

UNOFFICIAL COPY

Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



1417813072

Doc#: 1417813072 Fee: \$136.0
RHSP Fee: \$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 06/27/2014 02:29 PM Pg: 1 of 50

Report Mortgage Fraud
800-532-8785

The property identified as: PIN: 04-02-402-030-0000

Address:

Street: 500 Skokie Blvd

Street line 2:

City: Northbrook

State: IL

ZIP Code: 60062

Lender: THE PRIVATEBANK AND TRUST COMPANY

Borrower: ONB LLC

Loan / Mortgage Amount: \$49,000,000.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 77/70 et seq. because it is commercial property.

Certificate number: 18E63D10-ACFD-4578-AA45-BFB0CB3108C3

Execution date: 06/27/2014

Property of Cook County Clerk's Office

lot 2
CTF
JYark
8962276

UNOFFICIAL COPY

This document prepared by and after
Recording return to:

Dykema Gossett PLLC
10 South Wacker Drive
Suite 2300
Chicago, Illinois 60606
Attn: Michael D. Rothstein, Esq.

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

THIS CONSTRUCTION MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS (this "Mortgage") is dated as of June 26, 2014, by MJH NORTHBROOK LLC, a Delaware limited liability company (the "Borrower"), for the benefit of THE PRIVATEBANK AND TRUST COMPANY, an Illinois state chartered bank, its successors and assigns (the "Agent"), as administrative agent for itself and the other Lenders (hereinafter defined).

WITNESSETH:

A. Pursuant to that certain Loan Agreement dated as of the date hereof (the "Loan Agreement") by and among Borrower, ONB LLC, a Delaware limited liability company ("ONB"), Agent, The PrivateBank and Trust Company, an Illinois state chartered bank (in its individual capacity, "PrivateBank") and those certain other financial institutions that are or may become, from time to time, parties thereto (collectively with PrivateBank and each of their respective successors and assigns, the "Lenders"), Lenders have agreed to make a loan to Borrower and ONB in the maximum principal amount of \$49,000,000.00 (the "Loan"), which shall refinance the Property (as defined in the Loan Agreement) and provide financing for certain tenant improvements and leasing commissions. (Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.)

B. The Loan is evidenced by those certain Promissory Notes dated as of the date hereof in the aggregate principal amount of \$49,000,000.00 from Borrower and ONB to the Lenders named as the payees therein (the "Notes"). The payment of the Notes is secured by, among other things, this Mortgage, financing statements and other security documents.

C. The Loan is due and payable in full on June 26, 2017 (the "Maturity Date"), except as such date may be extended to June 26, 2018 and to June 26, 2019 pursuant to the terms of the Loan Agreement or accelerated pursuant to the terms hereof or of any other Loan Document (as hereinafter defined).

UNOFFICIAL COPY

D. This Mortgage, the Notes, the Loan Agreement, the Interest Rate Protection Agreements (as defined below), and all other documents evidencing or securing the Loan whether entered into concurrently herewith or after the date hereof (including the ONB Mortgage and all security instruments executed by ONB in favor of Agent at such time as the ONB Loan Proceeds are disbursed) (as amended, modified, replaced or restated from time to time) are collectively hereinafter referred to as the “Loan Documents”). As used herein, “Interest Rate Protection Agreements” shall mean any agreement providing for payments which are related to fluctuations of interest rates, exchange rates, forward rates, or equity prices, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and any agreement pertaining to equity derivative transactions (e.g., equity or equity index swaps, options, caps, floors, collars and forwards), including without limitation, any ISDA Master Agreement between Borrower and/or ONB and PrivateBank, and any schedules, confirmations and documents and other confirming evidence between the parties confirming transactions thereunder, all whether now existing or hereafter arising, and in each case as amended, modified or supplemented from time to time.

E. The Loan bears interest at a variable rate of interest.

To secure (i) the payment when and as due and payable of the principal of and interest on the Loan or so much thereof as may be advanced from time to time, and any and all late charges, Make Whole Costs, and all other indebtedness evidenced by or owing under the Notes and any of the other Loan Documents, together with any extensions, modifications, renewals or refinancings of any of the foregoing, (ii) the payment of all other indebtedness which this Mortgage by its terms secures, and (iii) the performance and observance of the covenants and agreements contained in this Mortgage, the Loan Agreement, the Notes and each of the other Loan Documents, and (iv) all obligations and liabilities of the Borrower and/or ONB to Agent under the Interest Rate Protection Agreements (all of such indebtedness, obligations and liabilities identified in (i), (ii), (iii) and (iv) above being hereinafter referred to as the “Debt”), the Borrower does hereby GRANT, SELL, CONVEY, MORTGAGE and ASSIGN unto the Agent, its successors and assigns, and does hereby grant to Agent, its successors and assigns a security interest in, all and singular the properties, rights, interests and privileges described in Granting Clauses I, II, III, IV, V, VI, VII, and VIII below, all of same being collectively referred to herein as the “Mortgaged Property”:

GRANTING CLAUSE I:

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

GRANTING CLAUSE II:

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

UNOFFICIAL COPY

GRANTING CLAUSE III:

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

GRANTING CLAUSE IV:

TOGETHER WITH all machinery, apparatus, equipment, fittings and fixtures of every kind and nature whatsoever, and all furniture, furnishings and other personal property now or hereafter owned by the Borrower and forming a part of, or used or obtained for use in connection with, the Land or the Improvements or any present or future operation, occupancy, maintenance or leasing thereof; including, but without limitation, any and all heating, ventilating and air conditioning equipment and systems, antennae, appliances, apparatus, awnings, basins, bathtubs, bidets, boilers, bookcases, cabinets, carpets, communication systems, coolers, curtains, dehumidifiers, dishwashers, disposals, doors, drapes, drapery rods, dryers, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing and electric equipment, pool equipment, pumps, radiators, ranges, recreational facilities and equipment, refrigerators, screens, sprinklers, stokers, stoves, shades, shelving, sinks, security systems, toilets, ventilators, wall coverings, washers, windows, window covering, wiring and all extensions, renewals or replacements thereof or substitutions therefor or additions thereto, whether or not the same are or shall be attached to the Land or the Improvements in any manner (collectively, the "Fixtures"); it being agreed that all of said property owned by the Borrower and placed on the Land or on or in the Improvements (whether a fixed or annexed thereto or not) shall, so far as permitted by law, conclusively be deemed to be real property and conveyed hereby for purposes of this Mortgage.

GRANTING CLAUSE V:

TOGETHER WITH the following (the "Personal Property"):

All personal property of every nature whatsoever now or hereafter owned by Borrower or used in connection with the Land or the improvements thereon, including all extensions, additions, improvements, betterments, renewals, substitutions and replacements thereof and all of the right, title and interest of Borrower in and to any such personal property together with the benefit of any deposits or payments now or hereafter made on such personal property by Borrower or on its behalf, including without limitation, any and all Goods, Investment Property, Instruments, Chattel Paper, Documents, Letter of Credit Rights, Accounts, Deposit Accounts,

UNOFFICIAL COPY

Commercial Tort Claims and General Intangibles, each as defined in the Uniform Commercial Code of the State of Illinois;

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

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

All of the books and records pertaining to the foregoing;

GRANTING CLAUSE VI:

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

GRANTING CLAUSE VII:

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

GRANTING CLAUSE VIII:

TOGETHER WITH all estate, right, title and interest, homestead or other claim or demand, as well in law as in equity, which the Borrower now has or hereafter may acquire of, in and to the Mortgaged Property, or any part thereof, and any and all other property of every kind

UNOFFICIAL COPY

and nature from time to time hereafter (by delivery or by writing of any kind) conveyed, pledged, assigned or transferred as and for additional security hereunder by the Borrower or by anyone on behalf of the Borrower to the Agent;

TO HAVE AND TO HOLD the Mortgaged Property, unto the Agent, and its successors and assigns, IN FEE SIMPLE forever; subject, however, to those encumbrances which the Agent has approved in the Loan Agreement or otherwise approved in writing (the "Permitted Encumbrances");

UPON CONDITION for which Agent has not delivered a "Waiver of Default" (as defined in the Loan Agreement) that, subject to the terms hereof and until the occurrence of an Event of Default hereunder, the Borrower shall be permitted to possess and use the Mortgaged Property;

SUBJECT to the covenants and conditions hereinafter set forth.

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

THE BORROWER FURTHER COVENANTS AND AGREES AS FOLLOWS:

1. Representations of Borrower. Borrower hereby represents and warrants to the Agent as follows:

- (a) Borrower (i) is a limited liability company duly formed and validly existing under the laws of the State of Delaware and has complied with all conditions prerequisite to its doing business in the State of Illinois; (ii) has the power and authority to own its property and to carry on its business as now being conducted; (iii) is qualified to do business in every jurisdiction in which the nature of its business or its property makes such qualification necessary; and (iv) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.
- (b) The Borrower has good and marketable title to an indefeasible fee simple estate in the Mortgaged Property, subject to no liens, charges or encumbrances, other than the Permitted Encumbrances; that it has good, right and lawful authority to mortgage the Mortgaged Property in the manner and form herein provided; that this Mortgage is and shall remain a valid and enforceable lien on the Mortgaged Property subject only to the Permitted Encumbrances; that Borrower and its successors and assigns shall defend the same and the priority of this lien forever against the lawful claims and demands of all persons whomsoever, and that this covenant shall not be extinguished by any foreclosure hereof but shall run with the Land.

UNOFFICIAL COPY

- (c) As of the date hereof, there has been no material change in the financial condition of Borrower or any guarantor of the Notes from that set forth in Borrower's most recent financial statement, and the financial information contained therein was true and correct on the date the statements were issued and there has been no material adverse change as of the date hereof.
- (d) There are no suits or proceedings pending, or to the knowledge of Borrower, threatened against or affecting Borrower, which, if adversely determined, would have a material adverse effect on the financial condition or business of Borrower or its ability to perform its obligations under this Mortgage or any of the other Loan Documents executed by it, and there are no proceedings by or before any court, governmental commission, board, bureau, or other administrative agency pending or, to the knowledge of Borrower, threatened against Borrower, which, if adversely determined, would have a material adverse effect on the financial condition or business of Borrower or its ability to perform its obligations under this Mortgage or any of the other Loan Documents executed by it.
- (e) To the best of Borrower's knowledge, the Mortgaged Property complies with all requirements of law, municipal ordinances and restrictions and covenants of record with respect to the Mortgaged Property and the use thereof.
- (f) The Borrower has and shall maintain title to the collateral for the Loan, including any additions or replacements thereto, free of all security interests, liens and encumbrances, other than the security interest hereunder.
- (g) No person who owns twenty percent (20.00%) or more of the equity interests in the Borrower, or otherwise controls the Borrower or any of its subsidiaries, is listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, and the proceeds of the Loan will not violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.
- (h) The Borrower is able to pay its debts as such debts become due, and has capital sufficient to carry on its present businesses and transactions and all businesses and transactions in which it is about to engage. The Borrower (i) is not bankrupt or insolvent, (ii) has not made an assignment for the benefit of its creditors, (iii) has not had a trustee or receiver appointed, (iv) has not had any bankruptcy, reorganization or insolvency proceedings instituted by or against it, or (v) shall not be rendered insolvent by its execution, delivery or performance of the Loan Documents or by the transactions contemplated thereunder.

2. Borrower's Covenants.

- (a) Payment of Debt. The Borrower shall, prior to the expiration of any grace period:
 - (i) pay the Debt when due, and
 - (ii) duly and punctually perform and observe all of the covenants and conditions to be performed or observed by the Borrower as

UNOFFICIAL COPY

provided in the Notes, the Loan Agreement, this Mortgage and the other Loan Documents.

- (b) Repair/Maintenance. The Borrower shall (i) promptly repair, restore, replace or rebuild any portion of the Mortgaged Property which may be damaged or destroyed whether or not Insurance Proceeds (as hereinafter defined) are available or sufficient for that purpose; (ii) keep the Mortgaged Property in good condition and repair, free from waste; (iii) pay all operating costs and expenses of the Mortgaged Property when due; (iv) comply with all legal requirements applicable to all or any portion of the Mortgaged Property, or the use and occupancy, thereof (subject to the right of the Borrower to contest the enforceability or applicability of any such legal requirements in good faith, diligently and at its expense by appropriate proceedings which shall not subject the Borrower or the Agent to any risk of civil or criminal liability and which shall operate during the pendency thereof to prevent the imposition or foreclosure of any lien upon, or any interference with the availability, use or occupancy of, the Mortgaged Property or any part thereof), and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to all or any portion of the Mortgaged Property or the use and occupancy thereof; (v) refrain from any action, and correct any condition known to the Borrower, which would materially increase the risk of fire or other hazard to the Mortgaged Property or any portion thereof; and (vi) cause the Mortgaged Property to be managed in a competent and professional manner.
- (c) Alteration of Mortgaged Property. Without the prior written consent of the Agent, the Borrower shall not cause, suffer or permit (i) any material alteration of the Mortgaged Property, except as required by any applicable legal requirement or as otherwise contemplated by the Loan Agreement which consent of Agent shall not be unreasonably withheld, conditioned or delayed; (ii) any change in the zoning classification or intended use or occupancy of the Mortgaged Property, including without limitation any change which would increase any fire or other hazard; (iii) any change in the identity of the Borrower or the person or entity responsible for managing the Mortgaged Property; or (iv) any modification of the licenses, permits, privileges, franchises, covenants, conditions or declarations of use applicable to the Mortgaged Property, except as required to operate the Mortgaged Property in the manner required hereunder which consent of Agent shall not be unreasonably withheld, conditioned or delayed.
- (d) Operating Agreement of Borrower. The Operating Agreement of the Borrower shall not, without the prior written consent of the Agent, be amended or modified if such amendment or modification could have a material adverse effect on the Borrower's ability to perform its obligations under any of the Loan Documents, nor shall any member or manager of the Borrower be released or discharged from its or his obligations under the Borrower's Operating Agreement, nor shall any member of the Borrower transfer, pledge or encumber in any way any member

UNOFFICIAL COPY

interest in the Borrower or the right to receive income or proceeds from the Borrower. At all times prior to the repayment of the Loan, Marvin J. Herb shall be the sole manager of the Borrower unless replaced with a manager reasonably satisfactory to Agent.

- (e) Continuing Existence. The Borrower, without the prior written consent of the Agent, shall not (i) permit itself to be dissolved or its existence terminated, or (ii) amend or modify its organizational documents if such amendment or modification could have a material adverse effect on (A) the Borrower's ability to perform its obligations under any of the Loan Documents, or (B) the validity or priority of the Agent's liens or security interests under the Loan Documents.
- (f) Compliance with Laws. The Borrower shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Borrower or to the Mortgaged Property or any part thereof.
- (g) [Intentionally Omitted]
- (h) Distributions. Borrower shall make no distributions to its partners, shareholders or members, as the case may be, of any revenue received by or on behalf of the Borrower from the operation or ownership of the Mortgaged Property if an Event of Default, or an event that with the giving of notice or passage of time or both, would constitute an Event of Default has occurred and is not subject to a Waiver of Default, in either case, which has not been waived in writing by Agent, but such distributions shall only be made after the effective date of such written waiver. In all cases, Gross Revenues shall first be used in the manner specified in the Loan Agreement, including without limitation, Section 3.13 thereof.
- (i) Condominium Act. Borrower shall not submit the Mortgaged Property to the Illinois Condominium Property Act, 765 ILCS 605/1, et seq. without the prior written consent of Agent.
3. Liens, Contest and Defense of Title.
- (a) The Borrower shall not create or suffer or permit any lien, charge or encumbrance to attach to or be filed against the Mortgaged Property or any part thereof, or interest thereon, or any other rights and properties conveyed, mortgaged, transferred and granted hereunder (except for Permitted Encumbrances), whether such lien, charge or encumbrance is on a parity, inferior or superior to the lien of this Mortgage, including liens for labor or materials with respect to the Mortgaged Property ("Mechanic's Liens").
- (b) Notwithstanding paragraph (a) of this Section, the Borrower may in good faith and with reasonable diligence contest the validity or amount of any Mechanic's Liens and defer payment and discharge thereof during the pendency of such contest, provided that: (i) such contest shall prevent the sale or forfeiture of the Mortgaged Property, or any part thereof or any interest therein, to satisfy such Mechanic's Liens and shall not result in a forfeiture or impairment of the lien of

UNOFFICIAL COPY

this Mortgage; and (ii) within ten (10) days after the Borrower has been notified of the filing of any such Mechanic's Liens, the Borrower shall have notified the Agent in writing of the Borrower's intention to contest such Mechanic's Liens, or to cause such other party to contest such Mechanic's Liens, and shall have obtained a title insurance endorsement over or bonded over such Mechanic's Liens in form and substance reasonably satisfactory to the Agent, insuring the Agent against loss or damage by reason of such Mechanic's Liens; provided that in lieu of such title insurance endorsement the Borrower may deposit and keep on deposit with the Agent (or such depository as may be designated by the Agent) a sum of money sufficient, in the judgment of the Agent, to pay in full such Mechanic's Liens and all interest thereon. Any such deposits are to be held in an interest bearing account and may be used by the Agent in its sole but reasonable discretion to protect the priority of this Mortgage. In case the Borrower shall fail to maintain such title insurance or deposit, or to prosecute or cause the prosecution of such contest with reasonable diligence, or to pay or cause to be paid the amount of the Mechanic's Lien, plus any interest finally determined to be due upon the conclusion of such contest; then the Agent may, at its option, apply any money and liquidate any securities then on deposit with the Agent (or other depository designated by the Agent) in payment of or on account of such Mechanic's Liens, or that part thereof then unpaid, together with all interest thereon according to any written bill, notice or statement, without inquiring into the amount, validity or enforceability thereof. If the amount of money so deposited shall (in Agent's reasonable judgment) be insufficient for the payment in full of such Mechanic's Liens, together with all interest thereon, then the Borrower shall forthwith, upon demand, deposit with the Agent (or other depository designated by the Agent) the sum which shall (in Agent's reasonable judgment, when added to the funds then on deposit with Agent) be necessary to make such payment in full (or such other security as shall be reasonably satisfactory to Agent). If a Mechanic's Lien claim is ultimately resolved in the claimant's favor, then the monies so deposited shall be applied in full payment of such Mechanic's Lien or that part thereof then unpaid, together with all interest thereon (provided no Event of Default shall then exist) when the Agent has been furnished with satisfactory evidence of the amount of payment to be made. Any excess monies remaining on deposit with the Agent (or other depository) under this Section 3(b) shall be paid to the Borrower, provided that no Event of Default shall then exist.

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

UNOFFICIAL COPY

4. Payment and Contest of Taxes.
- (a) The Borrower shall pay or cause to be paid when due and before any penalty attaches, all general and special taxes, assessments, water charges, sewer charges, and other fees, taxes, charges and assessments of every kind and nature whatsoever levied or assessed against the Mortgaged Property, or any part thereof, or any interest therein, or any income or revenue therefrom, or any obligation or instrument secured hereby, and all installments thereof (collectively, the “Taxes”), on or before the date such Taxes are due, except to the extent Agent makes payments with Borrower’s deposits under Section 26 hereof; and the Borrower shall discharge any claim or lien relating to Taxes upon the Mortgaged Property. The Borrower shall provide the Agent with copies of paid receipts for Taxes, if requested by the Agent, within ten (10) days after being requested to do so by the Agent.
- (b) Notwithstanding paragraph (a) of this Section, the Borrower may, in good faith and with reasonable diligence, contest or cause to be contested the validity or amount of any such Taxes, provided that: (i) no Event of Default has occurred which has not been waived in writing by Agent; (ii) such proceeding shall stay the collection of the applicable Taxes from Borrower and from the Mortgaged Property or Borrower shall have paid all of the applicable Taxes under protest, (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder, (iv) neither the Mortgaged Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost so long as the contest is being pursued, and (v) Borrower shall have deposited with Agent adequate reserves for the payment of the applicable Taxes, together with all interest and penalties thereon, unless Borrower has paid all of the applicable Taxes under protest, or Borrower shall have furnished such other security as may be accepted by Agent, in its sole and absolute but reasonable discretion, to insure the payment of any contested Taxes, together with all interest and penalties thereon. If the Borrower fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds as hereinabove provided, the Agent may, at its option, liquidate any securities and apply the monies then on deposit with the Agent (or other depository) in payment of, or on account of, such Taxes, or any portion thereof then unpaid, including all penalties and interest thereon according to any written bill, notice or statement, without inquiry as to the amount, validity or enforceability thereof. If the amount of money and any such security so deposited shall (in the Agent’s reasonable judgment) at any time be insufficient for the payment in full of such Taxes, together with all penalties and interest which are or might become due thereon, the Borrower shall forthwith, upon demand, either deposit with the Agent (or other depository designated by the Agent) a sum (or such other security as shall be reasonably satisfactory to the Agent) which when added to the funds then on deposit, shall (in the Agent’s reasonable judgment) be sufficient to make such payment in full, or, if the Agent (or other depository) has applied funds so deposited on account of such Taxes, restore such deposit to an amount

UNOFFICIAL COPY

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

5. Change in Tax Laws.

- (a) If, by the laws of the United States of America, or of any state or municipality having jurisdiction over the Agent, the Borrower or the Mortgaged Property, any tax is imposed or becomes due in respect of the Notes or this Mortgage (excluding income, excise or franchise taxes imposed upon the Agent, except as provided in Section 5(c) below), or any liens on the Mortgaged Property created thereby, then the Borrower shall pay such tax in the manner required by such law.
- (b) If any law, statute, rule, regulation, order or court decree effects a deduction from the value of the Mortgaged Property for the purpose of taxation by creating any lien thereon, or imposing upon the Agent any liability for the payment of all or any part of the Taxes required to be paid by the Borrower, or changing in any way the laws relating to the taxation of mortgages or deeds of trusts or debts secured by mortgages or deeds of trust or the interest of the Agent in the Mortgaged Property, or the manner of collection of Taxes so as to adversely affect this Mortgage, the Debt, or the Agent, then, and in any such event, the Borrower, upon demand by the Agent, shall pay such Taxes, or reimburse the Agent therefor on demand, unless the Agent determines, in the Agent's reasonable judgment, that such payment or reimbursement by the Borrower is unlawful or that the payment might, in the Agent's reasonable judgment, constitute usury or render the Debt wholly or partially usurious; in which event the Agent may elect to declare the Debt to be due and payable within the lesser of (i) ninety (90) days after written notice, or (ii) such shorter period as may be required to ensure compliance by Agent with applicable law.
- (c) Nothing contained herein shall require the Borrower to pay any income, franchise or excise tax imposed upon the Agent, excepting only such income, franchise or excise tax which may be levied against the income of the Agent as a complete or partial substitute for Taxes required to be paid by the Borrower hereunder.

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

- (a) Borrower shall obtain and maintain at all times during the term of the Loan the insurance required by Agent pursuant to Exhibit B attached hereto. In addition, Borrower shall cause Agent to be named as a named insured under the insurance policies required by Agent and Agent shall be identified in each policy as follows:

UNOFFICIAL COPY

The PrivateBank and Trust Company, its successors and/or assigns as their respective interests may appear. Borrower shall provide Agent with evidence of all such insurance required hereunder.

- (b) The policies of insurance to be obtained and maintained by Borrower under the provisions of this Mortgage shall be issued by responsible insurance carriers with a Best's rating of no less than A/VII, licensed to do business in the State of Illinois, who are acceptable to Agent and shall be in such form and with such endorsements (including a mortgagee clause in favor of Agent), waivers and deductibles (in no event to exceed \$10,000) as Agent shall designate or approve. Without limitation on the foregoing:
- (i) All policies shall name Borrower as the insured, and (with the exception of policies for workmen's compensation insurance) shall name Agent as mortgagee and as an additional insured (under a standard non-contributing mortgagee protection clause, in form reasonably satisfactory to Agent, attached to such policy or policies whenever applicable, and providing, among other matters, that all insurance proceeds shall be paid to Agent).
- (ii) All policies shall contain: (1) the agreement of the insurer to give Agent at least 30 days' written notice prior to cancellation or expiration of or change in such policies, or any of them; (2) a waiver of subrogation rights against Agent and, if available Borrower; (3) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Agent; (4) a statement that the insurance shall not be invalidated should any insured waive in writing prior to a loss any or all right of recovery against any party for loss accruing to the property described in the insurance policy; and (5) if obtainable, a provision that no act or omission of Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained. As of the date hereof, and subject to any changes in such requirements which Agent may, in its discretion, make from time to time pursuant to its rights under this Section 6, each policy of property insurance hereunder shall contain a lender's loss payable endorsement, lender clause, or other non-contributory mortgagee clause of similar form and substance acceptable to Agent in favor of Agent as a mortgagee.
- (c) Concurrently herewith, Borrower shall deliver to Agent original policies or certificates with premiums prepaid evidencing the insurance required hereunder. Borrower shall procure and pay for renewals of such insurance (or shall cause the procurement and payment) from time to time before the expiration thereof, and Borrower shall deliver to Agent such original renewal policies or certificates with premiums prepaid at least 30 days before the expiration of any existing policy.
- (d) Borrower, for itself, and on behalf of its insurers, hereby releases and waives any right to recover against Agent on any liability for: damages for injury to or death of persons; any loss or damage to property, including the property of any

UNOFFICIAL COPY

occupant of the Mortgaged Property; any loss or damage to buildings or other improvements comprising the Mortgaged Property; any other direct or indirect loss or damage caused by fire or other risks, which loss or damage is or would be covered by the insurance required to be carried hereunder by Borrower, or is otherwise insured; or claims arising by reason of any of the foregoing, except to the extent caused solely by the gross negligence or willful misconduct of Agent.

- (e) Agent shall not, by reason of accepting, rejecting, obtaining or failing to obtain insurance, incur any liability for (i) the existence, non-existence, form, amount or legal sufficiency thereof, (ii) the solvency or insolvency of any insurer, or (iii) the payment of losses. All insurance required hereunder or carried by Borrower shall be procured at Borrower's sole cost and expense. Borrower shall deliver to Agent receipts satisfactory to Agent evidencing full prepayment of the premiums therefor, except to the extent Agent makes payments with Borrower's deposits under Section 26 hereof (for the periods and payments so covered by such payments). In the event of foreclosure on, or other transfer of title in lieu of foreclosure of, the Mortgaged Property, all of Borrower's interest in and to any and all insurance policies in force shall pass to Agent, or the transferee or purchaser as the case may be, and Agent is hereby irrevocably authorized to assign in Borrower's name to such purchaser or transferee all such policies, which may be amended or rewritten to show the interest of such purchaser or transferee.
- (f) Borrower is hereby notified pursuant to the Illinois Collateral Protection Act (815 ILCS 180/1 et. seq.) that unless Borrower provides Agent with evidence of the insurance coverage required by this Agreement, Agent may purchase the required insurance at Borrower's expense to protect Agent's interest in the Mortgaged Property. This insurance may, but need not, protect Borrower's interests. The coverage that Agent purchases may not pay any claim that Borrower makes or any claim that is made against Borrower in connection with the Mortgaged Property. Borrower may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that Borrower has obtained insurance as required by this Mortgage. If Agent purchases insurance for the Mortgaged Property, Borrower will be responsible for the costs of that insurance, including interest at the Default Rate and any other charges Agent may impose in connection with the placement of the insurance until the effective date of the cancellation or the expiration of the insurance. The costs of the insurance shall be added to Borrower's total outstanding balance or obligation and shall constitute additional Debt. The costs of the insurance may be more than the cost of insurance Borrower may be able to obtain on its own.
- (g) Approval by the Agent of any policies of insurance ("Policies") shall not be deemed a representation by the Agent as to the adequacy of coverage of such Policies or the solvency of the insurer.

UNOFFICIAL COPY

7. Casualty Loss; Proceeds of Insurance.
- (a) The Borrower will give the Agent prompt written notice of any loss or damage to the Mortgaged Property, or any part thereof, by fire or other casualty.
- (b) In case of loss or damage covered by any one of the Policies in excess of \$250,000.00, the Agent is hereby authorized to settle and adjust any claim under such Policies (and after the entry of a decree of foreclosure, or a sale or transfer pursuant thereto or in lieu thereof, the decree creditor or such purchaser or transferee, as the case may be, are hereby authorized to settle and adjust any claim under such Policies) upon consultation with, but without requiring the consent of, the Borrower; and the Agent shall, and is hereby authorized to, collect and receipt for any and all proceeds payable under such Policies in connection with any such loss (collectively, the "Insurance Proceeds"). Borrower hereby irrevocably appoints Agent as its attorney-in-fact for the purposes set forth in the preceding sentence. Each insurance company is hereby authorized and directed to make payment (i) of 100% of all such losses (if such loss exceeds said amount) directly to Agent alone, and (ii) of 100% of all such losses (if such loss is less than or equal to said amount) directly to Borrower alone, and in no case to Borrower and Agent jointly. All reasonable costs and expenses incurred by the Agent in the adjustment and collection of any such Insurance Proceeds (including without limitation reasonable attorneys' fees and expenses) shall be so much additional Debt, and shall be reimbursed to the Agent upon demand or may be paid and deducted by the Agent from such Insurance Proceeds prior to any other application thereof. Agent shall not be responsible for any failure to collect any Insurance Proceeds due under the terms of any policy regardless of the cause of such failure, other than the gross negligence or willful misconduct of Agent.
- (c) Net Insurance Proceeds received by the Agent under the provisions of this Mortgage or any instrument supplemental hereto or thereto or any policy or policies of insurance covering any improvements on the Mortgaged Property or any part thereof shall be applied by the Agent at its option as and for a prepayment on the Notes, without a prepayment fee (whether or not the same is then due or otherwise adequately secured), or shall be disbursed for restoration of such improvements ("Restoration"), in which event the Agent shall not be obligated to supervise Restoration work nor shall the amount so released or used be deemed a payment of the indebtedness evidenced by the Notes. If Agent elects to permit the use of Insurance Proceeds to restore such improvements it may do all necessary acts to accomplish that purpose, including advancing additional funds and all such additional funds shall constitute part of the Debt. If Agent elects to make the Insurance Proceeds available to Borrower for the purpose of effecting the Restoration, or, following an Event of Default, elects to restore such improvements, any excess of Insurance Proceeds above the amount necessary to complete the Restoration shall be applied as and for a prepayment on the Notes, without a prepayment fee or premium. No interest shall be payable to Borrower upon Insurance Proceeds held by Agent.

UNOFFICIAL COPY

- (d) Notwithstanding the provisions of subsection 7(c) above, Agent agrees to allow the Insurance Proceeds to be disbursed for Restoration provided: (i) no Event of Default, and no default with which the passage of time or giving of notice would constitute an Event of Default, shall have occurred which has not been waived in writing by Agent; (ii) Agent shall be satisfied in its sole and absolute discretion, that by expenditure of the Insurance Proceeds hereunder the Mortgaged Property damaged or destroyed shall be fully restored within a reasonable period of time to the condition and value contemplated by this Mortgage and the Restoration Plans (as hereinafter defined), and all payments required under the Loan will continue to be paid as and when the same become due and payable; (iii) in Agent's good faith judgment, such work of repair and restoration can be completed in the ordinary course of business not later than the earlier of (A) six (6) months prior to the Maturity Date; (B) the outside date, if any, under any Lease or any federal, state, county, municipal or other governmental statute, law, rule, order, regulation, ordinance, judgment, decree or injunction, or any permit, license, covenant, agreement, restriction or encumbrance; (iv) the Mortgaged Property continues to comply with the Debt Service Coverage Ratio set forth in the Loan Agreement after giving effect to any Lease terminations due to such casualty; (v) Agent shall have reviewed and approved Borrower's plans and specifications for the repair and restoration of the Mortgaged Property involving costs in excess of \$250,000.00 (the "Restoration Plans"), Borrower's architect and any general contractors, subcontractors and material suppliers employed to perform such work; (vi) if so required by Agent in its sole and absolute but reasonable discretion, all general contractors, all major subcontractors and material suppliers shall have supplied 100% performance and completion bonds; (vii) if the net Insurance Proceeds available are insufficient for payment of the full cost of restoration or repair and the payments under the Loan during the completion period, as estimated by Agent, then Borrower shall have deposited with Agent sufficient additional funds to insure payment of all such costs, or made arrangements acceptable to Agent for such sufficient additional funds; (viii) rent loss or business interruption insurance is available to cover the full amount of any loss of income from the Mortgaged Property during its repair and restoration; (ix) Borrower shall provide evidence of the implementation of builder's risk coverage for the Mortgaged Property with coverage and in such amounts as Agent shall request and which otherwise complies with the insurance requirements set forth in Section 6 hereof; and (x) Borrower shall have satisfied such other conditions as Agent may in good faith determine to be appropriate.
- (e) So long as any Debt shall be outstanding and unpaid, and whether or not Insurance Proceeds are available or sufficient therefor, the Borrower shall promptly commence and complete, or cause to be commenced and completed, with all reasonable diligence, the Restoration of the Mortgaged Property as nearly as possible to the same value, condition and character which existed immediately prior to such loss or damage in accordance with the Restoration Plans and in compliance with all legal requirements. Any Restoration shall be effected in accordance with procedures to be first submitted to and approved by the Agent in accordance with Section 9 hereof. The Borrower shall pay all costs of such

UNOFFICIAL COPY

Restoration to the extent Insurance Proceeds are not made available or are insufficient.

8. Condemnation and Eminent Domain.

- (a) Any and all awards (the "Awards") in excess of \$250,000.00 heretofore or hereafter made or to be made to the Borrower (or any subsequent owner of the Mortgaged Property, or any part thereof) by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Mortgaged Property (including any award from the United States government at any time after the allowance of a claim therefor, the ascertainment of the amount thereto, and the issuance of a warrant for payment thereof), are hereby assigned by the Borrower to the Agent, which Awards the Agent is hereby authorized to collect and receive from the condemnation authorities, and the Agent is hereby authorized to appear in and prosecute, in the name of and on behalf of the Borrower, any action or proceeding to enforce any such cause of action in which an award in excess of \$250,000.00 is sought and to make any compromise or settlement in connection therewith and to give appropriate receipts and acquittance therefor in the name and in behalf of the Borrower. The Borrower shall give the Agent immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Mortgaged Property and shall deliver to the Agent copies of any and all papers served in connection with any such proceedings. All reasonable costs and expenses incurred by the Agent in the adjustment and collection of any such Awards (including without limitation reasonable attorneys' fees and expenses) shall be so much additional Debt, and shall be reimbursed to the Agent from any Award prior to any other application thereof. The Borrower further agrees to make, execute and deliver to the Agent, at any time upon request, free, clear, and discharged of any encumbrance of any kind whatsoever (other than Permitted Encumbrances), any and all further assignments and other instruments deemed necessary by the Agent for the purpose of validly and sufficiently assigning all Awards in excess of \$250,000.00 and other compensation heretofore and hereafter made to the Borrower for any permanent taking, under any such proceeding.
- (b) The proceeds of any Award received by the Agent under the provisions of this Mortgage or any instrument supplemental hereto shall be applied by the Agent at its option as and for a prepayment of the Debt, without a prepayment fee (whether or not the same is then due or otherwise adequately secured), or shall be disbursed for Restoration of the Mortgaged Property, in which event the Agent shall not be obligated to supervise Restoration work nor shall the amount so released or used be deemed a payment of the Debt. If Agent elects to permit the use of the proceeds of an Award to restore such improvements it may do all necessary acts to accomplish that purpose, including advancing additional funds, all such additional funds to constitute part of the Debt. If Agent elects to make the proceeds of an Award available to Borrower for the purpose of effecting the Restoration, or, following an Event of Default, elects to restore such

UNOFFICIAL COPY

improvements, any excess of such proceeds above the amount necessary to complete the Restoration shall be applied as and for a prepayment of the Debt, without a prepayment fee or premium. No interest shall be payable to Borrower upon such proceeds held by Agent.

- (c) Notwithstanding the provisions of subsection 8(b) above, Agent agrees to allow the Award to be disbursed for Restoration provided: (i) all conditions to the use of casualty proceeds under subsection 7(d) have been satisfied, and (ii) the condemnation, in the judgment of Agent, shall have no material adverse effect on the operation or value of the Mortgaged Property remaining after the condemnation is completed, and (iii) Borrower shall have satisfied such other conditions as Agent may in good faith determine to be appropriate.
- (d) So long as any Debt shall be outstanding and unpaid, and whether or not Awards are available or sufficient therefor, the Borrower shall promptly commence and complete, or cause to be commenced and completed, with all reasonable diligence the Restoration of the portion of the Mortgaged Property not so taken as nearly as possible to the same value, condition and character, which existed immediately prior to such taking in compliance with all legal requirements. Any Restoration of the Mortgaged Property involving costs in excess of \$250,000.00 shall be effected in accordance with Restoration Plans to be first submitted to and approved by the Agent as provided in Section 9 hereof. The Borrower shall pay all costs of such Restoration to the extent the Award is not made available or is insufficient.

9. Disbursement of Insurance Proceeds and Awards.

- (a) All Insurance Proceeds and/or Awards received by the Agent as provided in Section 7 or Section 8 hereof shall, after payment or reimbursement therefrom of all reasonable costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by the Agent in the adjustment and collection thereof (collectively, the "Net Proceeds"), shall be deposited with the Agent, or such other depository as may be designated by the Agent, and applied as provided in this Section.
- (b) The Agent may elect to apply the Net Proceeds to prepayment of the Debt, whether then due or not. If the Debt is not prepaid in full, then the Net Proceeds shall be applied to the installments of principal and interest in the inverse order of maturity.
- (c) All Net Proceeds which are not applied to the payment of the Debt shall be applied to fund the payment of the costs, fees and expenses incurred for the Restoration of the Mortgaged Property as required under Section 7 or Section 8 hereof and such Net Proceeds shall be disbursed through the title company which has insured the lien of the Mortgage to complete the Restoration; provided that the Agent shall receive the following:

UNOFFICIAL COPY

- (i) Restoration Plans (unless the costs involved in such Restoration shall not exceed \$250,000.00), which shall be subject to the reasonable approval of the Agent prior to the commencement of the Restoration.
 - (ii) Such architect's and engineer's certificates, waivers of lien, contractor's sworn statements, payment and performance bonds (if applicable), title insurance endorsements, plats of survey, opinions of counsel and such other evidences of cost, payment and performance as the Agent may reasonably require and approve.
- (d) If the Borrower shall fail to commence Restoration within sixty (60) days after the settlement of the claim involving loss or damage to the Mortgaged Property, and diligently proceed to complete Restoration in accordance with the Restoration Plans and Applicable Laws (as defined in the Loan Agreement), or if any other Event of Default shall occur hereunder at any time (whether before or after the commencement of such Restoration), which Event of Default is not subject to a Waiver of Default, all or any portion of the Debt may be declared to be immediately due and payable and such Net Proceeds, or any portion thereof, then held, or subsequently received, by the Agent or other depository hereunder may be applied, at the option and in the sole discretion of the Agent, to the payment or prepayment of the Debt in whole or in part, or to the payment and performance of such obligations of the Borrower as may then be in default hereunder.
- (e) Any surplus which may remain out of such Net Proceeds after payment of all costs, fees and expenses of such Restoration shall be applied to prepayment of the Debt, without the payment of a prepayment fee or prepayment premium.
10. The Agent's Performance of the Borrower's Obligations.
- (a) Upon the occurrence of an Event of Default hereunder that has not previously been waived in writing by Agent, the Agent may, but without any obligation to do so, upon simultaneous notice to the Borrower, make any payment or perform any act which the Borrower is required to make or perform hereunder or under any other Loan Document (whether or not the Borrower is personally liable therefor) in any form and lawful manner deemed expedient to the Agent, including without limitation, the right to enter into possession of the Mortgaged Property, or any portion thereof, and to take any action (including without limitation the release of any information regarding the Mortgaged Property, the Borrower and the obligations secured hereby) which the Agent deems necessary or desirable in connection therewith, all at the sole cost and expense of the Borrower. The Agent, in addition to any rights or powers granted or conferred hereunder but without any obligation to do so, may complete construction of, rent, operate, and manage the Mortgaged Property, or any part thereof, including payment of management fees and other operating costs and expenses, of every kind and nature in connection therewith, so that the Mortgaged Property shall be operational and usable for their intended purposes. All monies paid, and all reasonable expenses paid or incurred in connection therewith, including but not

UNOFFICIAL COPY

limited to reasonable costs of surveys, evidence of title, court costs and attorneys' fees and expenses and other monies advanced by the Agent to protect the Mortgaged Property and the lien hereof, to complete construction of, rent, operate and manage the Mortgaged Property or to pay any such operating costs and expenses thereof or to keep the Mortgaged Property operational and usable for their intended purposes shall be so much additional Debt, and shall become immediately due and payable on demand, and with interest thereon at the Default Rate.

- (b) The Agent, in making any payment, may do so according to any written bill, notice, statement or estimate, without inquiry into the amount, validity or enforceability thereof.
- (c) Nothing contained herein shall be construed to require the Agent to advance or expend monies for any purpose mentioned herein, or for any other purposes.

11. Security Agreement.

- (a) Grant of Security Interest. Borrower hereby grants to Agent a security interest in the Personal Property to secure the Debt. This Mortgage constitutes a security agreement with respect to all Personal Property in which Agent is granted a security interest hereunder, and Agent shall have all of the rights and remedies of a secured party under the Uniform Commercial Code of Illinois, as the same may be amended from time to time (the "Code") as well as all other rights and remedies available at law or in equity.
- (b) Perfection. Borrower hereby consents to any instrument that may be requested by Agent to publish notice or protect, perfect, preserve, continue, extend, or maintain the security interest and lien, and the priority thereof, of this Mortgage or the interest of Agent in the Mortgaged Property, including without limitation, deeds of trust, security agreements, financing statements, continuation statements, and instruments of similar character, and Borrower shall pay or cause to be paid (i) all filing and recording taxes and fees incident to each such filing or recording, (ii) all expenses, including without limitation, actual attorneys' fees and costs (of both in house and outside counsel), incurred by Agent in connection with the preparation and acknowledgement of all such instruments, and (iii) all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments, and charges arising out of or in connection with the delivery of such instruments. Borrower hereby consents to, and hereby ratifies, the filing of any financing statements relating to the Loan made prior to the date hereof. Borrower hereby irrevocably constitutes and appoints Agent as the attorney-in-fact of Borrower, to file with the appropriate filing office any such instruments. In addition, Borrower hereby authorizes Agent to cause any financing statement or fixture filing to be filed or recorded without the necessity of obtaining the consent of Borrower.

UNOFFICIAL COPY

- (c) Place of Business. Borrower maintains its chief executive office as set forth as the address of Borrower in Section 31 below, and Borrower will notify Agent in writing of any change in its place of business within five (5) days of such change.
- (d) Fixture Filing. This Mortgage is intended to be a financing statement within the purview of Section 9-502(b) of the Code and will be recorded as a "fixture filing" in accordance with the Code.
- (e) Representations and Warranties. The Borrower represents and warrants that:
 - (i) the Borrower is the record owner of the Mortgaged Property; (ii) the Borrower's chief executive office is located in the State of Illinois; (iii) the Borrower's state of formation is the State of Delaware; (iv) the Borrower's exact legal name is as set forth on Page 1 of this Mortgage; (v) the Borrower's organizational identification number is 3532928, (vi) Borrower is the owner of the Personal Property subject to no liens, charges or encumbrances other than the lien hereof, (vii) the Personal Property will not be removed from the Mortgaged Property without the consent of the Agent (which consent shall not be unreasonably withheld, conditioned or delayed) excepting sales of Obsolete Collateral in accordance with Section 12(a) below, and (viii) no financing statement covering any of the Personal Property or any proceeds thereof is on file in any public office except pursuant hereto.

12. Restrictions on Transfer. For the purpose of protecting the Agent's security, and keeping the Mortgaged Property free from subordinate financing liens, the Borrower agrees that it, the members of Borrower, and the members, partners or stockholders of any entity controlling, directly or indirectly, Borrower, will not:

- (a) sell, assign, transfer, hypothecate, grant a security interest in or convey title to
 - (i) the Mortgaged Property or any part thereof, excepting only sales or other dispositions of Personal Property no longer useful in connection with the operation of the rest of the Mortgaged Property (the "Obsolete Collateral"), provided prior to the sale or other disposition thereof, such Obsolete Collateral, or
 - (ii) any membership interest in Borrower, or (iii) any membership interest, partnership interest or stock in any entity controlling, directly or indirectly, Borrower;
- (b) obtain any financing, all or a part of which, will be secured by (i) the Mortgaged Property, or (ii) any membership interest in Borrower, or (iii) any membership interest, partnership interest or stock in any entity controlling, directly or indirectly, Borrower; or
- (c) convert the Borrower from one type of legal entity into another type of legal entity,

without, in each instance, the Agent's prior written consent.

Notwithstanding the foregoing, Agent's consent shall not be required for the transfer of membership interests in Borrower to a permitted transferee (general or limited partnerships,

UNOFFICIAL COPY

limited liability companies, corporations or to one or more Herb Family Members, as hereinafter defined), and such transfer shall not increase the Interest Rate (as defined in the Loan Agreement) or require the payment of a fee, subject to the following terms and conditions:

- (a) The Loan shall not be in default at the time of the transfer or immediately thereafter;
- (b) After such transfer, one or more Herb Family Members must retain not less than a 51% ownership interest in the Borrower and Marvin J. Herb, or such other individual as Agent shall approve in its reasonable discretion, shall control the management and operation of Borrower and the Mortgaged Property;
- (c) Any transfer must be to an entity "controlled" (as defined herein) by one or more Herb Family Members;
- (d) Borrower shall provide Agent with notice not less than thirty (30) days prior to such transfer. Such notice shall include the name and address of the transferee and the interest to be transferred and copies of all relevant organizational documents. Such notice shall also contain a certification to Agent that all required ownership and control described above shall continue to exist after the transfer; and
- (e) No such transfer will have any adverse effect either on the bankruptcy-remote status of Borrower or on the status of Borrower as a continuing legal entity liable for the payment of the Loan.

For purposes of this Section 12, the term "Herb Family Member" shall mean the spouse of Marvin J. Herb, his children and grandchildren and spouses of his children and grandchildren (provided such person is at least 21 years of age), and any trusts established for estate planning purposes for the benefit of Marvin J. Herb or any of the foregoing specified family members (provided the trustee of such trust is at least 21 years of age).

An entity shall be deemed controlled by a Herb Family Member if it meets one of the following tests:

- (a) In the case of a general or limited partnership, one or more Herb Family Members or an entity owned or controlled by one or more Herb Family Members or a trust for the benefit of one or more Herb Family Members is the general partner of the partnership, and one or more Herb Family Member or an entity owned or controlled by one or more Herb Family Members or trust for the benefit of one or more of the Herb Family Members owns not less than a 51% interest in such partnership; or
- (b) In the case of a limited liability company, a Herb Family Member or an entity owned or controlled by one or more Herb Family Members or a trust for the benefit of one or more Herb Family Members is the manager of the limited liability company, and one or more Herb Family Members or an entity owned or controlled by one or more Herb Family Members or a trust for the benefit of one

UNOFFICIAL COPY

or more Herb Family Members owns not less than a 51% interest in such limited liability company; or

- (c) In the case of a corporation, a Herb Family Member must be the chief operating officer of the corporation and one or more Herb Family Members or an entity owned or controlled by one or more Herb Family Members or a trust for the benefit of one or more Herb Family Members must own and control not less than 51% of the voting stock of such corporation and is entitled to elect a majority the corporation's board of directors.

Any violation of this Section 12 shall be deemed a "Prohibited Transfer."

13. Events of Default. Any one or more of the following events shall constitute an "Event of Default" under this Mortgage:

- (a) If the Borrower shall fail (i) to make any payment of principal or interest under the Notes within five (5) days following the date when due, or (ii) to make any other payment under the Loan Documents within five (5) days of the date when due or, if no date is stated, five (5) days after demand (or such shorter period as may be expressly provided for herein or therein); or
- (b) If the Borrower shall fail to maintain the insurance coverages in effect as required in Section 6 hereof; or
- (c) If a Prohibited Transfer shall occur; or
- (d) If any representation or warranty made by Borrower or any member thereof or any guarantor of the Notes pursuant to or in connection with this Mortgage shall prove to be untrue or incorrect in any material respect; or
- (e) Borrower fails to perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Borrower contained in this Mortgage and not specifically referred to elsewhere in this Section 13; provided, however, that if such failure by its nature can be cured, then so long as the continued operation and safety of the Mortgaged Property, and the priority, validity and enforceability of the liens created by this Mortgage or any of the other Loan Documents and the value of the Mortgaged Property are not impaired, threatened or jeopardized, then Borrower shall have a period ("Cure Period") of thirty (30) days after Borrower obtains actual knowledge of such failure or receives written notice of such failure to cure the same and an Event of Default shall not be deemed to exist during the Cure Period (provided, however, such period shall be limited to ten (10) days if such failure can be cured by the payment of money), provided further that if Borrower commences to cure such failure during the Cure Period and is diligently and in good faith attempting to effect such cure, the Cure Period shall be extended for sixty (60) additional days, but in no event shall the Cure Period be longer than ninety (90) days in the aggregate; or

UNOFFICIAL COPY

- (f) Borrower or any guarantor of the Loan, or any successors or permitted assigns of any of them, shall:
- (i) file a voluntary petition in bankruptcy or an arrangement or reorganization under any federal or state bankruptcy, insolvency or debtor relief law or statute (hereinafter referred to as a “Bankruptcy Proceeding”);
 - (ii) file any answer in any Bankruptcy Proceeding or any other action or proceeding admitting insolvency or inability to pay its debts;
 - (iii) fail to oppose, or fail to obtain a vacation or stay of, any involuntary Bankruptcy Proceeding within sixty (60) days after the filing thereof;
 - (iv) solicit or cause to be solicited petitioning creditors for any involuntary Bankruptcy Proceeding against Borrower or any guarantor of the Loan;
 - (v) be granted a decree or order for relief, or be adjudicated a bankrupt or declared insolvent in any Bankruptcy Proceeding, whether voluntary or involuntary;
 - (vi) have a trustee or receiver appointed for or have any court take jurisdiction of its property, or the major part thereof, or all of any portion of the Mortgaged Property, in any voluntary or involuntary proceeding for the purpose of reorganization, arrangement, dissolution or liquidation, and, with respect to an involuntary proceeding only, such trustee or receiver is not discharged or such jurisdiction is not relinquished, vacated or stayed on appeal or otherwise, within sixty (60) days after the commencement thereof;
 - (vii) make an assignment for the benefit of creditors;
 - (viii) consent to any appointment of a receiver or trustee or liquidator of all of its property, or the major part thereof, or all or any portion of the Mortgaged Property; or
 - (ix) have an attachment or execution levied with respect to, or other judicial seizure be effected for, all or substantially all of its assets or all or any portion of the Mortgaged Property, or the placing of any attachment, levy of execution, charging order, or other judicial seizure on the interest of Borrower’s parent in Borrower; or
- (g) The dissolution, termination or merger of the Borrower or any guarantor of the Loan; or
- (h) If any Event of Default occurs under any other Loan Document including, but not limited to the ONB Mortgage, and such Event of Default is not waived in writing by Agent.

UNOFFICIAL COPY

14. Remedies. Upon the occurrence of an Event of Default (regardless of the pendency of any proceeding which has or might have the effect of preventing Borrower from complying with the terms of this instrument) which has not been waived in writing by Agent, and in addition to such other rights as may be available under any other Loan Document or under applicable law, but subject at all times to any mandatory legal requirements:

- (a) Acceleration. Agent may declare the outstanding principal balance of the Notes and all unpaid indebtedness of Borrower hereby secured, including interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without other notice or demand of any kind.
- (b) Uniform Commercial Code. Agent shall, with respect to the Personal Property, have all the rights, options and remedies of a secured party under the Code, including without limitation, the right to the possession of any such property or any part thereof, and the right to enter with legal process any premises where any such property may be found. Any requirement of said Code for reasonable notification shall be met by mailing written notice to Borrower at its address set forth in Section 31 hereof at least ten (10) days prior to the sale or other event for which such notice is required. Any such sale may be held as part of and in conjunction with any foreclosure sale of the other properties and rights constituting the Mortgaged Property in order that the Mortgaged Property, including the Personal Property, may be sold as a single parcel if the Agent elects. The Borrower hereby agrees that if the Agent demands or attempts to take possession of the Personal Property or any portion thereof in exercise of its rights and remedies hereunder, the Borrower will promptly turn over and deliver possession thereof to the Agent, and the Borrower authorizes, to the extent the Borrower may now or hereafter lawfully grant such authority, the Agent, its employees and agents, and potential bidders or purchasers to enter upon the Mortgaged Property or any other office, building or property where the Personal Property or any portion thereof may at the time be located (or believed to be located) and the Agent may (i) remove the same therefrom or render the same inoperable (with or without removal from such location); (ii) repair, operate, use or manage the Personal Property or any portion thereof; (iii) maintain, repair or store the Personal Property or any portion thereof; (iv) view, inspect and prepare the Personal Property or any portion thereof for sale, lease or disposition; (v) sell, lease, dispose of or consume the same or bid thereon; or (vi) incorporate the Personal Property or any portion thereof into the Land or the Improvements or Fixtures and sell, convey or transfer the same. The expenses of retaking, selling and otherwise disposing of the Personal Property, including reasonable attorneys' fees and legal expenses incurred in connection therewith, shall constitute so much additional Debt and shall be payable upon demand with interest at the Default Rate.
- (c) Foreclosure. Agent may proceed to protect and enforce the rights of Agent hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an

UNOFFICIAL COPY

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

- (d) Appointment of Receiver. Agent shall, as a matter of right, without notice and without giving bond to Borrower or anyone claiming by, under or through it, and without regard to the solvency or insolvency of Borrower or the then value of the Mortgaged Property, be entitled to have a receiver appointed pursuant to the Act of all or any part of the Mortgaged Property and the rents, issues and profits thereof, with such power as the court making such appointment shall confer, and Borrower hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Mortgaged Property or any part thereof by summary proceedings, ejectment or otherwise, and may remove Borrower or other persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.
- (e) Taking Possession, Collecting Rents, Etc. Upon demand by Agent, Borrower shall surrender to Agent and Agent may enter and take possession of the Mortgaged Property or any part thereof personally, by its agent or attorneys or be placed in possession pursuant to court order as mortgagee in possession or receiver as provided in the Act, and Agent, in its discretion, personally, by its agents or attorneys or pursuant to court order as mortgagee in possession or

UNOFFICIAL COPY

receiver as provided in the Act may enter upon and take and maintain possession of all or any part of the Mortgaged Property, together with all documents, books, records, papers, and accounts of Borrower relating thereto, and may exclude Borrower and any agents and servants thereof wholly therefrom and may, on behalf of Borrower, or in its own name as Agent and under the powers herein granted:

- (i) hold, operate, manage and control all or any part of the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Mortgaged Property, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Borrower;
- (ii) cancel or terminate any lease or sublease of all or any part of the Mortgaged Property for any cause or on any ground that would entitle Borrower to cancel the same;
- (iii) elect to disaffirm any lease or sublease of all or any part of the Mortgaged Property made subsequent to this Mortgage without Agent's prior written consent;
- (iv) extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Property, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the Maturity Date of the Loan and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Borrower, all persons whose interests in the Mortgaged Property are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Debt, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;
- (v) make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Mortgaged Property as may seem judicious to Agent, to insure and reinsure the Mortgaged Property and all risks incidental to Agent's possession, operation and management thereof, and to receive all rents, issues, deposits, profits, and avails therefrom;
- (vi) apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Mortgaged Property, to the payment of taxes, premiums and other charges applicable to the

UNOFFICIAL COPY

Mortgaged Property, or in reduction of the Debt in such order and manner as Agent shall select, in its sole discretion; and

- (vii) receive and collect the rents, issues, profits and revenues of the Mortgaged Property personally or through a receiver so long as an Event of Default shall exist and during the pendency of any foreclosure proceedings and during any redemption period, and the Borrower agrees to consent to a receiver if it is believed necessary or desirable by the Agent to enforce its rights under this subsection. The collection of rents, issues, profits or revenues of the Mortgaged Property by the Agent shall in no way waive the right of the Agent to foreclose this Mortgage in the event of any said Event of Default.

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

- (f) Indemnity. The Borrower hereby agrees to indemnify, defend, protect and hold harmless the Agent and its employees, officers and agents from and against any and all liabilities, claims and obligations which may be incurred, asserted or imposed upon them or any of them as a result of or in connection with any use, operation, or lease of any of the Mortgaged Property, or any part thereof, or as a result of the Agent seeking to obtain performance of any of the obligations due with respect to the Mortgaged Property; provided, however, that the foregoing indemnity shall not extend to such liabilities, claims or obligations as result from the gross negligence or intentional misconduct of the Agent, its employees, officers or agents.

15. Compliance with Illinois Mortgage Foreclosure Law.

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

UNOFFICIAL COPY

- (b) If any provision of this Mortgage shall grant to Agent any rights or remedies upon the occurrence of an Event of Default which are more limited than the rights that would otherwise be vested in Agent under the Act in the absence of said provision, Agent shall be vested with the rights granted in the Act to the full extent permitted by law.
- (c) Without limiting the generality of the foregoing, all expenses incurred by Agent to the extent reimbursable under Sections 5/15-1510 and 5/15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in Sections 14(c) or 17 of this Mortgage, shall be added to the Debt and shall be immediately due and payable by Borrower, with interest thereon at the Default Rate until paid or shall be included in the judgment of foreclosure.

16. Waiver of Right to Redeem - Waiver of Appraisal, Valuation, Etc. Borrower shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such Moratorium Laws. Borrower for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Mortgaged Property may be sold in one parcel as an entirety or in separate lots or parcels at the same or different times, all as the Agent may determine in its sole discretion. Agent shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Agent so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Agent with the amount payable to Agent out of the net proceeds of such sale. In the event of any such sale, the outstanding principal amount of the Loan and the other Debt, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. Borrower acknowledges that the Mortgaged Property does not constitute agricultural real estate, as defined in Section 5/15-1201 of the Act, or residential real estate, as defined in Section 5/15-1219 of the Act. To the fullest extent permitted by law, Borrower, on behalf of Borrower, and each and every person acquiring any interest in, or title to the Mortgaged Property described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by applicable law, hereby voluntarily and knowingly waives (i) any and all rights of redemption pursuant to Section 5/15-1601(b) of the Act, and (ii) any and all rights of reinstatement.

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

UNOFFICIAL COPY

expenditures shall become so much additional Debt which Borrower agrees to pay and all of such expenditures shall be immediately due and payable with interest thereon from the date of expenditure until paid at the Default Rate.

18. Protective Advances.

- (a) Advances, disbursements and expenditures made by Agent for the following purposes, whether before and during a foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, shall, in addition to those otherwise authorized by this Mortgage, constitute "Protective Advances":
- (i) all advances by Agent in accordance with the terms of this Mortgage to: (A) preserve or maintain, repair, restore or rebuild the improvements upon the Mortgaged Property; (B) preserve the lien of this Mortgage or the priority thereof; or (C) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Act;
 - (ii) payments by Agent of: (A) when due, installments of principal, interest or other obligations in accordance with the terms of any prior lien or encumbrance; (B) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the mortgaged real estate or any part thereof; (C) other obligations authorized by this Mortgage; or (D) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title to the Mortgaged Property, as referred to in Section 5/15-1505 of the Act;
 - (iii) advances by Agent in settlement or compromise of any claims asserted by claimants under any prior liens;
 - (iv) reasonable attorneys' fees and other costs incurred: (A) in connection with the foreclosure of this Mortgage as referred to in Section 5/15-1504(d)(2) and 5/15-1510 of the Act; (B) in connection with any action, suit or proceeding brought by or against the Agent for the enforcement of this Mortgage or arising from the interest of the Agent hereunder or under any of the other Loan Documents; or (C) in the preparation for the commencement or defense of any such foreclosure or other action;
 - (v) Agent's fees and costs, including reasonable attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;
 - (vi) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

UNOFFICIAL COPY

- (vii) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act; and
- (viii) expenses incurred and expenditures made by Agent for any one or more of the following: (A) premiums for casualty and liability insurance paid by Agent whether or not Agent or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the mortgaged real estate imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (B) repair or restoration of damage or destruction in excess of available Insurance Proceeds or condemnation awards; (C) payments required or deemed by Agent to be for the benefit of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (D) shared or common expense assessments payable to any association or corporation in which the owner of the mortgaged real estate is a member in any way affecting the Mortgaged Property; (E) pursuant to any lease or other agreement for occupancy of the mortgaged real estate.
- (b) All Protective Advances shall be so much additional Debt, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the Default Rate.
- (c) This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(5) of Section 5/15-1302 of the Act.
- (d) All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in the:
- (i) determination of the amount of Debt at any time;
 - (ii) indebtedness found due and owing to the Agent in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;
 - (iii) determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;
 - (iv) application of income in the hands of any receiver or mortgagee in possession; and

UNOFFICIAL COPY

- (v) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Section 5/15-1508 and Section 5/15-1511 of the Act.

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

20. Rights Cumulative.

- (a) Each right, power and remedy herein conferred upon the Agent is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter provided by law or in equity, and each and every right, power, and remedy herein set forth or otherwise so existing may be exercised from time to time concurrently or independently and as often and in such order as may be deemed expedient by the Agent.
- (b) By accepting payment of any sums secured by this Mortgage after the due date thereof, by accepting performance of any of the Borrower's obligations hereunder after such performance is due, or by making any payment or performing any act on behalf of the Borrower which the Borrower was obligated but failed to perform or pay, the Agent shall not waive, nor be deemed to have waived, its rights to require payment when due of all sums secured hereby and the due, punctual and complete performance of the Borrower's obligations under this Mortgage, the Notes, and all other Loan Documents. No waiver or modification of any of the terms of this Mortgage shall be binding on the Agent unless set forth in writing signed by the Agent and any such waiver by the Agent of any Event of Default by the Borrower under this Mortgage shall not constitute a waiver of any other Event of Default under the same or any other provision hereof. If the Agent holds any additional security for any of the obligations secured hereby, it may pursue its rights or remedies with respect to such security at its option either before, contemporaneously with, or after a sale of the Mortgaged Property or any portion thereof.
- (c) No act or omission by the Agent shall release, discharge, modify, change or otherwise affect the liability of Borrower under the Notes, this Mortgage, or any of the other Loan Documents, or any other obligation of the Borrower, or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor, or preclude the Agent from exercising any right, power or privilege herein granted or intended to be granted in the event of any Event of Default then made or of any subsequent Event of Default, or alter the security interest or lien of this Mortgage or any of the other Loan Documents except as expressly provided in an instrument or instruments

UNOFFICIAL COPY

executed by the Agent. The exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of the Agent in the exercise of any right, power or remedy accruing hereunder or under any of the other Loan Documents or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any Event of Default or acquiescence therein. Except as otherwise specifically required herein, notice of the exercise of any right, remedy or power granted to the Agent by this Mortgage is not required to be given.

21. Successors and Assigns; Assignment.

- (a) This Mortgage and each and every provision hereof shall be binding upon the Borrower and its successors and assigns (including, without limitation, each and every record owner from time to time of the Mortgaged Property or any other person having an interest therein), and shall inure to the benefit of the Agent and its successors and assigns.
- (b) All of the covenants of this Mortgage shall run with the Land and be binding on any successor owners of the Land. In the event that the ownership of the Mortgaged Property or any portion thereof becomes vested in a person or persons other than the Borrower, the Agent may, without notice to the Borrower, deal with such successor or successors in interest of the Borrower with reference to this Mortgage and the Debt in the same manner as with the Borrower without in any way releasing or discharging the Borrower from its obligations hereunder. The Borrower will give immediate written notice to the Agent of any conveyance, transfer or change of ownership of the Mortgaged Property, but nothing in this Section shall vary or negate the provisions of Section 12 hereof.
- (c) The rights and obligations of Borrower under this Mortgage may not be assigned and any purported assignment by Borrower shall be null and void. Agent shall have the right to sell, assign or transfer portions of its right, title and/or interest in and to this Mortgage and the other Loan Documents (including the sale of participation interests therein), without the consent or approval of Borrower, and Borrower agrees to cooperate in all respects with Agent in connection therewith, including, without limitation, the execution of all documents and instruments reasonably requested by Agent or such transferee provided that such documents and instruments do not materially adversely affect any of Borrower's duties or obligations under this Mortgage and the other Loan Documents.

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

- (a) The Borrower will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, conveyances, notes, mortgages, security agreements, financing statements and assurances as the Agent shall reasonably require for the better assuring, conveying, mortgaging, assigning

UNOFFICIAL COPY

and confirming unto the Agent all property mortgaged hereby or property intended so to be, whether now owned by the Borrower or hereafter acquired. Without limitation of the foregoing, the Borrower will assign to the Agent, upon request, as further security for the Debt, its interest in all agreements, contracts, licenses and permits affecting the Mortgaged Property, such assignments to be made by instruments reasonably satisfactory to the Agent, but no such assignment shall be construed as a consent by the Agent to any agreement, contract, license or permit or to impose upon the Agent any obligations with respect thereto.

- (b) From time to time, but not more than twice per calendar year, the Borrower will furnish, within ten (10) days after request from the Agent, a written and duly acknowledged statement of the amount due under the Notes and this Mortgage and whether any alleged offsets or defenses exist against the Debt.
- (c) The Borrower and the Agent shall, at the request of the other, promptly correct any defect, error or omission which may be discovered in the contents of this Mortgage or in the execution or acknowledgment hereof or in any other instrument executed in connection herewith or in the execution or acknowledgment of such instrument and will execute and deliver any and all additional instruments as may be requested by the Agent or the Borrower, as the case may be, to correct such defect, error or omission.

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

24. Governing Law. The validity, enforcement and interpretation of this Mortgage shall for all purposes be governed by and construed in accordance with the laws of the State of Illinois, without reference to the conflicts of law principles of that State, and applicable United States federal law, and is intended to be performed in accordance with, and only to the extent permitted by, such laws.

25. Business Loan.

- (a) The Borrower declares, represents, certifies and agrees that the proceeds of the Notes will be used solely for business purposes and that the loan is exempt from interest limitations pursuant to the provisions of 815 ILCS 205/4 and is an exempted transaction under the Truth in Lending Act, 15 U.S.C. Section 1601 et seq.
- (b) All rights, remedies and powers provided by this Mortgage may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and all the provisions of this Mortgage are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be

UNOFFICIAL COPY

limited to the extent necessary so that they will not render this Mortgage invalid or unenforceable under the provisions of any applicable law.

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

27. Assignment of Leases and Other Agreements Affecting the Mortgaged Property. In order to further secure payment of the Debt and the observance, performance and discharge of the Borrower's obligations under the Loan Documents, the Borrower hereby assigns to the Agent all of the Borrower's right, title, interest and estate in, to and under all of the Leases and in and to all of the Rents and Profits (defined as all rents, income, issues and profits arising from any Leases, or other agreements affecting the use, enjoyment or occupancy of the Mortgaged Property now or hereafter made affecting the Mortgaged Property or any portion thereof), as more particularly described in that certain Assignment of Leases and Rents dated as of even herewith from Borrower to and for the benefit of Agent. Unless and until an Event of Default occurs that is not subject to a Waiver of Default, the Borrower shall be entitled to collect the Rents and Profits (except as otherwise provided in this Mortgage) as and when they become due and payable. Neither these assignments nor Agent's enforcement of the provisions of these assignments (including the receipt of the Rents) will operate to subordinate the lien of this Mortgage to any of the rights of any tenant of all or any part of the Mortgaged Property, or to subject Agent to any liability to any such tenant for the performance of any obligations of Borrower under any such Lease unless and until Agent agrees to such subordination or assumes such liability by an appropriate written instrument.

28. Inspection of Mortgaged Property and Records. The Agent and its representatives and agents shall have the right to inspect the Mortgaged Property and all books, records and documents relating thereto at all reasonable times, after giving reasonable notice to the Borrower, and access thereto, subject to the rights of tenants pursuant to Leases. The Agent shall use reasonable efforts to avoid disturbing business operations on the Mortgaged Property during such inspections. The Borrower or the Agent thereof shall keep and maintain full and correct books and records showing in detail the income and expenses of the Mortgaged Property and

UNOFFICIAL COPY

permit the Agent or its agents to examine such books and records and all supporting vouchers and data at any time and from time to time on request at its offices at the address hereinafter identified or at such other location as may be mutually agreed upon.

29. Financial Statements. The Borrower represents and warrants that the financial statements for the Borrower and, to Borrower's knowledge, the Mortgaged Property, previously submitted to the Agent are true, complete and correct in all material respects, disclose all actual and contingent liabilities of the Borrower or relating to the Mortgaged Property and do not contain any untrue statement of a material fact or omit to state a fact material to such financial statements. No material adverse change has occurred in the financial condition of the Borrower or the Mortgaged Property from the dates of said financial statements until the date hereof. The Borrower shall furnish to the Agent such financial information regarding the Borrower, and the Mortgaged Property as the Agent may from time to time reasonably request, which shall include, such financial statements, reports and related information as is required by Sections 8.6 and 8.7 of the Loan Agreement.

30. Environmental Matters. Borrower, ONB and Guarantor have executed and delivered an Environmental Indemnity Agreement dated as of the date hereof in favor of Agent (the "Environmental Indemnity Agreement"). The performance of the covenants, undertakings and obligations of the indemnitors under the Environmental Indemnity Agreement are secured by this Mortgage.

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

To Agent:

The PrivateBank and Trust Company
120 South LaSalle Street
Chicago, Illinois 60603
Attn: Katie Janik, Managing Director

With copy to:

Dykema Gossett PLLC
10 South Wacker Drive
Suite 2300
Chicago, Illinois 60606
Attn: Michael D. Rothstein, Esq.

UNOFFICIAL COPY

To Borrower: MJH Northbrook LLC
 c/o Herbco LLC
 6000 Garlands Lane, Suite 120
 Barrington, Illinois 60010
 Attn: Marvin J. Herb

With copy to: Rothschild, Barry & Myers LLP
 150 South Wacker Drive
 Suite 3025
 Chicago, Illinois 60606
 Attn: Jonathan E. Rothschild, Esq.

32. Releases.

- (a) Upon payment in full of all sums due under the Notes and this Mortgage and the other of the Loan Documents, the Agent shall, upon the request of, and at the cost of, the Borrower, execute a proper release of this Mortgage.
- (b) The Agent may, regardless of consideration, cause the release of any part of the Mortgaged Property from the lien of this Mortgage without in any manner affecting or impairing the lien or priority of this Mortgage as to the remainder of the Mortgaged Property not so released.

33. Single Asset Borrower. Borrower was organized solely for the purpose of owning, developing, managing and disposing of the Mortgaged Property and does not own any real property other than the Mortgaged Property and does not operate any business other than the development, construction, ownership, management and operation of the Mortgaged Property. Borrower shall not during the term of the Loan, including any extensions, modifications, renewals or refinancings thereof, acquire any real property or assets other than the Mortgaged Property, operate any business other than the acquisition, development, management and disposition of the Mortgaged Property, or incur any liability or obligation other than those incurred in the ownership and operation of the Mortgaged Property. Borrower will not commingle any of its funds or assets with those of any other entity and has held, and will hold, all of its assets and conduct all of its business in its own name. Borrower has paid and will pay all of its liabilities out of its own funds and assets. Borrower has allocated and will allocate fairly and reasonably any overhead for shared office space and will use separate stationery, invoices and checks in connection with the conduct of its business. Borrower has not entered into and will not enter into, or be a party to, any transaction with any of its equity interest holders or its affiliates, except in the ordinary course of its business and on terms which are intrinsically fair and no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party. Borrower will not engage in, seek, or consent to any dissolution, winding up or liquidation, without the express consent of Agent. Borrower's certificate of formation and operating agreement limit its purpose to the acquisition, development, management, operation and disposition of the Mortgaged Property, and such purposes shall not be amended without the prior written consent of Agent, which consent may be withheld by Agent in its sole and absolute discretion.

UNOFFICIAL COPY

34. Indemnification by the Borrower. The Borrower shall protect and indemnify the Agent from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements), imposed upon or incurred by or asserted against the Agent or the members, partners, stockholders, directors, officers, agents or employees of the Agent by reason of (a) ownership of the Mortgaged Property or any interest therein, or receipt of any Rents or other sum therefrom, (b) any accident to, injury to or death of persons or loss of or damage to Mortgaged Property occurring on or about the Mortgaged Property or the adjoining sidewalks, curbs, vaults or vault space, if any, streets or ways, (c) any failure on the part of the Borrower or any guarantor of the Notes to perform or comply with any of the terms, covenants, conditions and agreements set forth in this Mortgage, the Notes, any of the other Loan Documents, or any agreement, reimbursement agreement, guaranty, or any other agreements executed by the Borrower, or any guarantor of the Notes, or any other persons directly or indirectly liable for the payment of the Debt, (d) any failure on the part of the Borrower to perform or comply with (i) any other agreement executed by the Borrower or any guarantor of the Notes, or (ii) any requirement of law, (e) payment of sums for the protection of the lien and security interest of the Agent in and to the Mortgaged Property, (f) performance of any labor or services or the furnishing of any materials or other Mortgaged Property in respect of the Mortgaged Property or any part thereof for construction or maintenance or otherwise, or (g) any action brought against the Agent attacking the validity, priority or enforceability of this Mortgage, the Notes, any other Loan Document, or any agreement, reimbursement agreement, guaranty, or any other agreements executed by the Borrower or any other persons directly or indirectly liable for the payment of the Debt. Any amounts payable to the Agent under this paragraph shall bear interest at the Default Rate and shall be secured by this Mortgage. In the event any action, suit or proceeding is brought against the Agent or the members, partners, stockholders, directors, officers, agents or employees of the Agent by reason of any such occurrence, the Borrower, upon the request of the Agent and at Borrower's sole expense, shall resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by Borrower and approved by the Agent. Such obligations under this paragraph shall survive the termination, satisfaction or release of this Mortgage.

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

36. Miscellaneous.

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

(b) Captions and Pronouns. The captions and headings of the various Sections of this Mortgage are for convenience only, and are not to be construed as confining or

UNOFFICIAL COPY

limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

- (c) Maximum Indebtedness. Notwithstanding anything contained herein to the contrary, in no event shall the Debt exceed an amount equal to \$98,000,000.00; provided, however, in no event shall the Agent be obligated to advance funds in excess of the face amount of the Notes.
- (d) The Borrower Not a Joint Venturer or Partner. The Borrower and the Agent acknowledge and agree that in no event shall the Agent be deemed to be a partner or joint venturer with the Borrower. Without limitation of the foregoing, the Agent shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document evidencing or securing any of the Debt, or otherwise.
- (e) Replacement of the Notes. Upon notice to the Borrower of the loss, theft, destruction or mutilation of the Notes, the Borrower will execute and deliver, in lieu thereof, a replacement note, identical in form and substance to the Notes and dated as of the date of the Notes and upon such execution and delivery all references in any of the Loan Documents to the Notes shall be deemed to refer to such replacement note.
- (f) Waiver of Consequential Damages. The Borrower covenants and agrees that in no event shall the Agent be liable for consequential damages, whatever the nature of a failure by the Agent to perform its obligation(s), if any, under the Loan Documents, and the Borrower hereby expressly waives all claims that it now or may hereafter have against the Agent for such consequential damages.
- (g) After Acquired Mortgaged Property. The lien hereof will automatically attach, without further act, to all after-acquired Mortgaged Property attached to and/or used in connection with or in the operation of the Mortgaged Property or any part thereof.
- (h) Severability. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Mortgage except that if such provision relates to the payment of any monetary sum, then the Agent may, at its option declare the Debt immediately due and payable.
- (i) Interpretation of Agreement. Should any provision of this Mortgage require interpretation or construction in any judicial, administrative, or other proceeding or circumstance, it is agreed that the parties hereto intend that the court, administrative body, or other entity interpreting or construing the same shall not apply a presumption that the provisions hereof shall be more strictly construed

UNOFFICIAL COPY

against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same, it being agreed that the agents of both parties hereto have fully participated in the preparation of all provisions of this Mortgage, including, without limitation, all Exhibits attached to this Mortgage.

- (j) Joint and Several Obligations; Counterparts. If this Mortgage is executed by more than one Borrower, (i) the obligations and liabilities of Borrower under this Mortgage shall be joint and several and shall be binding upon and enforceable against each Borrower and their respective successors and assigns, and (ii) this Mortgage may be executed in counterparts, and all said counterparts when taken together shall constitute one and the same Mortgage.
- (k) Effect of Extensions and Amendments. If the payment of the Debt, or any part thereof be extended or varied, or if any part of the security or guaranties therefor be released, all persons now or at any time hereafter liable therefor, or interested in the Mortgaged Property shall be held to assent to such extension, variation or release, and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by the Agent, notwithstanding any such extension, variation or release.
- (l) Mortgagee-in-Possession. Nothing herein contained shall be construed as constituting the Agent a mortgagee-in-possession in the absence of the actual taking of possession of the Mortgaged Property by the Agent pursuant to this Mortgage.
- (m) No Merger. The parties hereto intend that the Mortgage and the lien hereof shall not merge in fee simple title to the Mortgaged Property, and if the Agent acquires any additional or other interest in or to the Mortgaged Property or the ownership thereof, then, unless a contrary intent is manifested by the Agent as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title and this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.
- (n) Complete Agreement. This Mortgage, the Notes and the other Loan Documents constitute the complete agreement between the parties with respect to the subject matter hereof and the Loan Documents may not be modified, altered or amended except by an agreement in writing signed by both the Borrower and the Agent.

37. JURISDICTION AND VENUE. BORROWER HEREBY AGREES THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY BORROWER AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS MORTGAGE SHALL BE LITIGATED IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS, OR THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS OR, IF AGENT INITIATES SUCH ACTION, ANY COURT IN WHICH AGENT SHALL INITIATE SUCH ACTION AND WHICH HAS JURISDICTION. BORROWER HEREBY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR

UNOFFICIAL COPY

PROCEEDING COMMENCED BY AGENT IN ANY OF SUCH COURTS, AND HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO BORROWER AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO THIS MORTGAGE. BORROWER WAIVES ANY CLAIM THAT CHICAGO, ILLINOIS OR THE NORTHERN DISTRICT OF ILLINOIS IS AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED ON LACK OF VENUE. SHOULD BORROWER, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE MAILING THEREOF, BORROWER SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY AGENT AGAINST BORROWER AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR BORROWER SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY AGENT OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY AGENT OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND BORROWER HEREBY WAIVES THE RIGHT, IF ANY, TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

38. Waiver of Jury Trial. BORROWER AND AGENT HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG BORROWER AND AGENT ARISING OUT OF OR IN ANY WAY RELATED TO THIS MORTGAGE, ANY OTHER LOAN DOCUMENT, OR ANY RELATIONSHIP BETWEEN BORROWER AND AGENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO AGENT TO PROVIDE THE LOAN DESCRIBED HEREIN AND IN THE OTHER LOAN DOCUMENTS.

39. Additional Waivers. BORROWER EXPRESSLY AND UNCONDITIONALLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY AGENT ON THIS MORTGAGE, ANY AND EVERY RIGHT IT MAY HAVE TO (A) INTERPOSE ANY COUNTERCLAIM THEREIN UNLESS UNDER THE APPLICABLE RULES OF COURT SUCH COUNTERCLAIM MUST BE ASSERTED IN SUCH PROCEEDING, OR (B) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING UNLESS UNDER THE APPLICABLE RULES OF COURT SUCH SUIT, ACTION OR PROCEEDING MUST BE CONSOLIDATED WITH THE PROCEEDING BROUGHT BY AGENT.

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

UNOFFICIAL COPY

41. Provisions of Loan Agreement. The proceeds of the Notes are to be disbursed by the Agent in accordance with the terms contained in the Loan Agreement, the provisions of which are incorporated herein by reference to the same extent as if fully set forth herein. Borrower covenants that any and all monetary disbursements made in accordance with the Loan Agreement shall constitute adequate consideration to Borrower for the enforceability of this Mortgage and the Notes, and that all advances and indebtedness arising and accruing under the Loan Agreement from time to time, whether or not the total amount thereof may exceed the face amount of the Notes, shall be secured by this Mortgage; provided, however, that the total Debt shall not in any event exceed two hundred percent of the stated principal amount of the Notes.

42. Construction Loan. The Notes evidence a debt created by one or more disbursements made by Agent to Borrower to finance the cost of the construction of certain improvements upon the Land in accordance with the provisions of the Loan Agreement, and this Mortgage is a construction mortgage as such term is defined in Section 9-334(h) of the Code.

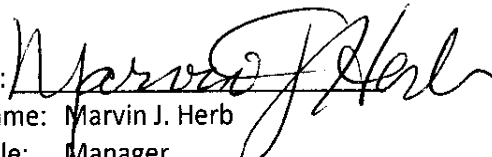
[The remainder of this page is left blank intentionally]

UNOFFICIAL COPY

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

BORROWER:

MJH NORTHBROOK LLC, a Delaware
limited liability company

By: 
Name: Marvin J. Herb
Title: Manager

Property of Cook County Clerk's Office

UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The undersigned, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Marvin J. Herb, the Manager of MJH NORTHBROOK LLC, a Delaware limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of JUNE, 2014.

J. E. Rothchild

Notary Public

My Commission Expires:



UNOFFICIAL COPY

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

LOT 2 IN LANE PARK SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 15, 1976 AS DOCUMENT 23560771, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

A PERMANENT NON-EXCLUSIVE EASEMENT FOR PARKING PURPOSES, AND INGRESS AND EGRESS BY VEHICLES AND PEDESTRIANS CREATED BY EASEMENT DATED APRIL 19, 1985 AND RECORDED MAY 17, 1985 AS DOCUMENT 85025180 ON, OVER AND ACROSS:

THAT PART OF LOT 3 IN LANE PARK SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, WHICH PART OF SAID LOT IS BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF SAID LOT 3 AND RUNNING THENCE EAST ALONG THE NORTH LINE OF SAID LOT 3, A DISTANCE OF 152.04 FEET; THENCE SOUTHWESTERLY ALONG A LINE, WHICH IS PERPENDICULAR TO THE WESTERLY LINE OF SAID LOT 3, A DISTANCE OF 136.06 FEET TO A POINT ON SAID WESTERLY LINE; THENCE NORTHWESTERLY ALONG SAID WESTERLY LINE, A DISTANCE OF 67.85 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS 500 SKOKIE BLVD., NORTHBROOK, IL 60062
PIN: 04-02-402-030-0000

PARCEL 3:

LOT 3 IN NORTHWOOD EDENS, A SUBDIVISION OF PART OF HUGHES, BROWN, MOORE CORPORATION RESUBDIVISION OF UNITED REALTY COMPANY'S DUNDEE ROAD SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 12, 1968 AS DOCUMENT 20377823 (EXCEPT THAT PART OF SAID LOT 3 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 3; THENCE WESTERLY ALONG THE CENTERLINE OF VACATED MAPLE HILL DRIVE, ON A CURVE TO THE LEFT HAVING A RADIUS OF 524.13 FEET, A DISTANCE OF 410.77 FEET TO A POINT OF TANGENCY; THENCE CONTINUING ALONG SAID CENTERLINE, TANGENT TO THE LAST DESCRIBED CURVE, TAKEN AS BEING SOUTH 66 DEGREES, 15 MINUTES, 30 SECONDS WEST, FOR THIS DESCRIPTION, A DISTANCE OF 22.22 FEET TO THE NORTHEASTERLY LINE OF SKOKIE BOULEVARD, BEING THE SOUTHWESTERLY

UNOFFICIAL COPY

LINE OF SAID LOT 3, OR THE SOUTHEASTERLY EXTENSION OF SAID SOUTHWESTERLY LINE; THENCE ALONG SAID NORTHEASTERLY LINE OF SKOKIE BOULEVARD, TAKEN AS BEING NORTH 26 DEGREES, 07 MINUTES, 00 SECOND WEST, FOR THIS DESCRIPTION, A DISTANCE OF 65.00 FEET; THENCE PARALLEL TO AND 65.00 FEET NORTHWESTERLY OF THE AFORESAID CENTERLINE OF VACATED MAPLE HILL DRIVE, THENCE NORTH 66 DEGREES, 15 MINUTES, 30 SECONDS EAST, A DISTANCE OF 29.28 FEET TO A POINT OF CURVE; THENCE CONCENTRIC WITH AND 65.00 FEET NORTHERLY OF SAID CENTERLINE, ON A CURVE TO THE RIGHT HAVING A RADIUS OF 589.13 FEET, A DISTANCE OF 231.87 FEET TO A POINT, SAID POINT BEING 128.00 FEET SOUTHWESTERLY FROM, MEASURED AT RIGHT ANGLES TO, THE NORTHEASTERLY LINE OF SAID LOT 3; THENCE PARALLEL TO AND 128.00 FEET SOUTHWESTERLY OF SAID NORTHEASTERLY LINE OF LOT 3, THENCE NORTH 26 DEGREES, 06 MINUTES, 00 SECOND WEST, A DISTANCE OF 49.84 FEET; THENCE AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, NORTH 63 DEGREES, 54 MINUTES, 00 SECOND EAST, A DISTANCE OF 128.00 FEET TO A POINT IN THE AFORESAID NORTHEASTERLY LINE OF LOT 3; THENCE ALONG SAID NORTHEASTERLY LINE OF LOT 3, SOUTH 26 DEGREES, 06 MINUTES, 00 SECONDS EAST, A DISTANCE OF 95.40 FEET TO AN ANGLE POINT; THENCE CONTINUING ALONG SAID NORTHEASTERLY LINE, SOUTH 26 DEGREES, 45 MINUTES, 00 SECOND EAST, A DISTANCE OF 129.60 FEET TO THE POINT OF BEGINNING); IN COOK COUNTY, ILLINOIS.

PARCEL 4:

THAT PART OF VACATED HENRICI DRIVE (ALSO KNOWN AS FRONTAGE ROAD), BEING THAT PART OF BLOCK 11 IN HUGHES-BROWN-MOORE COPORATION'S RESUBDIVISION OF UNITED REALTY COMPANY'S DUNDEE ROAD SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 21, 1927 AS DOCUMENT NUMBER 9692524, DESCRIBED AS FOLLOWS: BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 3 IN NORTHWOOD EDENS, A SUBDIVISION IN THE SOUTHEAST 1/4 OF SECTION 2 AFORESAID, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 12, 1968 AS DOCUMENT NUMBER 20377823; THENCE NORTHEASTERLY ALONG THE NORTHEASTERLY EXTENSION OF THE NORTHWESTERLY LINE OF SAID LOT 3, A DISTANCE OF 69.0 FEET; THENCE SOUTHEASTERLY ALONG A LINE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT 3, A DISTANCE OF 268.29 FEET; THENCE SOUTHWESTERLY ALONG A LINE PARALLEL WITH THE NORTHWESTERLY LINE OF SAID LOT 3, A DISTANCE OF 69.0 FEET TO AN INTERSECTION WITH THE NORTHEASTERLY LINE OF SAID LOT 3; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF SAID LOT 3, A DISTANCE OF 268.29 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS 555 SKOKIE BLVD., NORTHBROOK, IL 60062

PIN: 04-02-412-023-0000

PARCEL 5:

UNOFFICIAL COPY

LOT 1 IN 707 CONSOLIDATED SUBDIVISION, BEING A RESUBDIVISION OF PART OF THE SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 3, 1979 AS DOCUMENT 25034175, IN COOK COUNTY, ILLINOIS.

PARCEL 6:

THAT PART OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 1 IN 707 CONSOLIDATED SUBDIVISION, BEING A RESUBDIVISION OF PART OF THE SOUTHEAST 1/4 OF SECTION 2, AFORESAID; THENCE NORTH 63 DEGREES, 27 MINUTES, 13 SECONDS EAST ALONG THE NORTHEASTERLY EXTENSION OF THE NORTHWESTERLY LINE OF SAID LOT 1, A DISTANCE OF 69.55 FEET; THENCE SOUTH 26 DEGREES, 29 MINUTES, 35 SECONDS EAST, A DISTANCE OF 292.80 FEET; THENCE SOUTH 24 DEGREES, 38 MINUTES, 13 SECONDS EAST, A DISTANCE OF 94.41 FEET; THENCE SOUTH 13 DEGREES, 24 MINUTES, 33 SECONDS EAST, A DISTANCE OF 100.37 FEET; THENCE SOUTH 05 DEGREES, 16 MINUTES, 30 SECONDS EAST, A DISTANCE OF 100.15 FEET; THENCE SOUTH 02 DEGREES, 12 MINUTES, 33 SECONDS EAST, A DISTANCE OF 82.27 FEET TO AN INTERSECTION WITH AN EASTERLY EXTENSION OF THE SOUTH LINE OF SAID LOT 1; THENCE NORTH 89 DEGREES, 19 MINUTES, 56 SECONDS WEST ALONG SAID LAST DESCRIBED LINE, A DISTANCE OF 63.43 FEET TO THE SOUTHEAST CORNER OF SAID LOT 1; THENCE NORTH 00 DEGREE, 49 MINUTES, 56 SECONDS WEST ALONG THE EAST LINE OF SAID LOT 1, A DISTANCE OF 195.60 FEET TO A CORNER OF SAID LOT 1; THENCE NORTH 26 DEGREES 44 MINUTES 37 SECONDS WEST ALONG THE NORTHEASTERLY LINE OF SAID LOT 1, A DISTANCE OF 447.95 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS 699 AND 707 SKOKIE BLVD., NORTHBROOK, IL 60062
PIN: 04-02-424-034-0000

UNOFFICIAL COPY

EXHIBIT "B"

INSURANCE REQUIREMENTS

1. Property Insurance. For so long as any of the Debt is outstanding, Borrower shall continuously maintain property insurance in accordance with the following provisions:
 - (a) Special Perils Form/All Risk Property Coverage. Borrower shall maintain property insurance with respect to the Improvements, Fixtures and Personal Property insuring against any peril now or hereafter included within the classification "All Risks of Physical Loss," including, without limitation, losses from fire, lightning, building collapse, debris removal, windstorm, hail, explosion, smoke, aircraft and vehicle damage, riot, vandalism and malicious mischief, falling objects, impact of vehicles and aircraft, weight of snow, ice or sleet, collapse, mudslide, sinkhole, subsidence, tsunami, water damage and sprinkler leakage, in amounts at all times sufficient to prevent Borrower or Agent from becoming a co-insurer within the terms of the applicable law, but in any event such insurance shall be maintained in an amount equal to the full replacement cost of the Improvements, Fixtures and Personal Property. The term "replacement cost" means the actual replacement cost (without taking into account any depreciation and exclusive of excavations, footings and foundation, landscaping and paving) determined annually by an insurer, a recognized independent insurance agent or broker or an independent appraiser selected and paid by Borrower. The policy shall include an agreed amount endorsement or a waiver of the coinsurance requirement and an inflation guard endorsement.
 - (b) Flood and Mudslide. Flood and mudslide insurance in amount equal to the lesser of (1) the amount required for one hundred percent (100%) of the full replacement value of the Improvements, Fixtures and Personal Property, with co-insurance clause if any, only as acceptable to Agent, or (2) the maximum limit of coverage available with respect to the Mortgaged Property under the Federal Flood Insurance Program; provided that such flood and mudslide insurance shall not be required if Borrower shall provide Agent with evidence satisfactory to Agent that the Mortgaged Property is not situated within an area identified by the Secretary of Housing and Urban Development (or any other appropriate governmental department, agency, bureau, board, or instrumentality) as an area having special flood or mudslide hazard, and that no flood or mudslide insurance is required on the Mortgaged Property by any regulations under which the Agent is governed;
 - (c) Boiler and Machinery Coverage. Borrower shall maintain broad form, replacement cost basis boiler and machinery insurance (without exclusion for explosion) covering all boilers or other pressure vessels, machinery, equipment and air conditioning or heating units located in, on or about the Mortgaged Property and insurance against physical loss, rental loss, extra expense, expediting loss and loss of occupancy or use arising from any breakdown in such

UNOFFICIAL COPY

amounts as are generally required by institutional lenders for properties comparable to the Mortgaged Property.

- (d) Rent Loss/Business Interruption/Extra Expense. Borrower shall maintain business interruption and/or loss of “rental income” insurance in an amount sufficient to avoid any co-insurance penalty and to provide proceeds that will cover a period of not less than twelve (12) months from the date of casualty or loss, the term “rental income” to mean the sum of (i) the total then ascertainable rents escalations and all other recurring sums payable under the leases affecting the subject property and (ii) the total ascertainable amount of all other amounts to be received by Borrower from third parties which are the legal obligation of the tenants, reduced to the extent such amounts would not be received because of operating expenses not incurred during a period of non-occupancy to that portion of the subject property then not being occupied. The policy shall include an agreed amount endorsement or a waiver of the coinsurance requirement.
- (e) Building Ordinance or Law. Borrower shall maintain building ordinance coverage in amount of at least 25% of the building coverage limit.
- (f) Builder’s Risk. Borrower shall maintain at all times during which structural construction, repair or alterations are being made with respect to the Mortgaged Property (1) owner’s contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the commercial general liability insurance policy, and (2) the insurance provided for in subsection (a) above written on a builder’s risk completed value form (a) on a non-reporting basis, (b) against all risks of physical loss, including earthquake and flood, (c) including permission to occupy the subject property, and (d) with an agreed amount endorsement (including soft costs, specifications, blueprints/models, demolition, increased cost of construction and rental interruption for delayed opening as pertinent, waiving co-insurance provisions.
- (g) Terrorism Coverage. Upon Agent’s request, in the event that such coverage with respect to terrorist acts is not included as part of the insurance policy required by subsection (a) above, coverage against loss or damage by terrorist acts in an amount equal to one hundred percent (100%) of the full replacement value of the Improvements, Fixtures and Personal Property, with a co-insurance clause, if any, only as acceptable to Agent.

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

- (a) Commercial General Liability Insurance. Borrower shall maintain commercial general liability insurance, including bodily injury and property damage liability insurance against any and all claims, including all legal liability to the extent insurable and imposed upon Agent and all court costs and attorneys’ fees and expenses, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the subject property in amounts not less than

UNOFFICIAL COPY

\$2,000,000 per occurrence per year and an excess/umbrella liability coverage in an amount not less than \$10,000,000. Such liability insurance must be occurrence-based coverage, rather than claims made coverage. This insurance must stand on its own with no shared participation or proration and be on a following form basis, except umbrella coverage covering the Property and other properties shall be permitted, provided that the umbrella coverage equates to \$10,000,000.00 per property.

- (b) Liquor Liability/Dram Shop. If alcoholic beverages are sold or served at the Mortgaged Property, by Borrower or tenants, Borrower shall maintain dram shop, host liquor liability of liquor liability coverage of at least Ten Million Dollars (\$10,000,000) per occurrence and annual aggregate. The combination of primary and umbrella/excess liability policies can be obtained to satisfy these liability limits requirements.
- (c) Automobile. Borrower shall maintain automobile liability insurance if and when over the road vehicles that are owned by Borrower are operated in conjunction with the Mortgaged Property. The combination of the primary automobile liability and applicable umbrella/excess liability must equal a minimum of Ten Million Dollars (\$10,000,000) combined single limit.
- (d) Workers' Compensation and Employer's Liability Insurance. If and when Borrower has employees, Borrower shall maintain workers' compensation and employers' liability insurance with respect to any work on or about the Mortgaged Property. Liability limits shall be a minimum of:
- (i) Workers Compensation – Statutory as required by state law
 - (ii) Employers' Liability –

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

3. Additional Insurance. Borrower shall maintain such other insurance with respect to Borrower and the subject property against loss of damage of the kinds from time to time required by Agent. Without limitation to the foregoing, Borrower shall cause each Contractor to maintain General Liability insurance, including without limitation, products and completed operations and auto liability insurance, with limits of no less than \$10,000,000 per occurrence and in the aggregate through primary and umbrella liability policies. Borrower shall also ensure that all subcontractors maintain similar coverage with limits reasonably appropriate to the hazard associated with their respective work on the Tenant Improvements (as defined in the Loan Agreement). All parties engaged in work on the Tenant Improvements shall maintain statutory Workers Compensation and employers liability insurance with limits of at least \$1,000,000.