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BERMAN REICIN PARTNERSHIP,
As Mortgagor,

And

CITY OF CHICAGO, COOK COUNTY, ILLINOIS,
As Mortgagee

MORTGAGE AND SECURITY AGREEMENT

Dated as of September 1, 1985



This instrument prepared by:

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111 West Monroe Street
Chicago, Illinois 60603

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MORTGAGE AND SECURITY AGREEMENT

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MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage") dated as of September 1, 1985, by and between BERMAN REICIN PARTNERSHIP, a general partnership duly organized and validly existing under the laws of the State of Illinois, having its principal place of business at 4834 South Oakley Street, Chicago, Illinois 60609 (the "Mortgagor"), and the CITY OF CHICAGO, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois, having its principal place of business at City Hall, Chicago, Illinois 60602 (the "Mortgagee");

WITNESSETH:

WHEREAS, the Mortgagee is issuing its Industrial Development Revenue Bond, Series 1985 (Berman Reicin Partnership Project) in the principal amount of \$500,000 (the "Bond") pursuant to a Bond Ordinance duly adopted by the City Council of the Issuer on November 26, 1985 (the "Bond Ordinance") for the purpose of lending the proceeds thereof to the Mortgagor to finance a portion of the costs of the acquisition of land and an existing building located thereon and the construction of improvements thereto, all to be used as a facility for the manufacture, storage and distribution of industrial fabric (the "Project"), which Project is to be located in the City of Chicago, Illinois; and

WHEREAS, the Mortgagor will own the Project, and will lease the Project to M. Putterman & Co., Inc., a Delaware corporation (the "Guarantor"), pursuant to the Lease Agreement dated as of September 1, 1985, by and between the Mortgagor and the Guarantor (the "Lease"), the Mortgagor and the Guarantor will use the Project as aforesaid, and the Project will constitute an "industrial development project", within the meaning of and in furtherance of the purposes of Chapter 15.2 of the Municipal Code of the City of Chicago, duly adopted by the City Council of the Issuer on February 10, 1982, as supplemented and amended; and

WHEREAS, the Mortgagor is indebted to the Mortgagee in the principal sum of Five Hundred Thousand Dollars (\$500,000) lent to the Mortgagor pursuant to the terms of the Loan Agreement dated as of September 1, 1985, by and between the Mortgagee and the Mortgagor (the "Agreement"), under the terms of which the Mortgagor has issued its Promissory Note (the "Note") to evidence its obligation to repay the loan; and

WHEREAS, the payment of the principal installments of, premium, if any, and interest on the Note and the Bond is secured by the Assignment of Rents dated as of September 1, 1985, from the Mortgagor to the Mortgagee (the "Assignment of Rents"); and

WHEREAS, the Bond and the obligation to pay interest thereon are special, limited obligations of the Mortgagee payable solely out of the revenues and receipts derived by the Mortgagee pursuant to the Agreement and the Note (except as otherwise provided in the Bond Ordinance), and the Bond and the obligation to pay interest thereon do not constitute and shall not be deemed to constitute an indebtedness or a loan of credit of the Mortgagee, the State of Illinois or any political subdivision thereof, within the meaning of any constitutional or statutory provisions; and

WHEREAS, the Mortgagor is desirous that the Mortgagee issue the Bond and apply the proceeds as aforesaid and is willing to enter into this Mortgage to further

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secure the Note and the Bond and in order to enhance the marketability of the Bond and thereby achieve cost savings to the Mortgagor, and as an inducement to the purchase of the Bond by all who shall at any time become owners of the Bond; and

WHEREAS, the Mortgagee intends to assign and pledge all right, title and interest of the Mortgagee herein and hereto to Harris Trust and Savings Bank, a banking corporation duly organized and validly existing under the laws of the State of Illinois (the "Bank"), having its principal address at 111 West Monroe Street, P.O. Box 755, Chicago, Illinois 60690, as purchaser and owner of the Bond, pursuant to the Assignment and Agreement dated as of September 1, 1985, by and between the Mortgagee and the Bank (the "Assignment");

NOW, THEREFORE, the Mortgagor to secure the payment of the principal installments of, premium, if any, and interest on the Note and the Bond in accordance with the terms and provisions thereof, and the payment of any other sums therein provided for, and the observance and performance of the covenants and agreements contained herein or in the Note or the Bond or in any other instrument or document securing the Note or the Bond or in the Agreement, and the other indebtedness which this Mortgage by its terms secures, and also in consideration of the sum of Ten Dollars in hand paid, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell, convey, mortgage, warrant, assign and pledge unto the Mortgagee, and its successors and assigns (including without limitation the Bank), and does hereby grant to the Mortgagee, and its successors and assigns (including without limitation the Bank), a security interest in, all and singular the properties, rights, interests and privileges described in Granting Clauses I, II and III below, all of same being collectively referred to herein as the "Premises":

GRANTING CLAUSE I

That certain real estate lying in the City of Chicago, Cook County, Illinois, more particularly described in Exhibit A attached hereto and made a part hereof (sometimes hereinafter referred to as the "Real Estate");

GRANTING CLAUSE II

All buildings and permanently attached improvements of every kind and description now or hereafter erected or placed on the Real Estate and all materials intended for construction, reconstruction, alteration and repairs of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises immediately upon the delivery thereof to the Real Estate, and all fixtures, machinery, apparatus, equipment, fittings and articles of personal property of every kind and nature whatsoever now owned or hereafter owned by the Mortgagor and permanently attached to the Real Estate and the buildings and permanently attached improvements now or hereafter located thereon, including, but not limited to, all machinery, motors, fittings, radiators, gas, coal, steam, electric, oil and other heating, power and lighting apparatus and fixtures, all ventilating apparatus and systems, all plumbing, incinerating, sprinkler equipment and fixtures, all elevators and escalators and all other fixtures and appurtenances thereto; and all renewals or replacements of any of the foregoing or articles in substitution therefor; it being mutually agreed, intended and declared that all the aforesaid property owned by the Mortgagor and permanently attached to the Real Estate shall, so far as permitted by law, be deemed to form a part and parcel of the Real Estate and for the purpose of this Mortgage to be real estate and covered by this Mortgage only to the extent permitted by law;

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GRANTING CLAUSE III

All right, title and interest of the Mortgagor now owned or hereafter acquired in and to all and singular the estates, tenements, hereditaments, privileges, easements, franchises and appurtenances belonging or in any wise appertaining to the property described in the preceding Granting Clause I and the buildings and improvements now or hereafter located thereon and the reversions, rents, issues, revenues and profits thereof, including all interest of the Mortgagor in all rents, issues and profits of the aforementioned property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including all deposits of money as advanced rent or for security) under any and all leases and renewals thereof of said property (including during any period allowed by law for the redemption of said property after any foreclosure or other sale), together with the right, but not the obligation, to collect, receive and receipt for all such rents and apply them to the indebtedness hereby secured and to demand, sue for and recover the same when due or payable, provided that the assignments made hereby shall not impair or diminish the obligations of the Mortgagor under the provisions of such leases nor shall such obligations be imposed upon the Mortgagee or the Bank; by acceptance of this Mortgage, the Mortgagee agrees, and will cause the Bank to agree, not as a limitation or condition hereof, but as a personal covenant available only to the Mortgagor, that, until an event of default shall occur hereunder giving the Mortgagee or the Bank the right to foreclose this Mortgage, the Mortgagor may collect, receive and enjoy such rents.

And as to the property aforesaid which is not deemed to be real property, including but not limited to fixtures, this Mortgage is hereby deemed to be as well a Security Agreement under the provisions of the Illinois Uniform Commercial Code for the purpose of creating hereby a security interest in said property, which is hereby granted by the Mortgagor, as debtor, to the Mortgagee, as secured party, and assigned and pledged to the Bank, as assignee of the secured party, further securing the indebtedness hereby secured; the addresses of the Mortgagor (debtor), the Mortgagee (secured party) and the Bank (assignee of secured party), appear at the beginning of this Mortgage;

SUBJECT, HOWEVER, as of any particular time, to: (i) any exception to title shown in Exhibit A attached hereto and made a part hereof (including the rights, easements and covenants therein described), (ii) liens for general real estate taxes and special assessments or installments thereof not then delinquent, (iii) the Agreement, the Lease (the lien of which Lease is subordinate to the lien hereof), the Assignment of Rents and the Assignment, (iv) recorded utility, access and other easements and rights-of-way that will not materially interfere with or impair the operations being conducted on the Premises or substantially diminish the value thereof, (v) liens and security interests in favor of the Bank, and (vi) such minor defects, easements and rights-of-way as normally exist with respect to properties similar in character to the Premises and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Mortgagor or substantially diminish the value thereof, all of the foregoing sometimes being hereinafter referred to as the "Permitted Encumbrances";

TO HAVE AND TO HOLD the Premises and the properties, rights and privileges hereby granted, bargained, sold, conveyed, mortgaged, warranted, assigned, pledged and in which a security interest is granted, or intended to be granted, to the Mortgagee, and its successors and assigns (including without limitation the Bank) forever; provided, however, that this Mortgage is upon the express condition that if the Mortgagor shall pay or cause to be paid all indebtedness hereby secured and shall keep, perform and observe all and singular the covenants and promises in the Note and in this Mortgage or

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in any other instrument or document securing the Note or in the Agreement expressed to be kept, performed and observed by the Mortgagor, and the principal installments of, premium, if any, and interest on the Bond shall have been paid in full, then this Mortgage and the estate and rights hereby granted shall cease, determine and be void and this Mortgage shall be released by the Mortgagee and the Bank upon the written request and at the expense of the Mortgagor, otherwise to remain in full force and effect.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

Section 1. Maintenance of Premises. The Mortgagor shall, at its own expense:

- (a) keep the Premises in safe condition;
- (b) keep the Premises in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof;
- (c) not create or permit to be created or remain, and will promptly discharge, all liens, security interests, encumbrances and charges on the Premises or any part thereof, other than Permitted Encumbrances, exhibiting satisfactory discharge of same to the Bank;
- (d) complete within a reasonable time, the acquisition, construction and installation of the Project and complete within a reasonable time any other acquisition, construction, improvement and equipping of the Premises now or at any time in the process of erection on the Premises;
- (e) comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental entity, authority, commission and court and the officers thereof of which the Mortgagor has notice;
- (f) not make any alterations to the Premises which would materially and adversely affect the Premises or the use, occupancy or condition thereof; and
- (g) promptly notify the Bank of any damage to or destruction of the Premises, any pending or threatened proceedings for the taking (by eminent domain or otherwise) of any part thereof, any notice from any governmental authority alleging violation of any building code, zoning ordinance or other governmental requirement, or any other event or condition which might adversely impair, affect or reduce the integrity of the Premises or their intended use or value.

Section 2. Taxes. The Mortgagor shall pay when the same shall become due or payable:

- (a) all legally assessed taxes and charges on account of the ownership, use, occupancy or operation of the Premises, including but not limited to all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric light, power or other utility charges assessed or charged on or against the Premises or on account of either the use or occupancy by the Mortgagor and the Guarantor thereof or the activities conducted thereon or therein; and

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(b) all taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be lawfully taxed, levied, imposed or assessed upon all or any part of the Premises or the interest of the Mortgagor or the Guarantor therein.

If under applicable law any such tax, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, the Mortgagor may exercise such option.

Nothing contained herein shall be deemed to constitute an admission by the Mortgagor that the Mortgagor is liable for any tax, charge, fee, rate, imposition or assessment.

To prevent default hereunder, the Mortgagor shall pay in full under protest, in the manner provided by statute, any tax, charge or assessment which the Mortgagor may desire to contest.

Section 3. Insurance. Throughout the term of this Mortgage, the Mortgagor shall keep the Premises continuously insured against such risks as are customarily insured against for similar facilities of like size, type and use in the State of Illinois, paying as the same become due all premiums in respect thereto, including but not necessarily limited to:

(a) Insurance upon the repair or replacement basis, if available, and otherwise to the full insurable value of the Premises, not less than the then outstanding indebtedness secured hereby (with deductible provisions not to exceed \$25,000) against loss or damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State of Illinois.

(b) Explosion insurance on steam boilers, pressure vessels and pressure piping (which are not already insured under the policy referred to in subsection (a) above) in an amount equal to the full insurable value of the steam boilers, pressure vessels and pressure piping installed on the Premises (with deductible provisions not to exceed \$25,000).

(c) Insurance to the extent of \$1,000,000 per occurrence against liability for bodily injury including death resulting therefrom, and to the extent of \$1,000,000 per occurrence against liability for damage to property of others, including loss of use thereof, occurring on or in any way related to the Premises or any part thereof.

(d) Workmen's Compensation Insurance for the employees of the Mortgagor, the Guarantor and any other active operator of the Premises, required by the laws of the State of Illinois.

Copies or certificates of the insurance policies required by this Section 3 shall be delivered by the Mortgagor to the Bank, and, in the case of policies expiring throughout the term of this Mortgage, copies or certificates of any new or renewal policies shall be delivered by the Mortgagor to the Bank.

Policies of insurance provided for in this Section 3 shall name the Mortgagor as insured, provided, however, that the Mortgagee and the Bank shall also be named as additional parties insured pursuant to a standard mortgagee clause, and provided

further that while any principal installment of, premium, if any, and interest on the Bond remains unpaid all casualty insurance proceeds shall be payable as hereinafter provided in Section 4 of this Mortgage.

All insurance required by this Section 3 shall be effected with generally recognized responsible insurance companies of comparable size, quality and integrity with the insurance company or companies delivering an insurance policy or insurance policies on the date of delivery of the Bond, such insurance companies to be selected by the Mortgagor and to be reasonably acceptable to the Mortgagee and the Bank, and may be by blanket insurance policy or policies. Each such insurance policy shall be reasonably acceptable to the Mortgagee and the Bank. To the extent available, the Mortgagor shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable by the insurance carrier, and providing that such policy cannot be modified, without at least ten (10) days' prior written notice to the Mortgagor, the Mortgagee and the Bank. No claim shall be made and no suit or action at law or in equity shall be brought by the Mortgagee or the Bank or by anyone claiming by, through or under the Mortgagee or the Bank, against the Mortgagor for any damage to the Premises covered by the insurance provided for by this Section 3, however caused, but nothing in this paragraph shall diminish the obligation of the Mortgagor to repair or rebuild to the extent provided in Section 4 hereof. The Mortgagor shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection therewith, provided that so long as any principal installment of, premium, if any, or interest on the Bond remains unpaid, no settlement of any claim in excess of \$25,000 as it pertains to the Premises shall be effected without the written consent of the Bank.

The net proceeds of the insurance carried pursuant to the provisions of subsections (a) and (b) above shall be received by the Mortgagor (or the Bank as provided in Section 4 hereof) and shall then be paid and applied as provided in Section 4 hereof, and the net proceeds of insurance carried pursuant to subsections (c) and (d) hereof shall be applied toward the satisfaction or extinguishment of the liability with respect to which such insurance proceeds have been paid.

Section 4. Damage and Destruction. If prior to full payment of the principal installments of, premium, if any, and interest on the Bond the Premises are destroyed in whole or in part or are damaged by fire or other casualty to such extent that the claim for loss under the insurance required to be carried pursuant to Section 3 hereof resulting from such destruction of or damage to the Premises is not greater than \$25,000, the Mortgagor (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property which shall become subject to the lien of this Mortgage) as may be desired by the Mortgagor and as will not impair the value, operating unity or productive capacity or the character of the Premises as an industrial development project, and (ii) will apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from such claims for losses, as well as any additional moneys of the Mortgagor necessary therefor. All net proceeds of insurance resulting from such claims for losses not in excess of \$25,000 shall be paid to the Mortgagor.

If prior to full payment of the principal installments of, premium, if any, and interest on the Bond the Premises are destroyed in whole or in part or are damaged by fire or other casualty to such extent that the claim for loss under the insurance required to be carried pursuant to Section 3 hereof resulting from such destruction of or damage to the Premises is in excess of \$25,000, the Mortgagor shall promptly give

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written notice thereof to the Bank. All net proceeds of insurance resulting from such claims (for losses in excess of \$25,000) shall be paid to the Mortgagor and/or the Bank and shall be held by the Bank in a separate trust account, whereupon the Mortgagor shall have the option (unless an event of default shall have occurred and be continuing hereunder, in which event the Bank shall have the option to require the Mortgagor) to prepay the principal installments of the Note as a whole, pursuant to Section 7.3 of the Agreement, or to take the following steps: (i) the Mortgagor will proceed promptly to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Mortgagor and as will not impair the value, operating unity or productive capacity or the character of the Premises as an industrial development project; and (ii) at the written direction of the Mortgagor, the Bank will apply so much of the net proceeds of such insurance to the payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses. Each such direction of the Mortgagor shall be accompanied by a certificate of an architect or engineer (who shall be selected by the Mortgagor and be satisfactory to the Bank) in charge of the repair, rebuilding or restoration, dated not more than five (5) days prior to such direction, setting forth in substance that (a) the sum then directed to be applied either has been paid by the Mortgagor, or is justly due, to contractors, subcontractors, materialmen, engineers, architects or other persons who shall have rendered services or furnished materials or improvements for the repair, rebuilding or restoration therein specified; the names of such persons, a brief description of such services or materials or improvements and the several amounts so paid or due to each of such persons; and a statement that none of the costs of the services or materials or improvements described in such certificate has been or is being made the basis in any previous or then pending direction for payment under this Section 4 and that the sum then directed to be applied does not exceed the value of the services or materials or improvements described in the certificate, and (b) that, except for the amount, if any, stated (pursuant to subsection (a) preceding) in such certificate to be due for services or materials or improvements, there is not outstanding any indebtedness known to the persons signing such certificate which is then due for labor, wages, materials, supplies or services in connection with the repair, rebuilding or restoration which, if unpaid might become the basis of vendors', mechanics', laborers' or materialmen's liens (other than those being contested in good faith by the Mortgagor) upon the Premises or any part thereof. Each direction of the Mortgagor shall also be accompanied by lien waivers and affidavits from all such contractors, subcontractors, materialmen, engineers, architects and other persons. In the event the net proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Mortgagor will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said net proceeds. Any balance of the net proceeds of any such insurance proceeds shall be used to prepay principal installments of the Note (or a portion thereof) pursuant to Section 7.4 of the Agreement. If the principal installments of, premium, if any, and interest on the Bond have been fully paid, all such net proceeds will be paid to the Mortgagor.

Section 5. Condemnation. As further security for the indebtedness hereby secured, the Mortgagor hereby assigns to the Mortgagee, and its successors and assigns (including the Bank), any and all awards at any time made for the taking (whether permanent or temporary) by condemnation, eminent domain or otherwise of all or any part of the Premises or any rights, interests or privileges appurtenant thereto, together with the right (but not the duty) hereby assigned to the Bank, as assignee of the Mortgagee, to collect, receive, receipt for, compromise and adjust such awards and to endorse the name of the Mortgagor on any commercial paper given in payment thereof. If no event of default shall have occurred and be continuing hereunder, the Mortgagor shall have the

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right to direct all such proceedings for the taking by condemnation, eminent domain or otherwise of all or any part of the Premises.

In the event that title to, or the temporary use of, the Premises, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Mortgagor, the Mortgagee and the Bank will cause the net proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Bank in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Mortgagor:

(a) The restoration of the Premises to substantially the same condition as they existed prior to the exercise of the power of eminent domain.

(b) The acquisition, by purchase, construction or otherwise, by the Mortgagor or the Bank of other improvements of equal value and utility suitable for the operations of the Mortgagor and the Guarantor on the Premises or on a site within the corporate boundaries of the City of Chicago, Illinois (which improvements shall be deemed a part of the Premises and subject to the lien of this Mortgage); provided, that such improvements shall meet with the approval of the Mortgagee and the Bank and shall be acquired by the Mortgagor with the approval of the Mortgagee and the Bank, subject to no liens or encumbrances other than Permitted Encumbrances. The funds shall be disbursed in the same manner set forth for the disbursement of insurance proceeds in the event that damage to or destruction of the Premises exceeds \$25,000 in the second paragraph of Section 4 hereof.

(c) The prepayment of the principal installments of the Note as a whole, pursuant to Section 7.3 of the Agreement.

Within ninety (90) days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Mortgagor shall direct the Bank in writing as to which of the ways specified in this Section 5 the Mortgagor elects to have the condemnation award applied. Any balance of the net proceeds of the award in such eminent domain proceedings shall be used to prepay principal installments of the Note (or a portion thereof) pursuant to Section 7.4 of the Agreement. If the principal installments of, premium, if any, and interest on the Bond have been fully paid, all net proceeds will be paid to the Mortgagor.

Any moneys held by the Bank under the provisions of this Section 5 or Section 4 hereof shall, at the written direction of the Authorized Company Representative (as defined in the Agreement), be invested or reinvested by the Bank in investments enumerated in Section 3.5 of the Agreement. The Mortgagor shall forthwith pay to the Bank for deposit into the appropriate account the amount of any losses on such investments.

The term "net proceeds", as used herein with respect to any insurance or condemnation award, means the gross proceeds from any such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees and any expenses of the Mortgagee and the Bank) incurred in the collection of such gross proceeds.

Section 6. Performance or Payment by Mortgagee or the Bank. In case the Mortgagor shall fail to perform any covenants herein contained, the Mortgagee or the Bank may, but need not:

- (a) make any payment or perform any act herein required of the Mortgagor in any form and manner deemed expedient;
- (b) make full or partial payments of principal of or interest on prior encumbrances, if any;
- (c) purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof; or
- (d) redeem from any tax sale or forfeiture affecting the Premises or contest any tax assessment.

All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other moneys advanced by the Mortgagee or the Bank to protect the Premises and the lien hereof, plus reasonable compensation to the Mortgagee or the Bank for each matter concerning which action herein authorized may be taken shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at a rate equal to one hundred twenty percent (120%) of the Prime Rate (as defined in the Bond) in effect from time to time. The Mortgagee shall be subrogated to all rights, claims and liens of any party whose debt is discharged pursuant to this Section 6. Inaction of the Mortgagee or the Bank, as the case may be, shall never be considered as a waiver of any right accruing to it on account of any default hereunder on the part of the Mortgagor. The Mortgagee or the Bank, as the case may be, in making any payment hereby authorized may do so according to any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged 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.

Section 7. Events of Default. The Mortgagor shall pay each item of indebtedness herein mentioned, including principal, premium, if any, and interest, when due, according to the terms hereof and of the Note and the Agreement. Upon the occurrence and continuation of an "event of default" hereunder, all of the unpaid indebtedness secured hereby may at the option of the Bank become due and payable, pursuant to the Bond Ordinance, the Agreement and the Assignment. The occurrence and continuation of any one of the following shall constitute an "event of default" hereunder:

- (a) Failure by the Mortgagor to pay any amounts required to be paid as principal, premium, if any, or interest under the Note or the Agreement on the dates and in the manner specified therein; provided, however, that the payment of less than the full amount of interest due on the Note on any interest payment date shall not constitute an event of default hereunder if the amount of interest paid shall be the amount of interest which the Bank has advised the Mortgagor is the amount of interest estimated to be due on such interest payment date; provided further, that failure to pay additional interest at the Applicable Taxable Rate (as defined in the Note) upon the occurrence of an Event of Taxability (as defined in the Agreement) shall not constitute an event of default hereunder until sixty (60) days after receipt by the Company of a Determination of Taxability (as defined in the Agreement); or
- (b) Failure by the Mortgagor to pay any amounts pursuant to Section 5.9(a), Section 5.9(b) or Section 7.7 of the Agreement on the dates and in the manner specified therein; or

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(c) Failure by the Mortgagor to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Mortgage, other than as referred to in subsections (a) and (b) above, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Mortgagor by the Mortgagee or the Bank, unless the Mortgagee and the Bank shall agree in writing to an extension of such time prior to its expiration; or

(d) The dissolution or liquidation of the Mortgagor, or the filing by the Mortgagor of a voluntary petition in bankruptcy, or failure by the Mortgagor promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its obligations hereunder, or any order for relief under Title 11 of the United States Code, as amended from time to time, is entered against the Mortgagor, or a petition or answer proposing the entry of an order for relief under Title 11 of the United States Code, as amended from time to time, or the reorganization, arrangement or debt readjustment of the Mortgagor under any present or future Federal bankruptcy act or any similar Federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof, or the Mortgagor shall fail generally to pay its debts as they become due, or a custodian (including, without limitation, a receiver, trustee, assignee for the benefit of creditors or liquidator of the Mortgagor) shall be appointed for or take possession of all or a substantial part of the property of the Mortgagor and shall not be discharged within ninety (90) days after such appointment or taking possession, or the Mortgagor shall consent to or acquiesce in such appointment or taking possession, or assignment by the Mortgagor for the benefit of its creditors, or the entry by the Mortgagor into an agreement of composition with its creditors provided, that the term "dissolution or liquidation of the Mortgagor", as used in this subsection (d), shall not be construed to include any dissolution or liquidation of the Mortgagor following the succession of a succeeding partnership or corporation under the conditions permitting such succession contained in Section 5.2 of the Agreement; or

(e) Any warranty, representation or other statement made by or on behalf of the Mortgagor contained herein, or in any document or certificate furnished by the Mortgagor in compliance with or in reference hereto, is false or misleading in any material respect; or

(f) An "Event of Default" shall occur and be continuing under the Agreement; or

(g) An "event of default" shall occur and be continuing under the Bond Ordinance.

Section 8. Remedies on Default. If an "event of default" occurs and is continuing hereunder, the Mortgagee and the Bank shall have the following rights and remedies:

(a) The Bank may exercise any right, power or remedy permitted to it by law as a holder of the Note or as assignee of this Mortgage and the Agreement, and shall have in particular, without limiting the generality of the foregoing, the right to declare the entire principal and all unpaid interest accrued on the Note to be, and upon written notice to the Mortgagor of such declaration, such Note and the unpaid accrued interest thereon shall thereupon become forthwith due and

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payable, without presentment, demand or protest, all of which are hereby expressly waived. The Mortgagor shall forthwith pay to the Bank the entire principal of and interest accrued on the Note.

The Bank shall waive, rescind and annul such declaration and the consequences thereof, provided that any declaration of acceleration on the Bond pursuant to Section 11 of the Bond Ordinance has been waived, rescinded and annulled.

(b) The Mortgagee and the Bank shall, with respect to any part of the Premises constituting property of the type in respect of which the realization on a lien or security interest granted therein is governed by the Illinois Uniform Commercial Code, each have all the rights, options and remedies of a secured party under the Illinois Uniform Commercial Code, including without limitation the right to the possession of any such property, or any part thereof, and the right to enter without legal process any premises where any such property may be found. Any requirement of the Illinois Uniform Commercial Code for reasonable notification shall be met by mailing written notice to the Mortgagor/Debtor at its address above set forth at least ten (10) days prior to the sale or other event for which such notice is required. The proceeds of any sale or realization upon any such property shall be applied to the payment of the indebtedness hereby secured, after first deducting therefrom any expenses for retaking, selling or otherwise disposing of said property, including reasonable attorneys' fees and legal expenses incurred by the Mortgagee or the Bank in connection therewith. If any deficiency shall result after such application, then the Mortgagor shall be and remain liable therefor and shall immediately pay the same to the Mortgagee.

(c) The Mortgagee and the Bank may each take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Mortgagor under the Agreement or under this Mortgage.

(d) The Mortgagee and the Bank shall each have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of the Mortgagee or the Bank for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be costs expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, guarantee policies, Torrens certificates and similar data and assurances with respect to title, as the Mortgagee or the Bank may deem to be necessary either to prosecute such suit or to evidence to bidders at any sale pursuant thereto the true conditions of the title to or the value of the Premises. All expenditures and expenses of the nature in this subsection (d) mentioned shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at a rate equal to one hundred twenty percent (120%) of the Prime Rate (as defined in the Bond) in effect from time to time from the date of expenditure until paid. If at any foreclosure proceeding the Premises shall be sold for a sum less than the total amount of indebtedness for which judgment is therein given, the judgment creditor shall be entitled to the entry of a deficiency decree against the Mortgagor for the amount of such deficiency; and the Mortgagor does hereby irrevocably consent to

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the appointment of a receiver for the Premises and of the rents, issues and profits thereof after such sale and until such deficiency decree is satisfied in full.

(e) Upon the bringing of any suit to foreclose this Mortgage or to enforce any other remedy available hereunder, the Mortgagee and the Bank shall, as a matter of right, without notice and without giving bond to the Mortgagor, or anyone claiming by, under or through the Mortgagor, and without regard to the solvency or insolvency of the Mortgagor or the then value of the Premises, to the extent permitted by applicable law, each be entitled to have a receiver appointed for all or any part of the Premises and the rents, issues and profits thereof, with such power as the court making such appointment shall confer, and the Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove the Mortgagor or other persons and any and all property therefrom and income, rents, issues and profits accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

(f) Upon the happening of any event of default hereunder, the Mortgagor in furtherance of, and not by way of limitation of, the Granting Clauses of this Mortgage, hereby bargains, sells, assigns and sets over to the Mortgagee, and its successors and assigns (including without limitation the Bank), all rents, issues and profits of the Premises, which, whether before or after foreclosure or during the period of redemption, until the full and complete payment of said indebtedness and performance of all obligations, covenants or agreements hereunder, shall accrue and be owing for the use and occupation of the Premises or of any part thereof. The Mortgagee hereby agrees, and will cause the Bank to agree, not to accept any such rents, issues and profits until an event of default shall have occurred and be continuing hereunder. For the purpose aforesaid, the Mortgagor does hereby constitute and appoint the Bank, as assignee of the Mortgagee, its attorney in fact irrevocably in its name to receive, collect and receipt for all sums due or owing for such use, rents and occupation, as the same may accrue; and out of the amount so collected to pay and discharge all unpaid indebtedness hereby secured. For the purpose aforesaid, the Bank may enter and take possession of the Premises and manage and operate the same and take any action which, in the judgment of the Bank, is necessary or proper to conserve the value of the Premises. The Bank may also take possession of, and for these purposes use, any and all personal property contained in the Premises and used by the Mortgagor in the operation thereof or any part thereof. The right to enter and take possession of the Premises and use any personal property therein, to manage, operate and conserve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of the Mortgagee and the Bank hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expense (including any receiver's fees, attorneys' fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby. The Bank shall not be liable to account to the Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by the Bank.

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Any proceeds derived from the exercise of any right or remedy described above, or the exercise of any combination of the rights and remedies described above shall be distributed in accordance with Section 11 of the Bond Ordinance.

Section 9. Additional Remedies. The Mortgagor shall not and will not apply for or avail itself of any appraisalment, valuation, stay, extension, exemption or redemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the sale of the Premises, but hereby waives the benefit of such laws. The Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estate 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. The Mortgagor hereby waives any and all rights of the redemption from sale to which it may be entitled under the laws of the State of Illinois, on behalf of the Mortgagor and each and every person acquiring any interest in, or title to, the Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by law.

Section 10. Remedies Cumulative. No remedy or right of the Mortgagee or the Bank shall be exclusive of, but shall be cumulative and in addition to, every other remedy or right now or hereafter existing at law or in equity or by statute or otherwise. No delay in the exercise or omission to exercise any remedy or right accruing on any default shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by the Mortgagee or the Bank.

Section 11. Transfer of Premises. The Mortgagor shall not sell, assign, transfer or otherwise convey (whether by contract for deed or otherwise and whether voluntary or by operation of law or otherwise) the Premises, or any portion thereof, or any interest of the Mortgagor therein, other than Permitted Encumbrances and other than a transfer of the Premises to any succeeding partnership or corporation permitted by Section 5.2 of the Agreement; any such sale, assignment, transfer or other conveyance shall constitute an event of default hereunder, and shall give the Bank the right to declare the entire principal of and accrued interest on the Note and all other indebtedness secured hereby to be immediately due and payable and to pursue any other remedy or right set forth in Section 8 of this Mortgage to the extent set forth in said Section 8.

Section 12. Agreement to Pay Costs, Attorney's Fees. If the Mortgagee or the Bank shall be made a party to or shall intervene in any action or proceeding affecting the Premises or the title thereto or the interest of the Mortgagee or the Bank under this Mortgage, or if the Mortgagee or the Bank employs an attorney to collect any or all of the indebtedness hereby secured, the Mortgagee or the Bank shall be reimbursed by the Mortgagor, immediately and without demand, for all costs, charges, expenses and attorneys' fees incurred by it in any such case, and the same shall be secured hereby as a further charge and lien upon the Premises.

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Section 13. Mortgagee's and Bank's Right of Access to Premises. The Mortgagee and the Bank shall have the right to inspect the Premises, and access thereto shall be permitted for that purpose, in accordance with Section 5.1 of the Agreement.

Section 14. Provisions Severable; Governing Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Mortgage shall be determined to be invalid, illegal or unenforceable by a court of competent jurisdiction, the validity of the other terms of this Mortgage shall in no way be affected thereby. This Mortgage shall be governed exclusively by and construed in accordance with the applicable laws of the State of Illinois.

Section 15. Successors and Assigns. Whenever the Mortgagor, the Mortgagee or the Bank is referred to herein, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of the Mortgagor, or by or on behalf of the Mortgagee, or by or on behalf of the Bank, shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

Section 16. Amendment of Mortgage. This Mortgage and the provisions hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

Section 17. Limitation of Liability. Recourse for the payment of the principal installments of, premium, if any, and interest on the Note or for any obligation on the part of the Mortgagor on account of the provisions of this Mortgage shall be had only against the Premises, and not against any other properties or assets of the Mortgagor. No partner of the Mortgagor shall have any personal liability for or on account of the Note, including without limitation interest thereon, or for or on account of the provisions of this Mortgage, nor shall any properties or assets of any partner of the Mortgagor be taken for, or be subject to execution on account of, the Note or any provision of this Mortgage. Nothing herein contained shall prevent the collection of any indebtedness owed to the Mortgagor by any partner thereof, or shall in any manner affect or impair the liability of the Guarantor or any other guarantor of the principal installments of, premium, if any, and interest on the Note or the Bond.

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IN WITNESS WHEREOF, the Mortgagor and the Mortgagee have caused this Mortgage to be executed in their respective corporate names and attested by their respective duly authorized officers and sealed, all as of the date first above written.

BERMAN REICH PARTNERSHIP

By *Al Berman*
General Partner

By *Edward E. Reich*
General Partner

CITY OF CHICAGO, COOK COUNTY,
ILLINOIS

By *Ronald D. Grant*
City Comptroller

(SEAL)

ATTEST

[Signature]
City Clerk

The right, title and interest of the CITY OF CHICAGO, COOK COUNTY, ILLINOIS, in and to the amounts receivable hereunder have been assigned and pledged to HARRIS TRUST AND SAVINGS BANK, pursuant to the Assignment and Agreement dated as of September 1, 1985, by and between the CITY OF CHICAGO, COOK COUNTY, ILLINOIS, and said Bank. For purposes of Article 9 of the Illinois Uniform Commercial Code, the counterpart of this Mortgage assigned, pledged and delivered to said Bank shall be deemed the original.

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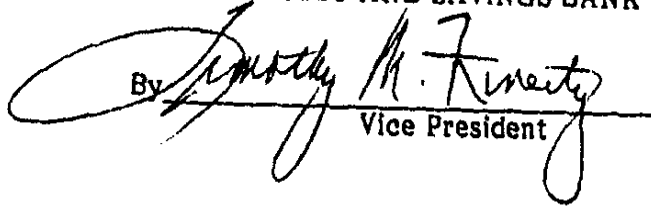
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ACKNOWLEDGMENT

The undersigned hereby acknowledges the assignment and pledge from the Mortgagee of the rights and obligations hereunder, pursuant to the terms of the Assignment and Agreement referred to herein, and hereby acknowledges delivery of the Promissory Note of the Mortgagor described herein, pursuant to the terms of said Assignment and Agreement.

HARRIS TRUST AND SAVINGS BANK

By  Vice President

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Property of Cook County Clerk's Office

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STATE OF ILLINOIS

)
) SS

COUNTY OF COOK

Marion Mary Zickler, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Alan Berman and Edward E. Reicin personally known to me to be the same persons whose names are, respectively, as general partners of BERMAN REICIN PARTNERSHIP, an Illinois general partnership, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said general partnership, and delivered the said instrument as the free and voluntary act of said general partnership and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 5 day of December, 1985.

(SEAL)

NOTARY PUBLIC IN AND FOR
COUNTY OF COOK, ILLINOIS

Marion Mary Zickler
Notary Public in and for
Cook County, Illinois

My Commission expires:

Property of Cook County Clerk's Office

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, TARIO G. MALHANCE, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Ronald D. Picur, personally known to me to be the same person whose name is, as the City Comptroller of the CITY OF CHICAGO, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government of the State of Illinois, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said unit of government and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 27th day of Dec., 1985.

Tario G. Malhance
Notary Public in and for
Cook County, Illinois

(SEAL)

My Commission expires: 3/27/88

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Toni Dixon, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Walter S. Kozubowski, personally known to me to be the same person whose name is, as the City Clerk of the CITY OF CHICAGO, COOK COUNTY, ILLINOIS, a municipality and a home rule unit of government of the State of Illinois, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said unit of government and as his own free and voluntary act, for the uses and purposes therein set forth.

of Dec. GIVEN under my hand and notarial seal this 27TH day, 1985.

Toni Dixon
Notary Public in and for
Cook County, Illinois

(SEAL)

My Commission expires:

Oct. 1, 1988

PROCESSED BY COOK COUNTY CLERK'S OFFICE

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JEAN M. SLADEK, a Notary Public in and for the said County in the State aforesaid, do hereby certify that TIMOTHY M. FINERTY personally known to me to be the same person whose name is, as a Vice President of HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said banking corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 6th day of December, 1985.

Jean M. Sladek
Notary Public in and for
Cook County, Illinois

(Seal)

My Commission expires: 2/1/88

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EXHIBIT A

LEGAL DESCRIPTION

Lots 1 to 12 both inclusive and Lots 23 to 34 both inclusive and the East and West vacated alley adjoining said lots all in Bishop Boulevard Subdivision, being a subdivision of that part lying East of Western Avenue Boulevard of the South 1/2 of Block 17 in Stone and Whitney Subdivision of parts of Sections 8 and 7, Township 38 North, Range 14, East of the Third Principal Meridian, according to the plat thereof recorded as Document 927813, in Cook County, Illinois.

4834 S Oakley
Chgo Ill

07-105-008 K
009 K

DEPT-01 RECORDING

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Property of Cook County Clerk's Office

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