

# UNOFFICIAL COPY

## Illinois Anti-Predatory Lending Database Program



1627418073

Certificate of Exemption

40027117 (5 of 6)

Doc# 1627418073 Fee \$114.00

RHSP Fee:\$9.00RPRF Fee \$1.00

Karen A. Yarbrough

Cook County Recorder of Deeds

Date: 09/30/2016 02:33 PM Pg: 1 of 39

Report Mortgage Fraud  
800-532-8785

The property identified as: PIN: 11-31-400-018-0000

**Address:**

**Street:** 1930 WEST LOYOLA AVENUE

**Street line 2:**

**City:** CHICAGO

**State:** IL

**ZIP Code:** 60626

**Lender:** CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION

**Borrower:** CHICAGO HOUSING ADMINISTRATION, LLC, AN ILLINOIS LIMITED LIABILITY COMPANY

**Loan / Mortgage Amount:** \$4,457,642.00

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:** DD3C4E76-3A31-4E81-96C0-D511AB639C55

**Execution date:** 9/30/2016

R

# UNOFFICIAL COPY

Recording Requested By  
And When Recorded Send to:

LaRue Little  
Deputy General Counsel  
Office of the General Counsel  
Chicago Housing Authority  
60 East Van Buren Street  
Chicago, Illinois 60605

---

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

**THIS LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING** (this "Mortgage") is dated as of September 30, 2016, and is made by **CHICAGO HOUSING ADMINISTRATION, LLC**, an Illinois limited liability company ("Mortgagor"), having an address of c/o Chicago Housing Authority, 60 East Van Buren Street, 12<sup>th</sup> Floor, Chicago, Illinois 60605 in favor of **CHICAGO HOUSING AUTHORITY**, an Illinois municipal corporation (collectively with its successors and assigns, "Mortgagee"), having its principal office at 60 East Van Buren Street, 12<sup>th</sup> Floor, Chicago, Illinois 60605.

### RECITALS:

A. Mortgagor is indebted to Mortgagee in the principal amount of \$4,457,642, bearing interest at 4.5% per annum, for the purpose of financing the renovation and equipping of one building containing one hundred seventy-nine (179) residential units and two (2) non-dwelling units commonly known as Daniel Hudson Burnham Apartments (the "Development"). The one hundred seventy-nine (179) residential units in the Development will be leased to Section 8 Project-Based Voucher eligible tenants (the "Project").

B. To evidence the Loan, Mortgagor has executed and delivered to Mortgagee a promissory note (such promissory note, together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof, shall be called, collectively, the "Note"), payable to the order of Mortgagee, and maturing on September 30, 2036, payment of which is secured by, among other things, this Mortgage covering (a) the leasehold interest of Mortgagor in certain real property legally described on Exhibit A attached hereto and hereby made a part hereof (the "Premises") pursuant to a ground lease (the "Ground Lease") dated as of September 30, 2016 between Mortgagor and

# UNOFFICIAL COPY

Mortgagee; and (b) the fee simple interest in the Improvements on the Leased Premises. The Note, this Mortgage and any collateral security instruments required by Mortgagee are herein collectively referred to as the "Loan Documents").

C. Mortgagee desires to secure (i) repayment of the indebtedness evidenced by the Note, together with interest, if any, and (ii) any additional indebtedness or obligations incurred by Mortgagor on account of any future payments, advances or expenditures made by Mortgagee pursuant to all agreements, instruments and documents executed and delivered to Mortgagee previously, now or hereafter by, on behalf of, or for the benefit of, Mortgagor in connection with the Premises, including, but not limited to, the Loan Documents.

D. To secure payment of principal, interest and other amounts due under the Note and of all other payments due from Mortgagor under any of the Loan Documents, and the performance of the covenants and agreements contained in this Mortgage, including any substitutions, extensions or modifications hereto, and the other Loan Documents, Mortgagor does grant, assign, warrant, convey and mortgage to Mortgagee, its successors and assigns, and grants to Mortgagee, its successors and assigns forever, a continuing security interest in and to, all of the following rights, interests, claims and property in the mortgaged Property.

**NOW, THEREFORE**, it is agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Mortgaged Property and be covered by this Mortgage. Mortgagor does hereby grant, bargain, sell mortgage, warrant and convey the Mortgaged Property unto Mortgagee and its successors and assigns, forever, for the purposes and uses herein set forth.

To protect the security of this Mortgage, Mortgagor further covenants and agrees as follows:

1. **Definitions.**

"Business Day" shall mean a day on which banks in the City are not authorized or required to remain closed, and which shall not be a public holiday under the laws of the State of Illinois or any ordinance or resolution of the City.

"Charge" shall have the meaning given to such term in Section 3.

"City" shall mean the City of Chicago, an Illinois municipal corporation

"Development" shall have the meaning set forth in the Recitals.

"Environmental Agreement" shall mean that certain Environmental Indemnity Agreement between Mortgagor and CHA, as from time to time supplemented, amended and restated.

# UNOFFICIAL COPY

"Environmental Laws" shall have the meaning assigned to such term in the Environmental Agreement.

"Equipment" shall have the meaning given to such term in the definition of Mortgaged Property.

"Event of Default" shall have the meaning given to such term in Section 10 herein.

"Fixtures" means all property which is so attached to the Premises or the improvements as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

"Ground Lease" shall mean that certain Ground Lease dated as of September 30, 2016 between Mortgagee and Mortgagor.

"HUD" shall mean the United States Department of Housing and Urban Development.

"Improvements" shall have the meaning given to such term in the definition of Mortgaged Property.

"Loan" shall mean the loan by Mortgagee to Mortgagor of \$4,457,642 for purposes of renovation costs of the Development, from MTW Funds.

"Loan Documents" shall have the meaning set forth in the Recitals.

"Mortgaged Property" shall have the following meanings:

(A) all of the fee and leasehold interests of Mortgagor in the Premises, the Development and other Improvements (as hereinafter defined), and all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto, and stipulated herein (the "Real Property");

# UNOFFICIAL COPY

(B) all of the fee and leasehold interests of Mortgagor in the building, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Premises (including, but not limited to, the rental units in the Development), together with any fixtures or attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with or incorporated in the Development, including all extensions, additions, betterments, renewals, substitutions and replacements of any of the foregoing (the "Improvements");

(C) any interests, estates or other claims of every name, kind or nature, both at law and in equity, which Mortgagor now has or may acquire in the Real Property or any of the property described in clauses (D), (E), (F), (H) or (I) hereof to the extent such constitute a part of the Real Property;

(D) all of Mortgagor's interest and rights in and to the Ground Lease, and all of Mortgagor's interest and rights in and to the other leases, subleases and agreements, written or oral, now or hereafter entered into, affecting the Real Property, or any part thereof, and all income, rents, issues, proceeds and profits accruing therefrom (provided that the assignment hereby made shall not diminish or impair the obligations of Mortgagor under the provisions of such leases, subleases or agreements, nor shall such obligations be imposed on Mortgagee);

(E) all right, title and interest of Mortgagor in and to all Fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Real Property to the extent such constitutes a part of the Real Property, together with all furniture, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Real Property to the extent such constitutes a part of the Real Property, or used or useful in connection with any present or future operation of the Real Property to the extent such constitutes a part of the Real Property, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

(F) all of the estate, interest, right, title or other claim or demand which Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Real Property, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Real Property;

# UNOFFICIAL COPY

(G) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of Mortgagor, including, but not limited to; cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Real Property to the extent such constitutes a part of the Real Property, or as otherwise required under the Loan Documents;

(H) all other property rights of Mortgagor of any kind or character related to all or any portion of the Real Property; and

(I) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses.

"Mortgage Act" shall mean the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time.

"Mortgagee" shall mean the Chicago Housing Authority, an Illinois municipal corporation.

"Mortgagor" shall mean Chicago Housing Administration LLC, an Illinois limited liability company.

"MTW Funds" shall mean funds made available to Mortgagee pursuant to Moving To Work Agreement.

"Note" shall have the meaning set forth in the Recitals.

"Permitted Encumbrances" shall have the meaning given to such term in Section 2(iv).

"Premises" shall have the meaning given to such term in the Recitals.

"Project" shall have the meaning given to such term in the Recitals.

"RAD Requirement" shall mean All Applicable RAD Requirements applicable to the RAD Program, including, without limitation, the Consolidated and Further Continuing Appropriations Act of 2012, all applicable statutes and any regulations issued by HUD for the RAD Program, as they become effective, all current requirements in HUD handbooks, guides and notices (including Notice PIH 2012-32, as it may be amended from time to time), the HAP Contract, the RAD Use Agreement, the Administrative Plan, the Amended and Restated Moving to Work Agreement, other written policies and procedures of HUD and all other pertinent Federal statutory, executive order and regulatory requirements applicable to the RAD program, as those requirements may



# UNOFFICIAL COPY

be amended from time to time except to the extent that HUD has granted waivers of those requirements.

"Real Property" shall have the meaning given to such term in the definition of Mortgaged Property.

"Rents" shall mean all rents (whether from residential or non-residential space), revenues and other income of the Improvements, including subsidy payments received from any sources (including, but not limited to, payments under any Housing Assistance Payment Contract), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and deposits forfeited by tenants.

1. **Principal and Interest; Performance of Covenants.** Mortgagor shall pay promptly when due the principal of and interest, if any, on the Note and any other sums required to be paid on the Note or under the other Loan Documents at the times and in the manner provided therein, and shall pay any other indebtedness secured hereby as the same becomes due, all in accordance with the terms and provisions of the Note or the other Loan Documents as applicable. Mortgagor shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Loan Documents made by Mortgagor.

2. **Representations, Warranties and Covenants of Mortgagor.**

(a) Mortgagor represents and warrants to Mortgagee as follows:

(i) Mortgagor is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois;

(ii) Mortgagor has the right, power and authority to enter into, execute, deliver and perform the terms and conditions of this Mortgage and the other Loan Documents;

(iii) the execution, delivery and performance by Mortgagor of this Mortgage and the other Loan Documents have been duly authorized by all necessary action of Mortgagor and will not violate any provision of law (including any order, writ, injunction or decree binding upon Mortgagor or the Mortgaged Property or any portion thereof) or the operating agreement governing Mortgagor or result in the breach of or constitute a default under, or require any consent under, or result in the creation of any lien, charge or encumbrance upon the Mortgaged Property or any other property or assets of Mortgagor under any agreement, instrument, restriction or document to which Mortgagor is now or hereafter a party, or by which either Mortgagor or the Mortgaged Property, or any portion thereof, are or may become bound or affected;

# UNOFFICIAL COPY

(iv) Mortgagor has good, indefeasible and merchantable leasehold title in and to the Leased Premises and fee simple title in and to the Fee Premises, free and clear of all liens, charges and encumbrances except those listed as Senior Permitted Encumbrances and Junior Permitted Encumbrance on Exhibit B hereto (the "Permitted Encumbrances");

(v) Mortgagor is now solvent and able to pay its debts as they mature;

(vi) there are no actions or proceedings by or before any court or governmental commission, board, bureau or other administrative agency pending or, to Mortgagor's best knowledge, threatened, against or affecting Mortgagor that, if adversely determined, could materially and adversely affect Mortgagor's ability to perform its obligations under the Note, this Mortgage or the other Loan Documents, or which might result in any material, adverse change to Mortgagor's financial condition, or which may materially affect the Mortgaged Property, or any portion thereof, or Mortgagor's other property or assets; and

(vii) Mortgagor is not obligated under any written contract, lease or agreement with respect to the ownership, use, operation or maintenance of the Mortgaged Property, except for the expected obligations of Mortgagor with respect to the RAD Requirements, and under the Ground Lease.

(b) Mortgagor shall:

(i) subject to the provisions of Section 6 hereof, promptly repair, restore, replace or rebuild any portion of the Mortgaged Property that may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances on or reservation of title thereto except Permitted Encumbrances;

(ii) keep and maintain the Mortgaged Property in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances, provided, however, that Mortgagor may in good faith challenge any lien or claim if Mortgagor posts adequate security during the pendency of such challenge;

(iii) complete, within a reasonable time, any renovation or construction of Improvements now or hereafter being constructed upon the Premises;

(iv) comply in all material respects with all statutes, rules, regulations, orders, decrees and other requirements of any federal, state or local governmental body having jurisdiction over the Premises and the use 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 non-conforming uses),



# UNOFFICIAL COPY

privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Mortgaged Property;

(v) comply with all requirements of the Ground Lease and the RAD Requirements for the Project;

(vi) after renovation and/or construction completion, make no material alterations in the Mortgaged Property, except for those required by law and in the ordinary course of business, without Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed;

(vii) suffer or permit no change in the general nature of the occupancy or use of the Mortgaged Property for residential purposes and the ancillary uses described in Recital C hereof without Mortgagee's prior written consent;

(viii) pay all operating costs of the Mortgaged Property when due, including all utility charges and all other assessments or charges of a similar nature;

(ix) not initiate or acquiesce in any zoning reclassification with respect to the Mortgaged Property without Mortgagee's prior written consent, which consent shall not unreasonably withheld or delayed;

(x) not abandon the Mortgaged Property nor do anything whatsoever to materially impair the value of the Mortgaged Property or the security of this Mortgage;

(xi) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Real Property; and

(xii) not permit any unlawful use or nuisance to exist upon the Mortgaged Property.

3. **Charges.** Mortgagor agrees to pay or cause to be paid, prior to delinquency, all Charges (as hereinafter defined) which are assessed or imposed upon the Mortgaged Property, or upon any of the Loan Documents, or become due and payable, and which create, may create or appear to create a lien upon the Mortgaged Property or any part thereof or upon any of the Loan Documents; provided, however, that if by law any such Charge is payable or, at the option of Mortgagor, may be paid in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. For purposes of this section, "Charge" shall mean and include all federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges,

# UNOFFICIAL COPY

liens, claims or encumbrances related to the Mortgaged Property, Mortgagor or any of the Loan Documents.

If requested by Mortgagee, Mortgagor shall furnish Mortgagee within thirty (30) days after the date upon which any Charge is due and payable by such Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to Mortgagee, evidencing the payment thereof. Mortgagor shall have the right, before any delinquency occurs, to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Mortgaged Property, to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent to contest or object to a Charge and (i) Mortgagor shall demonstrate to Mortgagee's satisfaction that legal proceedings instituted by such Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the portion of the Mortgaged Property in which it has an interest, to the extent subject to the lien of this Mortgage, or any part thereof, as satisfaction of such Charge prior to final determination of such proceedings, and (ii) Mortgagor shall furnish to Mortgagee a good and sufficient bond or surety, or a good and sufficient undertaking, as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Mortgaged Property during the pendency of such contest, in an amount (x) not less than 125% of such Charge, and (y) adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

A. **Deposits.** Mortgagee may require Mortgagor to deposit into an account established by Mortgagee with a financial institution which is a member of and whose deposits are insured by the Federal Deposit Insurance Corporation, on the first day of each month until the indebtedness is fully paid, a sum equal to one-twelfth (1/12<sup>th</sup>) of 105% of the most recent ascertainable annual Charges and insurance premiums. Such deposits are to be held without any allowance of interest and are to be used for payment of Charges and premiums next due and payable when they become due. Mortgagor shall pay such Charges when the same becomes due and payable. If the funds so deposited are insufficient to pay any such Charges for any year (or installments thereof, as applicable) when the same shall become due and payable, Mortgagor shall promptly deposit additional funds as may be necessary to pay such Charges or premiums in full. Mortgagor shall submit copies of the appropriate bills and payment request, and if applicable, initiate an electronic payment request therefor to Mortgagee's Director of Asset Management and Treasury Department (or as otherwise directed by Mortgagee) as soon as practicable but in any event at least 15 calendar days prior to the due date. Mortgagor shall transmit check disbursement information electronically to the financial institution in a manner and format consistent with bank requirements for controlled disbursing services. Prior to an Event of Default, all check disbursements from the account shall require the joint signature of the Mortgagor and of personnel designated by Mortgagee. In addition, at the discretion of Mortgagee,

# UNOFFICIAL COPY

electronic funds transfer capabilities will be utilized, in which event such transfers shall be initiated by Mortgagor's designated authorized personnel and approved by authorized personnel designated by Mortgagee. Mortgagee agrees to process each request for payment of Charges within ten (10) calendar days of receipt of the necessary documentation. In the event that Mortgagee has not either approved or disapproved the payment within such ten (10) calendar days, Mortgagor shall be entitled, upon notice to Mortgagee, to pay such Charges and Mortgagee shall promptly reimburse Mortgagor for such expenditure from any funds then in the account. Authorized representatives of Mortgagee shall at all times have access to this account through signature cards.

B. Upon an Event of Default, and at any time thereafter, Mortgagee may, at its option, and in addition to any other remedies available to Mortgagee (i) terminate Mortgagor's access to the account at any time and without notice, (ii) apply any monies at the time on deposit pursuant to Section 3A hereof to cure the Event of Default or to pay any of the indebtedness under the Loan Documents in such order and manner as Mortgagee elects. If such deposits are used to cure an Event of Default or to pay indebtedness, Mortgagor shall immediately, upon demand by Mortgagee, deposit with Mortgagee an amount equal to the amount expended by Mortgagor from the deposits. When the indebtedness has been fully paid, any remaining deposits shall be returned to Mortgagor. Mortgagee may also, at its option, pay all or any of such Charges and insurance premiums, and may do so according to any bill, statement or estimate procured from the appropriate public office or other reasonable source and without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.

4. **Insurance.** Mortgagor shall at all times maintain insurance with respect to the Mortgaged Property as is set forth in Exhibit C hereof. For purposes of Exhibit C hereto, the opening of the Loan shall be deemed to occur on the date of recordation of this Mortgage.

5. **Inspection of Premises and of Books and Records.** Mortgagor shall permit Mortgagee to inspect the Mortgaged Property at all reasonable times and upon reasonable notice, and access thereto shall be permitted for that purpose. Mortgagor shall keep and maintain full and correct records at Mortgagor's office showing in detail the income and expenses of the Mortgaged Property and shall make such books, records and all supporting vouchers, data and other documents available for inspection, copying (including excerpts and transcriptions), audit and examination upon request by Mortgagee and its agents, successors and assigns until the fifth anniversary of the date of repayment of the Loan in full.

6. **Damage or Destruction/Insurance Proceeds.** In the event of any damage to, or destruction of a portion of the Mortgaged Property, Mortgagor shall give written notice to Mortgagee of such damage or destruction within five (5) Business Days thereafter and, subject to any applicable terms and conditions of the Ground Lease and the RAD Requirements, authorizes Mortgagee to proceed as follows:

# UNOFFICIAL COPY

(a) In the event of any loss covered by insurance policies, Mortgagee is hereby authorized at its option to either (i) settle and adjust any claim under such policies without the consent of Mortgagor, or (ii) allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the reasonable expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to Mortgagee by Mortgagor upon demand.

(b) In the event of any insured damage to, or destruction of, the Mortgaged Property or any part thereof, Mortgagee shall apply the proceeds of insurance to reimburse or, at the option of Mortgagee, pay directly Mortgagor for the cost of restoring, repairing, replacing or rebuilding such portion of the Mortgaged Property if: (i) an Event of Default hereunder or an event of default under any of the other Loan Documents, shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore such portion of the Mortgaged Property to at least the same value and substantially the same character as the Mortgaged Property had immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances described in Exhibit B hereto), or if such proceeds are not so sufficient, Mortgagor shall promptly deposit with Mortgagee funds equal to the amount of such deficiency; (iii) Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, Mortgagee shall receive and approve plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Maturity Date.

(c) In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of a portion of the Mortgaged Property, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and reasonably approved by Mortgagee, and to expend all such proceeds and any funds deposited by Mortgagor pursuant hereto prior to the further disbursement of any Loan proceeds. If the amount of such insurance proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

(d) If all of the conditions described in paragraph (b) of this Section with respect to the application of proceeds of insurance shall not be met, Mortgagee may, in its sole discretion, apply such proceeds to the indebtedness secured hereby in such order or manner as Mortgagee may elect.

(e) To the extent that any amount of proceeds of insurance remain unexpended after completion of the restoration, repair, replacement or rebuilding of the



# UNOFFICIAL COPY

Mortgaged Property, such amount shall be applied to the indebtedness secured hereby, with any remaining amounts being paid to Mortgagor.

To the extent that any terms or conditions contained in this Section, with respect to the restoration of the Mortgaged Property after a casualty, conflict with the RAD Requirements, the RAD Requirements shall prevail.

7. **Condemnation/Eminent Domain.** Mortgagor shall give Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process ("Taking") of all or any portion of the Mortgaged Property or affecting any easement thereon or appurtenance thereto, and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings, and Mortgagor hereby assigns and transfers to Mortgagee, subject to any applicable terms and conditions of the Ground Lease and the RAD Requirements, the entire proceeds of all awards resulting from any Taking. Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. In the event of any such Taking, the proceeds of all awards resulting from such taking shall be applied subject to any applicable terms and conditions of the Ground Lease and the RAD Requirements: (i) to reimburse Mortgagor for or, at the option of the Mortgagee, pay directly, the cost of restoring, repairing, replacing or rebuilding the Mortgaged Property, except as and to the extent the Ground Lease applies and provides otherwise; and (ii) the balance of such proceeds shall be applied to the indebtedness secured hereby in such order or manner as Mortgagee may elect. In the event that such proceeds, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of the Mortgaged Property Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value and substantially the same character as prior to such Taking, all to be effected in accordance with plans and specifications submitted to and approved by Mortgagee. If the amount of such proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

Notwithstanding the foregoing, if any provision of this Section conflicts with the RAD Requirements the provisions of the RAD Requirements shall control.

8. **Transfer and Encumbrance.**

To the extent Mortgagor is a limited liability company, Mortgagor shall not change its Manager, add additional managers or managing members or otherwise modify its ownership.

9. **Mortgagee's Options.** In case of an Event of Default hereunder by Mortgagor, Mortgagee may (but is not obligated to) make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may (but is not obligated to) make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem the Mortgaged Property, from any tax



# UNOFFICIAL COPY

sale or forfeiture affecting the Mortgaged Property or contest any tax or assessment thereon. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by Mortgagee to protect the Mortgaged Property and the lien hereof, shall be deemed additional indebtedness secured hereby. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

10. **Events of Default.** The following shall constitute an "Event of Default" under this Mortgage:

(a) Mortgagor's failure to pay, when due, any installment of principal or interest, if any, on the Note, or to pay when due (including any applicable notice and/or cure periods) any other sums required to be paid by Mortgagor under the Loan Documents;

(b) default by Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section) contained herein or in the other Loan Documents, which causes or which, if not remedied, is likely to cause material harm to Mortgagee and which remains unremedied for thirty (30) days after written notice thereof from Mortgagee to Mortgagor, provided, however, that if any such default cannot reasonably be remedied within said 30-day period and if Mortgagor shall have commenced to remedy such default within said 30-day period, and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended to 60 days upon written request from Mortgagor to Mortgagee delivered during such 30-day period, and upon further written request from Mortgagor to Mortgagee delivered during said 60-day period, said 60-day period shall be extended to ninety (90) days (provided, however, that Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of the Loan Documents if its security becomes or is about to become materially jeopardized by any failure to cure a default within such period);

(c) a writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Mortgaged Property or any interest therein, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on all or any portion of the Mortgaged Property, or any interest therein, and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within ninety (90) days after its entry or levy, provided, however, that it shall not be an Event of Default if Mortgagor is contesting such writ of execution, attachment or similar process in good faith and Mortgagor provides adequate security during the pendency of such contest;

# UNOFFICIAL COPY

(d) any warranty, representation or statement made or furnished to Mortgagee by or on behalf of Mortgagor proving to have been false in any material respect when made or furnished, so as to diminish in a material way the security provided in this Mortgage;

(e) the abandonment by Mortgagor of all or any portion of the Mortgaged Property;

(f) Mortgagor's failure to discharge any Charge in accordance with the terms hereof or failure to procure any insurance required hereunder;

(g) Mortgagor's failure to maintain any insurance required hereunder, provided, however, that Mortgagee shall not accelerate the maturity of the Note or enforce any other remedies under this Mortgage or the other Loan Documents unless such failure shall continue for a period of ten (10) days following written notice to Mortgagor from Mortgagee, and further provided that Mortgagee shall not be precluded during any such period from exercising such remedies as may be necessary if Mortgagee's security is otherwise about to be materially jeopardized;

(h) the occurrence during any period of lapse in the insurance coverage required hereunder of any casualty or other event which would be a covered loss under such required insurance, and the failure of Mortgagor to make arrangements satisfactory to Mortgagee for the coverage of such loss within thirty (30) days following such occurrence;

(i) the dissolution of Mortgagor or the entry of a decree or order for relief by a court having jurisdiction with respect to Mortgagor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of Mortgagor or for the Mortgaged Property or for any substantial part of the property of Mortgagor, or ordering the winding-up or liquidation of the affairs of Mortgagor and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(j) the commencement by Mortgagor of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Mortgagor to the appointment of, or taking possession by, a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of Mortgagor or the Mortgaged Property, or of any substantial part of the property of Mortgagor, or of any royalties, revenues, rents, issues or profits therefrom, or the making by Mortgagor of any assignment for the benefit of creditors, or the failure of Mortgagor generally to pay its debts as such debts become due, or the taking of action by Mortgagor in furtherance of any of the foregoing;

# UNOFFICIAL COPY

(k) a final nonappealable judgment for the payment of money in excess of \$100,000 shall be rendered by a court of record against Mortgagor, and Mortgagor shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within sixty (60) days from the date of entry thereof, or such longer period during which execution of such judgment shall have been stayed;

(l) other than Permitted Encumbrances and Permitted Transfers (as such term is defined in the Ground Lease) and except as otherwise permitted by this Mortgage and the other Loan Documents, Mortgagor's sale, partial sale, transfer, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Mortgaged Property or any interest therein without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed, whether by operation of law, voluntarily or otherwise or if Mortgagor shall enter into a contract to do any of the foregoing without the prior written consent of Mortgagee, or any other violation of Section 8 hereof;

(m) any event of default under any of the other Loan Documents or the Ground Lease, which has not been cured within any applicable grace period;

(n) any event of default which has not been cured within any applicable grace period under any other document pursuant to which Mortgagor has obtained financing for the Project.

Notwithstanding anything to the contrary contained herein, Mortgagee hereby agrees that any cure of any default made by one or more of Mortgagor's members shall be deemed to be a cure by Mortgagor and shall be accepted or rejected on the same basis as if made by Mortgagor.

11. **Acceleration, Etc.** Upon the occurrence of an Event of Default hereunder, and the expiration of any applicable notice and cure or grace period specifically provided herein, Mortgagee may elect to accelerate the maturity of the Note causing the full principal balance of and accrued interest, if any, on the Note, together with all other amounts then due and owing by Mortgagor to Mortgagee under any of the Loan Documents to become immediately due and payable at the place of payment as aforesaid, and Mortgagee may proceed to foreclose this Mortgage and to exercise any rights and remedies available to Mortgagee under this Mortgage or any of the other Loan Documents, and to exercise any other rights and remedies against Mortgagor, or with respect to the Note, which Mortgagee may have at law, in equity or otherwise. Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Loan Documents.

12. **Remedies.** Mortgagee's remedies as provided in this Mortgage or the other Loan Documents shall be cumulative and concurrent, and may be pursued

# UNOFFICIAL COPY

singularly, successively or together, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Failure of Mortgagee, for any period of time or on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to Mortgagee by the Loan Documents is not required to be given.

13. **Additional Incurredness.** In the event that: (a) the Note is placed in the hands of an attorney for collection or enforcement, or is collected or enforced through any legal proceeding; (b) an attorney is retained to represent Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Loan Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Loan Documents; or (d) an attorney is retained to represent Mortgagee in any other proceedings whatsoever in connection with the Loan Documents, or any property subject thereto, then Mortgagor shall pay to Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

14. **Waiver.** Mortgagee's failure to require strict performance by Mortgagor of any provision of this Mortgage shall not waive, affect or diminish any right of Mortgagee thereafter to demand strict compliance and performance therewith, nor shall any waiver by Mortgagee of an Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. Mortgagee's delay in instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the other Loan Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

15. **Right of Possession.** To the extent permitted by law, in any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, Mortgagor shall, at the option of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of all or any portion of the Mortgaged Property personally or by its agents or attorneys, and Mortgagee, in its sole discretion, may enter upon, take and maintain possession of all or any portion of the Mortgaged Property.



# UNOFFICIAL COPY

Upon taking possession of the Mortgaged Property, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Mortgaged Property as it may deem judicious to insure, protect and maintain the Mortgaged Property against all risks incidental to Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. Mortgagee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Act.

16. **Appointment of Receiver.** Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Mortgaged Property. Such appointment may be made either before or after foreclosure sale, without notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness hereby secured, without regard to the value of the Mortgaged Property at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Mortgaged Property and to collect all rents and profits thereof during the pendency of such foreclosure suit, and all powers and duties provided for in Section 5/15-1704 of the Act, and such other powers as the court may direct.

17. **Foreclosure Sale.** The Mortgaged Property, or any interest or estate therein, sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, Mortgagee may bid for and acquire, as purchaser, all or any portion of the subject Mortgaged Property, and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

18. **Adjudication of Proceeds from Foreclosure Sale.** Proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings; (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon; (iii) all principal and interest, if any, remaining unpaid on the Note; and (iv) any surplus or remaining funds to Mortgagor, its successors or assigns, as their rights may appear.

19. **Insurance Upon Foreclosure.** Wherever provision is made in this Mortgage for insurance policies to bear mortgage clauses or other loss-payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance, or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of Mortgagee shall continue in



# UNOFFICIAL COPY

Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Mortgaged Property, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

20. **Waiver of Statutory Rights.** To the extent permitted by law, Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage, and hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property, 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. To the extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption and reinstatement, on its own behalf and on behalf of each and every person having a beneficial interest in Mortgagor, it being the intent hereof that any and all such rights of redemption or reinstatement of Mortgagor and of all other persons are and shall be deemed to be hereby waived. Mortgagor acknowledges that the Mortgaged Property does not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Mortgage Act or residential real estate as defined in Section 5/15-1219 of the Mortgage Act.

21. **Partial Payments.** Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid, together with all accrued interest, if any, thereon, immediately due and payable without notice, or any other rights of Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

22. **Rescission of Election.** Acceleration of maturity, once made by Mortgagee, may at the option of Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed. In either of such events, Mortgagor and Mortgagee shall be restored to their former positions, and the rights, remedies and powers of Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been commenced, as the case may be.

23. **Notice.** Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) confirmed facsimile; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested.

# UNOFFICIAL COPY

If to Mortgagee: Chicago Housing Authority  
60 East Van Buren Street  
Chicago, Illinois 60605  
Attn: Chief Executive Officer

With copies to: Chicago Housing Authority  
60 East Van Buren Street, 12<sup>th</sup> Floor  
Chicago, Illinois 60605  
Attn: Chief Legal Officer

If to Mortgagor: Chicago Housing Administration, LLC  
c/o Chicago Housing Authority  
60 East Van Buren Street, 12<sup>th</sup> Floor  
Chicago, Illinois 60605  
Attn: Chief Executive Officer

24. **Time.** Time is of the essence with respect to the Loan Documents.
25. **Modifications.** This Mortgage may not be altered, amended, modified, cancelled, changed or discharged, except by written instrument signed by Mortgagor and Mortgagee (or their respective successors and assigns).
26. **Headings.** The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only, and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.
27. **Construction of Mortgage.** This Mortgage shall be construed and enforced according to the internal laws of the State of Illinois without regard to its conflict of laws principles.
28. **Severability.** If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application hereof, in any circumstance, is held invalid, the remainder of this Mortgage shall be construed as if such invalid part were never included herein, and this Mortgage shall be and remain valid and enforceable to the fullest extent permitted by law.
29. **Grammar.** As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.
30. **Successors and Assigns.** This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its

# UNOFFICIAL COPY

successors and assigns (including, without limitation, each and every record owner of the Mortgaged Property, or any portion thereof, or any other person having an interest therein), and shall inure to the benefit of Mortgagee and its successors and assigns. Whenever Mortgagee is referred to herein, such reference shall also include the registered owner of the Note, whether so expressed or not.

31. **Further Assurances.** Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance deemed reasonably necessary or proper, in the sole judgment of Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by Mortgagor, and for creating, maintaining and preserving the lien and security interest created hereby on the Mortgaged Property. Upon any failure by Mortgagor to do so, Mortgagee may make, execute and record any and all such documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee and its agents as attorney-in-fact for that purpose. Mortgagor will reimburse Mortgagee for any sums expended by Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

32. **Indemnification.** In addition to all other indemnities in favor of Mortgagee specifically provided in this Mortgage, and except as provided below, Mortgagor hereby agrees to indemnify Mortgagee and save Mortgagee harmless from and against any and all loss, cost, damage, claim, liability or expenses ("Loss") incurred by Mortgagee in connection with any and all claims, demands, actions, proceedings ("Claim") in connection with the Loan, excluding, however, (1) any loss arising out of Mortgagee's gross negligence or willful misconduct in connection with the Loan; and (2) any loss arising after Mortgagee's (or its successors', designees' or nominees') acquisition of title to or control of the Mortgaged Property. Indemnification of Mortgagee by Mortgagor with respect to environmental matters shall be governed exclusively by the terms and provisions of the Environmental Indemnification Agreement between Mortgagor and Mortgagee.

33. **Security Agreement, Fixture Filing and Financing Statement.** This Mortgage shall be construed as a "security agreement" and a "fixture filing" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property, to the extent subject to the lien of this Mortgage, that constitutes fixtures or personal property. Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code.

34. **Assignment of Rents; Appointment of Receiver; Mortgagee in Possession.**

# UNOFFICIAL COPY

(a) As part of the consideration for the Indebtedness, Mortgagor absolutely and unconditionally assigns and transfers to Mortgagee all Rents. It is the intention of Mortgagor to establish a present, absolute and irrevocable transfer and assignment to Mortgagee of all Rents and to authorize and empower Mortgagee to collect and receive all Rents without the necessity of further action on the part of Mortgagor. Promptly upon request by Mortgagee, Mortgagor agrees to execute and deliver such further assignments as Mortgagee may from time to time require. Mortgagor and Mortgagee intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of Rents, and for no other purpose, Rents shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the jurisdiction, then the Rents shall be included as a part of the Mortgaged Property and it is the intention of the Mortgagor that in this circumstance this Instrument create and perfect a lien on Rents in favor of Mortgagee, which lien shall be effective as of the date of this Instrument.

(b) After the occurrence of an Event of Default, Mortgagor authorizes Mortgagee to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Mortgagee, and Mortgagor shall, upon Mortgagor's receipt of any Rents from any sources (including, but not limited to subsidy payments under any Housing Assistance Payments Contract), pay the total amount of such receipts to the Mortgagee. However, until the occurrence of an Event of Default, Mortgagee hereby grants to Mortgagor a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Mortgagee and to apply all Rents to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, Taxes and insurance premiums, tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Mortgagor free and clear of, and released from, Mortgagee's rights with respect to Rents under this Instrument. From and after the occurrence of an Event of Default, and without the necessity of Mortgagee entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Mortgagor's license to collect Rents shall automatically terminate and Mortgagee shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Mortgagor shall pay to Mortgagee upon demand all Rents to which Mortgagee is entitled. At any time on or after the date of Mortgagee's demand for Rents, Mortgagee may give, and Mortgagor hereby irrevocably authorizes Mortgagee to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Mortgagee, no tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and no tenant shall be obligated to pay to Mortgagor any amounts which are actually paid to Mortgagee



# UNOFFICIAL COPY

in response to such a notice. Any such notice by Mortgagee shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Mortgagor shall not interfere with and shall cooperate with Mortgagee's collection of such Rents.

(c) Mortgagor represents and warrants to Mortgagee that Mortgagor has not executed any prior assignment of Rents, that Mortgagor has not performed, and Mortgagor covenants and agrees that it will not perform, any acts and has not executed, and shall not execute, any instrument which would prevent Mortgagee from exercising its rights under this Section 3.

(d) If an Event of Default has occurred and is continuing, Mortgagee may, regardless of the adequacy of Mortgagee's security or the solvency of Mortgagor and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Mortgagee in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents, protecting the Mortgaged Property or the security of this instrument, or for such other purposes as Mortgagee in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Mortgagee's security, without regard to Mortgagor's solvency and without the necessity of giving prior notice (oral or written) to Mortgagor, Mortgagee may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Mortgagee elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Mortgagor, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver *ex parte* if permitted by applicable law. Mortgagee or the receiver, as the case may be, shall be entitled to receive a reasonable fee for managing the Mortgaged Property. Immediately upon appointment of a receiver or immediately upon the Mortgagee's entering upon and taking possession and control of the Mortgaged Property, Mortgagor shall surrender possession of the Mortgaged Property to Mortgagee or the receiver, as the case may be, and shall deliver to Mortgagee or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents. In the event Mortgagee takes possession and control of the Mortgaged Property, Mortgagee may exclude Mortgagor and its representatives from the Mortgaged Property. Mortgagor acknowledges and agrees that the exercise by Mortgagee of any of the rights conferred under this Section 3 shall not be construed to make Mortgagee a mortgagee-in-possession of the Mortgaged Property so long as



# UNOFFICIAL COPY

Mortgagee has not itself entered into actual possession of the Premises and Improvements.

(e) If Mortgagee enters the Mortgaged Property, Mortgagee shall be liable to account only to Mortgagor and only for those Rents actually received. Mortgagee shall not be liable to Mortgagor, anyone claiming under or through Mortgagor by reason of any act or omission of Mortgagee under this section, and Mortgagor hereby releases and discharges Mortgagee from any such liability to the fullest extent permitted by law.

(f) If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Mortgagee for such purposes shall become an additional part of the Indebtedness as provided in Section 12.

(g) Any entering upon and taking of control of the Mortgaged Property by Mortgagee or (he) receiver, as the case may be, and any application of Rents as provided in this Instrument shall not cure or waive any Event of Default or invalidate any other right or remedy of Mortgagee under applicable law or provided for in this Instrument.

## 35. **Assignment of Leases: Leases affecting the Mortgaged Property.**

(a) As part of the consideration for the Indebtedness, Mortgagor absolutely and unconditionally assigns and transfers to Mortgagee all of Mortgagor's right, title and interest in, to and under the Leases, including Mortgagor's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease. It is the intention of Mortgagor to establish a present, absolute and irrevocable transfer and assignment to Mortgagee of all of Mortgagor's right, title and interest in, to and under the Leases. Mortgagor and Mortgagee intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases shall be included as a part of the Mortgaged Property and it is the intention of the Borrower that in this circumstance this Instrument create and perfect a lien on the Leases in favor of Lender, which lien shall be effective as of the date of this Instrument

(b) Until Mortgagee gives notice to Mortgagor of Mortgagee's exercise of its rights under this Section 4, Mortgagor shall have all rights, power and authority granted to Mortgagor under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, the permission given to Mortgagor

# UNOFFICIAL COPY

pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall automatically terminate. Mortgagor shall comply with and observe Mortgagor's obligations under all Leases, including Mortgagor's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) Mortgagor acknowledges and agrees that the exercise by Mortgagee, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Mortgagee a mortgagee-in-possession of the Mortgaged Property so long as Mortgagee has not itself entered into actual possession of the Premises and the Improvements. The acceptance by Mortgagee of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Mortgagee to take any action under this Instrument or to expend any money or to incur any expenses. Mortgagee shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Mortgaged Property. Prior to Mortgagee's actual entry into and taking possession of the Mortgaged Property, Mortgagee shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property; or (iii) be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Mortgagor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and shall be that of Mortgagor, prior to such actual entry and taking of possession.

(d) Upon delivery of notice by Mortgagee to Mortgagor of Mortgagee's exercise of Mortgagee's rights under this Section 4 at any time after the occurrence of an Event of Default, and without the necessity of Mortgagee entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Mortgagee immediately shall have all rights, powers and authority granted to Mortgagor under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Mortgagor shall, promptly upon Mortgagee's request, deliver to Mortgagee an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Mortgagee, shall be for initial terms of at least six months and not more than one year, and shall not include options to purchase. If customary in the applicable market, residential Leases with terms of less than six months may be permitted with Mortgagee's prior written consent.

# UNOFFICIAL COPY

(f) Mortgagor shall not lease any portion of the Mortgaged Property for non-residential use except with the prior written consent of Mortgagee and Mortgagee's prior written approval of the Lease agreement. Mortgagor shall not modify the terms of, or extend or terminate, any Lease for non-residential use (including any Lease in existence on the date of this Instrument) without the prior written consent of Mortgagee. Mortgagor shall, without request by Mortgagee, deliver an executed copy of each non-residential Lease to Mortgagee promptly after such Lease is signed. All non-residential Leases, including renewals or extensions of existing Leases, shall specifically provide that (1) such Leases are subordinate to the lien of this Instrument (unless waived in writing by Mortgagee); (2) the tenant shall attorn to Mortgagee and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a foreclosure sale or by Mortgagee in any manner; (3) the tenant agrees to execute such further evidences of attornment as Mortgagee or any purchaser at a foreclosure sale may from time to time request; (4) the Lease shall not be terminated by foreclosure or any other transfer of the Mortgaged Property; (5) after a foreclosure sale of the Mortgaged Property, Mortgagee or any other purchaser at such foreclosure sale may, at Mortgagee's or such purchaser's option, accept or terminate such Lease; and (6) the tenant shall, upon receipt after the occurrence of an Event of Default of a written request from Mortgagee, pay all Rents payable under the Lease to Mortgagee.

36. **No Merger.** It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in fee simple title, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to the Mortgaged Property, to the extent subject to the lien of this Mortgage, or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee, as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title. It is further understood and agreed that in the event the Ground Lease is terminated, the lien of this Mortgage shall continue as to the Improvements and Equipment, to the extent subject to the lien of this Mortgage, and may be foreclosed as set forth herein, including without limitation the "no merger" provisions set forth in this Section 34.

37. **Protective Advances; Maximum Amount of Indebtedness.** All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Mortgage Act (collectively, "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Mortgage Act herein below referred to:

(a) all advances by Mortgagee in accordance with the terms of this Mortgage to: (i) preserve or maintain, repair, restore or rebuild the improvements upon the

# UNOFFICIAL COPY

Mortgaged Property; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Mortgage Act;

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

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

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

(e) Mortgagee'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)(l) of Section 5/15-1508 of the Mortgage Act;

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

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

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Mortgaged Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Mortgaged Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee 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 Property imposed by Subsection (c)(1) of Section 5/15-1704 of the Mortgage Act; (iv) repair or restoration of damage or



# UNOFFICIAL COPY

destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Property or required to be made by the owner of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; and (vii) pursuant to any lease or other agreement for occupancy of the Mortgaged Property.

All Protective Advances with respect to the Mortgaged Property shall be so much additional indebtedness secured by this Mortgage, and shall become payable as provided under the terms of the Note.

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

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

(1) the determination of the amount of indebtedness secured by this Mortgage at any time;

(2) the indebtedness found due and owing to Mortgagee 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;

(3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Mortgage Act;

(4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Mortgage Act;

(5) the application of income in the hands of any receiver or mortgagee in possession; and

(6) the computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Mortgage Act, subject to the terms provided in Section 36 hereof.

The maximum amount of indebtedness secured by this Mortgage shall be Ten Million Three Hundred Sixteen Thousand Five Hundred and No/100 Dollars

# UNOFFICIAL COPY

(10,316,500.00) plus interest under the Note, plus any disbursements for the payment of taxes and insurance on the Mortgaged Property and any other sums advanced in accordance with the terms hereof or any of the other Loan Documents to protect the security of this Mortgage or any of the other Loan Documents plus interest thereon.

All obligations of the Mortgagor shall terminate upon the discharge of all indebtedness secured by this Mortgage. Upon that discharge Mortgagee shall execute, record and deliver to Mortgagor in favor of Mortgagee a release of this Mortgage in recordable form

38. **Limited Obligations.** The obligations of Mortgagor under this Mortgage are limited obligations payable solely from revenues, receipts, money and investments of Mortgagor derived from the Mortgaged Property and not from any other property, revenues, receipts, money or investments of Mortgagor. The obligations of Mortgagor under this Mortgage are not obligations of any manager or managing or non-managing member of Mortgagor, and no manager or managing or non-managing member of Mortgagor, shall have any obligation to make or fulfill any obligation to make any capital contribution or loan to the related Mortgagor for the purpose of making any payment pursuant to this Mortgage.

39. **Subordination.** This Mortgage is subject and subordinate to the Senior Permitted Encumbrances described in Exhibit B, attached to and made a part of this Mortgage.

40. **Disclaimer of Third-Party Beneficiaries.** Mortgagor hereby acknowledges that any loan or transfer of MTW funds by Mortgagee shall not be or be deemed to be an assignment of such funds, and Mortgagor shall not succeed to any rights or benefits of Mortgagee under applicable grant or funding agreements between Mortgagee and HUD, or attain any privileges, authorities, interests, or rights in or under applicable grant or funding agreements between Mortgagee and HUD. Nothing contained in this Mortgage, nor any act of HUD or Mortgagee, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and Mortgagee as provided by the terms of applicable grant agreements. In addition, there are otherwise no third-party beneficiaries of this Mortgage, and no third party shall have any rights under this Mortgage.

[Signature Appears on Following Page]



# UNOFFICIAL COPY

## EXHIBIT A

### PREMISES LEGAL DESCRIPTION

The estates or interests in the Land:

A. Leasehold Estate created by the Ground Lease dated September 30, 2016 and recorded simultaneously herewith, made by and between Chicago Housing Authority, an Illinois municipal corporation, as Landlord, and Chicago Housing Administration, LLC, an Illinois limited liability company, as Tenant, which Lease demises the Land and all improvements located on the Land as of the date of the Lease for a term of 99 years commencing on the date of the Lease and ending September 29, 2115.

B. Ownership of the building and improvements constructed and located on the Land after the date of the Lease.

The Land:

Lots 12 to 23, both inclusive, in Robey Ridge Boulevard Addition to Rogers Park, a subdivision of that part of Sublot 3 in the Superior Court Partition of Lot 2 in the Circuit Court Partition of the North  $\frac{1}{2}$  of the South  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 31, Township 41 North, Range 14 East of the Third Principal Meridian, and those parts of Lot 3 and 4 (except the South 20 feet of said Lot 4) in said Circuit Court Partition, all lying West of Ridge Road, as widened, in Cook County, Illinois, and vacated alleys.

also:

That part of Lot 2 in the Partition of Lot 2 lying West of Ridge Road (except the Easterly 7 feet of that part West of Ridge Road condemned February 20, 1897 for widening Ridge Road) in the Circuit Court Partition of the North  $\frac{1}{2}$  of the South  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 31, Township 41 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

Address: 1930 West Loyola Avenue, Chicago, Illinois

PIN(s): 11-31-400-018-0000; 11-31-400-039-0000; 11-31-400-040-0000; 11-31-400-041-0000; 11-31-400-049-0000;



# UNOFFICIAL COPY

## EXHIBIT B

### SENIOR PERMITTED ENCUMBRANCES

1. Rental Assistance Demonstration Use Agreement by and between the United States of America, Secretary of Housing and Urban Development and Chicago Housing Administration, LLC.
2. Ground Lease dated as of September 30, 2016 by and between the Chicago Housing Authority and Chicago Housing Administration, LLC.

### JUNIOR PERMITTED ENCUMBRANCE

3. Control Agreement between Chicago Housing Authority and Chicago Housing Administration, LLC

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

## EXHIBIT C

### INSURANCE REQUIREMENTS

Mortgagor shall procure and maintain at all times the types of insurance specified below in order to protect the Mortgagee, its Commissioners, Board, officers, agents and employees, (collectively, the "Mortgagee") from the acts, omissions and negligence of the Mortgagor, its officers, officials, subcontractors, joint venture partners, agents or employees with regard to the Development. The insurance carriers used must be authorized to conduct business in the State of Illinois and shall have a BEST Rating of not less than an "A" except where noted. The insurance provided shall cover all operations under the Agreement, whether performed by Mortgagor or by any subcontractor.

#### A. Required Insurance Coverages for Mortgagor:

The Mortgagor must procure and maintain at all times during the operation of the Development the types of insurance specified below in order to protect Mortgagee from the acts, omissions and negligence of the selected respondent, its officers, officials, subcontractors, joint venture, partners, agents or employees. The insurance carriers used by the Mortgagor must be authorized to conduct business in the State of Illinois and shall have a BEST Rating of not less than an "A". The insurance provided shall cover all operations under the Agreement, whether performed by the Mortgagor or by its subcontractors.

#### A. Required Insurance Coverages:

1. **All-Risk Property Damage:** The Mortgagor shall obtain an all-risk property policy in the amount of the full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list Mortgagee as loss payee.
2. **General Liability Insurance.** General Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to the Mortgagor's officers, employees, agents, subcontractors, invitees and guests and their personal property. Mortgagee is to be endorsed as an additional insured on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to Mortgagee.

# UNOFFICIAL COPY

3. **Automobile Liability Insurance.** When any motor vehicles (owned, non-owned and hired) are used in connection with the Services to be performed, the Mortgagor shall provide Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage. Mortgagee shall be endorsed as additional insured on the Mortgagor's policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to Mortgagee.
4. **Workers Compensation and Occupational Disease Insurance.** Workers Compensation and Occupational Disease Insurance shall be in accordance with the laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
5. **Blanket Crime.** The Mortgagor shall provide Blanket Crime coverage in a form reasonably acceptable to Mortgagee, against loss by dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery and other related crime risks. The policy limit shall be written to cover losses in the amount of the maximum monies collected, received and/or in the Mortgagor's care at any given time, but shall in no event be less than the aggregate amount of two months operating subsidy.
6. **Professional Liability.** When any architects (of record), engineers (of record), construction managers, property managers or other professional consultants perform work in connection with this contract, Professional Liability insurance covering acts, errors or omissions shall be maintained with limits of not less than Five Million Dollars (\$5,000,000) per occurrence. Coverage extensions shall include Blanket Contractual Liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of Services under this Agreement. A Claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

## **B. Related Requirements**

1. The Mortgagor shall advise all insurers of the contract provisions regarding insurance. The failure of the Mortgagor to notify insurers of the contract provisions shall not relieve the Mortgagor from its insurance obligations herein. Nonfulfillment of the insurance provisions shall constitute a default under the Mortgagee's closing documents. Mortgagee retains the right to stop work until proper evidence of insurance is provided.

# UNOFFICIAL COPY

2. The Mortgagor shall furnish the Chicago Housing Authority, Risk Management Department, 60 E. Van Buren Street., 11<sup>th</sup> Floor, Chicago, Illinois 60605 original Certificates of Insurance evidencing the required coverages to be in force on the Effective Date of this Agreement. In addition, copies of the endorsement(s) adding the CHA to the policies as additional insured are required.
3. Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Risk Management Department, with a copy to Mortgagee's Designated Representative prior to expiration of insurance coverage. At Mortgagee's option, non-compliance may result in one or more of the following actions, in addition to any rights or remedies in any Closing Documents: (1) Mortgagee will purchase insurance on behalf of the Mortgagor and will charge back all costs to the Mortgagor; (2) an Event of Default may be declared under this Mortgage ; (3) all payments due the Mortgagor will be held until the Mortgagor has complied with this Mortgage; or (4) the Mortgagor will be assessed Five Hundred Dollars (\$500) for every day of non-compliance. The receipt of any certificate does not constitute agreement by Mortgagee that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of the Agreement. The insurance policies shall provide for thirty (30) days written notice to be given to Mortgagee in the event coverage is substantially changed, canceled or non-renewed.
4. If any of the required insurance is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of this Mortgage and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. The Mortgagor shall maintain coverage for the duration of this Mortgage. A Claims-Made policy which is not renewed or replaced must have an extended reporting period (tail coverage) of two (2) years. Any extended reporting period premium (tail coverage) shall be paid by the Mortgagor. The Mortgagor shall provide to Mortgagee, annually, a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that the Mortgagor shall provide Mortgagee a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the Retroactive Date, cancellation and/or non renewal.
5. The Mortgagor shall require all subcontractors to carry the insurance required herein or the Mortgagor may provide the coverage for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "A" above.



# UNOFFICIAL COPY

\* Excess Liability can be satisfied by \$10,000,000 each of Developer and General Contractor, \$20,000,000 in Excess Liability coverage by either the Developer or General Contractor or any combination equal to \$20,000,000 in total Excess Liability coverage.

**COOK COUNTY  
RECORDER OF DEEDS**

**COOK COUNTY  
RECORDER OF DEEDS**

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

## MORTGAGOR'S INSURANCE REQUIREMENTS

The Mortgagor agrees to procure and maintain at all times during the term of the financing document the types of insurance specified below in order to protect the Mortgagee from the acts, omissions and negligence of the selected respondent, its officers, officials, subcontractors, joint venture partners, agents or employees. The insurance carriers used by Mortgagor must be authorized to conduct business in the State of Illinois and shall have a BEST Rating of not less than an "A." The insurance provided shall cover all operations under the Agreement, whether performed by the Developer and/or Mortgagor or by its subcontractors.

### A. Required Insurance Coverages:

1. **All Risk Property Damage.** Mortgagor shall obtain an all risk property policy in the amount of full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list Mortgagee as loss payee.
2. **General Liability Insurance.** General Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to Developer and/or Mortgagor's officers, employees, agents, subcontractors, invitees and guests and their personal property. The Mortgagee is to be endorsed as additional insured on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to Mortgagee.
3. **Blanket Crime.** The Developer and/or Mortgagor shall provide Blanket Crime coverage in a form reasonably acceptable to Mortgagee, against loss by dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery and other related crime risks. The policy limit shall be written to cover losses in the amount of the maximum monies collected, received and/or in the Developer and/or Mortgagor's care at any given time, but shall in no event be less than the aggregate amount of two months of operating subsidy and projected tenant rents.
4. **Workers Compensation and Occupational Disease Insurance.** Workers compensation and occupational disease insurance, in

# UNOFFICIAL COPY

accordance with the laws of the State of Illinois covering all employees who are to provide a service in connection with the Premises, to the extent subject to the lien of this Mortgage and employer's liability coverage with limits of not less than \$500,000/\$500,000/\$500,000.

5. **Automobile Liability Insurance (Primary and Umbrella)**. When any motor vehicle (owned, non-owned and hired) are used in connection with the Premises, to the extent subject to the lien of this Mortgage, Mortgagor shall provide comprehensive automobile, liability insurance with the limits of not less than \$1,000,000 per occurrence, combined single limit, bodily injury and property damage. Mortgagee shall be named as an additional insured on a primary, non-contributory basis.
6. **All Risk Builders Insurance**. When Mortgagor or any contractor or any subcontractor undertakes construction, including improvements, betterments and/or repairs to the Premises, to the extent subject to the lien of this Mortgage, all risk builder's insurance shall be procured and maintained to cover materials, supplies, equipment, machinery and fixtures that are or will be part of the Premises. Mortgagee shall be named as loss-payee as its interest may appear.

## B. Related Requirements

1. The Mortgagor shall advise all insurers of the contract provisions regarding insurance. The failure of the Mortgagor to notify insurers of the contract provisions shall not relieve Mortgage contract. The failure of Mortgagee to obtain certificates or other insurance evidence from Mortgagor shall not be deemed to be a waiver by Mortgagee. Nonfulfillment of the insurance provisions shall constitute a breach of the Mortgage.
2. The Mortgagor shall furnish the Chicago Housing Authority, Risk Management Department, 60 E. Van Buren Street, 11th Floor, Chicago, Illinois 60605, original Certificates of Insurance evidencing the required coverages to be in force on the Effective Date of this Agreement. In addition, copies of the endorsement(s) adding the Mortgagee to your policy as additional insured are required.
3. Renewal Certificates of Insurance requested endorsements, or such similar evidence is to be received by the Risk Management Department, with a copy to the Office of Development Management prior to expiration of insurance coverage. The receipt of any certificate by Mortgagee does not constitute agreement by the Mortgagee that the insurance requirements have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements. The insurance policies shall provide for thirty (30) days prior written notice to be given to

# UNOFFICIAL COPY

the Mortgagee in the event coverage is substantially changed, canceled or non-renewed.

4. If any of the required insurance is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of the Development Agreement, and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. The Developer and/or Mortgagor shall maintain coverage for the duration of this Agreement. A claims made policy which is not renewed or replaced must have an extended reporting period (tail coverage) of two (2) years. Any extended reporting period premium (tail coverage) shall be paid by Mortgagor. The Mortgagor shall provide to the Mortgagee, annually, a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that the Mortgagor shall provide the Mortgagee a thirty (30) day prior written notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the Retroactive Date, cancellation and/or non-renewal.

The Developer and/or Mortgagor shall require all subcontractors to carry the insurance required herein, or the Developer and/or Mortgagor may provide the coverage for any and all of its subcontractors, and, if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "A" above.

Property of Cook County Clerk's Office