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Borrower shall not knowingly by act or omission change or impair the existing zoning of the Security or the integrity of the Real Property as a single zoning lot, and as one or more complete tax parcels, separate and apart from all other premises. Any act by Borrower which would result in a violation of any of the provisions of this Section and be reasonably likely to cause a Material Adverse Effect shall be void.

16. Transfer.

(a) Restrictions on Transfer. Except as expressly set forth herein below, Borrower shall not transfer (directly or indirectly), sell or assign the Security or any interest in the Security, any interest in Borrower or any interest in an entity that owns or Controls Borrower.

(b) Permitted Transfers. Notwithstanding anything the foregoing or anything stated to the contrary in this Security Agreement or in the other Loan Documents:

i. The holders of direct and indirect beneficial interests in Borrower shall not transfer (directly or indirectly), sell or assign all or any of such interests. Notwithstanding the foregoing, so long as an Event of Default does not exist, transfers of direct or indirect interests in an Individual Borrower between Borrowers shall be permitted without Lender consent upon thirty (30) days' prior written notice to Lender, provided that Borrower pays all of the actual, out-of-pocket costs and expenses of Lender (including reasonable attorneys' fees) incurred in connection with the transfer. Additionally, so long as no Event of Default (or any event or circumstance which with the giving of notice or the passage of time, or both, would constitute an Event of Default) shall then exist and be continuing, Borrower shall have a one-time right to transfer all of the Real Property to a bona fide third party purchaser unrelated to Borrower, provided that (1) the transferee is a single asset special purpose entity complying with the provisions of Section 57 herein that is owned entirely and controlled by an Institutional Investor (as defined below), or is otherwise approved by Lender in its sole and absolute discretion, with no indebtedness other than the Loan; (2) the ratio of the outstanding principal balance of the Loan to the purchase price of the Real Property (as evidenced by executed purchase and sale agreement and settlement statement) does not exceed fifty-five percent (55%); (3) the Real Property shall have achieved a Debt Service Coverage Ratio of at least 1.90x for the preceding twelve (12) calendar months; (4) the transferee assumes and agrees in writing (in form satisfactory to Lender) to pay and perform all of the obligations of Borrower under the Loan Documents, whether then existing or thereafter arising; (5) upon Lender's request, Borrower provides a Phase 1 Environmental Site Assessment which meets Lender's then current requirements and is dated no earlier than 90 (ninety) days prior to the date of transfer; (6) the transferee pays to Lender a fee equal to one-half of one percent (.50%) of the then outstanding principal balance of the Loan; (7) the transferee provides an endorsement to Lender's policy of title insurance and an opinion of counsel both in form satisfactory to Lender; (8) the transferee pays all of the actual, out-of-pocket costs and expenses of Lender (including reasonable attorneys' fees) incurred in connection with the transfer; and (9) the transferee complies with all other reasonable requirements of Lender in connection with the transfer. In the event of any such transfer, Borrower shall remain liable under the Environmental Indemnity except for acts and occurrences after the date of transfer of the Real Property and shall be released from all obligations and liabilities under all other Loan Documents after the date of transfer of the Real Property. For purposes hereof, the term "Institutional Investor" means an

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institutional entity dealing in commercial real estate which shall be domiciled in the U.S. and meets the following tests: (A) shall be the guarantor of a guaranty agreement for the obligations of Borrower under Section 16 of the Note and liable under the Environmental Indemnity; (B) are not nor have been subject to any filed, planned or reasonable foreseeable bankruptcy, reorganization or insolvency proceedings or criminal charges or proceedings or a litigant, plaintiff or defendant in any suit brought against or by Lender; (C) shall maintain during the term of the Loan a book net worth of not less than Two Hundred Million Dollars (\$200,000,000) calculated in accordance with generally accepted accounting principles with cash and cash equivalents of at least Five Million Dollars (\$5,000,000); (D) including related affiliates have experience in owning, operating, managing and leasing at least five million square feet of Class A office space; and (E) have a financial profile, credit profile and borrowing history acceptable to Lender, in Lender's sole discretion;

ii. so long as no Event of Default (or any event or circumstance which with the giving of notice or the passage of time, or both, would constitute an Event of Default) shall then exist and be continuing, upon thirty (30) days prior written notice to Lender, Borrower shall have a one-time right to effectuate a termination of the TIC Agreement and transfer by deed all of the Real Property from one Individual Borrower to the other Individual Borrower, provided that (1) Borrower shall execute such amendments to this Security Instrument and the other Loan Documents and as may be reasonably requested by Lender; (2) Borrower provides an endorsement to Lender's policy of title insurance and an opinion of counsel both in form satisfactory to Lender; (3) Borrower pays all of the actual, out-of-pocket costs and expenses of Lender (including reasonable attorneys' fees) incurred in connection with the transfer; and (4) Borrower complies with all other reasonable requirements of Lender in connection with the transfer. In the event of such transfer from one Individual Borrower to the other Individual Borrower pursuant to and in accordance with the foregoing, the transferor Borrower shall be released from all liability under the Loan Documents from events first occurring after the date of such transfer; and

iii. the following transfers shall be permitted at any time without notice to Lender (except as specifically provided below) provided that: (A) no Event of Default shall then exist; and (B) no such transfer shall result in the change of Control of Borrower:

1. upon thirty (30) days prior written notice to Lender, one or a series of transfers, of up to forty-nine percent (49%) (in the aggregate) of the stock, the limited partnership interests or membership interests (as the case may be) in Borrower or any other direct or indirect owner of Borrower, provided no notice shall be required for transfers of less than twenty percent (20%) of the direct or indirect interests in Borrower, and

2. any involuntary transfer caused by the death or legal incapacity of a holder of direct or indirect ownership interests in Borrower so long as (A) Borrower is reconstituted, if required, following any such death or legal incapacity and (B) either (i) those persons responsible for the management of the Borrower and the Security remain unchanged as a result of such death or legal incapacity or (ii) the person(s) to become responsible for management of the Borrower and the Security are approved by Lender in its reasonable discretion;

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3. Permitted Encumbrances;
4. all transfers of worn out or obsolete furnishings, fixtures or equipment that are promptly replaced with property of equivalent value and functionality;
5. all Leases permitted pursuant to the terms of the Loan Documents; and
6. one or a series of transfers of the limited partners of Principal Enhanced Property Fund, L.P., a Delaware limited partnership, so long as such entities shall continue to be Controlled, directly or indirectly, by the Principal Enhanced Property Fund, G.P.

(c) As used herein, the following terms shall have the meaning set forth below:

i. "Debt Service Coverage Ratio" is defined as the ratio, as determined by Lender, of (a) Net Operating Income from the Real Property for the applicable period of time to (b) Total Annual Debt Service.

ii. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person (even if such power is subject to the rights of other equity holders to exercise veto rights over major decisions, removal rights upon a default in the controlling party's obligations, or a forced sale right upon the occurrence of specified events), whether through ownership of voting securities, by contract or otherwise, including the power to elect a majority of the directors or trustees of a corporation or trust, as the case may be. "Controlled" and "Controlling" shall have correlative meanings.

iii. "Net Operating Income" is defined as gross income from operations of the Real Property for the previous twelve (12)-month period (to the extent Lender reasonably projects such income will continue for the immediately succeeding twelve (12) month period), subtracting therefrom all necessary and ordinary operating expenses applicable to the Real Property for such period of time (both fixed and variable to the extent reasonably projected by Lender to continue for the next succeeding a twelve (12) month period), including but not limited to, utilities, administrative, cleaning, landscaping, security, repairs and maintenance, ground rent payments, management fees, real estate and other taxes, assessments and insurance, but excluding there from deductions for federal, state and other income taxes, debt service expense, depreciation or amortization of capital expenditures and other similar noncash items. Gross income shall not be anticipated for any greater time period than that consistent with income tax accounting principles nor shall ordinary operating expenses be prepaid. Documentation of Net Operating Income shall be delivered by Borrower to Lender with detail reasonably satisfactory to Lender and shall be subject to the approval of Lender (in its reasonable discretion).

iv. "Person" shall mean any individual, corporation, partnership (whether general or limited), joint venture, limited liability company, limited liability partnership, estate, trust, joint stock company, unincorporated association, any federal, state,

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county or municipal government or political subdivision or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing or any other entity.

v. “Total Annual Debt Service” shall mean the sum of the aggregate debt service payments (including principal and interest) on the Loan for the applicable time period.

17. No Other Liens; No Secondary or Mezzanine Financing. (a) Borrower shall not consent, agree to, or permit, any mortgage, lien, or security interest upon or affecting the Security or any part thereof except with respect to the Permitted Encumbrances or as granted or permitted in this Security Instrument and any other lien or security interest granted to Lender. Except with respect to Permitted Encumbrances, Borrower will promptly and timely pay and discharge any and all amounts which are now or hereafter become liens against the Security whether or not superior to the lien hereof or to any assignment of rents and leases given to Lender.

(b) Except for Permitted Encumbrances, Borrower shall not encumber the Real Property, the Land or the Improvements with any lien other than the lien of this Security Instrument. Except with respect to the pledges of the interests of or in the limited partners of Principal Enhanced Property Fund, L.P., a Delaware limited partnership, the holders of direct and indirect beneficial interests in Borrower shall not pledge or otherwise encumber all or any of such interests as security for any financings.

18. Management. During the term of the Loan, Borrower shall at all times retain a professional management company to operate and manage the Security. Unless the Security is self-managed, a written management agreement (the “Management Agreement”) shall be required and the management company and the form and substance of the Management Agreement shall be subject to Lender’s reasonable approval, which shall not be unreasonably withheld, delayed or conditioned. No change in such management shall be made without the prior written approval of Lender (which shall not be unreasonably withheld or delayed), and any attempted change in management without such consent shall be void. Simultaneously herewith, Borrower, Lender and CB Richard Ellis, Inc. have executed a Collateral Assignment Management Agreement that provides that such Management Agreement, any liens to which the manager may be entitled, and any right of the manager to receive payment, are subordinate to the lien of this Security Instrument. The Management Agreement, and any successor management agreement, must provide that such Management Agreement is terminable without cause upon thirty (30) days’ prior written notice. No Management Agreement, or any successor management agreement, may be modified or amended in any material manner without Lender’s prior written approval, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Borrower shall have the right to terminate the Management Agreement on the terms set forth therein without Lender’s prior written consent. Management fees shall not constitute a lien upon the Security and Lender shall have no liability for payment of such fees.

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19. Sidewalks, Municipal Charges. Borrower will promptly pay and discharge any and all license fees and similar charges, with penalties and interest thereon, which may be imposed by the municipality in which the Security is situated, for the use of vaults, chutes, areas and other space beyond the lot line and under or abutting the public sidewalks in front of or adjoining the Security, and Borrower will promptly cure any violation of law and comply in all material respects, with any order of such municipality respecting the repair, replacement or condition of the sidewalk or curb in front of or adjoining the Security, and if Borrower fails to do so, Lender may, upon ten (10) days advance written notice to Borrower, pay any and all such license fees or similar charges, with penalties and interest thereon, and the charges of the municipality for such repair or replacement, and any amount so paid or advanced by Lender and all out-of-pocket third-party costs and expenses incurred in connection therewith (including, without limitation, reasonable attorneys' fees), with interest thereon at the Default Rate, shall be a demand obligation of Borrower to Lender, and, to the extent permitted by law, shall be added to the Indebtedness and shall be secured by the lien of this Security Instrument.

20. Assignment of Leases and Rents. Reference is made to that certain Assignment of Leases and Rents, executed by Borrower in favor of Lender, of even date and record herewith (the "Assignment of Leases and Rents"). To the extent not provided herein, the terms and provisions of the Assignment of Leases and Rents are by this reference incorporated herein as though fully set forth herein.

21. Future Leases. Borrower will not hereafter make any Major Lease to any lessee, or amend, modify, terminate, renew or extend any Major Lease (other than a renewal, extension or expansion to which a lessee is entitled under the terms of an existing Major Lease or that is contained in a Major Lease that is subsequently approved by Lender, or that otherwise satisfies conditions set forth in Section 3.2(b) of the Assignment of Leases and Rents), affecting the Security unless Lender shall first consent in writing to the terms of the Major Lease and the form of the Major Lease, which consent shall not be unreasonably withheld.

All Leases must be subordinate to the lien of this Security Instrument unless Lender otherwise specifies. Each Lease must contain a provision that, upon notice to lessee by Lender, the Lease shall become superior, in whole or in part, to the lien of this Security Instrument. Without limiting the foregoing, Lender hereby reserves the right to (a) subordinate this Security Instrument to any Lease subsequently made by recording in the same jurisdictional records in which this Security Instrument is recorded, a declaration to that effect, executed by Lender, which declaration once so recorded shall be binding upon the lessee under such Lease and such lessee's successors and assigns, or (b) to take such action as Lender may decide, including to make a foreclosure sale subject to any such Lease(s) in Lender's sole discretion.

Borrower will furnish to Lender a fully executed true and complete copy of each Lease, amendment, modification, extension, termination, guaranty, or renewal, hereafter made by Borrower, or made for the benefit of Borrower, with respect to space in the Security (whether approved or deemed approved by Lender) within sixty (60) days after the end of each calendar quarter.

Borrower will from time to time, following receipt of written demand from Lender, confirm in writing the assignment to Lender of any or all Leases of the Real Property, and such

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written confirmation shall be in such form as Lender shall reasonably require and as shall be necessary to make the same recordable.

Nothing in this Security Instrument shall be construed to obligate Lender, expressly or by implication, to perform any of the covenants of Borrower as lessor under any of the Leases hereinabove assigned or to pay any sum of money or damages therein provided to be paid by the lessor.

At Borrower's request, Lender shall enter into a Subordination, Non-Disturbance and Attornment Agreement (an "SNDA") as to any Lease permitted to be entered into under the Loan Documents or otherwise consented to by Lender, and Borrower shall reimburse Lender and/or a servicer acting on behalf of Lender its actual out-of-pocket cost incurred in connection with any such SNDA not to exceed \$500 in the event such SNDA is on the form set forth in Exhibit B attached hereto, without any changes to such form other than to include the applicable names of parties to such SNDA and other identifying information for the applicable Lease. If the tenant benefiting from such agreement shall enter into any negotiation of such form with Lender and/or such servicer or require Lender to use another form of SNDA, Borrower shall reimburse Lender and/or such servicer for the reasonable fees of outside counsel incurred by Lender and/or such servicer as a result of such negotiation. In either event, any SNDA must either be on the form attached hereto as Exhibit B or such other form requested by Borrower or tenant which is acceptable to Lender. In no event shall Borrower be required to post an expense deposit or enter into a retainer agreement with Lender or any servicer in connection with Borrower's request to enter into such SNDA.

22. Borrower's Obligations as Lessor. Borrower shall, at Borrower's cost and expense, promptly and fully perform each and every covenant, condition, promise and obligation on the part of Borrower to be performed pursuant to, and to the extent required by, the terms contained in the Assignment of Leases and Rents.

23. Leases; Foreclosure. Any proceedings or other steps taken by Lender to foreclose this Security Instrument, or otherwise to protect the interests of Lender hereunder, shall not operate to terminate the rights of any present or future lessee of space in the Real Property, notwithstanding that said rights may be subject and subordinate to the lien of this Security Instrument, unless Lender specifically elects otherwise in the case of any particular lessee. The failure to make any such lessee a defendant in any such foreclosure proceeding and to foreclose such lessee's rights will not be asserted by Borrower or any other defendant in such foreclosure proceeding as a defense to any proceeding instituted by Lender to foreclose this Security Instrument or otherwise protect the interests of Lender hereunder.

24. Events of Default. Each of the following shall constitute an "Event of Default" hereunder and shall entitle Lender during continuance thereof to exercise its remedies hereunder and under any of the other Loan Documents or as otherwise provided by law:

(a) Any payment of any installment of principal or interest due under the Note, or payment or deposit of any other sum due under the Note or under any of the other Loan Documents, is not received by Lender by 2:00 p.m. Eastern Time on or before the date when such payment was due, or any other payment of money or indebtedness as required by this

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Security Instrument or by any other Loan Document is not made when due and payable and, if no other written notice period is set forth herein or the other Loan Documents for the payment of same, such failure continues for five (5) Business Days after Borrower's receipt of written notice thereof from Lender;

(b) Payment of the entire outstanding principal balance of the Loan evidenced by the Note and the other Loan Documents, whether by prepayment, at the Maturity Date, by Acceleration of Maturity (as defined in the Note), or otherwise is not received by Lender by 2:00 p.m. Eastern Time on the applicable Business Day;

(c) Any representation, warranty, or statement of Borrower contained herein or in any of the Loan Documents, including, without limitation, the Environmental Indemnification Agreement, or in any writing by Borrower delivered to Lender on or before the execution and delivery of the Loan Documents proves to be untrue in any material respect as of the date when made;

(d) Borrower shall (i) have an order for relief entered in a proceeding under the United States Bankruptcy Code (the "Bankruptcy Code"), whether such order shall result from a voluntary or involuntary petition, (ii) seek or consent to the appointment of a receiver or trustee for itself or for any of the Security, (iii) file a voluntary petition or initiate a proceeding under the bankruptcy, receivership, or similar laws of the United States, any state or any jurisdiction, (iv) make a voluntary general assignment for the benefit of creditors, or (v) be unable to pay its debts as they mature;

(e) A court shall enter an order, judgment or decree appointing a receiver or trustee for it or for any of the Security or approving an involuntary petition filed against Borrower, which seeks relief under the Bankruptcy Code or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain in force, undischarged or unstayed, ninety (90) days after it is entered;

(f) Except as expressly provided in Sections 16 and 17, without the prior written consent of Lender, (i) the Security or any portion thereof, or interest therein, shall be mortgaged, encumbered, sold, assigned or otherwise transferred by Borrower or by operation of law or shall be subjected to any condominium form of ownership, or (ii) if Borrower is a limited liability company, partnership, limited partnership, joint venture, syndicate or other group, all or any portion of a direct or indirect beneficial interest in Borrower is sold, pledged, assigned or otherwise transferred, or (iii) if Borrower is a corporation, Borrower is liquidated or dissolved or its charter expires or is revoked, or (iv) if Borrower is a trust or trustee(s), there is any change in the identity of any of the trustee(s), there is any sale or other transfer of all or any portion of the beneficial interest under the trust; or

(g) A default by Borrower occurs under any of the provisions of Section 57 of this Security Instrument, excluding any immaterial, non-recurring defaults that are promptly cured by Borrower;

(h) An Event of Default occurs under the Environmental Indemnification Agreement or any other Loan Document;

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(i) The insurance policies required under Section 7 hereof are not kept in full force and effect; or

(j) The failure of Borrower or any guarantor of all or part of the Loan in the observance or performance of any other covenant, promise or agreement provided in this Security Instrument or in any other Loan Document not specified in subsections (a) through (i) above other than relating to the payment of indebtedness or money (a "Failure to Perform"), for thirty (30) days after the giving of notice by Lender to Borrower specifying the nature of the Failure to Perform; provided, however, that if the nature of such Failure to Perform is such that the same cannot be cured within such thirty (30) day period, such Failure to Perform shall not be deemed an Event of Default if Borrower shall within such period commence to cure that failure to perform and thereafter diligently prosecute the cure to completion, but in no event more than one hundred twenty (120) days in the aggregate. In such event, Lender may exercise any and all remedies to which it may be entitled, including without limitation, acceleration of the Indebtedness. Notwithstanding anything contained herein to the contrary, the notice and cure period provided under this subsection shall not be applicable to and shall not be in addition to any specific notice and cure or performance period provided under any other provision of this Security Instrument, and the specific notice and cure or performance period provided for in such provision shall control, and a failure by Borrower to cure a default under such provision within the applicable cure period shall be an Event of Default under this Security Instrument.

25. Remedies Upon an Event of Default. Immediately upon the occurrence of any Event of Default, Lender shall have the option, in addition to and not in lieu of or substitution for all other rights and remedies provided in this Security Instrument or any other Loan Document or provided by law or in equity, and is hereby authorized and empowered by Borrower, to do any or all of the following:

(a) Declare the entire unpaid amount of the indebtedness immediately due and payable and, at Lender's option, (i) to bring suit therefor, or (ii) to bring suit for any delinquent payment of or upon the Indebtedness, or (iii) to take any and all steps and institute any and all other proceedings in law or in equity that Lender deems necessary to enforce payment of the Indebtedness and performance of other obligations secured hereunder and to protect the lien of this Security Instrument.

(b) Commence foreclosure proceedings against the Security, in a single parcel or in several parcels, through judicial proceedings, by advertisement or as otherwise provided by law, at the option of Lender, pursuant to the statutes in such case made and provided, and to sell the Security or to cause the same to be sold at public sale, and to convey the same to the purchaser, in accordance with said statutes in a single parcel or in several parcels at the option of Lender.

(c) Proceed against the Personal Property in accordance with Lender's rights and remedies with respect to the Personal Property, including the right to sell the Personal Property (upon notice to Borrower) together with the Real Property, separately and without regard to the remainder of the Security in accordance with Lender's rights and remedies provided by the State Uniform Commercial Code as well as other rights and remedies available at law or in equity.

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(d) Cause to be brought down to date a title examination and tax histories of the Security, procure title insurance or title reports or, if necessary, procure new abstracts and tax histories.

(e) Procure an updated or entirely new environmental audit of the Security including building, soil, ground water and subsurface investigations; have the Improvements inspected by an engineer or other qualified inspector and procure a building inspection report; procure an MAI or other appraisal of the Security or any portion thereof; enter upon the Security at any reasonable time and from time to time to accomplish the foregoing and upon advance written notice to show the Security to potential purchasers and potential bidders of the Loan or the Security at foreclosure sale; make available to potential purchasers and potential bidders all information obtained pursuant to the foregoing and any other information in the possession of Lender regarding the Security.

(f) Either by itself or by its agent to be appointed by it for that purpose or by a receiver appointed by a court of competent jurisdiction, as a matter of strict right, without notice and without regard to the adequacy or value of any security for the Indebtedness or the solvency of any party bound for its payment, to take possession of and to operate the Security, Borrower hereby waiving any right Borrower might have to object to or oppose any such possession and, whether or not Lender has taken possession of the Security, to collect and apply the Rents, including those past due and unpaid, after payment of all necessary charges and expenses, in reduction of the Indebtedness. The receiver shall have all of the rights and powers permitted under the laws of the State. Except for damage caused by Lender's willful misconduct or gross negligence, Borrower hereby waives any claim Borrower may have against Lender for mismanagement of the Security during Lender's operation of the Security under this subparagraph or as mortgagee in actual possession under applicable statutes.

To the extent not prohibited by applicable law, the collection and/or receipt of income, rents, issues, profits and/or proceeds from the Security by Lender, its agent or receiver, after declaration of an Event of Default and election to cause the Security to be sold under and pursuant to the terms of this Security Instrument, shall not affect or impair such Event of Default or declaration of an Event of Default election to cause the Security to be sold or any sale proceedings predicated thereon, but such proceedings may be conducted and sale effected notwithstanding the receipt and/or collection of any such income, rents, issues, profits and/or proceeds. Any such income, rents, issues, profits and/or proceeds in the possession of Lender, its agent or receiver, at the time of sale and not theretofore applied as herein provided shall be applied in the same manner and for the same purposes as the proceeds of the sale. Borrower will pay within ten (10) days after demand by Lender all out-of-pocket third-party expenses, including receiver's fees, reasonable attorney's fees, costs and agent's compensation, incurred pursuant to the provisions of this subparagraph, and any such amounts paid to Lender shall be added to the Indebtedness and shall be secured by this Security Instrument.

(g) Lender may, at its option, without waiving any Event of Default, pay, perform or observe any defaulted term, covenant or condition contained herein or in any other Loan Document, or in any Lease, or in the Management Agreement, and all payments made or costs or expenses incurred by Lender in connection therewith shall be secured hereby and shall be, without demand, immediately repaid by Borrower to Lender with interest thereon at the

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Default Rate. Lender shall be the sole judge of the necessity for any such actions and of the amounts to be paid. Lender is hereby empowered to enter and to authorize others to enter upon the Security or any part thereof during reasonable times and upon reasonable advance written notice for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable (other than for acts of gross negligence or willful misconduct) to Borrower or any person in possession holding under Borrower.

(h) Apply against the Indebtedness in such order as Lender shall determine any funds held for the benefit of Borrower in escrow by Lender or by any third-party escrow agent under any of the Loan Documents, including without limitation any funds held under the escrows established by Section 5 of this Security Instrument.

(i) Upon any foreclosure sale, Lender may bid for and purchase the Security and shall be entitled to apply all or any part of the Indebtedness as a credit to the purchase price. In the event of any sale of the Security by foreclosure, through judicial proceedings, by advertisement or otherwise, the proceeds of any such sale which are applied in accordance with this Security Instrument shall be applied in the order following to: (1) all expenses incurred for the collection of the Indebtedness and the foreclosure of this Security Instrument, including attorneys' fees, or such attorneys' fees as are permitted by law; (2) all sums actually expended or incurred by Lender directly or indirectly in carrying out the terms, covenants and agreements of the Note or notes evidencing the Indebtedness, of this Security Instrument and any other Loan Documents, together with interest thereon as therein provided; (3) all late payment charges, prepayment fees, advances and other amounts due under any of the Loan Documents; (4) all accrued and unpaid interest upon the Indebtedness; (5) the unpaid principal amount of the Indebtedness; and (6) the surplus, if any, to the person or persons legally entitled thereto.

Borrower will pay to Lender upon demand all actual, out-of-pocket costs and expenses incurred by Lender, in the exercise of Lender's rights and remedies under this Security Instrument and the other Loan Documents for collection of the indebtedness, foreclosure on the Security or otherwise, including, without limitation, title insurance fees and premiums, environmental consultant's charges and appraisal, engineering and inspection fees, receiver fees and costs, agent's compensation, auctioneer fees and foreclosure sale advertising costs, any deed excise tax stamps required to be affixed to the foreclosure deed and court filing fees, together with attorneys' fees and costs which shall include without limitation all attorneys' fees and costs incurred in connection with (A) the exercise of Lender's rights and remedies as aforesaid, (B) any negotiations, other services and advice rendered regarding restructuring of the Indebtedness prior to any foreclosure sale, whether or not any such restructuring is actually accomplished, and (C) any petition filed by or against Borrower under the Bankruptcy Code. Any such amounts incurred by Lender, shall be secured hereby and shall be immediately repaid by Borrower to Lender upon demand with interest thereon at the Default Rate.

Borrower hereby waives any right Borrower may have to interfere with any foreclosure auction sale held upon the Security and agrees that after such sale, Borrower will have no right to possess or remain upon the Security, Borrower acknowledging Borrower's status as a trespasser in such circumstances.

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In the event of any acceleration of the Indebtedness pursuant to the first paragraph of this Section, Borrower shall pay to Lender together with the principal indebtedness and interest thereon an amount equal to the Prepayment Fee provided for in the Note and such fee shall be included as part of the Indebtedness.

Lender shall not be under any obligation to make any of the payments or do any of the acts referred to in this Section, and, except as expressly stated otherwise herein or in any of the Loan Documents, any of the actions referred to in this Section may be taken by Lender irrespective of whether any notice of default or election to sell has been given hereunder (except to the extent that such notice is required by applicable law and any applicable waivers set forth herein are deemed ineffective) and without regard to the adequacy of the Security for the Indebtedness.

Failure to exercise any option to accelerate upon an Event of Default or other circumstance permitting the exercise of such option, shall not constitute a waiver the Event of Default or of the right to exercise such option at a later time during the continuance of such Event of Default, or a waiver of the right to exercise such option in the event during the continuance of any other Event of Default or circumstance specified above.

26. Intentionally Omitted.

27. Intentionally Omitted.

28. Waiver of Statutory Rights. Borrower agrees, to the fullest extent permitted by law, that upon the occurrence and during the continuance of an Event of Default on the part of Borrower hereunder, neither Borrower nor anyone claiming through or under Borrower will set up, claim, or seek to take advantage of any moratorium, reinstatement, forbearance, appraisal, valuation, stay, homestead, extension, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Security Instrument, or the sale of the Security, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and Borrower, for itself and all who may at any time claim through or under it, hereby waives to the fullest extent that it may lawfully do so, the benefit of all such laws, and any and all rights to have the assets subject to the security interest of this Security Instrument marshaled upon any foreclosure or sale under the power granted herein.

29. Security Interest. (a) This Security Instrument shall cover, and the Security shall include, all property now or hereafter affixed or attached to or incorporate upon the Real Property, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the Real Property. This Security Instrument, as to the Personal Property, Rents, and any other portion of the Security in which a security interest can be perfected under the State Uniform Commercial Code (the "Collateral"), shall also constitute a security agreement, and Borrower, as debtor, hereby grants to Lender, as secured party, a security interest in the Collateral, and all proceeds thereof and all proceeds of proceeds thereof, for the purpose of securing the Indebtedness (the "Security Interest"). Borrower agrees, upon the reasonable request of Lender, to furnish an inventory of the Collateral owned by Borrower and subject to this Security Instrument and, upon reasonable request by Lender, to execute any supplements to this Security Instrument, any separate security agreement and any financing statements and continuation

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statements in order to include specifically said inventory of the Collateral or otherwise to perfect the security interest granted hereby.

Without the prior written consent of Lender (subject to the Permitted Encumbrances), Borrower shall not create or permit to be created any other security interest in the Collateral, including replacements and additions thereto. Borrower warrants and agrees that there is no presently effective financing statement covering the Collateral, or any part thereof, on file in any public office and agrees, subject to the Permitted Encumbrances, that all or such portion of the Collateral now or hereafter subject to this Security Instrument is, and shall be kept (except with the prior written consent of Lender) free from any other lien, security interest or encumbrance. Upon the occurrence and during the continuance of any Event of Default, Lender shall have all of the rights and remedies of a secured party provided in said State Uniform Commercial Code or otherwise provided by law or by this Security Instrument, including but not limited to the right to require Borrower to assemble such Collateral and make it available to Lender at a place to be designated by Lender which is reasonably convenient to both parties, the right to take possession of such Collateral with or without (but upon reasonable advance written notice) demand and with or without process of law and the right to sell and dispose of the same and distribute the proceeds according to law. The parties hereto agree that any requirement of reasonable notice shall be met if Lender sends such notice to Borrower at least ten (10) days prior to the date of sale, disposition or other event giving rise to the required notice, and that the proceeds of any disposition of any such Collateral may be applied by Lender first to the out-of-pocket third-party expenses incurred by Lender in connection therewith, including reasonable attorneys' fees and legal expenses incurred, and then to payment of the Indebtedness in such order and amounts as Lender shall elect. With respect to any Personal Property that has become so attached to the Real Property that an interest therein arises under the real property law of the State, this Security Instrument shall also constitute a financing statement and a fixture filing under the State Uniform Commercial Code.

(b) The Security Interest, at all times, shall be prior to any other interests in the Collateral, except any lien or security interest granted in connection with any Permitted Encumbrances. Borrower shall act and perform as necessary and shall execute and file all security agreements, financing statements, continuation statements and other documents reasonably requested by Lender to establish, maintain and continue the perfected Security Interest. Borrower, within ten (10) days after demand by Lender, shall pay all out-of-pocket third-party costs and expenses of filing and recording, including the costs of any searches, deemed necessary by Lender from time to time in its reasonable discretion to establish and determine the validity and the continuing priority of the Security Interest.

(c) Borrower shall use commercially reasonable efforts to keep and maintain the Personal Property in reasonably good condition and repair, and shall promptly replace any part thereof that from time to time may become obsolete, badly worn or in a state of disrepair except to the extent that such failure by Borrower would not be reasonably likely to result in a Material Adverse Effect. Borrower shall keep the Personal Property, including any replacements, free of all security interests or other encumbrances, except the Security Interest and any security interests and encumbrances granted in connection with any Permitted Encumbrances. Although proceeds of the Personal Property are covered hereby, this shall not be construed to mean that Lender consents to any sale of the Personal Property.

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(d) Borrower hereby warrants, covenants and agrees that: (i) the Personal Property is or will be used primarily for business (other than farm) purposes; (ii) Borrower will use commercial reasonable efforts to cause the Personal Property to be kept at the Real Property; and (iii) Borrower's records concerning the Personal Property will be kept at Borrower's address as set forth in the beginning of this Security Instrument or at the Real Property.

(e) Borrower represents and warrants that: (i) the name of Borrower set forth in the beginning of this Security Instrument is the true, correct and complete legal name of Borrower, (ii) Borrower's place of organization is correctly set forth at the beginning of this Security Instrument, and (iii) the address of Borrower's chief executive office, or residence if Borrower is an individual without an office, is accurately set forth at the beginning of this Security Instrument. The mailing address of Borrower, as debtor, is set forth at the beginning of this Security Instrument.

(f) Borrower shall give Lender written notice within ten (10) days after any change in the name, identity or structure of Borrower and any change in the location of: (i) Borrower's place of organization; (ii) Borrower's chief executive office (or residence if Borrower is an individual without an office); (iii) the Collateral or any part thereof; or (iv) Borrower's records concerning the Collateral.

(g) All covenants and warranties of Borrower contained in this Security Instrument shall apply to the Collateral whether or not expressly referred to in this Section. The covenants and warranties of Borrower contained in this Section are in addition to, and not in limitation of, those contained in the other provisions of this Security Instrument.

(h) Upon its recording in the real property records, this Security Instrument shall be effective as a financing statement filed as a fixture filing. In addition, a carbon, photographic or other reproduced copy of this Security Instrument and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement. The filing of any other financing statement relating to any personal property, rights or interests described herein shall not be construed to diminish any right or priority hereunder.

30. Right of Entry. Subject in all respects to the rights of tenants under the Leases (as defined in the Assignment of Leases and Rents), Lender and Lender's representatives may during reasonable business hours and with reasonable advance written notice to Borrower enter upon the Security and inspect the same, or cause it to be inspected by agents, employees, or independent contractors of Lender, but Lender shall not be obligated to make any such entry or inspection.

31. Estoppel Certificate. Borrower, within fifteen (15) days after written request from Lender, will furnish a signed statement in writing, duly acknowledged, of the amount then due or outstanding hereunder and whether or not, to its knowledge, any offsets or defenses exist against the Indebtedness, and if so, specifying such offsets and defenses. Within ten (10) days after Lender's request (which shall occur no more than once per calendar year), Borrower shall exercise any right it may have to request an estoppel certificate for any or all of the Leases.

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32. Financial Statements. Throughout the term of the Loan, Borrower shall provide Lender with the following financial statements and information, all of which shall be in either hardcopy or electronic format, prepared, as applicable, in accordance with generally accepted accounting principles in the United States of America as of the date of the applicable financial report and certified by an officer of Borrower, to the best of his or her knowledge, (unless provided otherwise):

(a) a rent roll in substantially the same format as the one delivered to Lender of even date herewith (hereinafter referred to as the "Rent Roll") and operating statements, delivered within sixty (60) days after the end of each calendar quarter and within ninety (90) days after the end of each fiscal/calendar year;

(b) annual financial statements of Borrower, including a balance sheet and a statement of revenues and expenses of Borrower, within ninety (90) days after the end of each fiscal/calendar year;

(c) annual balance sheets and operating statements for the Real Property within ninety (90) days after the end of each fiscal/calendar year, along with a detailed budget for the Real Property for the then current year;

(d) annual capital expenditure summaries for the Real Property, within ninety (90) days after the end of each fiscal/calendar year;

(e) quarterly balance sheets and operating statements for the Real Property within sixty (60) days after the end of each calendar quarter, along with a detailed budget for the Real Property for the then current quarter; and

(f) such other financial information as Lender may reasonably request.

Upon the occurrence and during the continuance of an Event of Default, (a) upon request of Lender, the annual financial statements shall be audited by an accounting firm reasonably acceptable to Lender and (b) Borrower shall provide rent rolls, leasing summaries and operating statements on a monthly basis upon the request of Lender. Borrower also agrees to reasonably cooperate with Lender and Lender's loan servicer in providing information and access to the Real Property in connection with an annual inspection of the Real Property, or such other inspections as Lender may reasonably require and which are in compliance with Section 30 hereof.

If Borrower omits to prepare and deliver any material report or statement required by this Section in a reasonable time following Lender's written request therefor, Lender may elect, in addition to exercising any remedy for an Event of Default, if applicable, as provided for in this Security Instrument, to make an audit of all books and records of Borrower, including without limitation its bank accounts, which in any way pertain to the Security, and to prepare the statement or statements which Borrower failed to procure and deliver. Such audit shall be made and such statements shall be prepared by an independent certified public accountant to be selected by Lender in its reasonable discretion. Borrower shall pay all actual, out-of-pocket third-party expenses of the audit and other services, which expenses shall be secured hereby as

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part of the Indebtedness and shall be immediately due and payable with interest thereon at the Default Rate.

Borrower acknowledges that Lender may sell, transfer or assign the Loan, or any interest therein (whether by sale of the whole loan, the issuance of participation certificates in private unrated transactions, or in connection with a securitization of the Loan individually or as part of a pool of loans in a public or private rated transaction, or otherwise). In connection therewith, Borrower agrees that Lender shall be entitled to disclose, as Lender may deem necessary in its reasonable discretion, to any and all investors, purchasers, transferees, servicers, participants, rating agencies or organizations maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information which Lender has or may hereafter acquire relating to the Loan, the Security, Borrower, or any guarantor or indemnitor, whether furnished by Borrower, or by any guarantor or indemnitor.

33. Rights Cumulative. Each right and remedy of Lender under this Security Instrument, the Note and any other Loan Documents, shall be in addition to every other right and remedy of Lender and such rights and remedies may be enforced separately or in any combination.

34. Subrogation. To the extent that proceeds of the Indebtedness are used to pay any outstanding lien, charge or encumbrance affecting the Security (other than the Permitted Encumbrances, such proceeds have been advanced by Lender at Borrower's request, Lender shall be subrogated to all rights, interest and liens owned or held by any owner or holder of such outstanding liens, charges and encumbrances, irrespective of whether such liens, charges or encumbrances are released of record; provided, however, that the terms and provisions hereof shall govern the rights and remedies of Lender and shall supersede the terms, provisions, rights, and remedies under the lien or liens to which Lender is subrogated hereunder.

35. No Waiver. Any failure by Lender to insist upon the strict performance by Borrower of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and Lender, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Borrower of any and all of the terms and provisions hereof to be performed by Borrower.

36. Mortgage Extension. The lien hereof shall remain in full force and effect during any postponement or extension of the time of payment of the Indebtedness, or of any part thereof, and any number of extensions or modifications hereof, or any additional notes or other notes in substitution for the Note taken by Lender, shall not affect the lien hereof or the liability of Borrower or of any subsequent obligor to pay the Indebtedness unless and until such lien or liability be expressly released in writing by Lender or Borrower or any subsequent obligor shall well and truly pay to Lender the Indebtedness as provided for in the Loan Documents, at which time the lien hereof shall automatically cease, terminate and be void.

37. Indemnification. Borrower shall indemnify and hold Lender harmless from and against all obligations, liabilities, losses, costs, expenses, fines, penalties or damages (including reasonable attorneys' fees) which Lender may incur by reason of third party claims in connection with this Security Instrument or with regard to the Security prior to the exercise of any remedies

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under this Security Instrument (except to the extent that such obligations, liabilities, losses, cost, expenses, fines, penalties or damages are incurred by Lender as a result of the willful misconduct or gross negligence of Lender or its affiliates, agents, employees or representatives). Borrower shall defend Lender against any third-party claim or litigation involving Lender for the same, and should Lender incur such obligation, liability, loss, cost, expense, fine, penalty or damage, then Borrower shall reimburse Lender within ten (10) days after demand by Lender. Any amount owed Lender under this provision shall bear interest at the Default Rate and shall be secured hereby.

38. Nonrecourse. The nonrecourse provisions applicable to the Borrower set forth in Section 16 of the Note are by this reference incorporated herein as though fully set forth herein and are applicable to Borrower.

39. Attorneys' Fees; Costs. Any reference to "attorney fees", "attorneys' fees", "attorney's fees", shall include all out-of-pocket third-party costs, fees and expenses incurred by Lender, its agents or counsel in the collection of any Indebtedness, the enforcement of any obligations hereunder, the protection of the Security, the foreclosure of this Security Instrument, the sale of the Security, all taxes or other charges or impositions by any Governmental Authority, and the defense of actions arising hereunder and the collection, protection or setoff of any claim Lender may have in a proceeding under the Bankruptcy Code. Attorneys' fees provided for hereunder shall accrue whether or not Lender has provided any notice of default or of an intention to exercise its remedies for any such default.

40. Administrative Fees. Lender shall have the right to charge reasonable administrative fees during the term of the Loan as Lender may determine, in its sole reasonable discretion, in connection with any servicing requests made by Borrower requiring Lender's evaluation, preparation and processing of any such requests. Administrative fees shall not be charged for routine servicing matters contemplated by the Loan Documents including, without limitation: processing payments; processing insurance and UCC continuation documentation; processing escrow draws; review of tenant leases, tenant estoppels and SNDAs on standard forms approved by Lender without material modifications. Such administrative fees shall apply without limitation to requests for matters not permitted or contemplated by the Loan Documents (including, without limitation, requests for transfers or assignments; requests for partial releases; and requests for review of new easements). Lender shall also be entitled to reimbursement for out of pocket third-party professional fees it incurs for such administration, including without limitation, those of architects, engineers and attorneys.

41. Protection of Security; Costs and Expenses. Borrower shall appear in and defend any action or proceeding to which it has actual knowledge of purporting to affect the Security or the rights or powers of Lender, and shall pay all reasonable costs and expenses including, without limitation, cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Lender may appear, and in any suit brought by Lender to foreclose this Security Instrument or to enforce or establish any other rights or remedies of Lender hereunder. If Borrower fails to perform any of the covenants or agreements contained in this Security Instrument or if any action or proceeding is commenced which affects Lender's interest in the Security or any part thereof, including, but not limited to, eminent domain, code enforcement, or proceedings of any nature whatsoever under any federal or state law, whether now existing or

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hereafter enacted or amended, or relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then Lender may, but without obligation to do so and without notice to or demand upon Borrower and without releasing Borrower from any obligation hereunder, make such appearances, disburse such reasonable sums and take such action as Lender deems necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorneys' fees, entry upon the Security in compliance with Section 30 hereof to make repairs or take other action to protect the Security, and the payment, purchase, contest or compromise of any encumbrance, charge or lien (other than a Permitted Encumbrance) which in the judgment of Lender appears to be prior or superior hereto. Borrower further agrees to pay all out of pocket third-party expenses of Lender (including, without limitation, reasonable fees and disbursements of counsel) incident to the protection of the rights of Lender hereunder, or to enforcement or collection of payment of the Indebtedness, whether by judicial or non-judicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of Borrower, or otherwise. Any amounts disbursed by Lender pursuant to this Section shall be additional indebtedness of Borrower secured by the Loan Documents as of the date of disbursement and shall bear interest at the Default Rate. All such amounts shall be payable by Borrower within ten (10) days after demand by Lender therefor. Nothing contained in this Section shall be construed to require Lender to incur any expense, make any appearance, or take any other action.

42. Notices. Any notice, demand, request, statement, consent or other communication ("Notice") made hereunder or pursuant to any other Loan Document shall be in writing, signed by the party giving such Notice, and shall be deemed to have been properly given when (i) delivered personally or such personal delivery is refused or (ii) delivered to a reputable overnight delivery service providing a receipt, at the address set forth below, or at such other address within the continental United States of America as may have theretofore have been designated in writing. The effective date of any Notice given as aforesaid shall be, respectively, (i) the date of personal service or (ii) upon receipt thereof or upon one (1) Business Day after delivery to such overnight delivery service of such delivery was rejected or was unable to be delivered because of a change of address for which no notice was provided, whichever is applicable. For purposes hereof, the addresses are as follows:

If to Lender:	Allianz Life Insurance Company of North America c/o Real Estate of America LLC 55 Green Farms Road P.O. Box 5160 Westport, Connecticut 06881-5160 Attn: Servicing Department
with a copy to:	Kelley Drye & Warren LLP 200 Kimball Drive Parsippany, New Jersey 07054 Attn: Paul A. Keenan, Esq.
If to Borrower:	West Monroe Fund Investors, LLC c/o Principal Real Estate Investors - Equity Project Finance 801 Grand Avenue

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Des Moines, Iowa 50392
Attn: Jill Lauckner

And

West Monroe Life Investors, LLC
c/o Principal Real Estate Investors - Equity Project Finance
801 Grand Avenue
Des Moines, Iowa 50392
Attn: Jill Lauckner

with a copy to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attn: Rachel S. Brown, Esq.

43. Reconveyance. Upon the payment in full of all sums secured by this Security Instrument, Lender shall promptly release of record the Security from the lien hereof and shall surrender this Security Instrument and all notes evidencing indebtedness secured by this Security Instrument to Borrower. Borrower shall pay all costs of recordation, if any.

44. Applicable Law. The provisions hereof shall be governed by and construed in accordance with the laws of the State.

45. Invalidity. If any provision of this Security Instrument shall be held invalid or unenforceable, the same shall not affect in any respect whatsoever the validity of the remainder of this Security Instrument.

46. Captions; Counterparts. The captions in this Security Instrument are inserted only as a matter of convenience and for reference, and are not and shall not be deemed to be any part hereof. This Security Instrument and all of the Loan Documents may be signed in any number of counterparts, each of which may be signed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument.

47. Modifications. This Security Instrument may not be changed or terminated except in writing by Borrower and Lender. The provisions of this Security Instrument shall extend and be applicable to all renewals, amendments, extensions, consolidations, and modifications of the other Loan Documents, and any and all references herein to the Loan Documents shall be deemed to include any such renewals, amendments, extensions, consolidations, or modifications thereof.

48. Bind and Inure. The provisions of this Security Instrument shall be binding on Borrower and its successors and assigns, and any subsequent owners of the Security. The covenants of Borrower herein shall run with the land, and this Security Instrument and all of the covenants herein contained shall inure to the benefit of Lender, its Affiliates, nominees, subsidiaries, investors, participants, successors and assigns.

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49. Replacement of Note. Upon receipt of evidence reasonably satisfactory to Borrower of the loss, theft, destruction or mutilation of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Borrower or, in the case of any such mutilation, upon surrender and cancellation of the Note, Borrower will execute and deliver, in lieu thereof, a replacement note, identical in form and substance to the Note and dated as of the date of the Note and upon such execution and delivery all references in this Security Instrument to the Note shall be deemed to refer to such replacement note.

50. Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Borrower under this Security Instrument, the Note, any other Loan Document and any and all other instruments now or hereafter evidencing, securing or otherwise relating to the Indebtedness.

51. ERISA. (a) Borrower hereby represents to Lender that (i) Borrower is not and shall not be (A) an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") regardless of whether such plan is actually subject to ERISA, (B) a plan to which Internal Revenue Code Section 4975 applies, or (C) an entity the assets of which include ERISA "plan assets" under Section 3(42) of ERISA by reason of a plan's investment in the entity (e.g., insurance company general or separate account; bank commingled fund); (ii) the transactions contemplated hereunder are not and will not be, to Borrower's knowledge, in violation of any legal requirements regulating investments of and fiduciary obligations with respect to an employee benefit plan (within the meaning of Section 3(3) of ERISA), regardless of whether such plan is actually subject to ERISA; and (iii) any liability or obligation that Borrower (or any Constituent Entity) may have in respect of an employee benefit plan as defined in Section 3(3) of ERISA regardless of whether such plan is actually subject to ERISA has been and shall continue to be satisfied in full in all material respects.

(b) Lender hereby represents to Borrower that Lender will not fund any portion of the Loan with "plan assets" within the meaning of Section 3(42) of ERISA.

52. Business Day. The term "Business Day" as used in this Security Instrument shall mean any calendar day other than a Saturday, Sunday or any other day on which national banks in New York, New York are not open for business.

53. Waiver of Hearing on Foreclosure. To the extent permitted by law, Borrower hereby waives all rights to a hearing prior to a sale in connection with any foreclosure of this Security Instrument by advertisement.

54. Certain Legal Proceedings. Should Lender, become a party to any action to enjoin foreclosure, or other legal proceedings instituted by Borrower, or by any third party, or should Borrower institute or be subject to any bankruptcy, reorganization, receivership or other proceeding in relation to creditors, then all attorneys' fees and costs incurred by Lender, in any of those proceedings, shall be secured by this Security Instrument and shall be paid by Borrower, within ten (10) days after demand by Lender therefor, and if not paid, shall be recovered from the Security.

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55. Anti-Terrorism and Anti-Money Laundering Compliance. Borrower represents and warrants to Lender, to its knowledge, as of the date hereof and at all times until the Indebtedness shall be paid in full, after making due inquiry, that:

- (a) Borrower:
- i. is not or will not be knowingly in violation of any Anti-Terrorism Law (as hereinafter defined) or Anti-Money Laundering Law (as hereinafter defined), or
 - ii. is not or will not be knowingly a Prohibited Person (as hereinafter defined), or
 - iii. has not been convicted of any violation of any Anti-Terrorism Law or Anti-Money Laundering Law or drug trafficking law, or
 - iv. has not been assessed civil penalties or had any of its funds seized or forfeited under any Anti-Terrorism Law or Anti-Money Laundering Law or drug trafficking law, or
 - v. is not or will not knowingly conduct any business or knowingly engage in any transaction or dealing with any Prohibited Person, including the making or receiving any contribution of funds, goods or services to or for the benefit of any Prohibited Person, or
 - vi. is not or will not knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 (as hereinafter defined), or
 - vii. is not or will not knowingly engage in or knowingly conspire to engage in any transaction that evades or avoids, or has the purpose or intent of evading or avoiding, or intentionally attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or Anti-Money Laundering Law;
- (b) has taken reasonable measures appropriate to the circumstances (and in any event as required by law), to ensure that Borrower is in compliance with all current and future Anti-Money Laundering Laws and laws and regulations for the prevention of terrorism, terrorist financing and drug trafficking;
- (c) has taken reasonable measures appropriate to the circumstances (and in any event as required by law), with respect to each holder of an interest in Borrower, to ensure that funds invested by such holders in Borrower are derived from legal sources;
- (d) it requires, and has taken reasonable measures to ensure compliance with the requirement that no person or entity who owns or controls a direct or indirect interest in Borrower is or shall be a Prohibited Person;
- (e) all payments by Borrower to Lender or from Lender to Borrower will only be made and received in Borrower's name and to and from a bank account of a bank based or incorporated in or formed under the laws of the United States or a bank that is not a "foreign

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shell bank" within the meaning of the U.S. Bank Secrecy Act (31 U.S.C. § 5311 et seq.), as amended, and the regulations promulgated thereunder by the U.S. Department of the Treasury, as such regulations may be amended from time to time; and

(f) neither the Loan, nor Borrower's use of the proceeds thereof, will knowingly violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

Borrower covenants and agrees to deliver to Lender, upon Lender's request at any time until the Indebtedness shall be paid in full (and no more than once in any consecutive 12-month period), a certification made to Borrower's knowledge, confirming compliance with this Section or such information as Lender reasonably determines to be necessary or appropriate to comply with any Anti-Money Laundering Law or Anti-Terrorism Law.

The representations and warranties set forth in this Section shall be deemed repeated and reaffirmed by Borrower as of each date that Borrower makes a payment to Lender under any of the Loan Documents or receives any disbursement of Loan proceeds, reserve funds or other funds from Lender.

Borrower agrees promptly to notify Lender in writing in the event that Borrower has reason to believe that any of the warranties and representations in this Section are no longer correct.

"Affiliate" means a person or an entity that Controls or is Controlled by, the person or entity with respect to which the determination is to be made.

"Anti-Money Laundering Laws" are any laws related to money laundering including the Bank Secrecy Act, 31 U.S.C. §§ 5311 et seq., and all applicable laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations under 18 U.S.C. §§ 1956 and 1957.

"Anti-Terrorism Law" is any law related to terrorism or money laundering, including Executive Order 13224 and the USA Patriot Act, and any regulations promulgated under either of them.

"Executive Order 13224" is defined as Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and the Annex thereto, as the same may be from time to time supplemented or amended or any related enabling legislation or any other similar Executive Orders.

"Prohibited Person" is defined as:

- (i) a person or entity subject to the provisions of Executive Order 13224; or
- (ii) a person or entity owned or Controlled by, or acting for or on behalf of, an entity that is subject to the provisions of Executive Order 13224; or
- (iii) a person or entity with whom Borrower or any lender is prohibited from dealing by any of the Anti-Terrorism Laws; or

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- (iv) a person or entity that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order 13224; or
- (v) a person or entity that is named on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control (“OFAC”), Department of the Treasury, and/or on any other similar list maintained by the OFAC pursuant to any authorizing statute, Executive Order or regulation; or
- (vi) a person included within the term “designated national” as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or
- (vii) a person or entity who is an Affiliate of any person or entity described in clauses (i) through (vi) of this paragraph.

“USA Patriot Act” is defined as the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, H.R. 3162, Public Law 107-56, as modified and reauthorized by the USA Patriot Improvement and Reauthorization Act of 2005, H.R. 3199, Public Law 109-177 and the USA Patriot Act Additional Reauthorizing Amendments Act of 2006, S.2271, Public Law 109-178, as the same may be amended from time to time.

“U.S. Publicly-Traded Entity” means a business entity whose securities are listed on a national securities exchange, or quoted on an automated quotation system, in the United States.

56. Waiver of Trial by Jury. Lender and Borrower each hereby waive their right to a trial by jury as to any matter arising out of or concerning the subject matter of this Security Instrument.

57. Single Purpose Entity. Borrower represents that it has not, and covenants and agrees that it shall not, until the Indebtedness has been paid and satisfied in full:

(a) engage in any business or activity other than the acquisition, ownership, operation and maintenance of the Security, and activities incidental thereto;

(b) acquire or own any material asset other than (i) the Security, and (ii) such incidental Personal Property as may be necessary for the ownership, operation, maintenance and leasing of the Security;

(c) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure, without in each case Lender’s consent, except as otherwise permitted under Section 16 of this Security Instrument;

(d) materially fail to observe its organizational formalities or preserve its existence as an entity duly organized and validly existing under the laws of the jurisdiction of its organization or formation, and qualification to do business in the state where the Security is located, or without the prior written consent of Lender, materially amend, modify, terminate or fail to comply with the provisions of Borrower’s organizational documents in a manner which would materially and adversely affect Borrower’s existence as a single purpose entity;

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(e) own any subsidiary or make any investment in or acquire the obligations or securities of any other person or entity without the consent of Lender;

(f) commingle its assets with the assets of any of its partner(s), members, shareholders, Affiliates, or of any other person or entity or transfer any assets to any such person or entity other than distributions on account of equity interests in the Borrower permitted hereunder and properly accounted for, other than Borrower's operating account which is in the name West Monroe Fund Investors, LLC and holds funds on behalf of both Individual Borrowers;

(g) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Indebtedness and any prior satisfied mortgage loans secured, in part, by the Real Property, except for Permitted Equipment Leases and trade payables in the ordinary course of its business of owning and operating the Security, provided that such debt is not evidenced by a note and is paid when due, provided however, Borrower may accept unsecured loans from its members, principals and affiliates of Borrower on the condition that in the event of a bankruptcy or similar proceeding involving Borrower, such members, principals and affiliates making such loans (i) will treat the unpaid balance of such loans as equity in Borrower and not as a debt to such members, principals and affiliates and (ii) such members, principals and affiliates will not assert any claim as a creditor of Borrower with respect to such loans;

(h) allow any person or entity to pay its debts and liabilities (except a guarantor of all or a portion of the Indebtedness, a "Guarantor") or fail to pay its debts and liabilities solely from its own assets, to the extent there exists sufficient cash flow from the Security and available to Borrower to do so; provided Borrower may enter into intercompany debt with Borrower's such members, principals and affiliates for capital expenditures and other expenses outside of the ordinary course of business, provided such debt is expressly subordinate to the Loan and upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties on the condition that in the event of a bankruptcy or similar proceeding involving Borrower, such members, principals and affiliates making such loans (i) will treat the unpaid balance of such loans as equity in Borrower and not as a debt to such members, principals and affiliates and (ii) such members, principals and affiliates will not assert any claim as a creditor of Borrower with respect to such loans;

(i) fail to maintain its records, books of account and bank accounts separate and apart from those of the shareholders, partners, members, principals and Affiliates of Borrower, the Affiliates of a shareholder, partner or member of Borrower, and any other person or entity or fail to prepare and maintain or cause to be prepared and maintained its own financial statements, or if such financial statements are consolidated fail to cause such financial statements to contain footnotes disclosing that the Security is actually owned by the Borrower;

(j) enter into any contract or agreement with any shareholder, partner, member, principal or Affiliate of Borrower, any Guarantor, or any shareholder, partner, member, principal or Affiliate thereof, unless such contract or agreement upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with third

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parties other than any shareholder, partner, member, principal or Affiliate of Borrower or any Guarantor, or any shareholder, partner, member, principal or Affiliate thereof;

- (k) seek dissolution or winding up, in whole or in part, of Borrower;
- (l) fail to correct any known material misunderstandings regarding the separate identity of Borrower;
- (m) guarantee or become obligated for the debts of any other entity or person or hold itself out to be responsible for the debts of another entity or person or pledge its assets for the benefit of any other person or entity, other than with respect to the Loan evidenced by the Note;
- (n) make any loans or advances to any third party, including any shareholder, partner, member, principal or Affiliate of Borrower, or any shareholder, partner, member, principal or Affiliate thereof;
- (o) fail to file its own tax returns, nor file a consolidated federal income tax return with any other entity, except to the extent that Borrower is treated as a "disregarded entity" for federal tax purposes and is not required to file a federal income tax return under applicable law, and pays or causes to be paid any taxes required under applicable law;
- (p) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not to (i) intentionally and materially mislead others as to the identity with which such other party is transacting business, or (ii) suggest that Borrower is responsible for the debts of any third party (including any shareholder, partner, member, principal or Affiliate of Borrower, or any shareholder, partner, member, principal or Affiliate thereof);
- (q) fail to allocate fairly and reasonably among Borrower and any third party (including, without limitation, any Guarantor) any overhead for common employees (if any), shared office space or other overhead and administrative expenses;
- (r) allow any person or entity to pay the salaries of its own employees (if any) or fail to maintain a sufficient number of employees for its contemplated business operations; provided that nothing herein shall be deemed to require Borrower to maintain any employees if not required for its contemplated business operations;
- (s) make a distribution to its members which knowingly and intentionally leaves the Borrower immediately following such distribution without adequate capital or liquidity for the normal obligations reasonably foreseeable in a business of its size and character and in light of its then contemplated business operations;
- (t) voluntarily file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or voluntarily make an assignment for the benefit of creditors;

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(u) hold itself out as a department or division of (A) any shareholder, partner, principal, member or Affiliate of Borrower, (B) any Affiliate of a shareholder, partner, principal, member or Affiliate of Borrower, or (C) any other person or entity or allow any person or entity to identify the Borrower as a department or division of that person or entity;

(v) intentionally conceal assets from any creditor of Borrower or any Guarantor, or enter into any transaction with the intent to hinder, delay or defraud creditors of Borrower or any Guarantor; or

(w) pledge its assets for the benefit of any other person or entity, other than to Lender with respect to the Loan.

58. No Requirement to Accept a Cure. No provision of this Security Instrument, the Note or any other Loan Document, including without limitation the Environmental Indemnification Agreement and any other guaranty, which provides that any right or remedy of Lender shall exist only during the existence or continuance (or words of similar import) of an Event of Default shall be construed as imposing any obligation on Lender to accept any cure following an Event of Default unless and until Lender, in its sole and absolute discretion, elects in writing to accept cure, and unless and until Lender does in fact, in its sole and absolute discretion, accept a cure in writing, such Event of Default shall be deemed to be continuing, whether or not a cure has been tendere¹. To the extent of any conflict between this Section 58 and any other provision of this Security Instrument or any other Loan Document, the provisions of this Section 58 shall control and be binding.

59. Tenancy-in-Common Agreement; Waiver of Partition, Etc. Subject to Borrower's rights pursuant to and in accordance with Section 16(b)(i):

(a) Each Individual Borrower shall comply in all material respects with the terms and provisions of, and take commercially reasonable measures to enforce its rights under, the TIC Agreement. Borrower will (i) notify Lender of any material default by any Individual Borrower under the TIC Agreement, and (ii) furnish to Lender a copy of any material notice, communication, or other instrument or document received or given by any Individual Borrower under or relating to the TIC Agreement.

(b) Borrower shall not terminate, cancel, materially modify, materially amend, replace, or transfer its interest in or rights under the TIC Agreement without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed. The breach of this Section 59 shall constitute an immediate Event of Default.

(c) Each Individual Borrower agrees that its rights under the TIC Agreement are and shall at all times be subject and subordinate to the lien and rights of Lender under the Loan Documents. Each Individual Borrower agrees that the TIC Agreement shall automatically terminate upon Lender's acquisition of the Real Property (whether by judicial or non-judicial foreclosure, deed in lieu of foreclosure, or otherwise). Each Individual Borrower hereby acknowledges and agrees that the TIC Agreement does not constitute a Lien upon the Real Property, notwithstanding that the TIC Agreement may provide otherwise or that the TIC Agreement or a memorandum thereof may be recorded. In the event of any conflicts or

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inconsistencies between the terms and conditions of the TIC Agreement on the one hand, and the terms and conditions of the Loan Documents on the other hand, the terms and conditions of the Loan Documents shall prevail.

(d) Without limiting any provision of the TIC Agreement, each Individual Borrower hereby (i) waives any right to (and agrees not to) file any action for partition or other action of a similar nature with respect to the Real Property, and (ii) waives any lien or other rights under the TIC Agreement regarding the Real Property, in each case with respect to clauses (i) and (ii) above until the Indebtedness has been paid in full. The breach by any Individual Borrower of the provisions of this Section 59 shall constitute an immediate Event of Default.

(e) Lender is and shall be a third-party beneficiary of the TIC Agreement.

(f) Each Individual Borrower represents and warrants to Lender that (i) the TIC Agreement is valid, binding, and in full force and effect, and is enforceable against each Individual Borrower, (ii) the TIC Agreement has not been modified or amended except as disclosed in writing to Lender, and (iii) no default exists under the TIC Agreement on the part of any Individual Borrower, nor has any event or condition occurred that with the passage of time and/or the giving of notice would constitute a default under the TIC Agreement.

60. Contribution.

(a) Each Individual Borrower will benefit, directly and indirectly, from each Individual Borrower's obligation to pay the Indebtedness and perform its obligations under the Loan Documents. In consideration thereof, Individual Borrowers desire to enter into an allocation and contribution agreement among themselves as set forth in this Section 60 to allocate such benefits among themselves and to provide a fair and equitable agreement to make contributions among each of the Individual Borrowers in the event any payment is made by any Individual Borrower hereunder to Lender (any such payment, a "Contribution"), including any exercise of recourse by Lender against the tenancy-in-common interest in the Real Property (or any portion thereof) of an Individual Borrower and application of proceeds of such tenancy-in-common interest in the Real Property (or any portion thereof) in satisfaction of such Individual Borrower's obligations to Lender under the Loan Documents).

(b) Each Individual Borrower shall be liable hereunder with respect to the Indebtedness only for such total maximum amount (if any) that would not render its Indebtedness hereunder or under any of the Loan Documents subject to avoidance under Section 548 of the U.S. Bankruptcy Code or any comparable provisions of any State law.

(c) In order to provide for a fair and equitable contribution among Individual Borrowers in the event that any Contribution is made by an Individual Borrower (a "Funding Borrower"), such Funding Borrower shall be entitled to a reimbursement contribution ("Reimbursement Contribution") from all other Individual Borrowers for all payments, damages and expenses incurred by such Funding Borrower in discharging any of the Indebtedness, in the manner and to the extent set forth in this Section.

(d) Each Individual Borrower shall be liable to a Funding Borrower in an amount equal to the greater of (i) (A) the ratio of the Benefit Amount (as defined below) of such

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Individual Borrower to the total amount of Indebtedness, multiplied by (B) the amount of Indebtedness paid by such Funding Borrower, and (ii) ninety-five percent (95%) of the excess of (A) the fair saleable value of the tenancy-in-common interest in the Real Property owned by such Individual Borrower over (B) the total liabilities of such Individual Borrower (including the maximum amount reasonably expected to become due in respect of contingent liabilities) determined as of the date on which the payment made by a Funding Borrower is deemed made for purposes hereof (giving effect to all payments made by other Funding Borrowers as of such date in a manner to maximize the amount of such Contributions). For purposes hereof, the "Benefited Amount" of any Individual Borrower as of any date of determination shall be the net value of the benefits to such Individual Borrower and its Affiliates from extensions of credit made by Lender to (1) such Individual Borrower and (2) the other Individual Borrowers hereunder and the other Loan Documents to the extent such other Individual Borrowers have guaranteed or mortgaged their respective tenancy-in-common interest in the Real Property to secure the obligations of such Individual Borrower to Lender.

(e) If at any time there exists more than one Funding Borrower with respect to any Contribution (in any such case, the "Applicable Contribution"), then Reimbursement Contributions from other Individual Borrowers shall be allocated among such Funding Borrowers in proportion to the total amount of the Contribution made for or on account of the other Individual Borrowers by each such Funding Borrower pursuant to the Applicable Contribution. If at any time any Individual Borrower pays an amount hereunder in excess of the amount calculated pursuant to this Section 60, such Individual Borrower shall be deemed to be a Funding Borrower to the extent of such excess and shall be entitled to a Reimbursement Contribution from the other Individual Borrowers in accordance with the provisions of this Section.

(f) Each Individual Borrower acknowledges that the right to Reimbursement Contribution hereunder shall constitute an asset in favor of such Individual Borrower to which such Reimbursement Contribution is owing.

(g) No Reimbursement Contribution payments payable by an Individual Borrower pursuant to the terms of this Section 60 shall be paid, and each Individual Borrower covenants and agrees not to assert, collect, sue upon or otherwise enforce against any other Individual Borrower any claims, rights or remedies against any Individual Borrower under the TIC Agreement or otherwise, until the Indebtedness has been paid in full. Nothing contained in this Section 60 shall limit or affect the Indebtedness of any Individual Borrower to Lender under the Note or any other Loan Documents. The breach of this Section 60(g) shall constitute an immediate Event of Default.

(h) Each Individual Borrower waives:

(i) any right to require Lender to proceed against any other Individual Borrower or any other person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power before proceeding against such Individual Borrower;

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(ii) any defense or rights based upon or arising out of: (A) any legal disability or other defense of any other Individual Borrower, any guarantor of any other person or by reason of the cessation or limitation of the liability of any other Individual Borrower or any guarantor from any cause other than full payment of all sums payable under the Note and the other Loan Documents; (B) any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of any other Individual Borrower or any principal of any other Individual Borrower or any defect in the formation of any other Individual Borrower or any principal of any other Individual Borrower; (C) any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (D) any failure by Lender to obtain collateral for the Indebtedness or failure by Lender to perfect a lien on any portion of or interest in the Real Property; (E) presentment, demand, protest and notice of any kind; (F) Intentionally omitted; (G) Intentionally omitted; (H) any use of cash collateral under Section 363 of the U.S. Bankruptcy Code; (I) any agreement or stipulation entered into by Lender with respect to the provision of adequate protection in any bankruptcy proceeding; (J) any borrowing or any grant of a security interest under Section 364 of the U.S. Bankruptcy Code; (K) the avoidance of any security interest in favor of Lender for any reason; (L) any bankruptcy, insolvency, reorganization, arrangement, readjustment or debt, liquidation or dissolution proceeding, including any discharge of, or bar or stay against, collecting, all or any of the obligations evidenced by the Note or owing under any of the Loan Documents; (M) such Individual Borrower's, or any other party's resignation of the portion of any obligation secured by the Mortgages to be satisfied by any payment from any other Individual Borrower or any such party; or (N) an election of remedies by Lender even though the election of remedies, such as non-judicial foreclosure with respect to security for the Loan or any other amounts owing under the Loan Documents, has destroyed such Individual Borrower's rights of subrogation and reimbursement against any other Individual Borrower;

(i) all rights and defenses that such Individual Borrower may have because any of Indebtedness is secured by real property. This means, among other things: (A) Lender may collect from such Individual Borrower without first foreclosing on any real or personal property collateral pledged by any other Individual Borrower; (B) if Lender forecloses on any real property collateral pledged by any other Individual Borrower, (1) the amount of the Indebtedness may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (2) Lender may collect from such Individual Borrower even if any other Individual Borrower, by foreclosing on the real property collateral, has destroyed any right such Individual Borrower may have to collect from any other Individual Borrower. This is an unconditional and irrevocable waiver of any rights and defenses such Individual Borrower may have because any of the Indebtedness is secured by real property; and

(j) except as may be expressly and specifically permitted herein, any claim or other right which such Individual Borrower might now have or hereafter acquire against any other Individual Borrower or any other person that arises from the existence or performance of any obligations under the TIC Agreement or the Loan Documents, including any of the following: (A) any right of subrogation, reimbursement, exoneration, contribution, or indemnification; or (B) any right to participate in any claim or remedy of Lender against any

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other Individual Borrower or any collateral security therefor, whether or not such claim, remedy or right arises in equity or under contract, statute or common law.

61. Local Law Provisions.

(a) Principles Of Construction. In the event of any inconsistencies between the other terms and provisions of this Security Instrument and this Section 61, the terms and provisions of this Section 61 shall govern and control.

(b) Business Loan. Borrower represents and warrants that the amounts secured by this Security Instrument will be used for the purposes specified in Paragraph 815 I.L.C.S. 205./4(1)(c), and that the Indebtedness secured hereby constitutes a "business loan" within the purview of said paragraph and that Loan is "a loan secured by a mortgage on real estate" within the purview and operation of Section 815 I.L.C.S 205./4(1)(l).

(c) Maximum Principal Indebtedness. This Security Instrument is given to secure not only existing indebtedness, but also future advances resulting from any act or omission of Borrower, whether such advances are obligatory or are to be made at the option of Lender, or otherwise, and whether such advances are made before, during or after the pendency of any proceedings to foreclose the lien of this Security Instrument or otherwise enforce the rights of Lender hereunder, as are made within twenty (20) years from the date of this Security Instrument, to the same extent as if such future advances were made on the date of the execution of this Security Instrument. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but the total unpaid principal balance so secured at one time shall not exceed two (2) times the face amount of the Note, plus interest thereon, and any disbursements made for the payment of taxes, levies or insurance on the property encumbered by this Security Instrument, with interest on such disbursements at the rate provided in the Note or other Loan Documents. The provisions of this paragraph shall not be construed to imply any obligation on Lender to make any future advances, it being the intention of the parties that any future advances shall be solely at the discretion and option of the Lender. Any reference in this Security Instrument or other Loan Documents shall be construed to include any future advances pursuant to the Loan Documents.

(d) Waiver of Statutory Rights. Borrower hereby waives, to the extent now or hereafter permitted by law, all rights of redemption and reinstatement of this Security Instrument pursuant to the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15 1101 et seq. ("IMFL"), on behalf of itself and all those taking by, through or under Borrower.

(e) Compliance with Illinois Mortgage Foreclosure Law. In the event that any provision of this Security Instrument shall be inconsistent with any provision of IMFL, the provisions of IMFL shall take precedence over the provisions of this Security Instrument, but shall not invalidate or render unenforceable any other provision of this Security Instrument that can be construed in a manner consistent with IMFL. If any provision of this Security Instrument shall grant to Lender any rights or remedies upon any Event of Default by Borrower which are more limited than the rights that would otherwise be vested in Lender under IMFL in the absence of said provision Lender shall be vested with the rights granted in IMFL to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by

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Lender to the extent reimbursable under IMFL, whether incurred before or after any decree or judgment of foreclosure, and whether or not encumbered in this Security Instrument, shall be added to the Indebtedness secured by this Security Instrument or by judgment of foreclosure.

(f) Usury. All agreements between Borrower and Lender (including, without limitation, those contained in this Security Instrument, the Note or any other Loan Document) are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to Lender exceed the highest lawful rate of interest permissible under the laws of the State of Illinois. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Note or any other documents securing the Indebtedness, at the time performance of such provision shall be due, shall involve the payment of interest exceeding the highest rate of interest permitted by law which a court of competent jurisdiction may deem applicable hereto, or shall involve the payment of interest exceeding the highest rate of interest permitted by law which a court of competent jurisdiction may deem applicable hereto, then ipso facto, the obligation to be fulfilled shall be reduced to the highest lawful rate of interest permissible under the laws of the State of Illinois; and if for any reason whatsoever, Lender shall receive as interest an amount which would be deemed unlawful, such interest shall be applied to the payment of the last maturing installment or installments of the Indebtedness (whether or not then due and payable) and not to the payment of interest.

(g) Insurance. If Borrower fails to provide evidence of the insurance coverage specified herein, Lender may purchase insurance at Borrower's expense to protect Lender's interests in the Real Property. This insurance may, but need not, protect Borrower's interests. The coverage that Lender purchases may not pay any claim that Borrower makes or any claim that is made against Borrower in connection with the Real Property. Borrower may later cancel any insurance purchased by Lender, but only after providing Lender with evidence that Borrower has obtained the insurance as required by this Security Instrument. If Lender purchases insurance with respect to the Real Property, Borrower will be responsible for the costs of that insurance, including interest and any other charges Lender may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the existing balance of the Indebtedness. The costs of the insurance may be more than the cost of the insurance Borrower is able to obtain on its own. In the event of a casualty loss, the net insurance proceeds from such insurance policies shall be paid and applied as specified herein.

(h) Maturity Date. The Maturity Date pursuant to the Note is March 1, 2025.

(i) Interest Rate. The Interest Rate pursuant to the Note is an annual rate of three and eighty-nine one hundredths percent (3.89%). In addition, in certain circumstances during the continuance of an Event of Default, Borrower shall pay interest on all sums due under the Note at a Default Rate equal to the lesser of (i) the Interest Rate plus five (5%) per annum, or (ii) the maximum rate that the parties may contract for under applicable law.

62. Quaker Lease Expiration Escrow. Beginning in the twenty-fourth (24th) month prior to the expiration of all or any part of the space demised pursuant to that certain Office Lease dated March 1, 2000 between Monroe/Clinton LLC, as landlord, and The Quaker Oats Company, as tenant ("Quaker Oats"), (as amended, the "Quaker Oats Lease"), Borrower shall

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deposit Excess Cash Flow (defined below) each month in an interest-bearing escrow account ("TI Escrow") with Lender or a financial institution acceptable to Lender, until the balance in the TI Escrow equals \$10,627,000, to fund Borrower's lease renewal and/or re-letting costs upon a Quaker Oats Lease expiration. Lender shall disburse or cause the disbursement of the TI Escrow from time to time, if applicable, to Borrower in an amount equal to the lesser of (i) the actual out-of-pocket tenant improvement and leasing costs incurred by Borrower or (ii) proportionately on a per square foot basis (based upon the then balance of the TI Escrow and remaining space to be re-let), promptly following either (a) Borrower's delivery to Lender of a renewal notice from Quaker Oats for such expired space or (b) Borrower's delivery to Lender of one or more tenant estoppel certificate confirming that (i) Borrower has re-let all or a portion of the Quaker Oats space to either Quaker Oats or a replacement tenant(s), (ii) Quaker Oats, or such replacement tenant(s), as applicable, have taken possession of the space and (iii) such lease(s) have commenced (with any free rent to remain in escrow). All replacement tenants for any Lease that constitutes a Major Lease must be reasonably acceptable to Lender under leases acceptable to Lender in its reasonable discretion and containing a minimum term of at least sixty (60) months and a minimum annual net rental rate of at least \$21.00 per square foot of net rentable area. The TI Escrow shall continue in effect until the earlier of the completion of the foregoing re-letting requirements or satisfaction of the Loan in full, and any remaining portion of the TI Escrow shall be disbursed to Borrower following the earlier thereof to occur. As used herein, "Excess Cash Flow" shall mean the actual base rental collected plus actual tenant operating expense reimbursements less operating expenses based upon actual and accrued costs (including, but not limited to, real estate taxes and insurance) including market fees for any services provided by Borrower or affiliate of Borrower and amounts due under the Loan, as set forth in quarterly operating statements delivered to Lender by or on behalf of Borrower.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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IN WITNESS WHEREOF, Borrower has duly executed this Security Instrument, as a scaled instrument, as of the date first above written, in the presence of:

BORROWER:

WEST MONROE FUND INVESTORS, LLC,
a Delaware limited liability company

By: West Monroe Fund Member, LLC,
a Delaware limited liability company,
its sole member


By: West Monroe REIT, LLC,
a Delaware limited liability company,
its sole member

By: Principal Enhanced Property Fund, L.P.,
a Delaware limited partnership,
its sole member

By: Principal Enhanced Property Fund, GP, LLC,
a Delaware limited liability company,
its general partner

By: Principal Real Estate Investors, LLC,
a Delaware limited liability company,
its sole member

By: 
Name: Kristine Soliday
Title: Investment Director
Capital Markets

By: 
Name: Stacia L. VanCleave
Title: Senior Assistant Financing
Consultant

[Signature page to Mortgage, Assignment of Leases and Rents,
Security Agreement and Fixture Filing]

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WEST MONROE LIFE INVESTORS, LLC,
a Delaware limited liability company

By: West Monroe Life Member, LLC,
a Delaware limited liability company,
its sole member

By: Principal Real Estate Holding Company, LLC,
a Delaware limited liability company,
its sole member

By: Principal Real Estate Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: Kristine Soliday
Name: Kristine Soliday
Title: Investment Director
Capital Markets

By: Stacia L. VanCleave
Name: Stacia L. VanCleave
Title: Senior Assistant Financing
Consultant

Property of Cook County Clerk's Office

[Signature page to Mortgage, Assignment of Leases and Rents,
Security Agreement and Fixture Filing]

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STATE OF IOWA)
)
 COUNTY OF POLK)

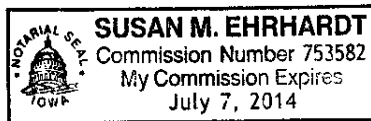
On this 19 day of February, 2013, before me, the undersigned, a Notary Public in and for the said State, personally appeared Kristine Soliday and Stacy L. VanCleave, to me personally known to be the identical persons whose names are subscribed to the foregoing instrument, who being by me duly sworn, did say that they are the Investment Director - Capital Markets and Sr. Assistant Financing Consultant, respectively, of PRINCIPAL REAL ESTATE INVESTORS, LLC, a Delaware limited liability company, the sole member of PRINCIPAL ENHANCED PROPERTY FUND GP, LLC, a Delaware limited liability company, the general partner of PRINCIPAL ENHANCED PROPERTY FUND, L.P., a Delaware limited partnership, the sole member of WEST MONROE REIT, LLC, a Delaware limited liability company, the sole member of WEST MONROE FUND MEMBER, LLC, a Delaware limited liability company, the sole member of WEST MONROE FUND INVESTORS, LLC, a Delaware limited liability company, and that the instrument was signed on behalf of the limited liability company by PRINCIPAL REAL ESTATE INVESTORS, LLC; and that the aforesaid individuals each acknowledged the execution of the foregoing instrument to be the voluntary act and deed of PRINCIPAL REAL ESTATE INVESTORS, LLC, as authorized signatory of said entity, by it and by them voluntarily executed.

Susan M Ehrhardt

Notary Public in and for said State

My Commission Expires:

[Affix Notarial Stamp or Seal]



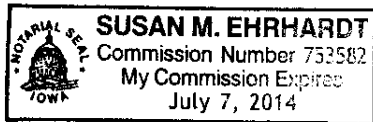
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ACKNOWLEDGMENT

STATE OF IOWA)
)
COUNTY OF POLK)

On this 19 day of February, 2013, before me, the undersigned, a Notary Public in and for the said State, personally appeared Kristina Solidary and Stacy L. VanHove, to me personally known to be the identical persons whose names are subscribed to the foregoing instrument, who being by me duly sworn, did say that they are the Investment Director - Capital Markets and Sr. Assistant Financing Consultant, respectively, of PRINCIPAL REAL ESTATE INVESTORS, LLC, a Delaware limited liability company, the authorized signatory of PRINCIPAL REAL ESTATE HOLDING COMPANY, LLC, a Delaware limited liability company, the sole member of WEST MONROE LIFE MEMBER, LLC, a Delaware limited liability company, the sole member of WEST MONROE LIFE INVESTORS, LLC, a Delaware limited liability company, and that the instrument was signed on behalf of the limited liability company by PRINCIPAL REAL ESTATE INVESTORS, LLC; and that the aforesaid individuals each acknowledged the execution of the foregoing instrument to be the voluntary act and deed of PRINCIPAL REAL ESTATE INVESTORS, LLC, as authorized signatory of said entity, by it and by them voluntarily executed.

Susan M Ehrhardt
Notary Public in and for said State
My Commission Expires:
[Affix Notarial Stamp or Seal]



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EXHIBIT A

TO

MORTGAGE

Legal Description

Real property in the City of Chicago, County of Cook, State of Illinois, described as follows:

PARCEL 1:

(A) LOTS 2 AND 3, EXCEPT THE SOUTH 14.08 FEET OF SAID LOT 3, IN CHARLES WESENCRAFT'S SUBDIVISION OF LOTS 3, 4, 5, AND 6 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

(B) ALL OF LOTS 1 THROUGH 6, BOTH INCLUSIVE, IN WARD'S SUBDIVISION OF LOT 1 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

(C) ALL THOSE PARTS OF LOT 7 IN WARD'S SUBDIVISION OF LOT 1 IN BLOCK 47 AND OF LOT 2 IN BLOCK 47 IN SCHOOL SECTION ADDITION TO CHICAGO, AND OF LOT 1 IN CHARLES WESENCRAFT'S SUBDIVISION OF LOTS 3, 4 5 AND 6 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO, LYING NORTH OF A LINE 124.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

(D) THE VACATED NORTH-SOUTH 10 FOOT PUBLIC ALLEY LYING EAST OF AND ADJOINING LOT 1 AND WEST OF AND ADJOINING LOTS 2 AND 3 IN CHARLES WESENCRAFT'S SUBDIVISION OF LOTS 3, 4, 5 AND 6 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO LYING NORTH OF A LINE 124.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCELS 1(A), 1(B), 1(C) AND 1(D) RECORDED NOVEMBER 2, 2000 AS DOCUMENT NUMBER 00866229 AND RE-RECORDED DECEMBER 13, 2000 AS DOCUMENT NUMBER 00977331 AND AMENDMENT RECORDED DECEMBER 3, 2001 AS DOCUMENT NUMBER 0011134341 AND A SECOND AMENDMENT RECORDED SEPTEMBER 11, 2002 AS DOCUMENT NUMBER 0020996691, OVER THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE: THAT PART OF LOT 2 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO

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CHICAGO, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF A LINE 124.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET AND NORTH OF A LINE 136.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET, IN COOK COUNTY, ILLINOIS, AND ALL THAT PART OF LOT 1 IN CHARLES WESENCRAFT'S SUBDIVISION OF LOTS 3, 4, 5 AND 6 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO, LYING SOUTH OF A LINE 124.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET AND NORTH OF A LINE 136.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF MONROE STREET, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN COOK COUNTY, ILLINOIS, AND ALL THAT PART OF LOT 7 IN WARD'S SUBDIVISION OF LOT 1 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF A LINE 124.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET AND NORTH OF A LINE 136.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET AND EAST OF A LINE 30.00 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF SOUTH JEFFERSON STREET.

PARCEL 3:

EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCELS 1(A), 1(B), 1(C) AND 1(D) RECORDED NOVEMBER 2, 2000 AS DOCUMENT NUMBER 00866228 AND RE-RECORDED DECEMBER 13, 2000 AS DOCUMENT NUMBER 00977332 AND AMENDMENT RECORDED OCTOBER 9, 2002 AS DOCUMENT NUMBER 0021110223, OVER THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE: THE EAST 28 FEET OF LOTS 1 AND 9 IN CHARLES WESENCRAFTS SUBDIVISION OF LOTS 3, 4, 5 AND 6 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO, LYING SOUTH OF A LINE 124.86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF WEST MONROE STREET AND NORTH OF THE EASTERLY EXTENSION OF THE NORTH LINE OF THE SOUTH 8 FEET OF LOT 3 IN W.B. EGAN'S SUBDIVISION OF LOTS 7 AND 8 IN BLOCK 47 OF SCHOOL SECTION ADDITION TO CHICAGO, IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

APN: 17-16-107-024-0000

UNOFFICIAL COPY**EXHIBIT B****TO****MORTGAGE****FORM OF LEASE SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT
AGREEMENT**

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT is made as of _____, 20___, by and between _____, an _____ ("Tenant"), whose address is _____, and ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA, a Minnesota corporation, whose address is c/o Allianz Real Estate of America LLC, 55 Greens Farms Road, P.O. Box 5160, Westport, Connecticut 06881-5160, Attn: Servicing Department ("Lender").

RECITALS

A. In consideration of certain loans and other financial accommodations (the "Loan") made available by Lender to _____, a _____ ("Landlord"), Landlord has agreed to grant Lender a mortgage lien on and security interest in the real estate legally described in Exhibit A hereto and all improvements located thereon (the "Property") pursuant to a Deed of Trust, Security Agreement, Fixture Filing with Absolute Assignment of Rents (the "Deed of Trust"). Landlord has also agreed to assign to Lender all leases and rents arising from the Property pursuant to an Absolute Assignment of Leases, Rents and Income (the "Assignment").

B. Tenant is lessee of certain premises located on the Property (the "Premises") pursuant to a Lease between Tenant and Landlord, dated _____, 20___ (the "Lease"), a copy of which is attached to an Estoppel Certificate dated _____, 20___, given by Tenant to Lender.

C. As part of the consideration for the Loan, Lender has required that the Lease be made subordinate to the lien of the Deed of Trust and Tenant has agreed to do so subject to the terms and conditions set forth below.

AGREEMENT

Accordingly, the parties hereby agree as follows:

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Subordination. Except as otherwise provided in paragraph 2 of this Agreement, the Lease and all rights of Tenant in and to the Lease, the Premises and the Property, including without limitation any option to purchase or otherwise acquire title to the Property, are hereby subjected and subordinated, and shall remain in all respects and for all purposes subject and subordinate, to the lien of the Deed of Trust (as hereafter amended, modified and/or increased), and to the rights and interest of Lender and its successors and assigns, as fully and with the same effect as if the Deed of Trust had been duly executed, acknowledged and recorded, and the indebtedness secured by the Deed of Trust had been fully disbursed prior to the execution of the Lease or possession of the Premises by Tenant, or its predecessors in interest. This Agreement supersedes any inconsistent provision of the Lease.

Lender Not to Disturb Tenant. At any time that the Deed of Trust shall be in effect, Lender agrees that so long as Tenant is not in default (beyond any period given Tenant under the Lease to cure such default) in the payment of rent or additional rent or in the performance of any of the terms, covenants or conditions of the Lease on Tenant's part to be performed, Lender will not join Tenant as a party defendant in any action or proceeding foreclosing the Deed of Trust (unless required to foreclose the Deed of Trust and then only for such purpose and not for the purpose of terminating the Lease) and that Tenant's possession of the Premises and Tenant's rights and privileges under the Lease, or any extensions or renewals thereof in accordance with the Lease, shall not be diminished or interfered with by Lender and Tenant's occupancy of the Premises shall not be disturbed by Lender.

Tenant to Attorn to Lender. If the Premises shall be transferred to and owned by Lender by reason of foreclosure of the Deed of Trust or other proceedings brought by it in lieu of or pursuant to a foreclosure, or in any other manner, Tenant shall be bound to Lender under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof in accordance with any option therefor in the Lease, with the same force and effect as if Lender were originally the landlord under the Lease, and Tenant does hereby attorn to Lender as its landlord, such attornment to be automatically effective immediately upon Lender's obtaining title to the Property without the execution of any further instruments on the part of any of the parties hereto. Tenant agrees to confirm such attornment in writing.

Lender Notice and Right to Cure Defaults of Landlord. Tenant will not seek to terminate the Lease by reason of any act or omission of Landlord until Tenant shall have given written notice of such act or omission to Lender and until thirty (30) days have elapsed following the later of (i) the giving of such notice or (ii) the expiration of Landlord's cure period for such default or breach, if any, as provided in the Lease (or such longer period as may reasonably be required, including the time required to foreclose Lender's lien on the Premises, so long as Lender is proceeding diligently to remedy the act or omission), during which period Lender shall have right, but not the obligation, to remedy such act or omission.

Lender Not Bound By Certain Acts of Landlord. If Lender shall obtain title to the Property, Lender shall not be: (i) liable for any act or omission of any prior landlord (including Landlord); nor (ii) bound by any rent or additional rent which Tenant might have paid for more than the then current installment; nor (iii) bound by any amendment or modification of the Lease made after the date hereof without Lender's prior written consent; nor (iv) liable for the return of

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any security deposit or other deposit unless actually received by Lender; nor (v) bound by any offsets which Tenant may have against Landlord other than for amounts spent by Tenant as provided under the Lease to cure Landlord defaults after notice to Lender as provided in paragraph 4, above, and expiration of time periods for remedy by Lender, so long as such amounts are reasonable and appropriate and are spent on repairs, replacements or maintenance to or of the Property or for items incorporated into the Property; nor (vi) subject to defenses which Tenant may have against any prior landlord (including Landlord), nor (vii) bound by any construction or construction reimbursement obligations of the Landlord under the lease.

Payment of Rent to Lender. Tenant acknowledges that it has notice that the Lease and the rent and all sums due thereunder have been assigned to Lender pursuant to the Assignment as part of the security for the obligations secured by the Deed of Trust. In the event Lender notifies Tenant of a default under the Loan and demands that Tenant pay its rent and all other sums due under the Lease to Lender, Tenant agrees that it will honor such demand and pay its rent and all other sums due under the Lease to Lender, or Lender's designated agent, until otherwise notified in writing by Lender.

No Amendment or Cancellation of Lease. So long as the Deed of Trust remains undischarged of record, Tenant shall not materially amend, modify, cancel or terminate the Lease, or consent to an amendment, modification, cancellation or termination of the Lease, or agree to subordinate the Lease to any other mortgage, without Lender's prior written consent in each instance.

Successors and Assigns. This Agreement and each and every covenant, agreement and other provision hereof shall be binding upon the parties hereto and their successors and assigns, including without limitation each and every holder of the Lease or any other person having an interest therein and shall inure to the benefit of Lender, and its successors and assigns. In the event that Lender or any new owner ("New Owner") shall acquire title to the Premises or the Property, Lender or such New Owner shall have no obligation, nor incur any liability, beyond Lender's or New Owner's then equity interest, if any, in the Property or the Premises, and Tenant shall look exclusively to such equity interest of Lender or New Owner, if any, for the payment and discharge of any obligations imposed upon Lender or New Owner hereunder or under the Lease or for recovery of any judgment from Lender or New Owner, and in no event shall Lender, New Owner, nor any of their respective officers, directors, shareholders, agents, representatives, servants, employees or partners ever be personally liable for such judgment.

Choice of Law. This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the State of _____.

Captions and Headings. The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular.

Meaning of Lender. For purposes of this Agreement, the term "Lender" shall also be deemed to mean any purchaser of the Property at a foreclosure of the Deed of Trust, or any transferee of a deed-in-lieu of such a foreclosure.

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Notices. Any notices which any party hereto may desire or may be required to give to any other party shall be in writing; and the mailing thereof by certified mail, or the delivery thereof by messenger service, to the addresses as set forth above, or to such other places as the parties hereto may by notice in writing designate, shall constitute service of notice hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

TENANT: _____
a _____

By: _____

Name: _____

Title: _____

STATE OF _____)

COUNTY OF _____) S.

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Notary Public

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LENDER: Allianz Life Insurance Company of North America,
a Minnesota corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

STATE OF _____)

COUNTY OF _____)

) ss.
)

On _____, before me _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Notary Public

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The undersigned accepts and agrees to the provisions of Section 6 hereof:

LANDLORD: [_____],
 a [_____]

By: _____

Name: _____

Title: _____

STATE OF _____)
 COUNTY OF _____)

On _____, before me _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Notary Public

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**EXHIBIT A
TO
SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

The Property described in the referenced instrument is located in _____ County,
_____ and is legally described as follows:

Property of Cook County Clerk's Office

