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Property Address: 5838 North Sheridan Road, Chicago, Illinois

Permanent Real Estate Tax Index Number: 14-05-402-027-0000

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PREPARED BY:

Michael I. Freeman, P.C.
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Suite 1400
Chicago, Illinois 60602

RETURN TO:

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Chicago, Illinois 60602

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LEASEHOLD
MORTGAGE

THIS INDENTURE, made this 1st day of October, 19 85, by and between Sam Gorenstein and David Gorenstein (collectively referred to herein as "Mortgagor") and Exchange National Bank of Chicago, a national banking association ("Mortgagee").

WITNESSETH:

THAT, WHEREAS the Mortgagor is justly indebted to the Mortgagee upon the Note hereinafter described in the principal sum of four hundred and twenty-five thousand dollars and no/100 (\$425,000.00), evidenced by one certain Promissory Note (the "Note" or said "Note") of the Mortgagor of even date herewith, made payable to the order of and delivered to the Mortgagee, in and by which said Note the Mortgagor promises to pay the said principal sum and interest at the rate or rates and in installments as provided in said Note. The final payment of principal and interest, if not sooner paid, shall be due on the 1st day of April, 1986. All such payments on account of the indebtedness evidenced by said Note shall be first applied to interest on the unpaid principal balance and the remainder to principal and all of said principal and interest being made payable at such place as the holder of said Note may from time to time in writing appoint, and in the absence of such appointment, then at the office of Exchange National Bank of Chicago, 120 South LaSalle Street, Chicago, Illinois 60603, Attention Barbara E. Goldstein.

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NOW, THEREFORE, the Mortgagor, to secure the payment of said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Leasehold Mortgage (the "Mortgage"), and of the Note secured hereby, and the performance of the covenants and agreements herein contained by the Mortgagor to be performed, and also in consideration of the sum of ONE DOLLAR (\$1.00) in handpaid, the receipt whereof is hereby acknowledged, does by these presents MORTGAGE, GRANT, REMISE, RELEASE, ALIEN AND CONVEY unto the Mortgagee, its successors and assigns, the leasehold estate created by that certain Lease Agreement (the "Lease") dated July 28, 1977 between American National Bank and Trust Company, as Trustee under Trust Agreement dated May 1, 1975 and known as Trust No. 90910 ("Lessor") and Mortgagor relating to the following described real estate and all of its estate, right, title and interest therein situate, lying and being in the County of Cook, and State of Illinois, to-wit:

SEE LEGAL DESCRIPTION ATTACHED HERETO
AND MADE A PART HEREOF AS EXHIBIT "A"

which, with the property hereinafter described, is referred to herein as the "Premises";

TOGETHER with all improvements, tenements, easements, fixtures and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily), and together with all of the property owned by the Mortgagor and used in the operation of the real estate described in Exhibit A or the business conducted thereon, including, but not limited to, all beds, dressers, comododes, shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, refrigerators, curtain fixtures, partitions,

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mattresses, bed rails, side tables, blankets, bedspreads, freezers, dishwashing machines, heating carts, tray carts, tables, televisions, dishes, glasses, knives, forks, spoons, draperies, chairs, lamps, desks, typewriters, and filing cabinets, attached floor covering, now or hereafter therein or thereon and all fixtures, apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation including (without restricting the foregoing): all fixtures, apparatus, equipment and articles which relate to the use, occupancy, and enjoyment of the Premises, it being understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned. All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared, to the maximum extent permitted by law, to form a part and parcel of the real estate and to be appropriated to the use of the real estate, and shall be for the purposes of this Mortgage deemed to be real estate and conveyed and mortgaged hereby.

TO HAVE AND TO HOLD the Premises unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, etc.

1A. Mortgagor shall: (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed to be of at least equal value and substantially the same character as prior to such damage or destruction; (b) keep said Premises in good

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condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien; (c) immediately pay when due any indebtedness which may be secured by a lien or charge on the Premises (no superior lien, except for current general taxes which are a lien duly levied and assessed but not yet payable and the First Mortgage (as defined in Paragraph 29 hereof), to be permitted hereunder), and upon request exhibit satisfactory evidence of the discharge of such lien to Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said Premises; (e) comply with all requirements of law, municipal ordinances, and covenants, easements and restrictions of record with respect to the Premises and the use thereof; (f) make no alterations in the said Premises; (g) suffer or permit no change in the general nature of the occupancy of the Premises, without Mortgagee's written consent; (h) initiate or acquiesce in no zoning reclassification or variance without Mortgagee's written consent; (i) pay each item of indebtedness secured by this Mortgage when due according to the terms hereof or of said Note. As used in the paragraph and elsewhere in this Mortgage, the term "indebtedness" shall mean and include the principal sum evidenced by said Note, together with all interest and additional interest thereon, and all other sums at any time secured by this Mortgage.

1B. Right of Contest. Notwithstanding the foregoing prohibition against mechanics' liens against the Premises, Mortgagor may in good faith and with diligence contest the validity or amount of any mechanics' lien and defer payment and discharge thereof during the pendency of such contest, provided; (i) that such contest shall have the effect of preventing the sale or forfeiture of the Premises or any part thereof, or any interest therein, to satisfy such mechanics' lien; (ii) that, within ten (10) days after Mortgagor

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has been notified of the filing of such mechanics' lien, Mortgagor shall have notified Mortgagee in writing of Mortgagor's intention to contest such mechanics' lien; and (iii) that Mortgagor shall have obtained a title insurance endorsement over such mechanics' lien from the title insurance company that has insured the lien of this Mortgage insuring Mortgagee against loss or damage by reason of the existence of such mechanics' lien or Mortgagor shall have deposited or caused to be deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the place of payment designated in the Note, a sum of money which will be sufficient in the judgment of Mortgagee to pay in full such mechanics' lien and all interest which might become due thereon and all other fees, costs and expenses incurred by Mortgagee in respect to any such mechanics' lien, and shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional interest, fees, costs and expenses whenever, in the judgment of Mortgagee, such increase is advisable. Such deposits are to be held without any allowance of interest and need not be kept separate and apart from other funds of Mortgagee. In case Mortgagor shall fail to maintain or cause to be maintained sufficient funds on deposit as hereinabove provided, shall fail to prosecute such contest or cause such contest to be prosecuted with reasonable diligence or shall fail to pay or cause to be paid the amount of the mechanics' lien plus any interest finally determined to be due upon the conclusion of such contest, to the extent such amount exceeds the amount on deposit with Mortgagee, Mortgagee may, at its option, apply the money so deposited in payment of or in account of such mechanics' lien, or that part thereof then unpaid, together with all interest therein. If the amount of money so deposited shall be insufficient for the payment in full of such mechanics' lien, together with all interest thereon

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and other fees, costs and expenses incurred by Mortgagee in respect to any such mechanics' lien, Mortgagor shall forthwith, upon demand, deposit with Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make payment in full. In the event the contest of the mechanics' lien claim is ultimately resolved in favor of the claimant, Mortgagee shall apply the money so deposited in full payment of such mechanics' lien or that part thereof then unpaid, together with all interest thereon (provided Mortgagor is not then in default hereunder) when furnished with evidence satisfactory to Mortgagee of the amount of payment to be made. Any surplus remaining in the control of Mortgagee shall be paid to Mortgagor, provided Mortgagor is not then in default hereunder.

Payment of Taxes

2. Mortgagor shall pay before any penalty or interest attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and all other charges against the Premises which are the liability of Mortgagor pursuant to the Lease when due, and shall, furnish to Mortgagee duplicate receipts therefor.

Tax Deposits

3. To the extent that the Mortgagor is not making such deposits with the Lessor or the mortgagee under the First Mortgage, the Mortgagor covenants and agrees to deposit with such depository as the Mortgagee from time to time may in writing appoint, and in the absence of such appointment, then at the office of Mortgagee in Chicago, Illinois commencing on the date of disbursement of the loan secured hereby and on the first day of each month following the month in which said disbursement occurred until the indebtedness secured by this Mortgage

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is fully paid, a sum equal to one-twelfth (1/12th) of the last total annual taxes and assessments for the last ascertainable year (general and special) on said Premises (unless said taxes are based upon assessments which exclude the improvements or any part thereof now constructed or to be constructed, in which event the amount of such deposits shall be based upon the Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed). Such deposits are to be held without any allowance of interest and are to be used for the payment of taxes and assessments (general and special) on said Premises next due and payable when they become due. If Mortgagee determines at any time that the funds so deposited are insufficient to pay any such taxes or assessments (general or special) or any installment thereof for any year when the same shall become due and payable, the Mortgagor shall within ten (10) days after receipt of demand therefor, deposit additional funds as may be necessary to pay such taxes and assessments (general and special) in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) for any year, the excess shall be applied on a subsequent deposit or deposits. Said deposits need not be kept separate and apart from any other funds of Mortgagee or such depository.

If any such taxes or assessments (general or special) shall be levied, charged, assessed or imposed upon or for the Premises, or any portion thereof, and if such taxes or assessments shall also be a levy, charge, assessment or imposition upon or for any other premises not covered by the lien of this Mortgage, then the computation of any amount to be deposited under this Paragraph 3 shall be based upon the entire amount of such taxes or assessments, and Mortgagor shall not have the right to apportion the amount of any such taxes or assessments for the purposes of such computation.

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Mortgagee's Interest In and Use of Deposits

4. In the event of a default in any of the provisions contained in this Mortgage or the Note secured hereby, the Mortgagee may at its option, without being required so to do, apply any monies at the time on deposit pursuant to Paragraphs 3 and 27 hereof, on any of Mortgagor's obligations herein or in said contained, in such order and manner as the Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits retained by Mortgagee shall be paid to Mortgagor. A security interest within the meaning of the Illinois Uniform Commercial Code is hereby granted to the Mortgagee in and to any monies at any time on deposit pursuant to Paragraphs 3 and 27 hereof and such monies and all of Mortgagor's right, title and interest therein are hereby assigned to Mortgagee, all as additional security for the indebtedness hereunder and shall in the absence of default hereunder be applied by said depository for the purposes for which made hereunder and shall not be subject to the direction or control of the Mortgagor; provided, however, that neither the Mortgagee nor said depository shall be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested Mortgagee or said depository in writing to make application of such funds to the payment of the particular taxes, assessments and insurance premiums for payment of which they were deposited, accompanied by the bills for such taxes, assessments and insurance premiums. Neither Mortgagee nor any depository hereunder shall be liable for any act or omission taken in good faith or pursuant to the instruction of any party but only for its gross negligence or willful misconduct.

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Insurance

5. Until the indebtedness secured hereby is fully paid, all buildings and improvements upon the Premises and all fixtures, equipment and property of the Mortgagor therein contained or installed shall be kept unceasingly insured against loss and damage by such hazards, casualties and contingencies in such amounts and for such periods as may from time to time be reasonably required by Mortgagee, the Lessor and the mortgagee under the First Mortgage. All insurance shall be written in policies and by insurance companies approved by Mortgagee, which approval shall not be unreasonably withheld. All policies of insurance and renewals thereof: (i) shall contain standard noncontributory mortgagee clauses acceptable to the Mortgagee or shall name the Mortgagee as an additional insured thereunder, all as required by the Mortgagee, (ii) shall provide that such coverage cannot be terminated as to the Mortgagee, except upon thirty (30) days' written notice, (iii) shall name the Lessor and holder of the First Mortgage, as their interests may appear, as additional insureds thereunder, and (iv) shall be in form and content acceptable to Mortgagee, which acceptance shall not be unreasonably withheld. Such policies shall also provide that the losses thereunder shall be payable as set forth in the Lease if covered thereby and otherwise to the insureds as specified herein. At Mortgagee's option, and subject to the terms of the Lease and the First Mortgage, all policies shall, with all premiums fully paid, be delivered to Mortgagee as issued at least thirty (30) days before the expiration of old policies and shall be held by Mortgagee until all sums hereby secured are fully paid. In case of sale pursuant to a foreclosure of this Mortgage or other transfer of title to the Premises and extinguishment of the indebtedness secured hereby, complete title to all policies held by Mortgagee and to all prepaid or unearned premiums thereon shall pass to and vest to the purchaser

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or grantee. Mortgagee shall not by reason of accepting, rejecting, approving or obtaining insurance incur any liability for payment of losses.

Without in any way limiting the generality of the foregoing, Mortgagor covenants and agrees to maintain insurance coverage on the Premises to include:

(i) Fire and extended coverage insurance (including vandalism and malicious mischief) for an amount equal to not less than ninety percent (90%) of the full replacement cost of the improvements to the Premises, written on a replacement cost basis or with a replacement cost endorsement. Upon written request of the Mortgagee, Mortgagor agrees to provide at Mortgagor's expense, an insurance appraisal prepared by an insurance appraiser approved by Mortgagee, establishing the full replacement cost in a manner satisfactory to the insurance carrier.

(ii) Business Interruption Insurance in an amount equal to not less than the payments of principal and interest to be paid under the Note and the First Note (as defined in in Paragraph 29 hereof), the payment of the items set forth in Paragraph 2 hereof and the premiums on the insurance set forth in Paragraph 5, all for a period of 24 months.

(iii) Comprehensive general public liability and property damage insurance for an amount not less than TWO MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$2,500,000.00) combined single limit for claims arising from any accident or occurrence in or upon the Premises.

(iv) Flood insurance whenever in the opinion of Mortgagee such protection is necessary and is available.

(v) Sprinkler insurance, and boiler and machinery insurance, if applicable.

(vi) Such other insurance that may be reasonably required from time to time by Mortgagee.

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Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon under a standard noncontributory mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

Adjustment of Losses with Insurer and Application of Proceeds of Insurance

6. In case of loss or damage by fire or other casualty, the adjustment of all claims under insurance policies which insure against such risks and the application of the proceeds of any such claim shall be governed by the provisions of the Lease. Notwithstanding the provisions of the Lease, if and to the extent that under the terms of the Lease and the First Mortgage any amounts are distributable from the proceeds of such claim to the Mortgagee after the reimbursement for payment of costs or restorations, such balance shall, at the option of Mortgagee be applied as prepayment of principal under the Note.

Stamp Tax

7. If, by the laws of the United States of America, or of any state having jurisdiction over the Mortgagor, any tax is due or becomes due in respect of the issuance of the Note hereby secured, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The Mortgagor further covenants to reimburse the Mortgagee for any sums which Mortgagee may expend by reason of the imposition of any tax on the issuance of the Note secured hereby.

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Observance of Lease Assignment

8. As additional security for the payment of the Note secured hereby and for the faithful performance of the terms and conditions contained herein, Mortgagor, as sublessor, has assigned to the Mortgagee all of its rights, title and interest as sublessor in and to all subleases, if any, of the Premises, and the rents, issues and profits therefrom.

All subleases of the Premises are subject to the approval of the Mortgagee as to form, content and tenants, and without limiting the generality of the foregoing, Mortgagor will not, without Mortgagee's prior written consent, make any sublease of the Premises, except for actual occupancy by the sublessee thereunder.

Mortgagor will not, without Mortgagee's prior written consent: (i) execute an assignment or pledge of any rents of the Premises and/or any subleases of the Premises; or (ii) accept any prepayment of any installment of any rents more than thirty (30) days before the due date of such installment.

Mortgagor at its sole cost and expense will: (i) at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in all subleases of the Premises, on the part of the sublessor thereunder to be kept and performed; (ii) enforce or secure the performance of all of the covenants, conditions and agreements of such subleases on the part of the sublessees to be kept and performed, but Mortgagor shall not modify, amend, cancel, terminate or accept surrender of any sublease without the prior written consent of Mortgagee; (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with such subleases or the obligations, duties or liabilities of sublessor or of the sublessees thereunder; (iv) collaterally transfer and assign to Mortgagee upon written request of Mortgagee, any sublease or subleases of the Premises heretofore or hereafter entered into, and make,

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execute and deliver to Mortgagee upon demand, any and all instruments required to effectuate said collateral assignment; (v) furnish Mortgagee, within ten (10) days after a request by Mortgagee so to do, a written statement containing the names of all sublessees, terms of all subleases of the Premises, including the spaces occupied and the rentals payable thereunder; and (vi) exercise within five (5) days of any demand therefore by Mortgagee any right to request from the sublessee under any sublease of the Premises a certificate with respect to the status thereof.

Nothing in this Mortgage or in any other documents relating to the loan secured hereby shall be construed to obligate Mortgagee, expressly or by implication, to perform any of the covenants of Mortgagor as sublessor under any of the subleases assigned to Mortgagee or to pay any sum of money or damages therein provided to be paid by the sublessor, each and all of which covenants and payments Mortgagor agrees to perform and pay.

Mortgagor will not permit any sublease of the Premises or any part thereof to become subordinate to any lien other than the lien hereof, the First Mortgage and the Lease.

In the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the sublessee under each sublease of the Premises shall, at the option of the Mortgagee, attorn to any person succeeding to the interest of Mortgagor as a result of such enforcement and shall recognize such successor in interest as sublessor under such sublease without change in the terms or other provisions thereof, provided, however, that said successor in interest shall not be bound by any payment of rent or additional rent for more than one month in advance or any amendment or modification to any sublease made without the consent of Mortgagee or said successor in interest. Each sublessee,

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upon request by said successor in interest, shall execute and deliver an instrument or instruments confirming such attornment.

Mortgagee shall have the option to declare this Mortgage in default because of a default of sublessor in any sublease of the Premises, whether or not such default is cured by Mortgagee pursuant to the right granted herein. It is covenanted and agreed that a default under any Assignment of Leases executed pursuant to this Paragraph 8 or otherwise shall constitute a default hereunder on account of which the whole of the indebtedness secured hereby shall at once, at the option of the Mortgagee, become immediately due and payable without notice to the Mortgagor.

Effect of Extensions of Time

9. If the payment of said indebtedness, or any part thereof, be extended or varied, or if any part of any security for the payment of the indebtedness be released, or if any person or entity liable for the payment of the indebtedness be released, or if the Mortgagee takes other or additional security for the payment of the indebtedness, or if the Mortgagee waives or fails to exercise any right granted herein, or in the Note secured hereby, or in any other instrument given to secure the payment hereof, all persons now or at any time hereafter liable for the payment of the indebtedness, or any part thereof, or interested in the Premises shall be held to assent to such extension, variation, release, waiver, failure to exercise or the taking of additional security, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by the Mortgagee, notwithstanding such extension, variation, release, waiver, failure to exercise, or the taking of additional security.

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Effect of Changes in Laws Regarding Taxation

10. In the event of the enactment after this date of any law of the state in which the Premises are located deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holders thereof, then, and in any such event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee: (a) it might be unlawful to require Mortgagor to make such payment; or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

Mortgagee's Performance of Defaulted Acts

11. In case of default herein, Mortgagee may, but need not, and whether electing to declare the whole of the indebtedness due and payable or not, and without waiver of any other remedy, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may, but neednot, make full or partial payments of principal or interest on the First Mortgage and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Premises or contest any tax or assessment or cure

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any default of Mortgagor, as tenant, under the Lease, or cure any default of Mortgagor as sublessor in any sublease of the Premises. All reasonable monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by Mortgagee in regard to any tax referred to in Paragraph 7 or to protect the Premises or the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the Default Rate of interest set forth in the Note. 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.

Mortgagee's Reliance on Tax Bills, Etc.

12. Mortgagee in making any payment hereby authorized:

(a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office 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; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

Acceleration of Indebtedness in Case of Default

13. If: (a) default be made in the due and punctual payment of the Note secured hereby, or any payment of principal or interest due in accordance with the terms thereof; or (b) any of the following events shall occur: (i) the entry of a decree or order: for relief by a court having jurisdiction in respect

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of the Mortgagor or any guarantor of the Note secured hereby, in any involuntary case under the Federal Bankruptcy Laws now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the Mortgagor or any guarantor of the Note secured hereby or any substantial part of the property of any such person or entity, or for the winding up or liquidation of the affairs of any such person or entity and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or (ii) the commencement by the Mortgagor or any guarantor of the Note secured hereby or of a voluntary case under federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or any other similar laws or the consent by any such person or entity to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Mortgagor or any guarantor of the Note secured hereby or of any substantial part of the property of any such person or entity or the making by any such person or entity of an assignment for the benefit of creditors or the failure of any such person or entity generally to pay the debts of any such person or entity as such debts become due, or the taking of action by any such person or entity in furtherance of any of the foregoing; or (c) default shall be made in the due observance or performance of any other of the covenants, agreements or conditions herreinbefore or hereinafter contained, required to be kept or performed or observed by the Mortgagor; or (d) default shall be made in the due observance or performance of any of the covenants, agreements or conditions contained, required to be kept or observed by Mortgagor in any other instrument given to secure the payment of the Note secured hereby, then and in every such case the

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whole of the indebtedness hereby secured shall, at once, at the option of the Mortgagee, become immediately due and payable without notice to Mortgagor. If, while any insurance proceeds or condemnation awards are being held by the Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Premises, as set forth in Paragraphs 6 or 19 hereof, the Mortgagee shall be or become entitled to, and shall accelerate the indebtedness secured hereby, then and in such event, the Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by it in reduction of the indebtedness hereby secured and any excess held by it over the amount of indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

Foreclosure; Expense of Litigation

14. When the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens' Certificates and similar data and assurances with respect to the title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All

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expenditures and expenses of the nature in this paragraph mentioned and such reasonable expenses and fees as may be incurred in the protection of said Premises and the maintenance of the lien of this Mortgage, including the fees of any attorneys employed by Mortgagee in any litigation or proceeding affecting this Mortgage, said Note or said Premises, including appellate, probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceedings or threatened suit or proceeding shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate of interest as set forth in the Note and shall be secured by this Mortgage.

Application of Proceeds of Foreclosure Sale

15. The proceeds of any foreclosure sale pursuant to this Mortgage shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which may, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided and all principal and interest remaining unpaid on the Note; and third, any overplus to any party entitled thereto as their rights may appear.

Appointment of Receiver

16. Upon, or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of said Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then

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value of the Premises or whether the same shall be then occupied as a homestead or not, and the Mortgagee hereunder or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said Premises during the pendency of such foreclosure suit, and in case of a sale and a deficiency during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and (b) the deficiency in case of a sale and deficiency.

Rights Cumulative

17. Each right, power and remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of the Mortgagee in the exercise of any right, power or remedy

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accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

Mortgagee's Right of Inspection

18. Mortgagee shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

Condemnation

19. Subject to terms of the Lease and the First Mortgage, Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the entire proceeds of any award or any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. The Mortgagee may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby, whether due or not, or make said proceeds available for restoration or rebuilding of the Premises. In the event that the Mortgagee elects to make said proceeds available to reimburse Mortgagor for the cost of the rebuilding or restoration of the buildings or improvements on said Premises, such proceeds shall be made available in the manner and under the conditions that the Mortgagee may require. In any event, the buildings and improvements shall be restored or rebuilt in accordance with plans and specifications to be submitted to and approved by the Mortgagee. If the proceeds are made available by the Mortgagee to reimburse the Mortgagor for the cost of said rebuilding or restoration, any surplus which may remain out of said award after payment of such cost of rebuilding or restoration shall at the option of the Mortgagee be applied on account of the indebtedness secured hereby or be paid to any party entitled thereto. No interest shall be allowed to Mortgagor on the proceeds of any award held by the Mortgagee.

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Release Upon Payment and Discharge of Mortgagor's Obligations

20. Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby including any prepayment charges provided for herein or in the Note secured hereby and payment of a reasonable fee to Mortgagee for the execution of such release.

Giving of Notice

21. Any notice which either party hereto may desire or be required to give to the other party shall be in writing and the mailing thereof by certified mail addressed to the Mortgagor at: Edgewater Nursing Center, 5838 North Sheridan Road, Chicago, Illinois; Attention David Gorenstein or to the Mortgagee at: Exchange National Bank of Chicago, 120 South LaSalle Street, Chicago, Illinois 60603; Attention Barbara E. Goldstein, or at such place as any party hereto may by notice in writing designate as a place for service of notice, shall constitute service of notice hereunder.

Waiver of Defense

22. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

Waiver of Statutory Rights

23. Mortgagor shall not, and will not, apply for or avail itself of any appraisalment, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or

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hinder the enforcement or foreclosure of this Mortgage, but 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 Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety.

Furnishing of Financial Statements to Mortgagee

24. Mortgagor covenants and agrees that it will keep and maintain books and records of account, or cause books and records of account to be kept and maintained in which full, true and correct entries shall be made of all dealings and transactions relating to a nursing home business conducted on the Premises, which books and records of account shall, at reasonable times and on reasonable notice, be open to the inspection of the Mortgagee and its accountants and other duly authorized representatives. Such books of record and account shall be kept and maintained either:

(a) In accordance with generally accepted accounting practices consistently applied; or

(b) In accordance with a cash basis or other recognized comprehensive basis of accounting consistently applied.

Mortgagor covenants and agrees to furnish, or cause to be furnished to the Mortgagee, annually, within one hundred twenty (120) days of the end of each fiscal year of the Mortgagor, a copy of an audit report of the operations of the nursing home business conducted on improvements on the Premises, prepared by a Certified Public Accountant satisfactory to the Mortgagee of recognized standing in the accounting profession, including a balance sheet and supporting schedules and containing a detailed statement of

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income and expenses. The accountant's audit report shall be unqualified and shall state that in substance the accountant examined such records of Mortgagor as deemed necessary for such report and that those statements are in accordance with generally accepted and sound accounting principles applied on a consistent basis; or such report may be qualified to the extent that:

(i) The audit report is not in accordance with generally accepted accounting principles because the audit report is on a cash basis or other recognized comprehensive basis of accounting; and/or

(ii) There are significant uncertainties affecting the audit report, to the extent that such uncertainties exist and are described in such report.

Said accountant's audit report shall be certified as true and correct by Mortgagor.

Filing and Recording Fees

25. Mortgagor will pay all filing, registration or recording fees and all expenses incident to the execution and acknowledgement of this Mortgage and all federal, state, county and municipal taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of said Note and this Mortgage.

Business Purpose

26. Mortgagor certifies that the proceeds of the loan secured by this Mortgage will be used for the purpose specified in Chapter 17, Section 6404, Section 4(1)(c) of the Illinois Revised Statutes, and that the principal obligation secured hereby constitutes a business loan which comes within the purview of said paragraph.

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Miscellaneous

27. This Mortgage and all provisions hereof shall extend to and be binding upon Mortgagor and its successors, grantees and assigns, any subsequent owner or owners of the Premises and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed said Note or this Mortgage. The word "Mortgagee", when used herein, shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Note secured hereby.

In the event one or more of the provisions contained in this Mortgage or the Note secured hereby, or in any other security documents given to secure the payment of the Note secured hereby, shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, not affect any other provision of this Mortgage, and this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein. The validity and interpretation of this Mortgage and of all other documents evidencing or securing the indebtedness shall be construed in accordance with the laws of the State of Illinois.

Mortgagor shall not by act or omission permit any building or other improvement on any premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien

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of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission impair the integrity of the Premises as a single zoning lot separate and apart from all other premises. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this paragraph shall be void.

Mortgagor, on written request of the Mortgagee, will furnish a signed statement prepared by Mortgagee of the amount of the indebtedness secured hereby and whether or not any default then exists hereunder and specifying the nature of such default.

The Note secured hereby requires the payment of a late charge in the event any installment of principal and/or interest due thereunder and/or any escrow fund payment for taxes and insurance due hereunder shall become overdue for a period in excess of ten (10) days. Said Note requires the payment to the Mortgagee of a late charge of five percent (5%) for each dollar so overdue to defray part of the cost of collection. Said late charge shall be secured hereby as indebtedness, as that term is defined in Paragraph 1 hereof.

Mortgagee shall have the right and option to commence a civil action to foreclose this Mortgage and to obtain a Decree of Foreclosure and Sale. The failure to join any subtenant or subtenants as party defendant or defendants in any such civil action or the failure of any Decree of Foreclosure and Sale to foreclose their rights shall not be asserted by the Mortgagor as a defense in any civil action instituted to collect the indebtedness secured hereby, or any part thereof, or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

At the option of the Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of

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entitlement to insurance proceeds or any award in condemnation) to any and all subleases of all or any part of the Premises upon the execution by Mortgagee and recording or registration thereof, at any time hereafter, in the Office of the Recorder of Deeds or Registrar of Titles in and for the county wherein the Premises are situated, of a unilateral declaration to that effect.

If not otherwise required under the Lease or the First Mortgage, it is further covenanted and agreed that for the purpose of providing funds with which to pay the premium on the policies of fire and other hazard insurance covering the Premises, Mortgagor shall deposit with Mortgagee on the date of disbursement of the proceeds of the loan secured hereby and on the first day of each month following the month in which said disbursement occurred, an amount equal to the premiums that will next become due and payable on such policies less any amount then on deposit with the Mortgagee, divided by the number of months to elapse prior to the date when such premiums become delinquent. No interest shall be allowed to Mortgagor on account of any deposit or deposits made hereunder and said deposits need not be kept separate and apart from any other funds of the Mortgagee.

Security Agreement

28. Mortgagor and Mortgagee agree that this Mortgage shall constitute a Security Agreement within the meaning of the Illinois Uniform Commercial Code (hereinafter in this paragraph referred to as the "Code") with respect to all sums on deposit with the Mortgagee pursuant to Paragraphs 6 and 19 hereof ("Deposits") and with respect to any property owned by Mortgagor included in the definition herein of the word "Premises", (which property may not be deemed to form a part of the real estate described in Exhibit "A" or may not constitute a "fixture" within the meaning of Section 9-313 of the Code), and all replacements of such property, substitutions and additions thereto and the

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proceeds thereof being sometimes hereinafter collectively referred to as the "Collateral", and that a security interest in and to the Collateral and the Deposits is hereby granted to the Mortgagee and all of Mortgagor's right, title and interest therein are hereby assigned to the Mortgagee, all to secure payment of the indebtedness and to secure performance by the Mortgagor of the terms, covenants and provisions hereof. In the event of a default under this Mortgage, the Mortgagee, pursuant to the appropriate provisions of the Code, shall have the option of proceeding with respect to the Collateral in accordance with its rights and remedies with respect to the real property, in which event the default provisions of the Code shall not apply. The parties agree that, in the event the Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, five (5) days' notice of the sale of the Collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Mortgagee. The Mortgagor agrees that, without the written consent of the Mortgagee, the Mortgagor will not remove or permit to be removed from the Premises any of the Collateral except that so long as the Mortgagor is not in default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of the Collateral when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Premises, upon replacing the same or substituting for the same other Collateral at least equal in value to the initial value to that disposed of and in such a manner so that said Collateral shall be subject to the security interest created hereby and so that the security interest of the Mortgagee shall be first in priority, it being expressly understood and agreed that all replacements of the Collateral and any additions to the Collateral shall be and become immediately subject to the

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security interest of this Mortgage and covered hereby. The Mortgagor shall, from time to time, on reasonable request of the Mortgagee, deliver to the Mortgagee an inventory of the Collateral in reasonable detail. The Mortgagor covenants and represents that all collateral, and all replacements thereof, substitutions therefor or additions thereto, unless the Mortgagee otherwise consents, now is and will be free and clear of liens, encumbrances or security interest of others. Mortgagor shall, upon demand, execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee, and will do all such acts and things as Mortgagee may at any time, or from time to time, reasonably request or as may be necessary or appropriate to establish and maintain a first perfected security interest in the Deposits and Collateral subject to no liens, encumbrances or security interests of others except any liens created pursuant to the First Mortgage which liens existed prior to the date hereof.

First Mortgage

29. This Mortgage is subject to that certain mortgage dated March 30, 1976 and recorded April 7, 1976 as document number 23443623, as modified by Modification Agreement recorded July 2, 1976 as document number 23545159 in the office of the Recorder of Deeds, Cook County, Illinois from Lessor to Chicago Federal Savings and Loan Association which mortgage secures a note in the original amount of ONE MILLION EIGHT HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$1,850,000.00). Said mortgage is herein called the "First Mortgage" and the note secured thereby is hereinafter called the "First Note".

If the First Mortgage or the First Note shall be in default for any reason and Mortgagor fails to cure said default within ten (10) days of receipt by Mortgagor of notice of said default from Lessor or the mortgagee under the First Note, or should any suit be commenced to enter judgment on the First

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Note, such default or commencement of foreclosure or commencement of suit shall constitute a default under this Mortgage on account of which the whole of the indebtedness secured hereby shall, at once, at the option of the Mortgagee, become due and payable without notice to the Mortgagor; and Mortgagee may, but shall not be required to, cure any such default and/or perform such acts that may be necessary to secure the dismissal of any such suit, and all monies advanced for that purpose, with interest thereon at the Default Rate of interest as set forth in the Note from the time of the advance or advances therefor shall, without demand or notice, be immediately due and payable by Mortgagor to Mortgagee and shall be added to the indebtedness secured by this Mortgage.

Mortgagor agrees that Mortgagor will not consent to the modification or amendment of the First Note, the First Mortgage or any other instruments securing the First Note without the prior written consent of the Mortgagee.

Mortgagor hereby represents, covenants and agrees that:

(a) This Mortgage is lawfully executed and delivered in conformity with the First Mortgage.

(b) Mortgagor will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by the "tenant of the mortgagor" under the First Mortgage and under the First Note and will do all things necessary to preserve and to keep the First Mortgage and the First Note free from default due to any acts of the "tenant of the mortgagor" under the First Mortgage and First Note.

(c) Mortgagor will promptly notify the Mortgagee in writing of any default in the performance or observance of any of the terms, covenants or conditions on the part of Lessor, as mortgagor, to be performed under the First Mortgage and the First Note.

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(d) Mortgagor will (i) promptly notify the Mortgagee in writing of the receipt by the Lessor, as mortgagor, of any notice (other than notices customarily sent on a regular periodic basis) from the mortgagee under the First Mortgage and the holder of the First Note, and (ii) promptly cause to be delivered to the Mortgagee a copy of each such notice received by the mortgagor from the mortgagee under the First Mortgage and from the holder of the First Note.

(e) Mortgagor will not, without the prior written consent of the Mortgagee, enter into any agreement or accept the benefit of any arrangement (except as required under the Lease) whereby the holder of the First Note or the mortgagee under the First Mortgage waives, postpones, extends, reduces, or modifies the payment of any installment of principal or interest or any other item or amount now required to be paid under the terms of the First Mortgage or the First Note or modifies any provision thereof.

(f) Mortgagor will, within ten (10) days after written demand from the Mortgagee, use its best efforts to obtain from the mortgagee of the First Mortgage and the holder of the First Note and deliver to the Mortgagee a certificate stating that the First Mortgage and the First Note are in full force and effect, are unmodified, that no notice of default thereunder has been served on the mortgagor thereunder and stating whether or not there are any defaults thereunder, and specifying the nature of such defaults, if any.

(g) Mortgagor will use its best efforts to furnish to the Mortgagee, upon demand, proof of payment of all items which are required to be paid by the mortgagor pursuant to the First Mortgage and the First Note and proof of payment of which is required to be paid by the Mortgagor pursuant to the First Mortgage and the First Note.

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such instruments as the Mortgagee may deem useful or required to permit the Mortgagee to cure any default under the First Mortgage and the First Note or permit the Mortgagee to take such other action as the Mortgagee considers desirable to cure or remedy the matter in default and preserve the interest of the Mortgagee in the Premises.

The generality of the provisions of this section relating to the First Mortgage and First Note shall not be limited by other provisions of this Mortgage setting forth particular obligations of the Mortgagor which are also required of the mortgagor under the First Mortgage and the First Note.

Due on Sale or Further Encumbrance

30. Mortgagor covenants and agrees that Mortgagee, at its option, has the unqualified right to accelerate the maturity of the indebtedness evidenced by the Note and secured hereby causing the full principal balance and accrued interest under the Note, together with a prepayment premium in the amount, if any, required to be paid pursuant to the terms of the Note in the event of a prepayment at the time of such acceleration (and if at the time of such acceleration Mortgagor has no right to prepay the indebtedness, then the amount of such premium shall be equal to ten percent (10%) of the then outstanding principal balance), to be immediately due and payable without notice to Mortgagor, in the event that:

(a) Mortgagor shall, without the prior written consent of Mortgagee, sell, transfer, convey, or assign its interest in all or any portion of the Premises, whether by operation of law, voluntarily, or otherwise, or shall contract to do any of the foregoing; or

(b) Mortgagor shall, without the prior written consent of Mortgagee, directly or indirectly, create, suffer or permit to be created or filed

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against the Premises, or any portion thereof, or against the rents, issues and profits therefrom (including, without limitation, any lien arising with respect to the payment of taxes, assessments and other charges described in paragraph 2 above), any mortgage lien, security interest, or other lien or encumbrance, except the lien of current general taxes duly levied and assessed but not yet due and payable, the lien of this Mortgage and the lien of the First Mortgage.

The foregoing provisions of this Paragraph are for the purpose of:

- (a) protecting Mortgagee's security, both of repayment of the indebtedness secured hereby and the value of the Premises;
- (b) allowing the Mortgagee to raise the interest rate and collect assumption fees; and
- (c) keeping the Premises free of subordinate financing liens or security interests.

Lease

31. This Mortgage is subject to the terms, provisions and conditions of the Lease.

If the Lease shall be in default for any reason or should any suit be commenced to foreclose the Lease, or should any suit be commenced by the Lessor to enforce its rights and remedies thereunder by reason of a default of the Mortgagor thereunder or otherwise, such default or commencement of foreclosure or commencement of suit shall constitute a default under this Mortgage on account of which the whole of the indebtedness secured hereby shall, at once, at the option of the Mortgagee, become due and payable without notice to the Mortgagor; and Mortgagee may, but shall not be required to, cure any such default and/or perform such acts that may be necessary to secure the dismissal

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of any such suit, and all monies advanced for that purpose, with interest thereon at the Default Rate of interest set forth under the Note from the time of the advance or advances therefor shall, without demand or notice, be immediately due and payable by Mortgagor to Mortgagee and shall be added to the indebtedness secured by this Mortgage.

In addition to and not in limitation of any of the provisions of this Paragraph 31 and any other provisions of this Mortgage, should the Mortgagor fail to properly perform and comply with all its obligations under the Lease, the Mortgagee may, but shall not be required to, take any action after giving effect to any curative and/or notice provisions on behalf of the Mortgagor therein provided, as Mortgagee may deem necessary or desirable to prevent or cure any default of the Mortgagor under the Lease. Mortgagee shall have the immediate right to enter all or any portion of the Premises at such times and in such manner as Mortgagee deems appropriate in order to prevent or cure any such default; and all monies advanced for such purpose, with interest thereon at the Default rate of interest set forth under the Note from the time of the advance or advances therefor, shall, without demand or notice, be immediately due and payable by Mortgagor to Mortgagee and shall be added to the indebtedness secured by this Mortgage. No such act of Mortgagee shall relieve Mortgagor from any default hereunder.

Mortgagor hereby represents, covenants and agrees that:

(a) The Lease is in full force and effect, is unmodified, and is free from default; all rents and other charges reserved in the Lease have been paid to the extent payable to the date hereof; and that this Mortgage is lawfully executed and delivered in conformity with the Lease;

(b) The Mortgagor shall have quiet and peaceful possession of the Premises for so long as this Mortgage is in effect, and Mortgagor agrees to

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defend the leasehold estate created under the Lease for the remainder of the term set forth therein against all and every persons lawfully claiming same or any part thereof subject to the terms of the Lease;

(c) Mortgagor will promptly pay, when due and payable and secure proper receipt for all rent, taxes and all other sums and charges mentioned in and made payable by the Lease;

(d) Mortgagor will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by the Mortgagor as lessee under the Lease, within the period required under the Lease, or such lesser periods as are provided in this Mortgage, and will do all other things necessary to as reserve and to keep unimpaired the rights of the tenant under the Lease;

(e) Mortgagor shall further promptly notify Mortgagee in writing (i) of any default on the part of the Lessor under the Lease or (ii) of the occurrence of any event which, with or without the lapse of time or the giving of notice, would constitute a default on the part of the Lessor under the Lease;

(f) Mortgagor will (i) promptly notify the Mortgagee in writing of the receipt by Mortgagor of any notice from the Lessor, and of any notice noting or claiming any default by the Mortgagor in the performance or observance of any of the terms, covenants or conditions on the part of the Mortgagor to be performed or observed under the Lease, (ii) promptly notify the Mortgagee in writing of the receipt by the Mortgagor of any notice from the Lessor to the Mortgagor of termination of the Lease or of the Mortgagor's right to possession thereunder pursuant to the provisions of the Lease, and (iii) promptly cause a copy of each such notice received by the Mortgagor from the Lessor to be delivered to the Mortgagee.

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(g) Mortgagor will not surrender the Lease or the leasehold estate created thereby or the interest of Mortgagor in or under the Lease, nor shall the Lease be terminated or cancelled by the Mortgagor, nor shall Mortgagor, without the prior written consent of Mortgagee being first had and obtained, modify, change, supplement, amend or alter the Lease or consent to or suffer or permit any of the foregoing, and Mortgagor hereby transfers and relinquishes unto Mortgagee all rights, privileges and prerogatives of Mortgagor to terminate, cancel, modify, change, supplement, amend or alter the Lease or consent to suffer or permit any of the foregoing, and any such termination, cancellation, modification, change, supplement, amendment or alteration of the Lease made, permitted or suffered to be made or consented to by Mortgagor without the prior written consent thereto on the part of Mortgagee being first had and obtained, shall be void and of no force or effect and shall constitute an event of default hereunder and the entire indebtedness secured hereby shall, at the option of Mortgagee, become immediately due and payable without notice.

(h) Mortgagor will promptly notify the Mortgagee in writing of any request made by either party to the Lease for appraisal proceedings pursuant to the Lease and of the institution of any appraisal proceedings, as well as of all proceedings thereunder, and will promptly deliver to the Mortgagee a copy of the determination of the appraiser in each such appraisal proceeding. The Mortgagee shall have the right to participate in such appraisal proceedings in association with Mortgagor or on its own behalf as an interested party.

(i) Mortgagor shall exercise any option to renew or extend the Lease if at the time such option becomes exercisable any indebtedness secured hereby has not been fully paid and discharged and shall give written confirmation thereof to Mortgagee within ten (10) days after the date on which such option first becomes exercisable, and Mortgagor hereby irrevocably appoints Mortgagee as its

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attorney-in-fact, with power of substitution, to exercise such option on behalf of Mortgagor if Mortgagor is required under the foregoing provisions to exercise said option but for any reason fails or refuses to exercise said option within a reasonable time prior to the expiration of Mortgagor's time to exercise the option.

(j) Mortgagor will, within ten (10) days after written demand from the Mortgagee, use its best efforts to obtain from the Lessor and deliver to the Mortgagee a certificate stating that the Lease is in full force and effect, is unmodified, that no notice of termination thereon has been served on the Mortgagor as lessee thereof, stating the date to which the net rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any.

(k) Mortgagor will furnish to the Mortgagee, upon demand, proof of payment of all items which are required to be paid by the Mortgagor pursuant to the Lease and proof of payment of which is required to be given to the Lessor.

(l) Mortgagor shall not without the prior written consent of Mortgagee consent to the subordination of the Lease to any mortgage of the fee interest of the Lessor thereof in the mortgaged property except the First Mortgage.

(m) Mortgagor shall execute and deliver, on request of the Mortgagee, such instruments as the Mortgagee may deem useful or required to permit the Mortgagee to take such other action as the Mortgagee considers desirable to cure or remedy the matter in default and preserve the interest of the Mortgagee in the Premises.

(n) If required by the Mortgagee, Mortgagor shall pay to the Mortgagee the rent specified in the Lease and all other payments required by the Lease, which amounts shall be paid to Mortgagee five (5) days before any such payment is due under the Lease and Mortgagee will within three (3) business days after receipt

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of such sums remit to the Lessor or any other party entitled to receive such other payment the rent next due under the Lease or such other payment.

(o) Mortgagor covenants and agrees that there shall not be a merger of the Lease, or of the leasehold estate created thereby, with the fee estate in the property subject to the Lease by reason of said leasehold estate or fee estate, or any part of either, coming into common ownership, unless Mortgagee shall consent in writing to such merger; and if Mortgagor shall acquire such fee estate, then the lien of this Mortgage shall simultaneously and without further action be and become extended so as to become a lien on such fee estate in addition to remaining a lien on said leasehold estate and Mortgagor will at its own cost and expense forthwith execute, acknowledge and deliver to Mortgagee at Mortgagee's request such further instruments and documents as may be requested by Mortgagee for the purpose of further evidencing and confirming such lien on such fee estate.

(p) Mortgagor covenants and agrees that if at any time Mortgagor fails to comply fully or in a timely manner with any of Mortgagor's obligations under the Lease, and such failure threatens the value or existence of Mortgagee's security hereunder or Mortgagee is given the right to cure Mortgagor's defaults under the terms of the Lease, Mortgagee may, but without obligation to do so and without releasing Mortgagor from any obligation hereunder or removing or waiving any corresponding default hereunder, perform on behalf of Mortgagor any such obligations, and any and all costs and expenses (including without limitation reasonable attorneys' fees) incurred by Mortgagee in connection therewith shall be repayable with interest at the Default Rate of interest set forth under the Note without demand and shall be secured hereby, subject to all rights and remedies of Mortgagee under this Mortgage; provided that the foregoing shall not be construed to require Mortgagee to incur any expense or

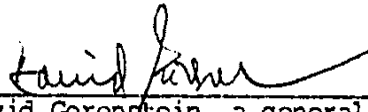
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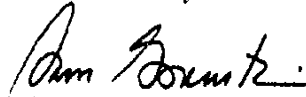
take any action with respect to Mortgagor's failure to comply with any of Mortgagor's obligations under the Lease and no such act of Mortgagee shall relieve Mortgagor from any default hereunder.

The generality of the provisions of this section relating to the Lease shall not be limited by other provisions of this Mortgage setting forth particular obligations of the Mortgagor which are also required of the Mortgagor as the tenant under the Lease.

IN WITNESS WHEREOF, the Mortgagor has executed this instrument the day and year first above written.



David Gorenstein, a general partner



Sam Gorenstein, a general partner

UNOFFICIAL COPY

8 5 2 3 1 5 4

EXHIBIT A

Lots 4 and 5 in Block 1 in Cochran's addition to Edgewater, being a subdivision of the South 1,946 feet of the West 1,320 feet of the East fractional half of Section 5, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

85 231 546

UNOFFICIAL COPY

STATE OF)

8 5 2 3 1 5 4 0

COUNTY OF)

SS.)

I, Wanda Rey, a Notary Public
 in and for and residing in said County, in the State aforesaid
 DO HEREBY CERTIFY THAT Sam Benoit & David
 who is personally known to me to be the same person whose
 name is subscribed in the foregoing instrument, appeared before
 me this day in person and acknowledged that he signed, sealed
 and delivered the said instrument as his free and voluntary act,
 for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 26th day of
September, 1985

SEAL
 PROPERTY OF COOK COUNTY CLERK'S OFFICE

Wanda Rey
 Notary Public

My Commission expires:

May 21, 1989

COOK COUNTY, ILLINOIS
 FILED FOR RECORD

1985 OCT 11 AM 11:43

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UNOFFICIAL COPY

STATE OF)

8 5 2 3 1 5 4 3

COUNTY OF)

SS.

I, Wanda Ray, a Notary Public in and for and residing in said County, in the State aforesaid DO HEREBY CERTIFY THAT David Lorensten, who is personally known to me to be the same person whose name is subscribed in the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 26th day of September 1985

Wanda Ray
Notary Public

My Commission expires:

May 21, 1989

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