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Mtg. #000312900

MORTGAGE

THIS INDENTURE (herein sometimes called the "Mortgage") is made as of the 9th day of October, 1986, by and between the undersigned (herein, individually and collectively, jointly and severally, together with the successors and assigns of each of them, are sometimes called the "Mortgagor"), MAYFAIR CHICAGO ASSOCIATES (the "Partnership"), an Illinois limited partnership, having its office address at c/o Heitman Financial, 180 North La Salle Street, Chicago, Illinois 60601 and AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Trustee"), an Illinois corporation having its office at 33 North La Salle Street, Chicago, Illinois 60690, not individually but solely as Trustee under a certain Trust Agreement (the "Trust Agreement") dated June 1, 1979 and known as Trust No. 46684 (the "Trust"); and TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA, a New York corporation located at 730 Third Avenue, New York, New York 10017 (herein, together with its successors and assigns, the "Mortgagee").

WITNESSETH

Whereas, the Trustee is the owner of the real estate described on Exhibit A attached hereto.

Whereas, the Partnership is the owner of the entire beneficial interest in, to and under the Trust.

Whereas, the Trustee has executed a certain mortgage note in the maximum principal sum of TWENTY-FOUR MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$24,500,000.00) dated as of the date hereof, payable to the order of Mortgagee, at its office aforesaid or at such other place as may be designated in writing by the legal holder thereof, and in and by which the Mortgagor promises to pay the principal sum with interest thereon, from date, at the rate set forth therein, in stated monthly installments, until the entire principal and interest have been paid, but in any event, the balance (if any) remaining unpaid plus accrued interest shall be due and payable on the first day of November, 1996, subject to acceleration as provided for therein (herein, such promissory note, together with any and all amendments or supplements to such note, extensions of such note, and notes which may be taken in whole or partial renewal, substitution or extension thereof or which may evidence any of the indebtedness secured hereby, shall be called the "Note"). The principal owing under the Note may increase or decrease from time to time due to negative or positive amortization pursuant to the terms of the Note, provided however, any such increases are limited in that the principal balance under the Note may not exceed 107% of the face amount of the Note as a result. The maximum amount secured by this Mortgage on account of principal shall not exceed the sum of an amount equal to two times the face amount of the Note plus the total amount of all advances made by the Mortgagee to protect the mortgaged premises and the security interest and lien created hereby.

Whereas, the Note is, inter alia, secured by this Mortgage, by an assignment of leases and rents dated as of the date hereof (herein, as it may be amended, supplemented, modified or restated from time to time, the "Assignment of Leases"), and by certain letters of credit and/or marketable securities.

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NOW, THEREFORE, in order to secure the payment of the principal and interest on the Note and the performance of the covenants contained herein, in the Note, in the Assignment of Leases, and in any other document or instrument securing the Note, and also to secure the payment of any and all other indebtedness, direct or contingent, that may now or hereafter become owing from Mortgagor to Mortgagee, the Mortgagor does by these presents CONVEY, MORTGAGE, TRANSFER AND ASSIGN (and the Partnership hereby also WARRANTS) unto the Mortgagee, its successors and assigns forever:

PARCEL 1:

THE REAL ESTATE, situate, lying and being in the City of Chicago, County of Cook, State of Illinois, described on Exhibit A attached hereto and made a part hereof;

PARCEL 2:

ALL THE LESSEE'S LEASEHOLD ESTATE created by, and all of the right, title and interest of the Partnership as lessee in, to and under that certain Indenture of Lease dated as of September 1, 1986 between the Trustee as lessor, and the Partnership, as lessee, a Memorandum of which has been recorded on _____ in Book _____ at Page _____, as document number _____, Office of the Recorder, Cook County, Illinois (herein called "Parking Lease"), which Parking Lease demises and leases for a term of thirty years commencing September 1, 1986 and expiring September 30, 2016 with no renewal options upon the terms, covenants, conditions and warranties therein set forth, real property situated in the City of Chicago, County of Cook, State of Illinois described on Exhibit B attached hereto (the "Rear Parcel"); provided, however, that Parcel 2 does not include the Trustee's fee interest in the Rear Parcel or the Trustee's interest as lessor under the Parking Lease.

TOGETHER with all right, title and interest of the Mortgagor, including any after-acquired title or reversion, in and to the beds of the ways, roads, streets, avenues and alleys adjoining the premises (hereinafter defined); and

TOGETHER with all and singular the tenements, hereditaments, easements, appurtenances, passages, waters, water rights, water courses, riparian rights, other rights, liberties and privileges thereof or in any way now or hereafter appertaining, including any other claim at law or in equity as well as any after-acquired title, franchise or license and the reversion and reversions and remainder and remainders thereof; and

TOGETHER with all rents, issues, proceeds, profits, income or other benefits accruing and to accrue from the premises; and

TOGETHER with all rights of the Mortgagor under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whether now existing or entered into at any time hereafter, whereby any person agrees to pay money or any consideration for the use, possession or occupancy of, or any estate in, the premises or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof; and

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TOGETHER with all buildings and improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, re-construction, alteration and repairs of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the mortgaged premises immediately upon the delivery thereof to the mortgaged premises, and all fixtures and articles of personal property now or hereafter owned by the Mortgagor and attached to or contained in and used in connection with the premises, including but not limited to all furniture, furnishings, apparatus, machinery, motors, elevators, fittings, radiators, gas ranges, ice boxes, mechanical refrigerators, awnings, shades, screens, blinds, drapes, partitions, office equipment, carpeting and other furnishings, all plumbing, heating, lighting, cooking, laundry, ventilating, refrigerating, incinerating, air-conditioning and sprinkler equipment and fixtures and appurtenances thereto, all swimming pool and exercise equipment, guest room furniture and fixtures, televisions, restaurant dining facilities, coffee shop and cocktail lounge furnishings, kitchen equipment, laundry equipment, video and teleconferencing equipment, telephone and other communications equipment, and all furniture and equipment required for the operation of the meeting and banquet rooms, including, but not limited to, dishes, serviceware, glassware, cooking utensils, linens, carpeting, decorations, draperies and all other furnishings, fixtures, equipment and any other apparatus and machinery necessary to operate a fully-integrated, luxury hotel; and all renewals or replacements thereof or articles in substitution therefor, which are owned by Mortgagor whether or not the same are or shall be attached to said building or buildings in any manner; it being mutually agreed that all the aforesaid property owned by Mortgagor and placed by it on the premises shall, so far as permitted by law, be deemed to be fixtures and a part of the realty, security for the said indebtedness and covered by this Mortgage, and as to the balance of the property aforesaid, this Mortgage is hereby deemed to be as well a Security Agreement for the purpose of creating hereby a security interest in said property, securing said indebtedness, for the benefit of the Mortgagee; and

TOGETHER with all proceeds of and unearned premiums on any hazard or loss of rental insurance policies covering the premises subject to paragraph 5 hereof including, without limitation, the right to receive and apply the proceeds of any insurance, judgments or settlements made in lieu thereof for damage to the premises; and

TOGETHER with all awards and other compensations heretofore or hereafter to be made to the present and all subsequent owners of the mortgaged premises for any taking by eminent domain subject to paragraph 10 hereof, either permanent or temporary, of all or any part of the premises or any easement or appurtenance thereof, including severance and consequential damage and change in grade of streets, which said awards and compensation are hereby assigned to Mortgagee, and Mortgagor hereby appoints Mortgagee its Attorney-in-Fact, coupled with an interest, and authorizes, directs and empowers such Attorney, at the option of the Attorney, on behalf of Mortgagor or the heirs, personal representatives, successors or assigns of Mortgagor to adjust or compromise the claim for any award and to collect and receive the proceeds thereof, to give proper receipts and acquittances therefor and, after deducting expenses of collection, to apply the net proceeds as a credit upon any portion, as selected by

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Mortgagee, of the indebtedness secured hereby, notwithstanding the fact that the amount owing thereon may not then be due and payable or that the indebtedness is otherwise adequately secured; and

TOGETHER with all modifications, extensions and renewals of Parking Lease (except the last day of the term or extended term if extended which hereby is specifically excluded from the term hereof); and

TOGETHER with all other property or rights of the Mortgagor of any kind or character located in, used in connection with or related exclusively to Parcel 1 set forth above and owned or leased by the Mortgagor, and all proceeds and products of any of the foregoing. (All such property, as well as any after-acquired title or right to the real estate, lands, buildings and improvements or to any of the other described property, are hereinafter sometimes referred to herein as the "premises" or the "mortgaged premises".)

TO HAVE AND TO HOLD the premises, with the appurtenances and fixtures, unto the Mortgagee, its successors and assigns forever, for the uses and purposes herein set forth; the Mortgagor hereby **RELEASING AND WAIVING** all rights under and by virtue of the homestead exemption laws of the State of Illinois.

PROVIDED, HOWEVER, that if the Mortgagor shall pay the principal and interest as provided in the Note, and shall pay all other sums provided for herein or in the Note or in the Assignment of Leases, or any other document securing the Note, and shall well and truly keep and perform all of the covenants herein contained, then this Mortgage shall be released at the cost of the Mortgagor, otherwise to remain in full force and effect.

The Mortgagor hereby covenants with and represents (and the Partnership also warrants) to the Mortgagee and the purchaser at any foreclosure sale: that at the execution and delivery hereof Trustee is well seized of a good, indefeasible estate in fee simple in Parcel 1 and the Partnership of a leasehold interest in Parcel 2; that the premises is free from all encumbrances whatsoever (and any claim of any other person thereto) except for those permitted exceptions listed in Exhibit C; that it has good and lawful right to sell, mortgage and convey the premises; and Mortgagor further agrees to covenant and defend (and the Partnership also agrees to warrant) the premises against all claims and demands whatsoever.

AND THE MORTGAGOR HEREBY FURTHER COVENANTS AS FOLLOWS:

1. To promptly pay the principal of, premium on (if any) and interest on the indebtedness evidenced by the Note at the times and in the manner therein and herein provided. If Mortgagor shall fail to make any payment of interest or principal, including payments due on maturity, a late charge by way of damages shall be immediately due and payable. Mortgagor recognizes that default by Mortgagor in making the payments herein and in the Note, the Assignment of Leases, or any other document or instrument securing the Note agreed to be paid when due will result in Mortgagee incurring additional expense in servicing the loan, in loss to Mortgagee of the use of the money due and in frustration to Mortgagee in meeting its loan commitments. Mortgagor agrees that, if for any reason Mortgagor

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fails to pay the amounts due under the Note or under this Mortgage, the Assignment of Leases, or any other document or instrument securing the Note when due, the Mortgagee shall be entitled to damages for the detriment caused thereby, but that it is extremely difficult and impractical to ascertain the extent of such damages. Mortgagor therefore agrees that a sum equal to five cents (\$.05) for each one dollar (\$1.00) of each payment which becomes delinquent is a reasonable estimate of the said damages to Mortgagee, which sum Mortgagor agrees to pay on demand.

2. That the Mortgagor will pay to the Mortgagee, in addition to the monthly installments of principal and interest under the terms of the Note and concurrently therewith, monthly until the Note is paid, the following:

- (a) A sum equal to the rental and additional rental, to the extent that any portion of such sum is not included in Section 2(b) below, due and payable under the terms of the Parking Lease; and
- (b) A sum equal to all taxes, assessments, water charges and all other impositions next due on the premises (all as estimated by the Mortgagee) plus the premiums that will next become due and payable on policies of fire, rental value and other insurance covering the premises and required under the terms hereof, less all sums paid therefor, divided by the number of months to elapse before one month prior to the date when any of such taxes, assessments, charges, impositions and premiums, respectively, shall become delinquent.

All such payments described in this paragraph shall be held by the Mortgagee in trust but without accruing or without any obligation arising for the payment of interest thereon. All such payments shall be added together with the payments required to be made under the Note and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth: (i) rents under the Parking Lease, if any, taxes, assessments, water charges, other public impositions, fire, rental value and other insurance premiums; (ii) interest on the Note; and (iii) amortization of the principal of the Note.

Mortgagee shall have the right to make any such payment notwithstanding that at that time any such tax, assessment, charge or imposition is then being protested or contested by Mortgagor, unless, upon not less than forty-five (45) days prior to the due date thereof, Mortgagor shall have notified Mortgagee, in writing, of such protest or contest, in which event, as the case may be, Mortgagee shall make such payment under protest in the manner prescribed by law or shall withhold such payment, provided however, that such contest shall preclude enforcement of collection and the sale of the mortgaged premises in satisfaction of such tax, assessment, charge or imposition. In the event such protest or contest shall or might result in penalty or other charges, Mortgagor shall likewise deposit monthly pro rata the amount of any such penalty or additional charge.

Any deficiency in the amount of any such aggregate monthly payment shall constitute an event of default hereunder. Any excess funds accumulated under sub-paragraphs (a) and (b) above remaining after payment of the items therein described shall be

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credited to the subsequent monthly payments of the same nature required thereunder; but if any such item shall exceed the estimate therefor, Mortgagor shall, without demand, forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder.

In the event of the sale of the premises allowed by Mortgagee under the terms of this Mortgage, any such funds then on deposit with the Mortgagee, automatically and without the necessity of further notice or written assignment, shall be transferred to and held thereafter for the account of the new owner to be applied in accordance with the foregoing. If the premises described herein are sold under foreclosure or are otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under subparagraphs (a) and (b) above shall be credited to the principal secured hereby as of the date of the commencement of foreclosure proceedings or as of the date the title to the premises shall be otherwise acquired.

3. To keep the premises free from statutory liens of every kind except non-consensual liens securing amounts not yet due and payable or delinquent such as general real estate taxes, water taxes or mechanics liens; to pay, before delinquency and before any penalty for non-payment attaches thereto, all taxes, assessments, water rates, sewer rentals and other governmental or municipal or public dues, charges, fines or impositions which are or may be levied against the premises or any part thereof, except when payment for all such items has theretofore been made under paragraph 2 hereof; to deliver to Mortgagee at least ten (10) days before delinquency, receipted bills evidencing payment therefor; to pay, in full under protest and in the manner provided by statute, any tax, assessment, rate, rental, charge, fine or imposition aforesaid which the Mortgagor may desire to contest; and in the event of the passage after the date of this Mortgage, of any law of the State of Illinois deducting from the value of land for the purposes of taxation of any lien thereon, or changing in any way the laws for the taxation of mortgages or debts secured by a mortgage for state or local purposes, or the manner of the collection of any such taxes so as to impose a tax upon or otherwise to affect this Mortgage, or upon the rendition by any court of competent jurisdiction of a decision that any undertaking by the Mortgagor as in this paragraph provided, is legally inoperative, then in any such event, the indebtedness secured hereby, at the option of the Mortgagee and upon thirty (30) days' prior written notice, shall become immediately due, payable and collectible without prepayment premium or penalty, provided, however, said option and right shall be unavailing and the Note and this Mortgage shall remain in effect in any event, if Mortgagor lawfully may pay all such taxes, assessments and charges, including interest and penalties thereon, to or for the Mortgagee and does in fact pay same when so payable. Any assessment which has been made payable in installments at the application of the Mortgagor or any lessee of the premises shall, nevertheless, for the purpose of this paragraph, be deemed due and payable in its entirety on the day the first installment becomes due or payable or a lien.

4. That Mortgagee, in making any payment herein and hereby authorized, in the place and stead of the Mortgagor, relating to taxes, assessments, water rates, sewer rentals and other governmental or municipal charges, fines, impositions or liens asserted against the premises may do so according to any bill, statement or estimate procured from the appropriate public office

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without inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim or charge shall be the sole judge of the legality or validity of same; or otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this paragraph, may do so whenever, in its judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, and provided further that in connection with any such advance, Mortgagee, at its option in accordance with normal lender's practice, may and is hereby authorized to obtain a continuation report of title prepared by a title insurance company, the cost and expenses of which shall be repayable by the Mortgagor without demand and shall be secured hereby.

5. To keep the improvements now existing or hereafter erected on the premises described by this Mortgage, insured as may be required from time to time by the Mortgagee against loss or damage by, or abatement of rental income resulting from fire, and such other hazards, casualties and contingencies (including, but not limited to war risk insurance, if available) in such amounts and for such periods as reasonably may be required by the Mortgagee and will pay promptly when due any premiums on such insurance. All such insurance shall be carried in companies approved by the Mortgagee and the policies, or a certified copy thereof, shall be deposited with and held by the Mortgagee. Any renewals of such policies shall also be deposited with Mortgagee, not less than ten (10) days prior to the expiration of the policy being replaced. Such policies and renewals thereof shall contain provision for ten (10) days' notice to the Mortgagee prior to any cancellation thereof and shall have attached thereto the standard non-contributing mortgagee clause (in favor of an entitling Mortgagee to collect any and all proceeds payable under all such insurance), as well as standard waiver of subrogation endorsement, all to be in form acceptable to Mortgagee. Mortgagor shall not carry separate insurance, concurrent in kind or form and contributing, in the event of loss, with any insurance required hereunder. In the event of a change in ownership or of occupancy of the premises and in the event of loss, immediate notice thereof by mail shall be delivered to the Mortgagee and to all insurers. The Mortgagor hereby authorizes the Mortgagee, at its option, to collect, adjust and compromise any losses under any of the insurance aforesaid and after deducting costs of collection to apply the proceeds, at its option, as follows: (a) as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby, (b) to restoring the improvements in which event the Mortgagee shall not be obligated to see to the proper application thereof nor shall the amount so released or used be deemed a payment on any indebtedness secured hereby, or (c) to deliver same to the owner of the premises. In the event of foreclosure of this Mortgage, or other transfer of title to the property covered hereby in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor, in and to any insurance policies then in force, shall pass to the purchaser or grantee.

Notwithstanding any provision herein to the contrary and in particular in this paragraph 5, in the event of any such loss or damage as herein described to the improvements upon the mortgaged premises, it is hereby understood, covenanted and agreed that the Mortgagee shall make the proceeds received under any such

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insurance policies available for the restoration of the improvements so damaged, subject to the following conditions: (a) that Mortgagor is not then in default under any of the terms, covenants and conditions hereof; (b) that all then existing leases affected in any way by such damage or destruction shall continue in full force and effect; (c) that the Management Agreement as described in Paragraph 11 hereof shall continue in full force and effect or that a new management agreement reasonably acceptable to Mortgagee with a manager reasonably acceptable to Mortgagee shall be then in force; (d) that Mortgagee shall first be given satisfactory proof that such improvements have been fully restored or that by the expenditure of such money will be fully restored, free and clear of all liens, except as to the lien of this Mortgage; (e) that in the event such proceeds shall be insufficient to restore or rebuild said improvements, Mortgagor shall deposit promptly with Mortgagee funds which, together with the insurance proceeds, shall be sufficient to restore and rebuild the premises; (f) that in the event Mortgagor shall fail within a reasonable time, subject to delays beyond its control, to restore or rebuild said improvements, then Mortgagee, at its option, may restore or rebuild said improvements, for or on behalf of the Mortgagor and for such purpose may do all necessary acts; (g) that waiver of the right of subrogation shall be obtained from any insurer under such policies of insurance who, at that time, claims that no liability exists as to the Mortgagor or the then owner or the insured under such policies; (h) that the excess of said insurance proceeds above the amount necessary to complete such restoration shall be applied as hereinbefore provided as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby without payment of a premium; and (i) that there shall thereafter be at least the same number of hotel rooms in the improvements as existed prior to such damage or destruction, which hotel rooms shall be the same size as the former hotel rooms and shall rent at the same room rates which are sufficient to cover operating expenses of the premises and debt service under the Note. In the event any of the above-described conditions are not or cannot be satisfied, then the alternate disposition of such insurance proceeds as provided hereinabove shall again become applicable. Under no circumstances shall Mortgagee become personally liable for the fulfillment of the terms, covenants and conditions contained in any of the leases or sublease or the Management Agreement or be obligated to take any action to restore said improvements.

6. To carry and maintain such liability, dram shop and indemnity insurance (including, but without limitation water damage and the so-called assumed and contractual liability coverage) as may be reasonably required from time to time by the Mortgagee in forms, amounts and with companies satisfactory to the Mortgagee. Certificates of such insurance, premium prepaid, shall be deposited with the Mortgagee and shall contain provision for ten (10) days' notice to the Mortgagee prior to any cancellation thereof.

7. That, except as provided in Paragraph 16, no building or other improvement on the premises shall be materially altered, removed or demolished nor shall any fixtures or appliances on, in or about said buildings or improvements be severed, removed, sold or mortgaged, without the consent of Mortgagee and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered hereby, the same shall be replaced promptly by similar fixtures,

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chattels and articles of personal property at least equal in quality and condition to those replaced, free from any security interest in or encumbrance thereon or reservation of title thereto; to permit, commit or suffer no waste, impairment or deterioration of said mortgaged property or any part thereof; to keep and maintain the premises and every part thereof with buildings, fixtures, machinery, appurtenances and any other improvements on the premises in thorough repair and condition; to effect such repairs as the Mortgagee may reasonably require and from time to time to make all needful and proper replacements so that said buildings, fixtures, machinery, appurtenances and improvements on the premises will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed; to comply with all statutes, orders, requirements or decrees (including, without limitation, parking ratios) relating to said premises by any Federal, State or Municipal authority; to observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including but not limited to zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions which are applicable to the premises or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the premises; and to permit Mortgagee or its agents, at all reasonable times, to enter upon and inspect the mortgaged property.

The Mortgagee shall have the right, at any time and from time to time to engage an independent realtor to survey the adequacy of the maintenance of the premises. If found materially inadequate, such realtor shall determine the estimated cost of such repairs and replacements necessary to protect and preserve the rentability and usability of the premises and the Mortgagor does hereby acknowledge that the security of this Mortgage is thereby impaired to the extent of the estimated cost of such repairs and replacements. In such event at the option of the Mortgagee and within sixty (60) days after written demand therefor, a sum equal to the amount of such estimated cost shall thereupon become due and payable by the Mortgagor to be applied upon the indebtedness secured hereby unless within such period the Mortgagor, at its own cost and expense, shall have completed or shall have commenced and thereafter, with diligence, completes such repairs and replacements. In such event the Mortgagor shall also reimburse the Mortgagee the cost of such survey, the same being secured hereby. If the survey determines such maintenance to be materially adequate, then the cost thereof shall be at the expense of the Mortgagee.

8. That the Mortgage is and will be maintained as a valid first lien on the mortgaged premises. That the Mortgagor will not directly or indirectly create or suffer or permit to be created against the mortgaged premises or any portion thereof, or against the rents, income and profits therefrom, any lien or charge prior to or upon a parity with the lien of the Mortgage except non-consensual liens securing amounts not yet due and payable or delinquent, such as general real estate taxes, water taxes and mechanics liens, and further the Mortgagor will keep and maintain the mortgaged premises free of all liens of persons supplying labor and materials entering into the construction, modification or repair of any and all buildings, building equipment and other improvements now or hereafter erected on said premises. In no event shall the Mortgagor do or permit to be done, or omit to do, or permit the omission of, any act or thing,

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the doing of, or omission to do, which would impair the security of this Mortgage.

9. That Mortgagor understands that in making this loan, Mortgagee is relying to a material extent upon the business expertise and net worth of the Partnership and upon the continuing interest which the Mortgagor has in the premises or in the beneficial interest in the Trust. Accordingly, in the event that the Trustee or the Partnership shall, directly or indirectly, voluntarily or involuntarily, sell, assign, transfer, dispose of, or further encumber, or suffer to exist, any lien, other than the lien of this Mortgage other than non-consensual liens for amounts not yet due or payable, against all or any portion of or any interest in the premises, or in the event that the Partnership sells, assigns, transfers, disposes of, or further encumbers the beneficial interest in the Trust, or in the event that the composition of the Partnership is changed, then, or at any time hereafter, Mortgagee, at its option, may declare the entire indebtedness secured hereby, together with accrued interest and all other sums due hereunder and under the Note, the Assignment of Leases, and any other document or instrument securing the Note, immediately due and payable.

10. That Mortgagor will give Mortgagee immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the premises or any easement therein or appurtenance thereof, including severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings. Mortgagor further covenants and agrees to make, execute and deliver to Mortgagee, at any time or times upon request, free, clear and discharged of any encumbrances of any kind whatsoever, any and all further assignments and/or instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter to be made to Mortgagor (including the assignment of any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for payment thereof) for any taking, either permanent or temporary, under any such proceeding.

That notwithstanding any provision herein to the contrary, in the event of any damage or taking as therein described by eminent domain of less than the entire mortgaged premises, it is hereby understood, covenanted and agreed that Mortgagee shall make available the proceeds of any award received in connection with and in compensation for any such damage or taking for the purpose of restoring so much of the improvements within the mortgaged premises affected thereby, subject to the following conditions: (a) that Mortgagor is not then in default under any of the terms, covenants and conditions hereof; (b) that all then existing leases affected in any way by such damage or taking shall continue in full force and effect; (c) that the Management Agreement as described in Paragraph 11 hereof shall continue in full force and effect or that a new management agreement reasonably acceptable to Mortgagee with a manager reasonably acceptable to Mortgagee shall be then in force; (d) that Mortgagee shall first be given satisfactory proof that such improvements have been fully restored or that by the expenditure of such money will be fully restored, free and clear of all liens, except as to the lien of this Mortgage; (e) that in the event such award shall be insufficient to restore or rebuild said

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premises, Mortgagor shall deposit promptly with Mortgagee funds which, together with the award, shall be sufficient to restore and rebuild the premises; (f) that in the event Mortgagor shall fail within a reasonable time, subject to delays beyond its control, to restore or rebuild said improvements, then Mortgagee, at its option, may restore or rebuild said improvements, for or on behalf of the Mortgagor and for such purpose may do all necessary acts; (g) that the excess of said award above the amount necessary to complete such restoration shall be applied as hereinbefore provided as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby; and (h) that there shall thereafter be at least the same number of hotel rooms in the improvements as existed prior to such damage or destruction, which hotel rooms shall be the same size as the former hotel rooms and shall rent at the same room rates which are sufficient to cover operating expenses of the premises and debt service under the Note. In the event any of the above-described conditions are not or cannot be satisfied, then the alternate disposition of such award as provided hereinabove shall again become applicable. Under no circumstances shall Mortgagee become personally liable for the fulfillment of the terms, covenants and conditions contained in any of the said leases of the said mortgaged premises, nor obligated to take any action to restore the said improvements.

11. That Mortgagor shall at all times promptly and faithfully to keep and perform, or cause to be kept and performed, all the covenants and conditions contained in any document affecting the premises, including, without limitation, the obligations of the Partnership under that certain Hotel Management Agreement, dated July 16, 1979 (as amended and as may be further amended from time to time with the consent of Mortgagee, the "Management Agreement") entered into by the Partnership and Regent International Hotels, Ltd., and in all respects conform to and comply with the terms and conditions of all said documents. Mortgagor further covenants that it will not do or permit anything to be done, the doing of which, or refrain from doing anything, the omission of which, will impair or tend to impair the security of this Mortgage or will be grounds for declaring a default under any such document. Mortgagor further agrees to give to the Mortgagee immediate notice of any default under the Management Agreement or any other document affecting the premises. It is also understood, covenanted and agreed that any sums of money now or hereafter due and payable to Mortgagee under the terms of the said Management Agreement are hereby assigned, transferred and set over to Mortgagee as additional security hereunder, upon condition, however, that such assignment shall become operative and effective only in the event of an uncured default under the terms and conditions hereof. Mortgagor further covenants and agrees otherwise not to sell, assign, transfer or pledge any sums of money so payable aforesaid. Mortgagor further covenants and agrees that it shall not modify or alter any of the terms of the said Management Agreement or cancel or surrender same or release or discharge any party thereunder of and from the obligations, covenants and conditions therein to be observed and performed, without the prior written consent of Mortgagee which shall not be unreasonably withheld.

12. That Mortgagor will perform and observe all of the terms, covenants and conditions required to be performed and observed by the Mortgagor, under any lease in any part of the building constituting a portion of the mortgaged premises, to the end that all things shall be done which are necessary to keep unimpaired

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the rights of the Mortgagor under any lease. The Mortgagor will notify the Mortgagee of the receipt of any notice from any tenant claiming that the Mortgagor is in default in the performance or observance of any of the terms, covenants and conditions thereof to be performed or observed by the Mortgagor and will cause a duplicate copy of each such notice (if in writing) received from any tenant to be promptly delivered to the Mortgagee. The Mortgagor, upon demand of the Mortgagee, will remedy any default in any terms, covenants or conditions on its part to be performed or observed under any such lease.

13. That Mortgagor will not, without the prior written consent of the Mortgagee obtained in each instance:

- (a) cancel, terminate, or accept a surrender or suffer or permit any cancellation, termination or surrender of any lease except as herein provided in subparagraph (c), unless a new lease at a rental at least equal to that provided in the cancelled lease, is simultaneously executed;
- (b) modify any lease so as to reduce the term thereof or the rent payable thereunder or to change any renewal provisions therein contained;
- (c) commence any summary proceeding or other action to recover possession of any space leased pursuant to any lease, other than a proceeding brought in good faith by reason of a default of any tenant;
- (d) take any other action with respect to any lease which would tend to impair the security of the Mortgagee under the Mortgage.

14. That security deposits made by tenants with the Mortgagor shall be held by the Mortgagor in accordance with law and with the provisions of any lease applicable thereto; but the Mortgagor covenants and agrees that if the Mortgagee shall make written demand therefor, or, by foreclosure or otherwise, becomes the owner of the mortgaged premises, such security deposits shall, at such time, be turned over by the Mortgagor to the Mortgagee, to be held by the Mortgagee in accordance with law and with the provisions of such leases.

15. That within thirty (30) days after demand, the Mortgagor will present a schedule to the Mortgagee, certified to by the Mortgagor, setting forth all leases then in effect, including in each case, the name of the tenant, a description of the space occupied by such tenant, the annual rental payable by such tenant; and such other pertinent information with respect to such leases as the Mortgagee may reasonably request.

16. The Trust owns the Rear Parcel. The Rear Parcel is used for valet parking for sixty cars. These sixty parking spaces will be made available for use by the Partnership pursuant to the Parking Lease. It is contemplated that the Partnership or the Trust may build an office building on the Rear Parcel and integrate it with the hotel located on Parcel 1. In such event, the Mortgagee hereby agrees to an early termination of the Parking Lease, without penalty, provided that, after completion of the office building, the Partnership will provide sufficient parking for the hotel either on the Rear Parcel or within reasonable proximity to the hotel. During the construction of

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the office building, the Partnership will use its best efforts to provide interim parking for the hotel.

If the Partnership or the Trust elects to develop the Rear Parcel, then the Partnership shall apply to the Mortgagee first for permanent financing of any improvements to be constructed upon the Rear Parcel and the Mortgagee shall have sixty days after receipt of a complete application within which to accept or decline such financing. If the Mortgagee declines such financing opportunity, the Partnership shall have ninety days thereafter within which to obtain a commitment for permanent financing on terms not less favorable to the Partnership. The Mortgagee shall also have a similar right of first opportunity to provide the construction financing with respect to such development.

If the Mortgagee does not provide the construction financing with respect to such development, then the Mortgagee shall agree to the recordation by the Partnership of a Construction, Operation and Reciprocal Easement Agreement ("COREA") encumbering the premises and the Rear Parcel, which COREA shall be prior to the lien of this Mortgage and prior to the lien of any mortgage encumbering the Rear Parcel, provided that:

- (a) The form and content of such COREA shall be reasonably acceptable to the Mortgagee;
- (b) Prior to the recordation of the COREA, the Mortgagee shall have reviewed and approved the plans and specifications for such development, a survey depicting the proposed building integration with the premises and such other information and/or exhibits as may be reasonably appropriate;
- (c) The new development shall consist of a separate tax lot or lots separately assessed from the premises;
- (d) The Mortgagee shall be satisfied that the proposed development complies with all applicable laws and ordinances and that the premises will not be materially adversely affected as a result of the construction of such development;
- (e) The loan secured hereby shall not then be in default; and
- (f) If the Mortgagee shall be the permanent lender only with respect to the new development, then a Buy-Sell Agreement or Tri-Party Agreement shall have been executed between the developer, the Mortgagee and the construction lender prior to the start of construction of such new development.

17. That Mortgagor within five (5) days upon request by mail, will furnish a written statement duly acknowledged of the amount due upon this Mortgage and whether any offsets or defenses exist against the mortgage debt.

18. That Mortgagor within five (5) days upon written request shall execute, acknowledge and deliver to Mortgagee any security agreement, financing statement or other similar security instrument, in form satisfactory to the Mortgagee, covering all property, of any kind whatsoever owned by the Mortgagor (except the Rear Parcel and improvements and personal property on the

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Rear Parcel) which, in the sole opinion of Mortgagee, is essential to the operation of the mortgaged premises and concerning which there may be any doubt whether the title to same has been conveyed by or a security interest perfected by this Mortgage under the laws of the State of Illinois and will further execute, acknowledge and deliver any financing statement, affidavit, continuation statement or certificate or other document as Mortgagee may request in order to perfect, preserve, maintain, continue and extend the security interest under and the priority of such security instrument. Mortgagor further agrees to pay to Mortgagee on demand all costs and expenses incurred by Mortgagee in connection with the preparation, execution, recording, filing and refileing of any such document.

19. That the Mortgagor and all subsequent owners of the mortgaged premises shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the premises and shall permit the Mortgagee or its representative to examine such books and records and all supporting vouchers and data at any time and from time to time on request at its offices, hereinbefore identified, or at such other location as may be mutually agreed upon; within one hundred twenty (120) days following the expiration of Partnership's first fiscal year and following the expiration of each fiscal year thereafter during the term of this Mortgage will furnish to the Mortgagee a balance sheet and statement of income and profit and loss, in duplicate, prepared by a Certified Public Accountant, with respect to the operation of the mortgaged premises for the preceding fiscal year of the Mortgagor and certified by a general partner in HC Partnership as being materially accurate.

20. That if at any time the United States Government, or any other governmental subdivision shall require Internal Revenue or other documentary stamps hereon or on the Note, or shall require payment of the United States Interest Equalization Tax upon the obligation secured hereby, then such indebtedness and the accrued interest thereon shall be and become due and payable without premium or charge at the election of the Mortgagee thirty (30) days after the mailing of notice of such election to Mortgagor; provided, however, said election and the right to elect shall be unavailing and this Mortgage and Note shall be and remain in effect, if Mortgagor lawfully may pay for such stamps or such tax including interest and penalties thereon to or for Mortgagee and does in fact pay, when payable, for such stamps or such tax, as the case may be, including interest and penalties thereon. Mortgagor further agrees to deliver to Mortgagee, at any time, upon demand, evidence of citizenship and such other evidence as may be required by any government agency having jurisdiction in order to determine whether the obligation secured hereby is subject to or exempt from any such tax.

21. To save Mortgagee harmless from all costs and expenses, including reasonable attorneys' fees and costs of a title search, and preparation of survey, incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body (excepting an action to foreclose or to collect the debt secured hereby), in and to which Mortgagee may be or become a party by reason hereof, including but not limited to condemnation, bankruptcy, probate and administration proceedings, as well as any other of the foregoing wherein proof of claim is by law required to be filed or in which it becomes necessary to defend or uphold the terms of and the lien created by this Mortgage, and all money paid or expended by Mortgagee in

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that regard, together with interest thereon from date of such payment at the rate set forth in the Note or at the legal rate, whichever is higher, shall be so much additional indebtedness secured hereby and shall be immediately and without notice due and payable by Mortgagor.

22. In the event Mortgagor shall make a general assignment for the benefit of creditors, or shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking, consenting to, or acquiescing in reorganization, arrangement, adjustment, composition, liquidation, dissolution or similar relief, under any present or future statute, law or regulation, or shall file an answer admitting or shall fail to deny the material allegations of a petition against it for any such relief, or if any such proceeding against Mortgagor seeking any such relief shall not have been dismissed within thirty (30) days after in commencement thereof; or if a trustee, receiver or liquidator of Mortgagor of any substantial part of its properties or assets shall be appointed with the consent or acquiescence of Mortgagor, or if any such appointment, if not so consented to or acquiesced in, shall remain unvacated or unstayed for an aggregate of thirty (30) days, then the whole of the said principal sum secured hereby shall, at the option of the Mortgagee, be deemed to have become immediately due and payable and the same, with interest thereon and with all other costs and charges, shall thereupon be collectible by suit at law or in the exercise of any remedy available under this Mortgage or at law or in equity in the same manner as if the whole of the principal sum had been made payable at the time when any of the foregoing contingencies shall have occurred. The remedies provided under this Paragraph B shall be in addition to and not a limitation on any other rights or remedies contained in this Mortgage or available as a result of any default by Mortgagor hereunder.

23. That upon default by Mortgagor in performance of any of the terms, covenants or conditions contained herein, or in the Note, in the Assignment of Leases or in any other document or instrument securing the Note, Mortgagee may, at its option and whether electing to declare the whole indebtedness due and payable or not, perform the same without waiver of any other remedy, and any amount paid or advanced by Mortgagee in connection therewith, or any other costs, charges or expenses incurred in the protection of the premises and the maintenance of this lien with interest thereon at the Default Rate set forth in the Note shall be repayable by the Mortgagor without demand, shall be a lien upon the mortgaged premises prior to any right or title to, interest in or claim thereon attaching or accruing subsequent to the lien of this Mortgage and shall be deemed to be included in and secured by this Mortgage.

24. That Mortgagee, in making any payment herein and hereby authorized, in the place and stead of the Mortgagor: relating to taxes, assessments, water rates, sewer rentals and other governmental or municipal charges, fines, impositions or liens asserted against the premises may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim or charge shall be the sole judge of the legality or validity of same; or otherwise relating to any other

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purpose herein and hereby authorized, but not enumerated in this paragraph, may do so whenever, in its judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, and provided further that in connection with any such advance, Mortgagee, at its option, may and is hereby authorized to obtain a continuation report of title prepared by a title insurance company, the cost and expenses of which shall be repayable by the Mortgagor without demand and shall be secured hereby.

25. That if default shall be made in any payment due on the Note, or if there shall be default in the performance of any term, covenant or condition of the Note, this Mortgage, the Assignment of Leases, that certain letter from Mortgagee to Mortgagor dated the date hereof (herein, as it may be amended, supplemented, modified or restated from time to time, the "Side Letter") or any other instrument or document securing the Note or if any representation, warranty or certification made by Mortgagor to Mortgagee in connection with the loan evidenced by the Note proves to be or to have been materially false at any time, then the whole of the indebtedness secured hereby, including all payments made by the Mortgagee either for liens, taxes, assessments, insurance premiums, attorney's fees, repairs, costs, charges or otherwise shall, at the option of the Mortgagee, become due and payable, and may be collected at once by foreclosure or otherwise, without notice; and the principal sum secured by this Mortgage, shall, in case of such default and the exercise of such option, bear interest from the date of said default, at the Default Rate set forth in the Note until paid (less any proper credit for money paid) as agreed, assessed and liquidated damages for such default, and this Mortgage shall stand as security therefor and may thereupon be foreclosed to pay the same. Upon any such default it shall be lawful for the Mortgagee at its option to enter into and upon the premises or any part thereof and to receive all rents, issues and profits thereof, and apply the same, less the necessary expenses for collection thereof, for the care, operation and preservation of the premises or, at its election, to apply all or any part thereof to a reduction of Mortgagor's indebtedness. 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 Mortgagee for attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's 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, guarantee policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem to be 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 expenditures and expenses of the nature mentioned in this paragraph shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the Default Rate set forth in the Note when paid or incurred by Mortgagee.

That notwithstanding any provision herein to the contrary, in the event of any default hereunder on the part of Mortgagor, Mortgagee shall be entitled to enforce the remedies therefor provided hereunder only after any such default shall have

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continued uncorrected for five (5) days with respect to default in payment of the installments of principal and interest due hereunder or in any other payment of money required to be made hereunder.

Upon default by Mortgagor and following the acceleration of maturity, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby made at any time prior to foreclosure sale (including sale under power of sale), or during any redemption period after foreclosure, by Mortgagor, its successors or assigns, or by anyone on behalf of Mortgagor, its successors and assigns, shall constitute an evasion of the prepayment privilege and shall be deemed to be a voluntary prepayment hereunder and such prepayment, to the extent permitted by law, will therefore include the premium required under the prepayment privilege, if any, contained in the Note secured hereby or if at that time there be no such payment privilege, then such prepayment, to the extent permitted by law, will include a premium for such prepayment which will consist of the higher amount obtained by:

- (a) computing the premium which would be paid if the year in which the tender of payment is made were the 6th year of the term hereof (i.e., six percent (6%) of the amount of principal so prepaid), or
- (b) multiplying the outstanding principal balance on the date of such tender of payment by the product of (i) the amount obtained by subtracting (a) the percent per annum of the Treasury Constant Maturities having a maturity date closest in time to the remaining term of this Note ("Treasury Yield") as such interest rate is reported in The Federal Reserve Statistical Release G13 (415) or its successor publication most recent released prior to the date of tender of payment, from (b) 10.125% (Fixed Rate) and (ii) the number of years and any fraction thereof remaining between the date of payment and the Maturity Date as defined in the Note.

The Treasury Yield shall be established based on the Treasury Constant Maturities for the calendar week containing the date of the fifteenth (15th) day prior to the date of tender of payment. If the Treasury Constant Maturities is not published for the specific length of time corresponding to the remaining term of the Note, the Treasury Yield for such length of time shall be the weighted average of the percent per annum of the Treasury Constant Maturities for the two (2) periods for Treasury Constant Maturities most nearly corresponding to the length of the applicable specified period in the Note. If the publishing of the yield of Treasury Constant Maturities is ever discontinued, then the Treasury Yield shall mean the index which is published by the Treasury Department in replacement thereof or, if no such replacement index is published, the index which, in the reasonable determination of the Mortgagee, most nearly corresponds to the yield of the Treasury Constant Maturities.

26. That in the event of any failure by Mortgagor to perform any covenant affecting the premises, the performance by Mortgagee on behalf of Mortgagor of said covenant shall not remove or waive, as between Mortgagor and Mortgagee, the default under the terms hereof caused by such nonperformance, and any amount advanced or any costs incurred in connection therewith, with interest thereon, shall be repayable by Mortgagor, without demand, and be secured hereby.

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27. That the rights and remedies herein provided are cumulative and that the holder of such Note and of every other obligation secured hereby may recover judgment thereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security or any right or remedy afforded by this Mortgage.

28. That the failure of the Mortgagee to exercise the option for acceleration of maturity and/or foreclosure following any default as aforesaid or to exercise any other option granted to the Mortgagee hereunder in any one or more instances, or the acceptance by Mortgagee of partial payments hereunder shall not constitute a waiver of any such default, except as may be provided by law, nor extend or affect the grace period, if any, but such option shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Mortgagee, may, at the option of Mortgagee, be rescinded by written acknowledgement to that effect by the Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity except as may be provided by law nor extend or affect the grace period, if any.

29. That proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal (including, without limitation, the prepayment premium referred to in paragraph 21) and interest remaining unpaid on the Note; and fourth, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

30. That in case of any foreclosure or sale of the premises, it may be sold in one or more parcels.

31. That notwithstanding any provision herein to the contrary, Mortgagee in any suit to foreclose the Mortgage, shall be entitled to the appointment of a receiver of the rents, issues and profits of the mortgaged premises as a matter of right and without notice, with power to collect the rents, issues and profits of said mortgaged premises, due and becoming due during the pendency of such foreclosure suit as well as during the period of redemption, if any, from the sale under such foreclosure, such rents and profits being hereby expressly assigned and pledged as additional security for the payment of the indebtedness secured by the Mortgage, without regard to the value of the mortgaged premises or the solvency of any person or persons liable for the payment of the mortgage indebtedness, and regardless of whether Mortgagee has an adequate remedy at law. The Mortgagor for itself and any subsequent owner hereby waives any and all defenses to the application for a receiver as above and hereby specifically consents to such appointment without notice but nothing herein contained is to be construed to deprive the holder of the Mortgage of any other right, remedy or privilege it may now have under the law to have a receiver appointed. The provision for the appointment of a receiver and the assignment of such rents, issues and profits is made an express condition upon which the loan hereby secured is made. The rights and remedies herein provided for shall be deemed to be cumulative and in addition to, and not in limitation of those provided by law, and if there be no receiver so appointed,

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Mortgagee and proceed to collect the rents, issues and profits from the property covered hereby. From any said rents, issues and profits collected by the receiver or by the Mortgagee prior to a foreclosure sale, shall be deducted the cost of collection thereof, including but not limited to real estate commissions, receiver's and attorney's fees and court costs and the remainder shall be applied against the indebtedness hereby secured.

32. That all right, title and interest of the Mortgagor in and to all leases affecting the mortgaged premises, including oil and gas leases together with any and all further leases upon all or any part of the mortgaged premises and together with all of the rents, income, receipts, revenues, issues and profits from or due or arising out of the mortgaged premises is hereby transferred and assigned to the Mortgagee as further security for the payment of said indebtedness.

33. INTENTIONALLY OMITTED.

34. That in the event of the sale or transfer by operation of law, or otherwise, of all or any part of the mortgaged premises, the Mortgagee is hereby authorized and empowered to deal with such vendee or transferee with reference to the premises, or the debt secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might with the Mortgagor, without in any way releasing or discharging the Mortgagor from its, the Mortgagor's, liability or undertakings hereunder.

35. That Mortgagee, without notice, and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens thereon, may release any part of the security described herein or any person liable for any indebtedness secured hereby, without in any way affecting the priority of the lien of this Mortgage, to the full extent of the indebtedness remaining unpaid hereunder, upon any part of the security not expressly released and may agree with any party obligated on said indebtedness or having any interest in the security described herein to extend the time for payment of any part or all of the indebtedness secured hereby. Such agreement shall not, in any way, release or impair the lien hereof, but shall extend the lien hereof as against the title of all parties having any interest in said security which interest is subject to said lien.

36. In the event the Mortgagee (a) releases, as aforesaid, any part of the security described herein or any person liable for any indebtedness secured hereby; (b) grants an extension of time for any payments of the debt secured hereby; (c) takes other or additional security for the payment thereof; (d) waives or fails to exercise any right granted herein or in the Note, said act or omission shall not release the Mortgagor, subsequent purchasers of the premises, or any part thereof, or makers or sureties of this Mortgage or of the Note, or endorsers or guarantors thereof under any covenant of this Mortgage or of the Note, nor preclude the Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made or any subsequent default.

37. To give immediate notice by mail to the Mortgagee of any conveyance, transfer or change of ownership of either the premises or the beneficial interest of the Trust or of any change in the composition of the Partnership.

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38. That nothing herein contained nor any transaction related thereto shall be construed or shall so operate either presently or prospectively, (a) to require Mortgagor to pay interest at a rate greater than is now lawful in such case to contract for, but shall require payment of interest only to the extent of such lawful rate, or (b) to require Mortgagor to make any payment or do any act contrary to law, but if any clause and provision herein contained shall otherwise so operate to invalidate this Mortgage, in whole or in part, then such clauses and provisions only shall be held for naught as though not herein contained and the remainder of this Mortgage shall remain operative and in full force and effect.

39. Notwithstanding anything herein or in the Note or in any related loan document to the contrary, it is not the intention of the Mortgagee to charge or collect any interest (whether fixed, contingent or otherwise) which would result in a rate of interest being charged which is in excess of the maximum rate, if any, now permitted by law for this transaction to be charged; and in the event that any sum in excess of such maximum rate of interest is paid or charged, the same shall be deemed to have been a prepayment of principal when paid, without premium or penalty, and all payments made thereafter shall be appropriately applied to interest and principal to give effect to such maximum rate and after such application, any excess shall be immediately refunded to Mortgagor.

40. That Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person acquiring any interest in or title to the premises subsequent to the date of this Mortgage, except decree or judgment creditors of the Mortgagor whose rights are otherwise provided and preserved by statute.

41. That the mailing of a written notice or demand addressed to the owner of record of the mortgaged premises, or directed to the said owner at the last address actually furnished to the Mortgagee, or directed to said owner at the mortgaged premises, and mailed by the United States Mails, shall be sufficient notice and demand in any case arising under this instrument and required by the provisions hereof or by law.

42. That the Partnership warrants and agrees, that the proceeds of the Note secured hereby will be used for the purposes specified in section 6404(1)(c) of Chapter 17, Illinois Revised Statutes and that the principal obligation secured by this Mortgage constitutes a "business loan" coming within the definition and within the purview of said sub-section.

43. That the Trustee hereby covenants and agrees, notwithstanding the provisions of said Trust, that any commissions, fees, charges, expenses, advance of funds or any other sum of money, if any, and the interest thereon, which may be incurred by Mortgagor, as trustee, and if a lien upon the premises, shall be subject and subordinate to the lien of this Mortgage and that any public sale permitted under said Trust shall be made subject to the lien of this Mortgage upon the premises.

44. That all the covenants hereof shall run with the land.

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45. This Mortgage secures the aggregate of the following:
(a) the principal sum of \$27,000,000, together with the amount of the negative amortization described in the third recital hereof,
(b) all costs of enforcement hereof, (c) all other sums advanced pursuant to the provisions hereof, and (d) interest on all of the foregoing as provided herein and in the Note.

46. That Mortgagor at any time upon request from Mortgagee will execute, acknowledge and deliver all such additional papers and instruments, excluding a security assignment of the beneficial interest of the Trust but including further assurances of title (including, in all cases, appropriate non-recourse provisions), and will do or cause to be done all further acts and things (including payment for the costs of such papers or instruments and their recording) which are proper or reasonably necessary to perfect, or preserve the priority and security of the first lien created by this Mortgage and for carrying out the intent of this Mortgage and the loan transaction embodied.

47. That at the option of the Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not in respect to the priority of entitlement to insurance proceeds or any award in condemnation) to any and all leases, of all or any part of the mortgaged premises, upon the execution by Mortgagee and recording thereof, at any time hereafter, in the Office of the Recorder of Deeds of Cook County, Illinois of a unilateral declaration to that effect.

48. That the Mortgagee and its authorized representative shall have the right, at all reasonable times, to enter upon and inspect all portions of the mortgaged premises.

49. That a waiver in one or more instances of any term, covenant, provision, condition or agreement hereof shall apply to the particular instance or instances, and at the particular time or times only, and no such waiver shall be deemed a continuing waiver but every term, covenant, provision, condition or agreement of this agreement shall survive and continue to remain in full force and effect.

50. That Mortgagor shall deliver the letters of credit or marketable securities as required pursuant to the terms of a certain letter from Mortgagee to Mortgagor dated October 7, 1986 (herein, as it may be amended, supplemented, modified or restated from time to time, the "Side Letter").

51. It is specifically agreed that time is of the essence of this contract and that the waiver of the option, or obligations secured hereby, shall not at any time thereafter be held to be abandonment of such rights. Notice of the exercise of any option granted to the Mortgagee herein or in the Note or in any other document or instrument is not required to be given.

52. All of the covenants herein contained are joint and several and shall also bind, and the benefits and advantages thereof shall also inure to the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders.

53. The Mortgagor shall cause the hotel located on the premises to be maintained and operated according to generally

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accepted standards for the hotel industry in Chicago, Illinois, for first-class hotels.

54. The Partnership represents and warrants to TIAA, its successors and assigns, that:

(a) the mortgaged premises were acquired by Mortgagor in July of 1979;

(b) shortly after the acquisition of the mortgaged premises, the Partnership embarked on a program of renovation and remodeling, which program required demolition of existing rooms, including partitions, plumbing stacks and ceiling areas in some cases. This work was performed from the lobby area through and including the top floor of the mortgaged premises. Throughout the scope of this work, no asbestos materials were discovered by, or pointed out to, the Partnership to exist in the mortgaged premises between and including the ground floor and the top of the structure;

(c) to the best knowledge of the Partnership, the only asbestos which currently exists within the mortgaged premises is in the "basement" area of the hotel building, which is beneath the lobby level. The asbestos in the basement area consists to the best of the Partnership's knowledge only of pipe insulation (roll type insulation which contains asbestos and was used by the former owner of the mortgaged premises to wrap water and steam pipes) and an insulation blanket containing asbestos which was used by the former owner of the mortgaged premises to wrap the hot water tank as an energy conservation measure; and

(d) the Partnership has arranged to encapsulate all areas of pipe insulation and to encapsulate the insulation blanket surrounding the hot water tank by applying in each case a non-porous wrapping directly to all affected areas after which the newly encapsulated areas will be painted with a heavy rubberized paint to provide additional protection to the encapsulation covering. The work will all be performed in accordance with OSHA procedures by personnel wearing disposable outer clothing as well as approved OSHA respirators. The areas where the work is to be performed will be completely isolated during the process of the work notwithstanding that they are relatively isolated areas.

Mortgagor hereby agrees to indemnify Mortgagee, its successors and assigns in the event that Mortgagee should sustain any loss, liability, damage, injury, cost or expense as a direct or indirect result of the presence on or under or the escape, discharge, emission or release from the premises or the real estate of any asbestos or asbestos-containing material (including, without limitation, any loss, liability, damage, injury, cost or expense arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards on conduct concerning, any asbestos or asbestos-containing material).

In the event that any of the Representations or Warranties contained in subparagraphs (a) through (d), inclusive, of this Paragraph 54 is discovered or determined to be false in any material respect, then the recourse of Mortgagee with respect to

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the foregoing indemnification shall extend, in addition to the property encumbered by this Mortgage, to the personal assets and property of the general partners in the Partnership. In all other instances, recourse of Mortgagee with respect to such indemnification shall be limited to the mortgaged premises (as opposed to any other assets or property of the Partnership or any partner in the Partnership or of any partner in a partnership which is a partner in the Partnership). A negative capital account of any partner in the Partnership shall not be deemed an asset or the property of the Partnership.

55 That notwithstanding any provision herein or in the Note to the contrary (other than Paragraph 54 of this Mortgage), the Mortgagee agrees with the Mortgagor that in the event the Mortgagee shall at any time take action to enforce the collection of the indebtedness evidenced by the Note and secured hereby or shall at any time take action as a result of any default of the Mortgagor hereunder, or under the Assignment of Leases or any other document securing the Note, it shall proceed to foreclose this Mortgage and other security given to secure the Note instead of instituting suit upon the Note and if, as a result of such foreclosure and the sale of the property described herein, a lesser sum is realized therefrom than the amount then due and owing hereunder and under the Note, the Assignment of Leases and any other document securing the Note, the Mortgagee will never institute any action, suit, claim or demand in law or in equity against the Mortgagor or against any constituent partner in the Partnership for or on account of such deficiency.

This Mortgage is executed by the Trustee, not personally but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said American National Bank and Trust Company of Chicago hereby warrants that it possesses full power and authority to execute this document). It is expressly understood and agreed that nothing contained herein or in the Note shall be construed as creating any liability on the Mortgagor, or any person interested beneficially or otherwise in the premises personally to pay the Note or any interest that may accrue thereon, of any indebtedness accruing hereunder, or to perform any covenants either express or implied herein contained, all such liability, if any, being expressly waived by the Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as the Mortgagor, or any person interested beneficially or otherwise in the premises is concerned the legal holder or holders of the Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises for the payment thereof, for the enforcement of the lien created hereby

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in the manner herein and in the Note provided.

Nothing contained in this Paragraph 55, however, shall in any way affect or impair the lien of this Mortgage or any rights Mortgagee may have (as a secured party or otherwise) hereunder or under the Note or under any other collateral agreement which may from time to time serve as security for the Note, or any rights Mortgagee may have to: (a) recover any damages, expenses or costs (including, without limitation, reasonable attorneys' fees) incurred by Mortgagee as a result of the Mortgagor's fraud or waste; (b) recover any condemnation or insurance proceeds, or other similar funds or payments attributable to the premises which under the terms of this Mortgage should have been paid to the Mortgagee; (c) recover any space tenant security deposits or advanced or prepaid rents, paid to the Mortgagor or the manager of the mortgaged premises or any other agent of Mortgagor; or (d) to enforce any rights under the Side Letter subject to the limitations on enforceability contained in the Side Letter. All of the foregoing rights shall remain in full force and effect and shall inure to the benefit of the Mortgagee, its successors and assigns and to any insurer of title of the mortgaged premises.

IN WITNESS WHEREOF, the Mortgagor has caused this writing to be duly signed, sealed and delivered as of the day and year herein first written.

MAYFAIR CHICAGO ASSOCIATES, an
Illinois limited partnership

By: HC Partnership,
an Illinois general partnership,
General Partner

By: *Norman Perlmutter*
Norman Perlmutter
General Partner

By: Berger Investment Company
an Illinois general partnership,
General Partner

By: *Miles Berger*
Miles Berger
Authorized Partner

American National Bank and
Trust Company of Chicago
not individually but solely
as Trustee under a certain
Trust Agreement dated
June 1, 1979, and known as

Trust No. 46684

Attest:

Name:
Title:

[Signature]
ASSISTANT SECRETARY

By:

Name:
Title:

[Signature]
VICA PRESIDENT

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2011/01/01

2011/01/01

2011/01/01

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This document was prepared by
~~and when recorded return to:~~

Priscilla C. Sperling, Esq.
Mayer, Brown & Platt
231 South LaSalle Street
Chicago, Illinois 60604

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STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, THOMAS J. KELLY, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT NORMAN PERLMUTTER personally known to me to be an authorized general partner in HC Partnership, an Illinois general partnership and one of two general partners of MAYFAIR CHICAGO ASSOCIATES, and personally known to me to be the same person whose name is subscribed to the foregoing document, appeared before me this day in person and severally acknowledged that as such General Partner of HC Partnership in its capacity as general partner of Mayfair Chicago Associates, he signed and delivered the said document as General Partner of HC Partnership in its capacity as general partner of Mayfair Chicago Associates, pursuant to authority given, as his free and voluntary act, and as the free and voluntary act and deed of Mayfair Chicago Associates by HC Partnership in its capacity as general partner of Mayfair Chicago Associates, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 9th day of OCTOBER, 1986.

Thomas J. Kelly
Notary Public

My Commission Expires:

5/4/90

(SEAL)

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STATE OF ILLINOIS

COUNTY OF C O O K

)
)
)
SS.

I, THOMAS J KELLY, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT MILMS BERGER personally known to me to be an authorized general partner in Berger Investment Company, an Illinois partnership and one of two general partners of MAYFAIR CHICAGO ASSOCIATES, and personally known to me to be the same person whose name is subscribed to the foregoing document, appeared before me this day in person and severally acknowledged that as such General Partner of Berger Investment Company in its capacity as general partner of Mayfair Chicago Associates, he signed and delivered the said document as General Partner of Berger Investment Company in its capacity as general partner of Mayfair Chicago Associates, pursuant to authority given, as his free and voluntary act, and as the free and voluntary act and deed of Mayfair Chicago Associates by Berger Investment Company in its capacity as general partner of Mayfair Chicago Associates, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 9th day of OCTOBER, 1986.

Thomas J Kelly
Notary Public

My Commission Expires:

5/4/90

[SEAL]

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STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, KULA PAPADAKOS, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Petar Johansen personally known to me to be the [Vice] President of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, as Trustee as aforesaid, and SUZANNE G. BAKER personally known to me to be the [Vice] of said association, and personally known to me to be the same persons whose names are subscribed to the foregoing document, appeared before me this day in person and severally acknowledged that as such [Vice] President and [Vice] President, they signed and delivered the said document as [Vice] President and ASSISTANT SECRETARY of said association, and caused the corporate seal of said association to be affixed thereto, pursuant to authority given by the Board of Directors of said association as Trustee as aforesaid, as their free and voluntary act, and as the free and voluntary act and deed of said association, for the uses and purposes therein set forth.

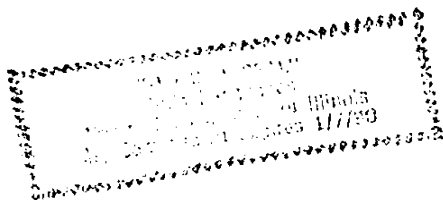
GIVEN under my hand and notarial seal this 9 day of Oct, 1986.

[Signature]
Notary Public

My Commission Expires:

[SEAL]

[Signature]



Notary of Cook County Clerk's Office

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EXHIBIT A

Legal Description of the Real Estate

The West 17 feet of Lot 11, and all of Lots 12, 13 in Fitz Simon's Addition to Chicago being a Subdivision of that part of Block 8 in Canal Trustee's Subdivision of the South Fractional 1/4 of Section 3, Township 39 North, Range 14 East of the Third Principal Meridian, lying East of the East line of Lincoln Park Boulevard, except that part of the South 134 feet thereof lying East of a line parallel to and 750 feet East of the East line of Lincoln Park Boulevard.

PIN: 17-03-208-003

*CNA 181 E. Lake Shore
Drive, Edgo. 3c*

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EXHIBIT B

Legal Description of the Rear Parcel

All of Lots 30 and 31 and the West 33 feet of Lot 32 in Fitz Simon's Addition to Chicago being a Subdivision of that part of Block 8 in Canal Trustees' Subdivision of South Fractional 1/4 of Section 3, Township 39 North, Range 14 East of the Third Principal Meridian, lying East of the East line of Lincoln Park Boulevard, except that part of the South 134 feet thereof lying East of a line parallel to and 750 feet East of the East line of Lincoln Park Boulevard, all in Cook County, Illinois.

PIN: 17-03-208-009

17-03-208-010

17-03-208-011

Lot 30
Lot 31
Lot 32

CNA

*vacant lot on N. side of
Watton Place, East of
Mid. Av. Hwy. 2*

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EXHIBIT C

Permitted Exceptions

1. LEASE MADE BY AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, AS TRUSTEE UNDER TRUST NUMBER 46684, LESSOR, TO CHICAGO PALM, INC., LESSEE, LEASING PREMISES ON THE FIRST FLOOR AND BASEMENT IN THE CHICAGO MAYFAIR REGENT HOTEL FOR A TERM OF YEARS COMMENCING ON THE EARLIER OF THE DATE THAT THE RESTAURANT IS OPENED FOR BUSINESS OR JANUARY 1, 1981 AND ENDING DECEMBER 31, 1990, DISCLOSED BY A SHORT FORM THEREOF RECORDED AUGUST 4, 1980 AS DOCUMENT 25535568 AND RIGHTS OF ALL PARTIES CLAIMING THEREUNDER.
2. UNRECORDED LEASE MADE BY AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, AS TRUSTEE UNDER TRUST NUMBER 46684, LESSOR, TO HEITMAN FINANCIAL SERVICES, LTD., LESSEE, LEASING PREMISES IN THE CHICAGO MAYFAIR REGENT HOTEL FOR A TERM OF YEARS COMMENCING ON JULY 1, 1985 AND ENDING JUNE 30, 1987.
3. UNRECORDED LEASE MADE BY MAYFAIR CHICAGO ASSOCIATES, LESSOR, TO PUSHA D'EUROPE LTD., LESSEE, LEASING PREMISES IN THE CHICAGO MAYFAIR REGENT HOTEL FOR A TERM OF YEARS COMMENCING NOVEMBER 1, 1983 AND ENDING OCTOBER 31, 1988.
4. UNRECORDED LEASE MADE BY MAYFAIR CHICAGO ASSOCIATES, LESSOR, TO BEATRICE COMPANIES, INC., LESSEE, LEASING PREMISES IN THE CHICAGO MAYFAIR REGENT HOTEL FOR A TERM OF YEARS COMMENCING JULY 1, 1984 AND ENDING JULY 30, 1985. SAID LEASE PROVIDES FOR EXTENSIONS.
5. ORDINANCE ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHICAGO ON APRIL 18, 1985 AND RECORDED JUNE 5, 1985 AS DOCUMENT 85047563 DESIGNATING PARTS OF THE LAND AS A CHICAGO LANDMARK.
6. TERMS, POWERS, PROVISIONS AND LIMITATIONS OF THE TRUST UNDER WHICH TITLE TO SAID LAND IS HELD.
7. REAL ESTATE TAXES NOT YET DUE AND PAYABLE.

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