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1329135064

Doc#: 1329135064 Fee: \$130.00
RHSP Fee:\$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 10/18/2013 10:22 AM Pg: 1 of 47

Illinois Anti-Predatory Lending Database Program

Certificate of Exemption

Report Mortgage Fraud
800-532-8785

The property identified as: **Pin:** 14-32-220-036-0000

Address:

Street: 2118 N. HALSTED

Street line 2:

City: CHICAGO

State: IL

ZIP Code: 60614

Lender: COMPASS BANK

Borrower: 2118 HALSTED ASSOCIATES, LLC, 2010 N HALSTED, LLC, BIGGS MANSION, LLC AND 116 E OAK, LLC

Loan / Mortgage Amount: \$11,500,000.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 777.0 et seq. because it is commercial property.

Box 400-CTCC

S Y
P 47
S N
SCU
INT Y

Certificate number: 98A996EC-E9E9-406E-868E-DB412F38A7A4

Execution date: 09/26/2013

8933993 994 996 8997
1668966 766 666 666 666

Property of Cook County Clerk's Office

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PREPARED BY AND UPON
 RECORDATION RETURN TO:
Gunster, Yoakley & Stewart, P.A.
450 East Las Olas Boulevard
Suite 1400
Fort Lauderdale, Florida 33301
Attention: Daniel M. Mackler, Esq.

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S
 USE ONLY

MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING (this "*Mortgage*") is made as of this 21st day of September, 2013, by 2118 HALSTED ASSOCIATES, LLC, an Illinois limited liability company, having an address at 1430 North Dearborn, Suite 601, Chicago, Illinois 60610 (together with its permitted successors and assigns, collectively, "*2118 Obligor*,"), 2010 N HALSTED, LLC, an Illinois limited liability company, having an address at 908 North Halsted, Chicago, Illinois 60622 (together with its permitted successors and assigns, collectively, "*2010 Obligor*,"), BIGGS MANSION, LLC, an Illinois limited liability company, having an address at 908 North Halsted, Chicago, Illinois 60622 (together with its permitted successors and assigns, collectively, "*Biggs Obligor*,"), and 116 E OAK, LLC, an Illinois limited liability company, having an address at 908 North Halsted, Chicago, Illinois 60622 (together with its permitted successors and assigns, collectively, "*116 Obligor*,"), together with 2118 Obligor, 2010 Obligor and Biggs Obligor, collectively (or individually, if the context so requires), jointly and severally and together with its permitted successors and assigns, collectively, the "*Mortgagor*"), as mortgagor, for the benefit of COMPASS BANK, an Alabama banking corporation, as lender and mortgagee, having an address at 1450 Brickell Avenue, Suite 2000, Miami, Florida 33131 (together with its successors and assigns, "*Mortgagee*").

WITNESSETH:

A. This Mortgage is given to secure a business loan in the original principal sum of ELEVEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS

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(\$11,500,000.00) given by Mortgagee to Mortgagor. Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the other Loan Documents.

B. Mortgagor desires to secure the payment of the outstanding principal amount of the Loan together with all interest accrued and unpaid thereon and all other sums (including, without limitation, any fees or other sums due in connection with the prepayment of the Loan) due to Mortgagee in respect of the Loan and the Loan Documents (the "*Debt*") and the performance of all of its obligations under the Note, this Mortgage, and the other Loan Document.

C. 2118 Obligor owns and holds fee simple title to the Land legally described in Schedule A-1 and all Property located thereon and related thereto. 2010 Obligor owns and holds fee simple title to the Land legally described in Schedule A-2 and all Property located thereon and related thereto. Biggs Obligor owns and holds fee simple title to the Land legally described in Schedule A-3 and all Property located thereon and related thereto. 116 Obligor owns and holds fee simple title to the Land legally described in Schedule A-4 and all Property located thereon and related thereto. Each representation, warranty, covenant, and obligation of Mortgagor in this Mortgage shall mean the representation, warranty, covenant and obligation of each of 2118 Obligor, 2010 Obligor, Biggs Obligor and 116 Obligor with respect to the Property each of those entities owns as set forth above. Any Event of Default of any of 2118 Obligor, 2010 Obligor, Biggs Obligor and 116 Obligor with respect to the Property it owns as set forth above shall be deemed to be an Event of Default with respect to this entire Mortgage.

D. This Mortgage is given pursuant to the Note, and payment, fulfillment and performance by Mortgagor of its obligations thereunder and under the other Loan Documents are secured hereby, and each and every term and provision of the Note, and that certain Assignment of Leases and Rents, dated as of the date hereof, made by Mortgagor in favor of Mortgagee delivered in connection with this Mortgage (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "*Assignment of Leases*"), including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of the parties therein, are hereby incorporated by reference herein as though set forth in full and shall be considered a part of this Mortgage.

NOW THEREFORE, in consideration of the making of the Loan by Mortgagee and the covenants, agreements, representations and warranties set forth in this Mortgage:

ARTICLE 1

GRANTS OF SECURITY

Section 1.1. Property Mortgaged. The recitals set forth above are hereby incorporated into this Mortgage. Mortgagor does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign and warrant to Mortgagee and its successors and assigns, all right, title, interest and estate of Mortgagor now owned, or hereafter acquired, in and to all the following (collectively, the "*Property*"):

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(a) Land. The real property described in Exhibit A-1, Exhibit A-2, Exhibit A-3 and Exhibit A-4 attached hereto and made a part hereof (collectively, the "Land");

(b) Additional Land. All additional lands, estates and development rights hereafter acquired by Mortgagor for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Mortgage;

(c) Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (collectively, the "Improvements");

(d) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(e) Equipment. All "equipment," as such term is defined in Article 9 of the Uniform Commercial Code (as hereinafter defined), now owned or hereafter acquired by Mortgagor, which is used at or in connection with the Improvements or the Land or is located thereon or therein (including, but not limited to, all Gaming Equipment and all machinery, equipment, furnishings, and electronic data-processing and other office equipment now owned or hereafter acquired by Mortgagor and any and all additions, substitutions and replacements of any of the foregoing), together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto (collectively, the "Equipment"). Notwithstanding the foregoing, Equipment shall not include any property belonging to Tenants under Leases (defined below), in each case except to the extent that Mortgagor shall have any right or interest therein;

(f) Fixtures. All Equipment now owned, or the ownership of which is hereafter acquired, by Mortgagor which is so related to the Land and Improvements forming part of the Property that it is deemed fixtures or real property under the law of the particular state in which the Equipment is located, including, without limitation, all building or construction materials intended for construction, reconstruction, alteration or repair of or installation on the Property, construction equipment, appliances, machinery, plant equipment, fittings, apparatuses, fixtures and other items now or hereafter attached to, installed in or used in connection with (temporarily or permanently) any of the Improvements or the Land, including, but not limited to, engines, devices for the operation of pumps, pipes, plumbing, cleaning, call and sprinkler systems, fire extinguishing apparatuses and equipment, heating, ventilating, plumbing, laundry, incinerating, electrical, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, pollution control equipment, security systems,

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disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and water, gas, electrical, storm and sanitary sewer facilities, utility lines and equipment (whether owned individually or jointly with others, and, if owned jointly, to the extent of Mortgagor's interest therein) and all other utilities whether or not situated in easements, all water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, and all other structures, together with all accessions, appurtenances, additions, replacements, betterments and substitutions for any of the foregoing and the proceeds thereof (collectively, the "*Fixtures*"). Notwithstanding the foregoing, "*Fixtures*" shall not include any property which Tenants are entitled to remove pursuant to the applicable Leases, except to the extent that Mortgagor shall have any right or interest therein;

(g) Personal Property. All furniture, furnishings, objects of art, machinery, goods, tools, supplies, appliances, general intangibles, contract rights, accounts, accounts receivable, franchises, licenses (including all Licenses), IT Systems, certificates and permits, and all other personal property of any kind or character whatsoever (as defined in and subject to the provisions of the Uniform Commercial Code), other than *Fixtures*, which are now or hereafter owned by Mortgagor and which are located within or about the Land and the Improvements, together with all accessories, replacements and substitutions thereto or therefor and the proceeds thereof (collectively, the "*Personal Property*"), and the right, title and interest of Mortgagor in and to any of the Personal Property which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (as amended from time to time, the "*Uniform Commercial Code*"), superior in lien to the lien of this Mortgage, and all proceeds and products of any of the above;

(h) Leases and Rents. All leases, subleases or subsubleases, lettings, licenses, concessions or other agreements (whether written or oral) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of the Land and the Improvements, and every modification, amendment or other agreement relating to such leases, subleases, subsubleases, or other agreements entered into in connection with such leases, subleases, subsubleases, or other agreements and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto, heretofore or hereafter entered into, whether before or after the filing by or against Mortgagor of any petition for relief under 11 U.S.C. §101 et seq., as the same may be amended from time to time (the "*Bankruptcy Code*") (collectively, the "*Leases*"), and all right, title and interest of Mortgagor, its successors and assigns, therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements, whether paid or accruing before or after the filing by or against Mortgagor of any petition for relief under the Bankruptcy Code (collectively, the "*Rents*"), and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment and performance of the Obligations, including the payment of the Debt;

(i) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer made in

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lieu of or in anticipation of the exercise of such right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(j) Insurance Proceeds. All proceeds in respect of the Property under any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments or settlements made in lieu thereof, for damage to the Property;

(k) Tax Certiorari. All refunds, rebates or credits in connection with any reduction in taxes or Other Charges charged against the Property as a result of tax certiorari proceedings or any other applications or proceedings for reduction;

(l) Rights. The right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Mortgagor in the Property;

(m) Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereon, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or respecting any business or activity conducted on the Land and any part thereof and all right, title and interest of Mortgagor therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to Mortgagor thereunder;

(n) Intellectual Property. All trademarks, service marks, trade names, domain names, other source indicators, copyrights, patents, patent rights, licenses, technology, software, trade secrets, know-how database rights, design rights, trade secrets, customer data, and other intellectual property rights that are necessary or advisable for the operation of the business of Mortgagor and the Property or otherwise maintained by Mortgagor, and all technology platforms which are integral to the management, operation and performance of each Property, including, without limitation, all IT systems, sales, catering and accounting systems; player tracking systems; slot and table games accounting systems; ticket-in/ticket-out systems and all other transaction-based systems; "Front of house ops systems" such as: casino accounting, cage and count; franchising and merchandising operation systems; performance management (live, syndicated, televised, pay-per-view); safety, security, surveillance systems and CCTV infrastructure; point of sale, kitchen and restaurant management systems; payroll accounting systems; and all inventory tracking systems; together with all related proprietary hardware and software and any other items (collectively, as the same may be supplemented or upgraded from time to time);

(o) Accounts. Any reserves, escrows and deposit accounts maintained by Mortgagor with respect to the Property, and all proceeds, products, distributions, dividends and/or substitutions thereon and thereof;

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(p) Uniform Commercial Code Property. All documents, instruments, chattel paper and intangibles, as the foregoing terms are defined in the Uniform Commercial Code, and general intangibles relating to the Property;

(q) Minerals. All minerals, crops, timber, trees, shrubs, flowers and landscaping features now or hereafter located on, under or above Land;

(r) Proceeds. All proceeds of any of the foregoing, including, without limitation, proceeds of insurance and condemnation awards, whether in cash or in liquidation or other claims, or otherwise; and

(s) Other Rights. Any and all other rights of Mortgagor in and to the items set forth in Subsections (a) through (r) above.

AND, without limiting any of the other provisions of this Mortgage, to the extent permitted by applicable law, Mortgagor expressly grants to Mortgagee, as secured party, a security interest in the portion of the Property which is or may be subject to the provisions of the Uniform Commercial Code which are applicable to secured transactions; it being understood and agreed that the Improvements and Fixtures are part and parcel of the Land (the Land, the Improvements and the Fixtures collectively referred to as the "**Real Property**") appropriated to the use thereof and, whether affixed or annexed to the Land or not, shall for the purposes of this Mortgage be deemed conclusively to be real estate and mortgaged hereby.

Section 1.2. Assignment of Rents. Mortgagor hereby absolutely and unconditionally assigns to Mortgagee all of Mortgagor's right, title and interest in and to all current and future Leases and Rents; it being intended by Mortgagor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of the Assignment of Leases and Section 7.1(h) of this Mortgage, Mortgagee grants to Mortgagor a revocable license to collect, receive, use and enjoy the Rents. Mortgagor shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, for use in the payment of such sums.

Section 1.3. Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Property. By executing and delivering this Mortgage, Mortgagor hereby grants to Mortgagee, as security for the Obligations, a security interest in the Fixtures, the Equipment, the Personal Property and the other property constituting the Property to the full extent that the Fixtures, the Equipment, the Personal Property and such other property may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called the "**Collateral**"). If an Event of Default shall occur and be continuing, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Mortgagee after the occurrence and

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during the continuance of an Event of Default, Mortgagor shall, at its expense, assemble the Collateral and make it available to Mortgagee at a convenient place (at the Land if tangible property) reasonably acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including reasonable attorneys' fees and costs, actually incurred or paid by Mortgagee in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral after the occurrence and during the continuance of an Event of Default. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Collateral sent to Mortgagor in accordance with the provisions hereof at least ten (10) Business Days prior to such action, shall, except as otherwise provided by applicable law, constitute reasonable notice to Mortgagor. The proceeds of any disposition of the Collateral, or any part thereof, may, except as otherwise required by applicable law, be applied by Mortgagee to the payment of the Debt in such priority and proportions as Mortgagee in its discretion shall deem proper. The principal place of business of Mortgagor (Debtor) is as set forth on page one hereof and the address of Mortgagee (Secured Party) is as set forth on page one hereof.

Fixture Filing. Certain of the Property is or will become "fixtures" (as that term is defined in the Uniform Commercial Code) on the Land, described or referred to in this Mortgage, and this Mortgage, upon being filed for record in the real estate records of the city or county wherein such fixtures are situated, shall operate also as a financing statement naming Mortgagor as the Debtor and Mortgagee as the Secured Party filed as a fixture filing in accordance with the applicable provisions of said Uniform Commercial Code upon such of the Property that is or may become fixtures.

For purposes of meeting fixture filing requirements under the Uniform Commercial Code, as adopted by the State of Illinois:

Secured Party's name and address:

COMPASS Bank,
an Alabama banking corporation, as lender and
mortgagee,
1450 Brickell Avenue, Suite 2000
Miami, Florida 33131

Debtor's name and address:

1. FREDERICK S. LATSKO,
1155 North Dearborn, #1401
Chicago, Illinois 60610
2. LATSKO DYNASTY TRUST dated 11/30/06,
908 N. Halsted Street
Chicago, Illinois 60642
3. 2118 HALSTED ASSOCIATES, LLC,
an Illinois limited liability company,
1430 North Dearborn, Suite 601
Chicago, Illinois 60610

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4. 2010 N HALSTED, LLC,
an Illinois limited liability company,
908 North Halsted
Chicago, Illinois 60622
5. BIGGS MANSION, LLC,
an Illinois limited liability company,
908 North Halsted
Chicago, Illinois 60622
6. 116 E OAK, LLC,
an Illinois limited liability company,
908 North Halsted
Chicago, Illinois 60622

Description of real property:

See attached Exhibits A-1 through A-4

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto and to the use and benefit of Mortgagee and its successors and assigns, forever;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Mortgagor shall well and truly pay and perform the Obligations (including the payment of the Debt) at the time and in the manner provided in this Mortgage, the Note and the other Loan Documents, and shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Note, this Mortgage and the other Loan Documents, these presents and the estate hereby granted shall cease, terminate and be void; provided, however, that Mortgagor's obligation to indemnify and hold harmless Mortgagee pursuant to the provisions hereof shall survive any such payment, partial release, or full release.

ARTICLE 2

DEBT AND OBLIGATIONS SECURED

Section 2.1. Obligations. This Mortgage and the grants, assignments and transfers made in Article 1 are given for the purpose of securing the Obligations, including, but not limited to, the Debt. Lender and Mortgagor are or may, in the future, be parties to a ISDA Master Agreement and/or one or more Confirmations issued in connection therewith (collectively, the "Master Agreement"), under the terms of which Lender and Mortgagor have entered into one or more of the following types of transactions: interest rate swap, cap, floor, collar or option. Mortgagor hereby agrees that all of its obligations under the Master Agreement shall be part of the "Obligations," as that term is defined in this Mortgage. Mortgagor agrees that the Property

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shall be security for the payment and performance of all of the Mortgagor's obligations under the Master Agreement, and that the grant of the lien contained in the Mortgage is intended to be the grant of a lien against the Property to secure all of the Obligations, including the obligations of Mortgagor under the Master Agreement. Mortgagor hereby agrees that (i) the occurrence of an Event of Default under this Mortgage shall constitute an "Event of Default" or a "Default" (as that term may be defined in the Master Agreement) under the Master Agreement, and (ii) the occurrence of an Event of Default under the Master Agreement shall constitute the occurrence of an Event of Default under this Mortgage, and Lender shall thereafter have all rights and remedies following the occurrence of an Event of Default under both this Mortgage and the Master Agreement.

Section 2.2. Other Obligations. This Mortgage and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the following (collectively, the "**Other Obligations**"):

- (a) the performance of all other obligations of Mortgagor contained herein;
- (b) the performance of each obligation of Mortgagor contained in each other Loan Document and the Master Agreement; and
- (c) the performance of each obligation of Mortgagor contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note, this Mortgage or any other Loan Document.

Section 2.3. Debt and Other Obligations. Mortgagor's obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively herein as the "**Obligations**".

Section 2.4. Variable Interest Rate. The Loan secured by this Mortgage is a variable interest rate loan, as more particularly set forth in the Note.

Section 2.5. Loan Repayment. Provided no Event of Default exists, this Mortgage will be satisfied and discharged of record by Mortgagee prior to the Maturity Date only in accordance with the terms and provisions set forth in the Note and this Mortgage.

ARTICLE 3

MORTGAGOR COVENANTS

Mortgagor covenants and agrees that throughout the term of the Loan:

Section 3.1. Payment of Debt. Mortgagor will pay the Debt at the time and in the manner provided in the Note and this Mortgage.

Section 3.2. Incorporation by Reference. All the covenants, conditions and agreements contained in (a) the Note, and (b) all and any of the other Loan Documents, are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein. Without limiting the generality of the foregoing, Mortgagor (i) agrees to insure,

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repair, maintain and restore damage to the Property, pay all taxes relating to the Property as required by applicable law and applicable authorities, and comply with all legal requirements, and (ii) agrees that all insurance proceeds and awards shall be settled, held, applied and/or disbursed in accordance with this Mortgage.

Section 3.3. Performance of Other Agreements. Mortgagor shall observe and perform each and every term, covenant and provision to be observed or performed by Mortgagor pursuant to the Loan Documents and any other agreement or recorded instrument affecting or pertaining to the Property, and any amendments, modifications or changes thereto.

Section 3.4. Operating Covenants and Financial Statements.

(a) Mortgagor shall deliver to Mortgagee: tax returns and K-1's (and extensions thereto, if applicable) annually, which shall be delivered the earlier of 30 days from filing or November 1st of each year; rent rolls on each Property annually, within 30 days from the end of each calendar year; a schedule of real estate holdings annually within 45 days from the end of each calendar year; and company-prepared financial statements delivered annually within 90 days of the end of each calendar year. Mortgagor represents and warrants to Mortgagee that all balance sheets, statements of profit and loss, and other financial data that have been given to Mortgagee with respect to the Mortgagor shall be (i) complete and correct in all material respects, and (ii) accurately present the financial condition of said parties as of the dates, and the results of its or their operations, for the periods for which the same have been furnished; all financial statements disclose all known liabilities, direct and contingent, as of their respective dates; and there has been no material and adverse change in the condition of the Mortgagor financial or otherwise, since the date of the most recent financial statements given to Mortgagee with respect to said parties, other than changes in the ordinary course of business, none of which changes has been materially adverse.

(b) Mortgagor agrees that the Debt Service Coverage Ratio (defined below) of all the Property must show a combined debt service coverage of 1.25X, to be tested annually upon the end of each calendar year. "**Debt Service Coverage Ratio**" shall mean, a ratio as determined by Mortgagee in its sole discretion (which determination shall be conclusive absent manifest error) on an annual basis as of the last day of each calendar year for the trailing twelve month period in which:

the numerator is the underwritten net cash flow for all the Property for such period; and

the denominator is the combined debt service due for such period pursuant to the Loan Documents.

(c) Mortgagor, collectively, shall maintain Liquid Assets (as defined below) in the Collateral Account (as defined in that certain Revolving Promissory Note, dated the date hereof, made by Frederick S. Latsko in favor of Mortgagee) as of the last day of each calendar quarter of (i) not less than \$3,000,000.00 prior to the first anniversary of the date of the initial funding made under the Note and (ii) not less than \$4,000,000.00 on and following the first anniversary of the initial

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funding made under the Note. "Liquid Assets" shall include cash or cash equivalents, as reasonably determined by Mortgagee, owned by Mortgagors and by entities in which any Mortgagor owns and controls more than a fifty percent (50%) interest. Cash equivalents shall include, but not be limited to, unencumbered United States savings bonds, United States Treasury certificates, marketable securities, or certificates of deposit, dependent on Mortgagee's approval in its reasonable discretion of the issuers of the same.

Section 3.5. Insurance. Mortgagor, at its sole cost and expense, shall obtain and maintain during the entire term of the Loan evidenced by the Note and secured by this Mortgage (the "*Term*"), or cause to be maintained, insurance policies for Mortgagor and the Property providing at least the following coverages:

(a) Mortgagor shall obtain, maintain and keep in full force and effect during the term of this Mortgage, with all premiums paid thereon, and without notice or demand, the following insurance with respect to the Property: (i) hazard insurance insuring all Improvements, and all Fixtures and Personal Property located in and on the Land in an amount no less than full insurable value of thereof against loss or damage by fire, windstorm, or other casualty, and by the perils covered by extended coverage and against such other hazards as Mortgagee, in its reasonable discretion, shall from time to time require, for the benefit of Mortgagee, (ii) liability insurance insuring against all claims for personal or bodily injury, death, or property damage occurring upon, in or about the Land in an amount of not less than Two Million Dollars (\$2,000,000.00) single limit coverage, and an umbrella policy on all the Property, combined, of Five Million Dollars (\$5,000,000.00), and (iii) if any portion of the Improvements is currently or at any time in the future located in a federally designated "special flood hazard area," flood hazard insurance in an amount equal to the lesser of (1) the outstanding principal balance of the Loan or (2) the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or such greater amount as Mortgagee.

(b) All such insurance at all times will be with an insurance company or companies in such amounts and with terms acceptable to Mortgagee, with loss, if any, payable to Mortgagee as its interest may appear, pursuant to a noncontributory mortgagee clause which shall be satisfactory to Mortgagee.

(c) Mortgagor shall not, without the prior written consent of Mortgagee, take out separate insurance concurrent in form or contributing with regard to any insurance coverage required by this Mortgage.

(d) At all times during the term of this Mortgage, if requested by Mortgagee, Mortgagor shall have delivered to Mortgagee the original (or a certified copy) of all policies of insurance required hereby, together with receipts or other evidence that the premiums therefor have been paid.

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(e) Not less than thirty (30) days prior to the expiration date of any insurance policy, Mortgagor shall deliver to Mortgagee the original (or certified copy), or the original certificate, as applicable, of each renewal policy, together with receipts or other evidence that the premiums therefor have been paid.

(f) The delivery of any insurance policy and any renewals thereof, shall constitute an assignment thereof to Mortgagee, and Mortgagor hereby grants to Mortgagee a security interest in all such policies, in all proceeds thereof and in all unearned premiums therefor.

(g) Unless Mortgagor provides evidence of the insurance coverage required by this Section 3.5, Mortgagee may purchase insurance at Mortgagor's expense to protect Mortgagee's interest in the Property. This insurance may but need not, protect Mortgagor's interests. The coverage that Mortgagee purchases may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the Property. Mortgagor may later cancel any insurance purchased by Mortgagee, but only after providing evidence that Mortgagor has obtained insurance as required by this Section 3.5. If Mortgagee purchases insurance for the Property, Mortgagor will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges Mortgagee 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 outstanding principal balance of the Obligations. The costs of any insurance obtained by Mortgagee may be more than the cost of insurance Mortgagor may be able to obtain on its own.

Section 3.6. Taxes and Impositions.

(a) Mortgagor shall pay all Impositions (defined below) on the Property and all taxes levied or assessed upon this Mortgage, the Note and the Obligations, or any of them. In the event of the passage, after the date of this Mortgage, of any law (i) making it illegal for the Mortgagor to pay the whole or any part of the Impositions, or charges or fees herein required to be paid by Mortgagor, or (ii) rendering the payment by Mortgagor of any and all taxes levied or assessed upon this Mortgage, the Note, or the Obligations or the interest in the Mortgaged Property represented by this Mortgage unlawful, or (iii) rendering the covenants for the payment of the matters set forth in Subparts (i) and (ii) of this Subsection by Mortgagor legally inoperative, the Mortgagor shall pay, upon demand, the entire unpaid Obligations notwithstanding anything in the Note, this Mortgage, or the other Loan Documents to the contrary.

(b) Mortgagor shall pay all ad valorem taxes and all other Taxes on the Property on or before the date same become delinquent and shall deliver to Mortgagee tax receipts evidencing said payment within ten (10) days thereof. Mortgagor shall also deliver to Mortgagee receipts evidencing the payment of all other Impositions within thirty (30) days after same become due and payable or before same shall become delinquent, whichever is sooner.

“*Taxes*” shall mean all real estate and personal property taxes, assessments, water rates, or sewer rents, now or hereafter levied or assessed or imposed against either Property or part thereof, together with all interest and penalties thereon. “*Impositions*” shall mean all (i) real

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estate and personal property taxes and other taxes and assessments, public or private; utility rates and charges including those for water and sewer; all other governmental and non-governmental charges and any interest or costs or penalties with respect to any of the foregoing; and charges for any public improvement, easement or agreement maintained for the benefit of or involving the Mortgaged Property, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever that at any time prior to or after the execution of this Mortgage may be assessed, levied or imposed upon the Mortgaged Property or the Rent or income received therefrom, or any use or occupancy thereof, (ii) other taxes, assessments, fees and governmental and non-governmental charges levied, imposed or assessed upon or against Mortgagor or any of its properties and (iii) taxes levied or assessed upon this Mortgage, the Note, and the other Obligations.

Section 3.7. Casualty. If any portion of any Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "**Casualty**"), Mortgagor shall give prompt notice thereof to Mortgagee. Following the occurrence of a Casualty, Mortgagor, regardless of whether insurance proceeds are available, shall promptly proceed to restore, repair, replace or rebuild such Property in accordance with applicable law to be of at least equal value and of substantially the same character as prior to such damage or destruction. Mortgagee may, but shall not be obligated to make proof of loss if not made promptly by Mortgagor. In addition, Mortgagee may participate in any settlement discussions with any insurance companies (and shall approve any final settlement) (i) if an Event of Default is continuing or (ii) with respect to any Casualty in which the Net Proceeds or the costs of completing the restoration are reasonably expected by Mortgagee to be equal to or greater than three percent (3%) of the appraised value of the Property (pursuant to the most recent appraisal ordered by Mortgagee), and Mortgagor shall deliver to Mortgagee all instruments required by Mortgagee to permit such participation. In the event an Event of Default exists under this Mortgage or any of the Loan Documents, then all and any insurance proceeds in connection with any Casualty (whether or not Mortgagee elects to settle and adjust the claim or Mortgagor settles such claim) shall be due and payable solely to Mortgagee and held by Mortgagee, and Mortgagee shall decide, in its sole and absolute discretion, whether to apply such insurance proceeds towards the payment of the Debt or to reimburse Mortgagor for restoration costs. In the event Mortgagor or any party other than Mortgagee is a payee on any check representing Insurance Proceeds with respect to any Casualty and any Event of Default exists under this Mortgage or any of the other Loan Documents, Mortgagor shall immediately endorse, and cause all such third parties to endorse, such check payable to the order of Mortgagee. Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact, coupled with an interest, to endorse any such check payable to the order of Mortgagee. Mortgagor hereby releases Mortgagee from any and all liability with respect to the settlement and adjustment by Mortgagee of any claims in respect of any Casualty.

Section 3.8. Condemnation. Mortgagor shall promptly give Mortgagee notice of the actual or threatened commencement of any proceeding for the condemnation of all or any portion of any Property ("Condemnation") and shall deliver to Mortgagee copies of any and all papers served in connection with such proceedings. Mortgagee may participate in any such proceedings, and Mortgagor shall from time to time deliver to Mortgagee all instruments requested by it to permit such participation. Mortgagor shall, at its expense, diligently prosecute any such proceedings, and shall consult with Mortgagee, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by

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any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Mortgage, and the Debt shall not be reduced until any award shall have been actually received and applied by Mortgagee, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Mortgagee shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein or in the Note. If either Property or any portion thereof is taken by a condemning authority, Mortgagor shall promptly commence and diligently prosecute the restoration of such Property and otherwise comply with the provisions of this Mortgage, whether or not an award is available to pay the costs of such restoration. If any Property is sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of the award, Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the award or a portion thereof sufficient to pay the Debt in full.

ARTICLE 4

OBLIGATIONS AND RELIANCE

Section 4.1. Relationship of Mortgagor and Mortgagee. The relationship between Mortgagor and Mortgagee is solely that of debtor and creditor, and Mortgagee has no fiduciary or other special relationship with Mortgagor, and no term or condition of any of the Note, this Mortgage or the other Loan Documents shall be construed so as to deem the relationship between Mortgagor and Mortgagee to be other than that of debtor and creditor.

Section 4.2. No Reliance on Mortgagee. The general partners, members, principals and (if Mortgagor is a trust) beneficial owners of Mortgagor, as applicable, are experienced in the ownership and operation of properties similar to the Property, and Mortgagor and Mortgagee are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Mortgagor is not relying on Mortgagee's expertise, business acumen or advice in connection with the Property.

Section 4.3. No Mortgagee Obligations.

(a) Notwithstanding the provisions of Subsections 1.1(h) and (m) or Section 1.2, Mortgagee is not undertaking the performance of (i) any obligations under the Leases, or (ii) any obligations with respect to any other agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses or other documents.

(b) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Mortgagee pursuant to this Mortgage, the Note or the other Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, Mortgagee shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality or

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effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Mortgagee.

Section 4.4. Reliance. Mortgagor recognizes and acknowledges that in accepting the Note, this Mortgage and the other Loan Documents, Mortgagee is expressly and primarily relying on the truth and accuracy of the warranties and representations set forth herein and in the Note and other Loan Documents without any obligation to investigate the Property and notwithstanding any investigation of the Property by Mortgagee; that such reliance existed on the part of Mortgagee prior to the date hereof; that the warranties and representations are a material inducement to Mortgagee in making the Loan; and that Mortgagee would not be willing to make the Loan and accept this Mortgage in the absence of the warranties and representations given by Mortgagee in this Mortgage, the Note and other Loan Documents.

Section 4.5. Representations and Warranties. Mortgagor hereby represents and warrants to Mortgagee that to the Mortgagor's knowledge:

(a) **Organization, Corporate Power, Etc.** Mortgagor: (A) is duly organized, validly existing and in good standing under the laws of the State of Illinois, (B) is authorized to conduct business in the State of Illinois, (C) has the company power and authority to own its properties and to carry on its business as now being conducted, and all of its issued and outstanding membership interests are fully paid and nonassessable, there are no outstanding rights or options to acquire any additional membership interests and its membership interests have not been pledged or encumbered in any manner whatsoever, (D) is in compliance with all governmental requirements in all material respects, and (E) has not amended or modified its articles of organization or its operating agreement except as previously disclosed in writing to Mortgagee prior to the execution hereof.

(b) **Validity of Loan Documents.** To Mortgagor's knowledge, (i) the execution, delivery and performance by Mortgagor of the Loan Documents, and the borrowing evidenced by the Note, (A) are within the powers and purposes of Mortgagor, (B) have been duly authorized by all requisite action of Mortgagor, (C) do not require the approval of any governmental authority, and (D) will not violate any governmental requirement, or any indenture, agreement or other instrument to which Mortgagor is a party or by which it or any of its property is bound, or be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its property or assets, except as contemplated by the provisions of the Loan Documents; and (ii) the Loan Documents, constitute the legal, valid and binding obligations of Mortgagor and other obligors named therein, if any, in accordance with their respective terms.

(c) **Financial Statements.** All balance sheets, statements of profit and loss, and other financial data that have been given to Mortgagee with respect to the Mortgagor and other parties from which financial statements will be submitted to Mortgagee (the "Other Parties"), (i) are complete and correct in all material respects, and (ii) accurately present the financial condition of said parties as of the dates, and the results of its or their operations, for the periods for which the same have been furnished; all financial statements disclose all known liabilities, direct and contingent, as of their respective dates; and there has been no material and

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adverse change in the condition of the Mortgagor financial or otherwise, since the date of the most recent financial statements given to Mortgagee with respect to said parties, other than changes in the ordinary course of business, none of which changes has been materially adverse.

(d) Other Agreements. Mortgagor is not a party to any agreement or instrument materially and adversely affecting it or its present or proposed businesses, properties or assets, operation or condition, financial or otherwise, and Mortgagor is not in default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions set forth in any agreement or instrument to which it is a party, which default could have a material adverse effect on Mortgagor's ability to meet its Obligations under the Loan Documents. Mortgagor is not a party to any management or property agreement relating to the Property or the Leases.

(e) Other Information. All other information, including reports, financial statements, certificates, papers, data and otherwise, given and to be given to Mortgagee with respect (i) to Mortgagor (ii) to the Loan and (iii) to others obligated under the terms of the Loan Documents, are true, accurate, correct and complete in all material respects.

(f) Title. Mortgagor is indefeasibly seized of and has and will continue to have fee simple title to the Land and Improvements free and clear of any and all mortgages, liens, encumbrances, claims, charges, equities, covenants, conditions, restrictions, easements, rights-of-way and all other matters affecting the Land and Improvements, whether or not of record, except for those matters, if any, described in Schedule B to the title insurance policy insuring Mortgagee's interest in this Mortgage. Mortgagor has and will have good, absolute title to the Fixtures and Personal Property all free and clear of any and all liens, charges, encumbrances, security interests and adverse claims whatsoever, except those in favor of Mortgagee. Mortgagor will preserve its title to the Property and will forever warrant and defend the same to Mortgagee and will forever warrant and defend the validity and priority of the lien of this Mortgage against the claims of all persons and parties whomsoever.

(g) No Violations. Except as set forth on the date of this Mortgage in the "Building Data Warehouse" section of the City of Chicago, Department of Buildings, Building Violations website having the following address www.cityofchicago.org/buildingviolations/violations and as disclosed in writing to Mortgagee prior to closing, relating to the Property located on Schedules A-1 through A-4 attached hereto (collectively, the "Violations"), to Mortgagor's knowledge, no governmental requirement and no covenant, condition, restriction, easement or similar matter affecting the Land or Improvements has been violated, and Mortgagor has not received any notice of violation from any governmental authority or any other person with respect to any of the foregoing matters. Mortgagor agrees to cure the Violations within ninety (90) days of the date hereof; provided, however, if Mortgagor is unable, after diligent efforts to do so, to provide the Cure Documentation (as defined below) to Mortgagee within ninety (90) days of the date hereof, Mortgagor shall diligently pursue a cure to the Violations and provide a written statement detailing Mortgagor's actions in pursuit of a cure every thirty (30) days until completion of such cure. Failure to provide written statements or diligent pursuit of cure shall be deemed to be an Event of Default under this Mortgage. Mortgagor agrees to provide all of the following to Mortgagee, in form and substance acceptable to Mortgagee in its sole and absolute discretion,

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within ninety (90) days of the date hereof: EVIDENCE THAT ALL FINAL INSPECTIONS HAVE BEEN PASSED AND ANY FINES OR AMOUNTS IN CONNECTION WITH THE SAME HAVE BEEN PAID IN FULL (the "Cure Documentation").

(h) Tenant Estoppel Certificates. Mortgagor agrees to obtain tenant estoppel certificates from all tenants of commercial spaces at the Property in form and substance as reasonably required by Mortgagee within ninety (90) days of the date hereof.

(i) Taxes. Mortgagor has filed all federal, state, county and municipal income tax returns required to have been filed by it, and has paid all taxes that have become due pursuant to such returns, pursuant to any assessments received by it or pursuant to law, and Mortgagor does not know of any basis for additional assessment with respect to such taxes or additional taxes. The Land is assessed separately from all other adjacent land for the purposes of real estate taxes and there are no intended public improvements which may involve any charge being levied or assessed, or which may result in the creation of any lien upon the Property.

(j) Litigation. Except as disclosed in writing to Mortgagee prior to the date hereof, there are no judgments outstanding against Mortgagor and there is no action, suit, proceeding, or investigation now pending (or to the best of Mortgagor's knowledge after diligent inquiry, threatened) against, involving or affecting Mortgagor or the Property, or any part thereof, at law, in equity or before any governmental authority that if adversely determined as to the Property or as to Mortgagor would result in a material adverse change in the business or financial condition of the Mortgagor or Mortgagor's operation and ownership of the Property, nor is there any basis for such action, suit proceeding or investigation.

(k) Utilities. There is or will be available to the Land and Improvements through public or private easements or rights-of-way abutting or crossing the Land (which would inure to the benefit of Mortgagee in case of enforcement of this Mortgage) a water supply and a sanitary sewer service approved by all health and other authorities having jurisdiction, and electric, gas (if applicable) and telephone service, all of sufficient capacity to serve the needs of the Land and Improvements according to their intended purpose.

(l) Condition of Property. The Property or any part thereof, now existing, is not damaged or injured as a result of any fire, explosion, accident, flood or other casualty. The Improvements, if any, as of the date of this Mortgage, are free of any defects in material, structure and construction and do not violate any governmental requirements. There is no existing, proposed or contemplated plan to modify or realign any street or highway or any existing, proposed or contemplated eminent domain proceeding that would result in the taking of all or any part of the Property or that would adversely affect the use or the operation of the Property.

(m) No Zoning or Code Violations. The Land is zoned so as to permit the Land and Improvements to be used for their intended purpose, and no zoning violations pursuant to applicable laws exist with regard to the Property. Except as disclosed in writing to Mortgagee prior to the date hereof, no code violations pursuant to applicable laws exists on the Property. Upon receipt of any notice of a code or zoning violation relating to the Property, Mortgagor shall promptly cure the same and send evidence of such cure to Mortgagee.

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(n) No Default. No default or Event of Default exists under any of the Loan Documents; and no event has occurred and is continuing which, with notice or the lapse of time, or both, would constitute a default under any provision thereof.

(o) Environmental Contamination/Hazardous Substances. Mortgagor and the Property are in full compliance with all Environmental Laws (defined below), and there are no civil, criminal or administrative actions, suits, demands, claims, hearings, notices or demand letters, notices of violation, investigations, or proceedings pending or, to Mortgagor's knowledge, threatened against the Mortgagor or the Property relating in any way to any Environmental Law or any agreement, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved under any Environmental Law. There have never been nor are there currently any Hazardous Substances (defined below) located on, in, or under the Property or used in connection therewith, and neither Mortgagor nor any other person has ever used the Property for the manufacture, processing, distribution, use, transport, handling, treatment, storage, disposal, emission, discharge or release of any Hazardous Substance except in compliance with Environmental Law. No notice or advice has been received by Mortgagor of any condition or state of facts that would be contributing to a claim of pollution or any other damage to the environment by reason of the operation of the Property, whether past or present. "Environmental Laws" shall mean any law, enactment, statute, code, ordinance, order, rule, regulation, judgment, decree, writ, injunction, franchise, permit, certificate, license, authorization, or other direction or requirement of any Governmental Authority, as same may be amended from time to time, whether now in existence or established or hereafter enacted, promulgated, adopted, entered or issued, both within and outside the present contemplation of the parties hereto, relating to pollution or protection of the environment. "Hazardous Substances" shall mean any hazardous, toxic or dangerous waste, substance or material including, but not limited to, any elements or compounds which are now or hereafter (i) identified in Section 101(14) of the CERCLA, 42 U.S.C. Section 9601(14), and as set forth in 40 C.F.R. Section 302, as the same may be amended from time to time, (ii) determined to be toxic, a pollutant or contaminant, under any Environmental Law, (iii) contained in the list of hazardous substances adopted by the United States Environmental Protection Agency, (iv) defined as "hazardous substance" and "hazardous waste" as defined in the Illinois Environmental Protection Act 415 ILCS 5/1, *et. seq.*, as same may be amended from time to time, and (v) asbestos, radon, polychlorinated biphenyls and such other elements, compounds, materials, substances or waste which are otherwise dangerous, hazardous, harmful or deleterious to human or animal health or safety, or the environment.

(p) Representations and Warranties in Other Loan Documents. All of the representations and warranties contained in the other Loan Documents are true and correct in all material respects.

(q) Reliance on Representations. The Mortgagor acknowledges that the Mortgagee has relied upon the Mortgagor's representations, has made no independent investigation of the truth thereof, is not charged with any knowledge contrary thereto that may be received by an examination of the public records in Illinois and wherein the Land is located, or that may have been received by any officer, director, agent, employee or shareholder of Mortgagee.

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Section 4.6. Payment and Performance. Mortgagor shall promptly pay and punctually perform, or shall cause to be promptly paid and punctually performed, all of the Obligations as and when due and payable.

Section 4.7. Compliance with Laws. Mortgagor shall promptly and faithfully comply with, conform to and obey all applicable governmental requirements and the rules and regulations now existing or hereafter adopted by every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, that may be applicable to Mortgagor or to the Property or to the use or manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Property, whether or not such governmental requirement or rule or regulation shall necessitate structural changes or improvements or interfere with the use or enjoyment of the Property.

Section 4.8. Hazardous Substances.

(a) Mortgagor shall immediately notify Mortgagee orally and in writing if Mortgagor (i) becomes aware of the presence of any Hazardous Substance or other environmental problem or liability on, in, under, released from or associated with the Property in violation of any Environmental Law, or (ii) receives any complaint, order, citation, notice or other written or oral communication (collectively an "Environmental Complaint") regarding air emissions, water discharges or any other environmental, health or safety matter affecting the Property or any part thereof, or the presence of any Hazardous Substance on, in, under, released from or associated with the Property, or any past, present or future events, conditions, circumstances, activities, practices, incidents, actions or plans involving the manufacture, processing, distribution, use, transport, handling, treatment, storage, disposal, cleanup, emission, discharge, seepage, spillage, leakage, release or threatened release of any Hazardous Substance on, under or from the Property. Mortgagor shall forthwith transmit to Mortgagee copies of any Environmental Complaint.

(b) Mortgagor shall, at its own cost and expense, take any action necessary or advisable for the cleanup of any Hazardous Substance on, in, under, released from or associated with the Property, including any removal, containment or remedial actions in accordance with all applicable Environmental Laws, and shall pay or cause to be paid all cleanup, administrative, enforcement and other costs, expenses or fines which may be asserted against Mortgagor, Mortgagee, the Property, or any other person or entity in connection therewith.

Section 4.9. Repair. Mortgagor shall keep the Property in good order and condition and make all necessary or appropriate repairs and replacements thereof and betterments and improvements thereto, ordinary and extraordinary, foreseen and unforeseen, and use its best efforts to prevent any act that might impair the value or usefulness of the Property.

Section 4.10. Inspection. Mortgagor shall permit Mortgagee and its agents to inspect the Property at any time during normal business hours and at all other reasonable times upon reasonable advance notice.

Section 4.11. Use Violations, Etc. Mortgagor shall not use the Property or allow the same to be used or occupied for any unlawful purpose or in violation of any governmental

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requirement or restrictive covenant covering, affecting or applying to the ownership, use or occupancy thereof, commit or permit or suffer any act to be done or any condition to exist on the Property or any article to be brought thereon that may be dangerous, or that may in any way increase any ordinary fire or other hazard, unless safeguarded as required by law, or that may, in law, constitute a nuisance, public or private.

Section 4.12. Care of the Property.

(a) Mortgagor shall not commit or permit any waste, impairment, or deterioration of the Property, or perform any clearing, grading, filling or excavation of the Property, or make or permit to be made to the Property any alterations or additions that would have the effect of materially diminishing the value thereof (in Mortgagee's sole opinion) or take or permit any action that will in any way increase any ordinary fire or other hazard arising out of the operation thereof.

(b) Mortgagor shall not, without the prior written consent of Mortgagee, remove or demolish, or permit the removal or demolition of, any Improvements on the Land. In the event such consent is given and if any work to be performed shall involve an estimated expenditure of more than \$50,000.00, no such work shall be undertaken until plans and specifications therefor, prepared by an architect satisfactory to Mortgagee, shall have been submitted to and approved by Mortgagee.

(c) Mortgagor shall not permit any of the Fixtures or Personal Property to be demolished or to be removed from the Land, without the prior written consent of Mortgagee. In the event such consent is given, the Mortgagee may require that said Fixture or Personal Property be replaced by an article of equal suitability and value, owned by Mortgagor free and clear of any vendor's lien, chattel mortgage, or security interest of any kind, except such as may be approved in writing by Mortgagee, and that such replacement article be encumbered by the lien of this Mortgage. Notwithstanding the foregoing, the Mortgagor may remove or demolish any Fixture or Personal Property without first obtaining the Mortgagee's prior written consent provided (i) the value of such article does not exceed in value at the time of disposition thereof \$20,000.00 for any single item, or a total of \$100,000.00 in any one year for all such items and (ii) that said article is replaced and subject to the lien of this Mortgage as aforesaid.

(d) Mortgagee may order any one or all of the following evaluations and reports on the Property from a third party selected by Mortgagee, but not more than once every twelve (12) month period (except in periods of any Event of Default when Mortgagee may order the following reports multiple times in any twelve (12) month period until the Event of Default is cured) (hereinafter collectively, or individually, as applicable, the "Third Party Reports"):

- (i) an appraisal of the fair market value of the Property;
- (ii) an environmental report (a "Phase I" report, and if recommended by such Phase I, a "Phase II" report); and/or
- (iii) an inspection report from an engineer or building inspector relating to the condition of the Improvements on the Property.

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Mortgagor agrees to pay the invoice(s) due for such Third Party Reports within ten (10) days following delivery of such invoices to Mortgagor, and agrees to send a copy of proof of such payment to Mortgagee within such ten (10) day period. In the event any of the Third Party Reports describes any damage or repairs needed to the Property, upon written notice from Mortgagee to Mortgagor enclosing such Third Party Report and demand to correct and/or cure such damage and/or repairs, Mortgagor agrees to complete such repairs to Mortgagee's reasonable satisfaction within thirty (30) days of such notice and provide evidence of same to Mortgagee. Mortgagee may order a re-inspection of the Property to ensure that such repairs have been properly made and completed in accordance with all applicable laws, codes and regulations, and Mortgagor shall pay the invoice for such re-inspection within ten (10) days of delivery to Mortgagor. The costs of the Third Party Reports and re-inspections shall be added to the Obligations.

Section 4.13. Other Liens and Mortgages.

(a) Mortgagor shall not, without the prior written consent of Mortgagee, create or permit to be created or to remain, any mortgage, pledge, construction lien or other lien, conditional sale or other title retention agreement, encumbrance, claim, or charge on (whether prior or subordinate to the lien of this Mortgage or the other Loan Documents) the Property or income therefrom, other than this Mortgage, the other Loan Documents and the Permitted Title Exceptions. Any transaction prohibited under this Section shall be null and void.

(b) Mortgagor shall not, without the prior written consent of Mortgagee, (i) enter into any agreement, either oral or in writing, whereby any permitted junior mortgage is modified or amended in any manner whatsoever, (ii) permit the release of any guarantor or modification of any guaranty affecting any permitted junior mortgage, or (iii) incur any additional indebtedness secured thereby.

(c) Mortgagor shall not directly or indirectly, take, acquire, or permit to be taken or acquired by any other party, any interest whatsoever in any permitted junior mortgage without the prior written consent of Mortgagee.

Section 4.14. Transfer of Property. Mortgagor shall not sell, convey, or transfer or permit to be sold, conveyed or transferred any interest in the Property or any part thereof, nor any interest in the entity owning such Property. A contract to deed or agreement for deed, or an assignment, pledge, or encumbrance of a beneficial interest in any land trust, or a lease for all or substantially all of the Land or Improvements shall constitute a transfer prohibited by the provisions of this Section and shall be deemed null and void.

Section 4.15. Environmental Contamination/Hazardous Substances. Mortgagor and the Property shall at all times remain in full compliance with all Environmental Laws. Mortgagor shall not, nor permit any other person to manufacture, process, distribute, use, transport, handle, treat, store, dispose, emit, discharge, leak, spill or release any Hazardous Substance on, in, under or from the Property except in accordance with Environmental Law.

Section 4.16. Expenses.

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(a) Mortgagor shall pay all costs and expenses in connection with the Loan and the preparation, execution, and delivery of the Loan Documents including, but not limited to, reasonable fees and disbursements of counsel appointed by Mortgagee, and all recording costs and expenses, documentary stamp tax and intangible tax on the entire amount of funds disbursed under the Loan, and other taxes, surveys, appraisals, premiums for policies of title and other insurance and all other fees, costs and expenses, if any, or otherwise connected with the Loan transaction.

(b) Mortgagor shall pay or reimburse Mortgagee for all costs, charges, expenses, and reasonable attorneys' fees paid or incurred by Mortgagee pursuant to this Mortgage including but not limited to those costs, charges, expenses and fees paid or incurred for the payment of the Impositions, insurance, completion of construction, repairs, appraisal fees, environmental assessment fees, or any other fees or in any action, proceeding or dispute of any kind in which Mortgagee is a party because of any Obligation not being duly and promptly performed or being violated, including, but not limited to, the foreclosure or other enforcement of this Mortgage, any condemnation or eminent domain action involving the Property or any part thereof, any action to protect the security hereof, or any proceeding in probate, reorganization, bankruptcy, arbitration, or forfeiture in rem. All such amounts paid or incurred by Mortgagee, together with interest thereon at the Default Rate from the date incurred by Mortgagee, shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately.

(c) Any reference in this Mortgage to attorneys' or counsels' fees paid or incurred by Mortgagee shall be deemed to include reasonable paralegals' fees and legal assistants' fees. Moreover, wherever provision is made herein for payment of attorneys' or counsels' fees or expenses incurred by the Mortgagee, said provision shall be deemed to mean reasonable attorneys' or counsels' fees and shall include, but not be limited to, such fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such fees or expenses arise before proceedings are commenced or after entry of a final judgment. Mortgagor shall pay Mortgagee all fees, costs, charges, and expenses required by the Note.

Section 4.17. Preservation of Agreements. Mortgagor shall preserve and keep in full force and effect all agreements, approvals, permits and licenses necessary for the use and operation of the Property for its intended purpose or purposes.

Section 4.18. Books and Records. The Mortgagor shall keep and maintain, at all times, full, true and accurate books of accounts and records, adequate to correctly reflect the results of the operation of the Property. The Mortgagee shall have the right to examine such books and records and to make such copies or extracts therefrom as the Mortgagee shall require.

Section 4.19. Indemnification.

(a) Mortgagor shall at its own expense, and does hereby agree to, protect, indemnify, reimburse, defend and hold harmless Mortgagee and its directors, officers, agents, employees attorneys, successors and assigns from and against any and all liabilities (including strict liability), losses, suits, proceedings, settlements, judgments, orders, penalties, fines, liens, assessments, claims, demands, damages, injuries, obligations, costs, disbursements, expenses or

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fees, of any kind or nature (including attorneys' fees and expenses paid or incurred in connection therewith) arising out of or by reason of (i) an incorrect legal description of the Land; (ii) any action, or inaction of Mortgagee in connection with the Note, this Mortgage, the other Loan Documents or the Property; (iii) the construction of any Improvements; (iv) the use and operation of the Property; (v) any acts or omissions of Mortgagor or any other Person at, on or about the Property regarding the contamination of air, soil, surface waters or groundwaters over, on or under the Property; (vi) the presence, whether past, present or future, of any Hazardous Substances on, in or under the Property; or (vii) any past, present or future events, conditions, circumstances, activities, practices, incidents, actions or plans involving the manufacture, processing, distribution, use, transport, handling, treatment, storage, disposal, cleanup, emission, discharge, seepage, spillage, leakage, release or threatened release of any Hazardous Substance on, in, under or from the Property, in connection with Mortgagor's operations on the Property, or otherwise; all of the foregoing regardless of whether within the control of Mortgagee, except in the case of Mortgagee's gross negligence or willful misconduct. The indemnifications of this Section shall survive the full payment and performance of the Obligations and the satisfaction of this Mortgage; however, such indemnification shall apply to matters arising prior to the full repayment of the Obligations only.

Section 4.20. Performance of Loan Documents. Mortgagor shall duly and punctually perform all covenants, terms and agreements expressed as binding upon it under all of the Loan Documents.

Section 4.21. Monthly Escrows. At Mortgagee's request, during the existence and continuance of an Event of Default hereunder, to further secure the payment of the taxes and assessments hereinafter referred to and the premiums on the insurance hereinafter referred to, Mortgagor will deposit with Mortgagee on the first (1st) day of each and every month a sum which, in the estimation of Mortgagee, shall be equal to one-twelfth of the annual taxes, assessments and insurance premiums. The deposits shall be held by Mortgagee free of interest, and free of any liens or claims on the part of creditors of Mortgagor and as part of the security of Mortgagee, and shall be used by Mortgagee to pay current taxes and assessments and insurance premiums on the Property as the same accrue and are payable. The deposits shall not be, nor be deemed to be, trust funds but may be commingled with the general funds of Mortgagee. If the deposits are insufficient to pay the taxes and assessments and insurance premiums in full as the same become payable, Mortgagor shall deposit with Mortgagee such additional sum or sums as may be required in order for Mortgagee to pay such taxes and assessments and insurance premiums in full. During the existence and continuance of any Event of Default, hereunder or under the Note, Mortgagee may, at its option, apply any money in the fund resulting from the deposits to the payment of the indebtedness secured by the Mortgage in such manner as it may elect.

Section 4.22. Further Assurances. Mortgagor, at its sole expense, upon the request of Mortgagee, shall execute, acknowledge and deliver such further instruments and do such further acts as may, in the opinion of the Mortgagee, be necessary, desirable, or proper to carry out more effectively the purpose of this Mortgage and to subject to the lien hereof any property intended by the terms hereof to be covered hereby, including, without limitation, any proceeds, renewals, additions, substitutions, replacements, products, betterments, accessions and appurtenances thereto and thereof.

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ARTICLE 5

FURTHER ACTS

Section 5.1. Recording of Mortgage, Etc. Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage and any of the other Loan Documents creating a Lien or security interest or evidencing the Lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the Lien or security interest hereof upon, and the interest of Mortgagee in, the Property. Mortgagor will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, this Mortgage, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of any of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of any of the foregoing documents, except where prohibited by law so to do.

Section 5.2. Further Acts, Etc. Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Mortgagee shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Mortgagee the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage, or for complying with all Legal Requirements. Mortgagor, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Mortgagee to execute in the name of Mortgagor or without the signature of Mortgagor to the extent Mortgagee may lawfully do so, one or more financing statements to evidence more effectively the security interest of Mortgagee in the Property. Mortgagor grants to Mortgagee an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Mortgagee at law and in equity, including, without limitation, such rights and remedies available to Mortgagee pursuant to this Section 5.2.

Section 5.3. Changes in Tax, Debt, Credit and Documentary Stamp Laws.

(a) If any law is enacted or adopted or amended after the date of this Mortgage which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Mortgagee's interest in the Property, Mortgagor will pay the tax, with interest and penalties thereon, if any. If Mortgagee is

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advised by counsel chosen by it that the payment of tax by Mortgagor would be unlawful or taxable to Mortgagee or unenforceable or provide the basis for a defense of usury, then Mortgagee shall have the option by written notice of not less than one hundred twenty (120) days to declare the Debt immediately due and payable.

(b) Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of this Mortgage or the Debt. If such claim, credit or deduction shall be required by law, Mortgagee shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, this Mortgage, or any of the other Loan Documents or shall impose any other tax or charge on the same, Mortgagor will pay for the same, with interest and penalties thereon, if any.

ARTICLE 6

DUE ON SALE/ENCUMBRANCE

Section 6.1. Mortgagee Reliance. Mortgagor acknowledges that Mortgagee has examined and relied on the experience of Mortgagor and its general partners, members, principals and (if Mortgagor is a trust) beneficial owners in owning and operating properties such as the Property in agreeing to make the Loan, and will continue to rely on Mortgagor's ownership of the Property as a means of maintaining the value of the Property as security for the payment and performance of the Obligations, including the repayment of the Debt. Mortgagor acknowledges that Mortgagee has a valid interest in maintaining the value of the Property so as to ensure that, should Mortgagor default in the payment and/or performance of the Obligations, including the repayment of the Debt, Mortgagee can recover the Debt by a sale of the Property.

Section 6.2. No Transfer. Except as specifically set forth in Section 6.3 below, Mortgagor shall not permit or suffer any transfer of ownership of any Property to occur nor may Mortgagor transfer or permit any change of ownership of any interests in any of Mortgagor's entity or in any entities which have ownership interests in the Mortgagor's entity (each, a "*Transfer*") unless approved in advance by Mortgagee in writing.

Section 6.3. Partial Release. Upon at least thirty (30) days prior written notice to Mortgagee, Mortgagor may sell any of the 4 parcels of Property referenced individually in Recital C hereinabove and obtain a partial release of this Mortgage on said parcel of Property (a "*Partial Release*") provided that the amount paid to Mortgagee for such Partial Release for partial payment of the Obligations shall be the greater of: (a) Mortgagor's net proceeds upon the closing of the sale; and (b) the "Market Value Conclusion" as set forth by CBRE in that certain Valuation Report (the appraisal) delivered to Mortgagee on June 24, 2013 for such parcel of Property. Mortgagor shall deliver all documents relating to such sale and/or Partial Release as reasonably requested by Mortgagee, including, without limitation, the executed purchase and

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sale agreement and executed closing statement/settlement statement.

ARTICLE 7

EVENT OF DEFAULT; RIGHTS AND REMEDIES UPON DEFAULT

Section 7.1. Events of Default. Each of the following events shall constitute an event of default hereunder (an "*Event of Default*"):

(a) if (i) the Obligations are not paid in full on the Maturity Date, or (ii) any regularly scheduled monthly payment of interest or principal due under the Note is not paid in full within five (5) days from the date when due;

(b) if any other amount payable pursuant to this Mortgage, the Note or any other Loan Document (other than as set forth in the foregoing clause (a)) is not paid in full within five (5) days when due and payable in accordance with the provisions of the applicable Loan Document;

(c) if any taxes due by Mortgagor or insurance as required herein to be paid by Mortgagor are not paid in full within five (5) days when due;

(d) if the insurance policies as required herein are not (i) delivered to Mortgagee within five (5) days of Mortgagee's request for the same, and (ii) kept in full force and effect, each in accordance with the terms and conditions hereof;

(e) if any certification, representation or warranty made by Mortgagor herein or in any other Loan Document, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Mortgagee shall have been false or misleading in any material respect as of the date such representation or warranty was made;

(f) if any Mortgagor shall make an assignment for the benefit of creditors;

(g) if a receiver, liquidator or trustee shall be appointed for any Mortgagor or if any Mortgagor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, any Mortgagor, or if any proceeding for the dissolution or liquidation of any Mortgagor shall be instituted, or if Mortgagor is substantively consolidated with any other person or entity; provided, however, if such appointment, adjudication, petition, proceeding or consolidation was involuntary and not consented to by any Mortgagor, upon the same not being discharged, stayed or dismissed within thirty (30) days following its filing;

(h) if Mortgagor attempts to assign its rights under this Mortgage or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(i) if Mortgagor shall be in default under any mortgage or security agreement covering any part of any Property, notwithstanding the fact that it is junior in lien to this Mortgage;

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(j) the alteration, improvement, demolition or removal of any of the Improvements without the prior consent of Mortgagee, other than in accordance with this Mortgage and Leases entered into in accordance with this Mortgage and the Loan Documents;

(k) a breach of any material representation, warranty or covenant in any of the Loan Documents or a breach of any covenant in Section 3.4 hereof;

(l) a Transfer occurs;

(m) if there shall be a default under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents, whether as to any Mortgagor, or any Property, or if any other such event shall occur or condition shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Obligations or to permit Mortgagee to accelerate the maturity of all or any portion of the Obligations;

(n) if Mortgagor shall act in any way or suffer or permit any Property or any part thereof to be used in a manner that would (i) impair Mortgagor's title to such Property, (ii) create rights of adverse use or possession, or (iii) impair the priority, perfection, enforceability or existence of the first priority lien created by this Mortgage and the Loan Documents;

(o) Mortgagor's breach of Section 15.7 hereinbelow; or

(p) if any Mortgagor shall continue to be in breach of any of the other terms, covenants or conditions of this Mortgage or any other Loan Document not specified in subsections (a) to (n) above, and such default shall continue for ten (10) days after notice to Mortgagor from Mortgagee, in the case of any such default which can be cured by the payment of a sum of money, or for thirty (30) days after notice to Mortgagor from Mortgagee in the case of any other such default; provided, however, that if such non-monetary default is susceptible of cure but cannot reasonably be cured within such 30-day period, and provided further that Mortgagor shall have commenced to cure such default within such 30-day period shall and thereafter diligently and expeditiously proceed to cure the same, such 30-day period shall be extended for such time as is reasonably necessary for Mortgagor in the exercise of due diligence to cure such default, such additional period not to exceed sixty (60) days.

Section 7.2. Remedies. Upon the occurrence and during the continuance of any Event of Default, Mortgagor agrees that Mortgagee may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Mortgagor and in and to the Property, to the extent permitted pursuant to applicable Legal Requirements, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee:

(a) declare the entire unpaid Debt to be immediately due and payable;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Mortgage pursuant to any applicable Legal Requirement, in which case any of the Property or any interest therein in any order may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

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(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable Legal Requirement, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Debt then due and payable, subject to the continuing lien and security interest of this Mortgage for the balance of the Obligations not then due, unimpaired and without loss of priority;

(d) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note or in the other Loan Documents;

(e) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Mortgage or the other Loan Documents;

(f) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of Mortgagor, any guarantor or indemnitor with respect to the Loan or any Person otherwise liable for the payment of the Debt or any part thereof;

(g) the license granted to Mortgagor under Section 1.2 hereof shall automatically be revoked and Mortgagee may enter into or upon the Property, either personally or by its Mortgagees, nominees or attorneys and dispossess Mortgagor and its Mortgagees and servants therefrom, without liability for trespass, damages or otherwise and exclude Mortgagor and its Mortgagees or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Mortgagor agrees to surrender possession of the Property and of such books, records and accounts to Mortgagee upon demand and thereupon Mortgagee may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Mortgagee deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Mortgagor with respect to the Property, whether in the name of Mortgagor or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Mortgagor; (vi) require Mortgagor to vacate and surrender possession of the Property to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment and performance of the Obligations (including, without limitation, the payment of the Debt), in such order, priority and proportions as Mortgagee shall deem appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees and costs) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, Other Charges, Insurance Premiums and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Mortgagee, its counsel, Mortgagees and employees;

(h) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the

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foregoing: (i) the right to take possession of the Fixtures, the Equipment and/or the Personal Property, or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Fixtures, the Equipment and the Personal Property, and (ii) request Mortgagor, at its sole cost and expense, to assemble the Fixtures, the Equipment and/or the Personal Property and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Fixtures, the Equipment and/or the Personal Property sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Mortgagor;

(i) apply any sums then deposited or held in escrow or otherwise by or on behalf of Mortgagee in accordance with the terms of this Mortgage or any other Loan Document to the payment of the following items in any order in its sole discretion:

- (i) taxes and other charges relating to the Property;
- (ii) Insurance Premiums;
- (iii) Interest on the unpaid principal balance of the Note;
- (iv) Amortization of the unpaid principal balance of the Note; and/or
- (v) All other sums payable pursuant to the Note, this Mortgage and the other Loan Documents (including, without limitation, any fees or other sums due in connection with the prepayment of the Loan), and advances made by Mortgagee pursuant to the terms of this Mortgage;
- (j) pursue such other remedies as may be available at law or in equity; and/or
- (k) apply the undisbursed balance of any Net Proceeds Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as Mortgagee shall deem to be appropriate in its sole discretion.

In the event of a sale, by foreclosure or otherwise, of less than all of the Property, this Mortgage shall continue as a Lien and security interest on the remaining portion of the Property unimpaired and without loss of priority.

Section 7.3. Application of Proceeds. The purchase money proceeds and avails of any disposition of the Property or any part thereof, or any other sums collected by Mortgagee pursuant to the Note, this Mortgage or the other Loan Documents, may be applied by Mortgagee to the payment of the Obligations in such priority and proportions as Mortgagee in its discretion shall deem proper, to the extent consistent with Legal Requirements.

Section 7.4. Right to Cure Defaults. During the continuance of any Event of Default, Mortgagee may, but without any obligation to do so and without notice to or demand on Mortgagor and without releasing Mortgagor from any obligation hereunder, perform the obligations in Default in such manner and to such extent as Mortgagee may deem necessary to protect the security hereof. Mortgagee is authorized to enter upon the Property for such purposes

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or appear in, defend or bring any action or proceeding to protect its interest in the Property or to foreclose this Mortgage or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees and disbursements to the extent permitted by Legal Requirements), with interest thereon at the Default Rate for the period after notice from Mortgagee that such cost or expense was incurred to the date of payment to Mortgagee, shall constitute a portion of the Debt, shall be secured by this Mortgage and the other Loan Documents and shall be due and payable to Mortgagee upon demand.

Section 7.5. Other Rights, Etc.

(a) The failure of Mortgagee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. Mortgagor shall not be relieved of Mortgagor's obligations hereunder by reason of (i) the failure of Mortgagee to comply with any request of Mortgagor or any guarantor or indemnitor with respect to the Loan to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any Person liable for the Obligations or any portion thereof, or (iii) any agreement or stipulation by Mortgagee extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or the other Loan Documents.

(b) It is agreed that the risk of loss or damage to the Property is on Mortgagor, and Mortgagee shall have no liability whatsoever for any decline in value of the Property, for failure to maintain the Policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Mortgagee shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Property or collateral not in Mortgagee's possession.

(c) Mortgagee may resort for the payment and performance of the Obligations (including, but not limited to, the payment of the Debt) to any other security held by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce the Other Obligations or any covenant hereof, without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. The rights of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 7.6. Right to Release Any Portion of the Property. Mortgagee may release any portion of the Property for such consideration as Mortgagee may require without, as to the remainder of the Property, in any way impairing or affecting the Lien or priority of this Mortgage, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Debt shall have been reduced by the actual monetary consideration, if any, received by Mortgagee for such release, and Mortgagee may accept by assignment, pledge or otherwise any other property in place thereof as Mortgagee may require without being accountable for so doing to any other lienholder. This Mortgage shall continue as a Lien and security interest in the remaining portion of the Property.

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Section 7.7. Violation of Laws. If the Property is not in full compliance with all Legal Requirements, Mortgagee may impose additional requirements upon Mortgagor in connection herewith, including, without limitation, monetary reserves or financial equivalents.

Section 7.8. Right of Entry. Upon reasonable notice (which may be given verbally) to Mortgagor, Mortgagee and its Mortgagees shall have the right to enter and inspect the Property at all reasonable times.

ARTICLE 8

INDEMNIFICATION

Section 8.1. Tax Indemnification. Mortgagor shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless Mortgagee, Lender and any Person claiming by or through Mortgagee (collectively with Mortgagee, the "*Indemnified Parties*") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable attorneys' fees and disbursements), imposed upon or incurred by or asserted against any Indemnified Party and directly or indirectly arising out of or in any way relating to any mortgage, recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of this Mortgage or any of the Loan Documents (but excluding any income, franchise or other similar taxes).

Section 8.2. Duty to Defend; Attorneys' Fees and Other Fees and Expenses. Upon written request by any Indemnified Party, Mortgagor shall defend such Indemnified Party (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals approved by the Indemnified Parties. Notwithstanding the foregoing, if the defendants in any such claim or proceeding include both Mortgagor and any Indemnified Party and Mortgagor and such Indemnified Party shall have reasonably concluded that there are any legal defenses available to it and/or other Indemnified Parties that are different from or in addition to those available to Mortgagor, such Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party. Upon demand, Mortgagor shall pay or, in the sole and absolute discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of the reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

ARTICLE 9

WAIVERS

Section 9.1. Waiver of Counterclaim. To the extent permitted by Legal Requirements, Mortgagor hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Mortgagee arising out of or in any way connected with this Mortgage, the Note, any of the other Loan Documents or the Obligations.

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Section 9.2. Marshalling and Other Matters. To the extent permitted by Legal Requirements, Mortgagor hereby waives the benefit of all appraisement, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, to the extent permitted by Legal Requirements, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, and on behalf of each and every Person acquiring any interest in or title to the Property subsequent to the date of this Mortgage.

Section 9.3. Waiver of Notice. To the extent permitted by Legal Requirements, Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee, except with respect to matters for which this Mortgage or the Loan Documents specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor, and except with respect to matters for which Mortgagee is required by Legal Requirements to give notice, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

Section 9.4. Waiver of Statute of Limitations. To the extent permitted by Legal Requirements, Mortgagor hereby expressly waives and releases its right to plead any statute of limitations as a defense to the payment and performance of the Obligations (including, without limitation, the payment of the Debt).

Section 9.5. Waiver of Jury Trial. MORTGAGOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND FOREVER WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST, WITH REGARD TO THE NOTE, THIS MORTGAGE OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY MORTGAGOR AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. MORTGAGEE IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY MORTGAGOR.

Section 9.6. Survival. The indemnifications made pursuant to Article 8 herein and the representations and warranties, covenants, and other obligations arising under the Loan Documents, shall continue indefinitely in full force and effect and shall survive and shall in no way be impaired by (a) any satisfaction, release or other termination of this Mortgage or any other Loan Document, (b) any assignment or other transfer of all or any portion of this Mortgage or any other Loan Document or Mortgagee's interest in the Property (but, in such case, such indemnifications shall benefit both the Indemnified Parties and any such assignee or transferee), (c) any exercise of Mortgagee's rights and remedies pursuant hereto, including, but not limited to, foreclosure or acceptance of a deed in lieu of foreclosure, any exercise of any rights and remedies pursuant to this Mortgage, the Note or any of the other Loan Documents, any transfer of all or any portion of the Property (whether by Mortgagor or by Mortgagee following

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foreclosure or acceptance of a deed in lieu of foreclosure or at any other time), (d) any amendment to this Mortgage, the Note or any other Loan Document, and/or (e) any act or omission that might otherwise be construed as a release or discharge of Mortgagor from the Obligations or any portion thereof.

ARTICLE 10

RECOURSE

Notwithstanding anything to the contrary set forth in the Loan Documents, the Loan shall be fully recourse to Mortgagor.

ARTICLE 11

NOTICES

All notices and other communications under this Note shall be in writing. All written notices and communications shall be sent by registered or certified mail, postage prepaid, return receipt requested, by reputable overnight courier, freight prepaid, or delivered by hand. All notices and other communications under this Note shall be given at the following addresses and the attention of the following persons:

(vi) If to any Mortgagor:

Attention: Frederick S. Latsko

908 N. Halsted Street

Chicago, Illinois 60642

(vii) If to Mortgagee:

Compass Bank

Attention: Stephen Smith

1450 Brickell Avenue, Suite 2000

Miami, Florida 33131

or at such other address or to the attention of such other person as the party to whom such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address". All notices shall be deemed to be delivered upon receipt or refusal of receipt.

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ARTICLE 12

APPLICABLE LAW

Section 12.1. Governing Law; Jurisdiction; Service of Process. WITH RESPECT TO MATTERS RELATING TO THE CREATION, PERFECTION AND PROCEDURES RELATING TO THE ENFORCEMENT OF THIS MORTGAGE, THIS MORTGAGE SHALL BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED, IT BEING UNDERSTOOD THAT, EXCEPT AS EXPRESSLY SET FORTH ABOVE IN THIS PARAGRAPH AND TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF ILLINOIS WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES SHALL GOVERN ALL MATTERS RELATING TO THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS AND ALL OF THE INDEBTEDNESS OR OBLIGATIONS ARISING HEREUNDER OR THEREUNDER.

THE PROCEDURES GOVERNING THE ENFORCEMENT BY MORTGAGEE OF ITS FORECLOSURE AND PROVISIONAL REMEDIES AGAINST MORTGAGOR UNDER THIS SECURITY INSTRUMENT AND THE OTHER LOAN DOCUMENTS WITH RESPECT TO THE REAL PROPERTY OR OTHER ASSETS SITUATED IN ILLINOIS, INCLUDING BY WAY OF ILLUSTRATION, BUT NOT LIMITATION, ACTIONS FOR FORECLOSURE, REPLEVIN, FOR CLAIM AND DELIVERY OF PROPERTY, FOR INJUNCTIVE RELIEF OR FOR THE APPOINTMENT OF A RECEIVER SHALL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

Section 12.2. Usury Laws. Notwithstanding anything to the contrary, (a) all agreements and communications between Mortgagor and Mortgagee are hereby and shall automatically be limited so that, after taking into account all amounts deemed to constitute interest, the interest contracted for, charged or received by Mortgagee shall never exceed the Maximum Legal Rate, (b) in calculating whether any interest exceeds the Maximum Legal Rate, all such interest shall be amortized, prorated, allocated and spread over the full amount and term of all principal indebtedness of Mortgagor to Mortgagee, and (c) if through any contingency or event, Mortgagee receives or is deemed to receive interest in excess of the Maximum Legal Rate, any such excess shall be deemed to have been applied toward payment of the principal of any and all then outstanding indebtedness of Mortgagor to Mortgagee, or if there is no such indebtedness, shall immediately be returned to Mortgagor.

Section 12.3. Provisions Subject to Applicable Law. All rights, powers and remedies provided in this Mortgage may be exercised only to the extent that the exercise thereof does not violate any Legal Requirements and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any Legal Requirements. If any term of this Mortgage or any application thereof shall be invalid or unenforceable, the remainder of this Mortgage and any other application of the term shall not be affected thereby.

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ARTICLE 13

DEFINITIONS

Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage may be used interchangeably in the singular or plural form and the word "Mortgagor" shall mean "each Mortgagor and any subsequent owner or owners of the Property or any part thereof or any interest therein," the word "Mortgagee" shall mean "Mortgagee and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Mortgage," the word "Property" shall include any portion of the Property and any interest therein, and the phrases "attorneys' fees", "legal fees" and "counsel fees" shall include any and all attorneys', paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels, incurred or paid by Mortgagee in protecting its interest in the Property, the Leases and/or the Rents and/or in enforcing its rights hereunder. Whenever the context may require, any provisions used herein shall include the corresponding masculine, feminine or neuter forms.

ARTICLE 14

MISCELLANEOUS PROVISIONS

Section 14.1. No Oral Change. This Mortgage, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Mortgagor or Mortgagee, but only by an agreement in writing signed by the party(ies) against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 14.2. Successors and Assigns. This Mortgage shall be binding upon, and shall inure to the benefit of, Mortgagor and Mortgagee and their respective successors and permitted assigns.

Section 14.3. Inapplicable Provisions. If any provision of this Mortgage is held to be illegal, invalid or unenforceable under present or future Legal Requirements effective during the term of this Mortgage, such provision shall be fully severable and this Mortgage shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Mortgage, and the remaining provisions of this Mortgage shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Mortgage, unless such continued effectiveness of this Mortgage, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein.

Section 14.4. Headings, Etc. The headings and captions of the various Sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

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Section 14.5. Subrogation. If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to the extent of the funds so used, Mortgagee shall be subrogated to all of the rights, claims, liens, titles and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles and interests, if any, are not waived, but rather are continued in full force and effect in favor of Mortgagee and are merged with the Lien and security interest created herein as cumulative security for the payment, performance and discharge of the Obligations (including, but not limited to, the payment of the Debt).

Section 14.6. Entire Agreement. The Note, this Mortgage and the other Loan Documents constitute the entire understanding and agreement between Mortgagor and Mortgagee with respect to the transactions arising in connection with the Obligations and supersede all prior written or oral understandings and agreements between Mortgagor and Mortgagee with respect thereto. Mortgagor hereby acknowledges that, except as incorporated in writing in the Note, this Mortgage and the other Loan Documents, there are not, and were not, and no persons are or were authorized by Mortgagee to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Note, this Mortgage and the other Loan Documents.

Section 14.7. Limitation on Mortgagee's Responsibility. No provision of this Mortgage shall operate to place any obligation or liability for the control, care, management or repair of the Property upon Mortgagee, nor shall it operate to make Mortgagee responsible or liable for any waste committed on the Property by the Tenants or any other Person, or for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any Tenant, licensee, employee or stranger. Nothing herein contained shall be construed as constituting Mortgagee a "mortgagee in possession."

Section 14.8. Recitals. The recitals hereof are a part hereof, form a basis for this Mortgage and shall be considered prima facie evidence of the facts and documents referred to therein.

ARTICLE 15

STATE-SPECIFIC PROVISIONS

Section 15.1. Principles of Construction. In the event of any inconsistencies between the terms and conditions of this Article 15 and the other terms and conditions of this Mortgage, the terms and conditions of this Article 15 shall control and be binding.

Section 15.2. Compliance with Mortgage Foreclosure Law. If any provision of this Mortgage is inconsistent with any applicable provision of the Illinois Mortgage Foreclosure Law, Illinois Compiled Statutes Chapter 735, Section 5/15-1101 et seq. (the "Illinois Act"), the provisions of the Illinois Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can fairly be construed in a manner consistent with the Illinois Act. Without in any way limiting or

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restricting any of the Mortgagee's rights, remedies, powers and authorities under this Mortgage, and in addition to all of such rights, remedies, powers, and authorities, the Mortgagee shall also have and may exercise any and all rights, remedies, powers and authorities which the holder of a mortgage is permitted to have or exercise under the provisions of the Illinois Act, as the same may be amended from time to time. If any provision of this Mortgage shall grant to the Mortgagee any rights, remedies, powers or authorities upon default of Mortgagor which are more limited than the rights that would otherwise be vested in the Mortgagee under the Illinois Act in the absence of said provision, the Mortgagee shall be vested with all of the rights, remedies, powers and authorities granted in the Illinois Act to the fullest extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by the Mortgagee, to the extent reimbursable, under Sections 5/15-1510, 5/15-1512, or any other provision of the Illinois Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in any other provision of this Mortgage, shall be added to the Obligations secured by this Mortgage and by the judgment of foreclosure.

Section 15.3. Waiver. Mortgagor waives, to the extent permitted by law, (a) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisal before sale of any portion of the Property, (b) all rights of reinstatement, redemption, valuation, appraisal, homestead, moratorium, exemption, extension, stay of execution, notice of election to mature or declare due the whole of the Obligations in the event of foreclosure of the liens hereby created, (c) all rights and remedies which Mortgagor may have or be able to assert by reason of the laws of the State of Illinois pertaining to the rights and remedies of sureties, and (d) any rights, legal or equitable, to require marshaling of assets or to require foreclosure sales in a particular order. Without limiting the generality of the preceding sentence, Mortgagor, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Mortgage, hereby irrevocably waives any and all rights of reinstatement or redemption from sale or from or under any order, judgment or decree of foreclosure of this Mortgage or under any power contained herein or under any sale pursuant to any statute, order, decree or judgment of any court. Mortgagor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Mortgage, hereby expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the Obligations marshaled upon any foreclosure of this Mortgage or of any other security for any of said Obligations. The Mortgagee shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein. The Mortgagee shall have the right to determine the order in which any or all portions of the Obligations are satisfied from the proceeds realized upon the exercise of the remedies provided herein.

Section 15.4. Future Advances; Maximum Amount Secured. This Mortgage is given to secure not only the Debt, but also such future advances, whether such advances are obligatory or are to be made at the option of Mortgagee, or otherwise, as are made within 20 years from the date of this Mortgage, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of the Debt that may be secured by this Mortgage may decrease or increase from time to time, but the total amount so secured at any one time shall not exceed TWENTY-THREE MILLION DOLLARS (\$23,000,000.00) plus interest thereon and

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any disbursements made for the payment of taxes, assessments, governmental charges, levies, insurance premiums or maintenance charges on the Property, the payment of intangible and documentary stamp taxes, interest and/or penalties thereon, the payment of all fees, costs and other expenses incurred by Mortgagee for the enforcement of this Mortgage and protection of the Property, and the payment of recording costs and title insurance costs related to this Mortgage, with interest on such disbursements at the Default Rate. Nothing herein contained shall be deemed an obligation on the part of Mortgagee to make future advances. Without the prior written consent of Mortgagee, which Mortgagee may grant or withhold in its sole discretion, Mortgagor shall not file or record any notice limiting the maximum amount that may be secured by this Mortgage to an amount less than the maximum amount set forth in this Section 15.4.

Section 15.5. Waiver of Homestead. Mortgagor hereby abandons and waives all claims of homestead on the Property and does hereby forever release and discharge the Property from any and all claims of homestead.

Section 15.6. Business Loan. Mortgagor stipulates, represents, warrants, affirms and agrees that each of the Obligations secured hereby constitute a "business loan" within the meaning of the Illinois Compiled Statutes, Chapter 815, Sections 205/4(a) or (c), as amended.

Section 15.7. No Property Manager's Lien. Mortgagor represents and warrants that no property management agreement currently exists or affects the Property. Any property management agreement for or relating to all or any part of the Property, whether now in effect or entered into hereafter by Mortgagor or on behalf of Mortgagor, shall contain a subordination provision whereby the property manager forever and unconditionally subordinates to the lien of this Mortgage any and all mechanic's lien rights and claims that it or anyone claiming through or under it may have at any time pursuant to any statute or law, including, without limitation, Illinois Compiled Statutes, Chapter 770, Section 60/1), as amended. Such property management agreement or a short form thereof, including such subordination, shall, at the Mortgagee's request, be recorded with the office of the recorder of deeds for the county in which the Property is located. Mortgagor's failure to cause any of the foregoing to occur shall constitute an Event of Default under this Mortgage.

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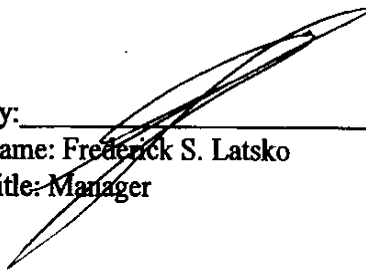
IN WITNESS WHEREOF, THIS MORTGAGE has been executed by each Mortgagor as of the day and year first above written.

MORTGAGOR:

WITNESSES:

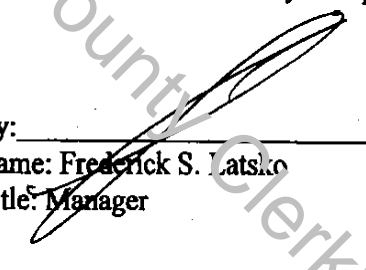
Wm C. Laski
 Print: Wm C. Laski
JASON NESSON
 Print: JASON NESSON

2118 HALSTED ASSOCIATES, LLC,
an Illinois Limited Liability Company

By: 
 Name: Frederick S. Latsko
 Title: Manager

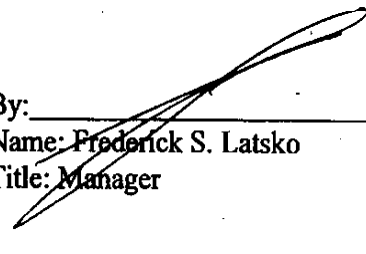
Wm C. Laski
 Print: Wm C. Laski
JASON NESSON
 Print: JASON NESSON

2010 N HALSTED, LLC,
an Illinois Limited Liability Company

By: 
 Name: Frederick S. Latsko
 Title: Manager

Wm C. Laski
 Print: Wm C. Laski
JASON NESSON
 Print: JASON NESSON


BIGGS MANSION, LLC
an Illinois Limited Liability Company

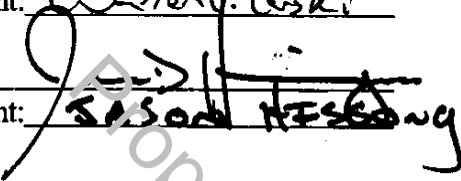
By: 
 Name: Frederick S. Latsko
 Title: Manager

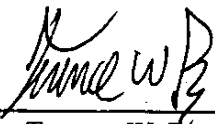
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116 E OAK, LLC,

an Illinois Limited Liability Company


Print: Warren G. Leski


Print: Terence W. Raser

By: 
Name: Terence W. Raser
Title: Manager

Property of Cook County Clerk's Office

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STATE OF IL
COUNTY OF Cook

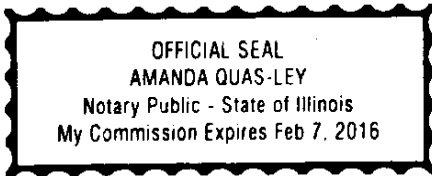
This instrument was acknowledged before me on this 26th day of September 2013, by Frederick S. Latsko, as Manager of 2118 Halsted Associates, LLC, on behalf of said company. Said person is personally known to me or has produced a valid driver's license as identification.



Amanda Quas-Ley
Printed Name: Amanda Quas-Ley
Notary Public in and for the State of IL
My commission expires: 2/7/16

STATE OF IL
COUNTY OF Cook

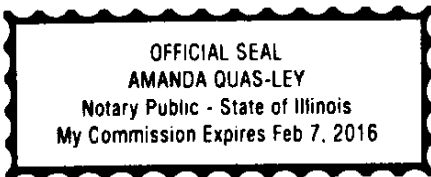
This instrument was acknowledged before me on this 26th day of September, 2013, by Frederick S. Latsko, as Manager of 2010 N Halsted, LLC, on behalf of said company. Said person is personally known to me or has produced a valid driver's license as identification.



Amanda Quas-Ley
Printed Name: Amanda Quas-Ley
Notary Public in and for the State of IL
My commission expires: 2/7/16

STATE OF IL
COUNTY OF Cook

This instrument was acknowledged before me on this 26th day of September, 2013, by Frederick S. Latsko, as Manager of Biggs Mansion, LLC, on behalf of said company. Said person is personally known to me or has produced a valid driver's license as identification.



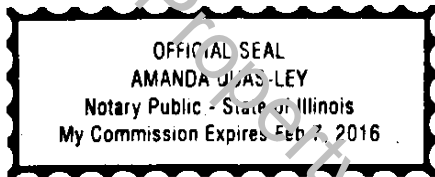
Amanda Quas-Ley
Printed Name: Amanda Quas-Ley
Notary Public in and for the State of IL
My commission expires: 2/7/16

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STATE OF IL

COUNTY OF Cook

This instrument was acknowledged before me on this 26th day of September, 2013, by Terence W. Raser, as Manager of 116 E Oak, LLC, on behalf of said company. Said person is personally known to me or has produced a valid driver's license as identification.



Amanda Quasley
 Printed Name: Amanda Quasley
 Notary Public in and for the State of IL
 My commission expires: 2/7/16

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EXHIBIT A-1

LEGAL DESCRIPTION AND PIN

LOT 17 IN BLOCK 1 IN CUSHMAN'S RESUBDIVISION OF THE NORTH 1/2 OF BLOCK 4 OF SHEFFIELD'S ADDITION TO CHICAGO IN SECTIONS 29, 31, 32 AND 33, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN NUMBER: 14-22-220-036-0000

*2118 N Halsted
Chgo*

Property of Cook County Clerk's Office

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EXHIBIT A-2

LEGAL DESCRIPTION AND PIN

LOT 20 IN BLOCK 8 IN CUSHMAN'S SUBDIVISION OF BLOCK 4 OF SHEFFIELD'S ADDITION TO CHICAGO IN SECTIONS 29 THROUGH 32, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN NUMBER: 14-32-228-041-0000

*2010 N Halsted
Chgo*

Property of Cook County Clerk's Office

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EXHIBIT A-3

LEGAL DESCRIPTION AND PIN

THE SOUTH 13.00 FEET OF LOT 3 AND ALL OF LOT 4 IN BLOCK 23 IN BUSHNELL'S ADDITION TO CHICAGO IN SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN NUMBER: 17-04-406-008-0000

*11501 Dearborn
Clyde*

Property of Cook County Clerk's Office

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EXHIBIT A-4

LEGAL DESCRIPTION AND PIN

THE EAST 20 FEET OF THE WEST 60 FEET OF LOT 21 IN COLLINS SUBDIVISION OF THE SOUTH 1/2 OF BLOCK 7 IN THE SUBDIVISION BY THE COMMISSIONERS OF THE ILLINOIS AND MICHIGAN CANAL OF THE SOUTH FRACTIONAL 1/4 OF SECTION 3, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, EXCEPTING THE NORTH 8 FEET OF SAID EAST 20 FEET TAKEN FOR AN ALLEY, IN COOK COUNTY, ILLINOIS.

PIN NUMBER: 17-03-204-054-0000

116 E Oak
Cyp