

COLLATERAL ASSIGNMENT OF  
LESSEE'S INTEREST IN GROUND LEASE

THIS ASSIGNMENT made as of the 28th day of April, 1986, from SIERRA CAPITAL REALTY TRUST IV, a California corporation (the "Assignor"), to U.K. DES PLAINES, INC., a Delaware Corporation (the "Lender");

WHEREAS, the Assignor has executed (i) its Mortgage Note of even date herewith to the order of Lender in the principal amount of Five Million Dollars (\$5,000,000.00) (the "Note"), and (ii) its Junior Mortgage (herein called the "Mortgage"), to secure the Note, conveying the premises (the "Premises") legally described in Exhibit A hereto;

NOW, THEREFORE, the Assignor, for and in consideration of these presents and the mutual agreements herein contained and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and as further and additional security for payment of the Note; the principal sum, interest, premiums and other indebtedness evidenced thereby; any amendments, extensions or renewals of the Note; any other indebtedness or obligation secured or guaranteed by the Mortgage; payment of all other sums with interest thereon becoming due and payable to Lender under the provisions of this Assignment; and the performance and discharge of each and every obligation, covenant and agreement of Assignor contained in this Assignment, the Note, the Mortgage, or any of the other "Loan Documents" (as defined in the Mortgage), does hereby sell, assign and transfer unto the Lender all of its right, title and interest as lessee under that certain Lease dated September 25, 1975, entered into between the Teachers Realty Corporation, a New York corporation, as Lessor, and LaSalle National Bank, as Trustee under Trust Agreement dated March 6, 1974 and known as Trust No. 47302, as Lessee, a Memorandum of which was recorded on October 15, 1975, as Document No. 23257382 with the Recorder of Deeds of Cook County, Illinois, as modified by document recorded with the Recorder of Deeds of Cook County, Illinois as Document No. 27496282 and assigned to Des Plaines Industrial District Partnership by document number 25802173 and in turn assigned to Chicago Title and Trust Company, as Trustee under Trust Agreement dated February 27, 1981, and known as Trust Number 09-66700 by document number 25802174 and in turn assigned to Thomas E. Woelfle by document number 25802175 and in turn assigned to LaSalle National Bank, a national banking association, as Trustee under Trust Agreement dated February 27, 1981, and known as Trust Number 103686 by document number 25802176, and in turn assigned to Sierra Capital Realty Trust IV, by document number 86170019, and any and all extensions, renewals and replacements of said Lease (the "Ground Lease"), which Ground Lease relates to the Premises, it being the intention hereby to establish an absolute transfer and assignment of all the foregoing to Lender.

To protect and further the security of this Assignment, the Assignor agrees as follows:

1. Further Assurances And Assignments. The Assignor further agrees to execute and deliver immediately upon the request of Lender, all such further reasonable assurances and assignments concerning the Ground Lease or the Premises as Lender shall from time to time reasonably require.

THIS INSTRUMENT PREPARED BY:

Thomas H. Fraerman, Esq.  
Rudnick & Wolfe  
Suite 2900  
30 North LaSalle Street  
Chicago, IL 60602

Mail TO: Box 77  
ATTN: Jean DepKow

S.T.I. 86-0579C

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2. Indemnity. Lender shall not at any time (regardless of any exercise by Lender, or right of Lender to exercise, any powers herein conferred) be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Ground Lease and the Assignor shall and does hereby agree to indemnify and hold Lender harmless of and from any and all liability, loss or damage which Lender may or might incur under or by reason of (a) the Ground Lease, (b) the assignment thereof, (c) any action taken by Lender or its agents hereunder, unless constituting willful misconduct or gross negligence, or (d) claims and demands which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Ground Lease.

3. Power Of Attorney. The Assignor does hereby appoint irrevocably the Lender its true and lawful attorney in its name and stead, with or without taking possession of the Premises, to rent, lease or let all or any portion of the Premises, to cause to be kept, observed or performed any of the terms, covenants, provisions or agreements in the Ground Lease and to take all action as being necessary therefore. Powers of attorney conferred upon Lender pursuant to this Assignment are powers coupled with an interest and cannot be revoked, modified or altered without the written consent of Lender.

4. Occurrence Of Default. Although it is the intention of the parties that this assignment is a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Lender shall not exercise any of the rights and powers conferred upon it herein until and unless there shall occur a Default as defined in the Note, the Mortgage or the other Loan Documents in each instance after any applicable grace periods shall have expired. Nothing herein contained shall be deemed to affect or impair any rights which the Lender may have under the Note, Mortgage or Loan Documents.

5. Instruction To Ground Lessor. The Assignor further specifically and irrevocably authorizes and instructs each and every present and future lessor of the Ground Lease to recognize Lender's interest in the Ground Lease upon receipt of demand from Lender, without any inquiry as to whether or not said demand is made in compliance with the immediately preceding paragraph hereof.

6. Election Of Remedies. It is understood and agreed that the provisions set forth in this Assignment shall be deemed a special remedy given to Lender, and shall not be deemed exclusive of any of the remedies granted in the Note, the Mortgage or the other Loan Documents but shall be deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted Lender, all of which remedies shall be enforceable concurrently or successively. No exercise by Lender of any of its rights hereunder shall cure, waive or affect any default hereunder or Default under the Note, the Mortgage or other Loan Documents. No inaction or partial exercise of rights by Lender shall be construed as a waiver of any of its such rights and remedies, and no waiver by Lender of any such rights and remedies shall be construed as a waiver by Lender of any of its other rights and remedies.

7. Continual Effectiveness. It is expressly understood that no judgment or decree which may be entered on any debt secured or intended to be secured by Lender shall operate to abrogate or lessen the effect of this instrument, but that the same shall continue in full force and effect until the payment, discharge and performance of any and all indebtedness and obligations evidenced by the Note or secured or guaranteed by the Mortgage, in whatever form, and until all bills incurred by virtue of the authority herein contained have been fully paid out of rents, income, issues and profits of the Premises, or by

the Assignor, or until such time as this instrument may be voluntarily released. This instrument shall also remain in full force and effect during the pendency of any foreclosure proceedings, both before and after sale, until the issuance of a deed pursuant to a foreclosure decree, unless all indebtedness secured or guaranteed by the Mortgage is fully satisfied before the expiration of any period of redemption.

8. Notices. Any notice which any party hereto may desire or may be required to give to any other party hereto shall be in writing, and shall be sent by either United States registered or certified mail, postage prepaid, or overnight courier service, addressed to a party at its address set forth below, or at such other place as such party may have designated to all other parties by notice in writing in accordance herewith:

(a) If to Assignor:

Sierra Capital Realty Trust IV  
One Maritime Plaza, Suite 500  
San Francisco, California 94111  
Attention: Corporate Counsel

with a copy to:

Greene, Radovsky, Maloney & Share  
Spear Street Tower, Suite 3200  
One Market Plaza  
San Francisco, California 94105  
Attention: Thomas L. Prestwich, Esq.

(b) If to Lender:

UK Des Plaines, Inc.  
c/o Richard Ellis, Inc.  
350 Park Avenue  
New York, New York 10022  
Attention: Mr. Kent Jones

with a copy to:

UK Des Plaines, Inc.  
c/o Richard Ellis, Inc.  
200 East Randolph Drive, Suite 6545  
Chicago, Illinois 60601  
Attention: Mr. Michael McCall

with an additional copy to:

Rudnick & Wolfe  
30 North LaSalle Street  
Suite 2900  
Chicago, Illinois 60602  
Attention: J. Kevin Garvey, Esq.

Any notice mailed as aforesaid shall be deemed to have been given on the third business day after being deposited in the United States mail, and any notice sent by overnight courier service shall be deemed to have been given on the date on which the same is received or receipt thereof is refused. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to Lender by this Assignment is not required to be given.

9. Binding Agreements. This Assignment and all provisions hereof shall be binding upon the Assignor, its successors, assigns. The word "Assignor", when used herein, shall include all such persons and entities. The word "Lender", when used herein, shall include Lender's successors, assigns, and legal representatives, including all other holders, from time to time, of the Note.

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10. Governing Law; Interpretation. This Assignment shall be governed by the laws of the State of Illinois in which State the Note and this Assignment were executed and delivered, the Premises are located, and the principal and interest due under the Note are to be paid. Wherever possible each provision of this Assignment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Assignment shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Assignment. Time is of the essence of this Assignment.

11. Miscellaneous. Neither this Assignment nor any provision hereof may be amended, modified, waived, discharged or terminated orally. The Section headings used herein are for convenience of reference only and shall not define or limit the provisions of this Agreement. As used in this Assignment, the singular shall include the plural and the plural shall include the singular and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

12. Goodfaith. Unless Lender is otherwise expressly allowed or permitted to act in its sole discretion, Lender shall, at all times, act in good faith and exercise all of its rights, privileges, powers, discretions and authorities hereunder in a reasonable manner, and shall not act in an arbitrary, capricious, or unreasonable manner.

13. Exculpation. There shall be no personal recovery against Assignor's trustees, shareholders, officers or directors and except as hereinafter set forth, there shall be no personal recovery against Assignor or its successors or assigns, resulting from the non-payment of any sums owing under or the breach of any term, covenant or condition of this Assignment. The holder hereof shall look solely to the security given hereunder and under the other Loan Documents in the event of a default in the payment of any sums owing under or in observance of any term, covenant or condition of the Note and/or any of the other Loan Documents. Notwithstanding the foregoing, the Lender shall not be precluded from:

- (a) recovering any condemnation awards or insurance proceeds attributable to the property described in the Mortgage and the other Loan Documents;
- (b) recovering any tenant security deposits, advance or pre-paid rents, earnest money deposits or proceeds due and payable under the terms of any contract whereby the Assignor has sold any of its assets; and
- (c) enforcing personal liability against the Assignor if it shall have committed fraud, material misrepresentation, or depletion of the assets of the Assignor in an attempt to defraud creditors.

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IN WITNESS WHEREOF, the undersigned have caused this Assignment to be executed as of the day and year first above written.

SIERRA CAPITAL REALTY TRUST IV,  
a California corporation

By: *William B. Stevenson*  
Name: William B. Stevenson  
Title: Executive Vice President

Attest: *Robert A. Dobbin*  
Name: ROBERT A DOBBIN  
Title: Secretary

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EXHIBIT A  
To  
Collateral Assignment of  
Lessee's Interest in Ground Lease

The Premises

LEASEHOLD ESTATE, as evidenced of record by Memorandum of Lease made by Teachers Realty Corporation to La Salle National Bank, a National Banking Association, as Trustee under Trust Agreement dated March 6, 1974 and known as Trust Number 47302, recorded October 15, 1975 as document number 23257382 with the Recorder of Deeds of Cook County, Illinois, which lease has been modified by document number 27496282 and assigned to Des Plaines Industrial District Partnership by document number 25802173 and in turn assigned to Chicago Title and Trust Company, as Trustee under Trust Agreement dated February 27, 1981 and known as Trust Number 09-66700 by document number 25802174 and in turn assigned to Thomas E. Woelfle by document number 25802175 and in turn assigned to La Salle National Bank, a National Banking Association, as Trustee under Trust Agreement dated February 27, 1981 and known as Trust Number 103686 by document number 25802176 and in turn assigned to Sierra Capital Realty Trust IV by document number 86170019, demising and leasing for a term of years beginning October 1, 1975 and ending September 30, 2015, with 3 successive options to extend for 10 years each, the following described land, except the buildings and improvements on the land:

A Parcel of land within the North 1/2 of the South West Fractional 1/4 of Section 19, Township 41 North, Range 12 East of the Third Principal Meridian, and more fully described as follows: The South 618.09 feet of the North 1/2 of the South West Fractional 1/4 of Section 19, Township 41 North, Range 12, East of the Third Principal Meridian, lying West of a line drawn from a point on the North line of said South West Fractional 1/4, a distance of 884.97 feet West of the East line of said South West Fractional 1/4, to a point on the South line of the aforesaid North 1/2 of the South West Fractional 1/4, a distance of 815.07 feet West of the aforesaid East line, except the West 50 feet thereof being the East 1/2 of Mt. Prospect Road, in Cook County, Illinois.

ADDRESS 1375 MT PROSPECT ROAD  
Des Plaines IL

Perm Index # 09-19-300-011 *JW*

Property Address. 1375 Mt. Prospect Road, Des Plaines, Illinois  
P.I.N.: 09-19-300-011; Volume 90 (affects the land and other property)

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STATE OF CALIFORNIA )  
COUNTY OF SAN FRANCISCO ) SS

I, Elaine Sirois, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that William B. Stevenson, Ex. Vice President of Sierra Capital Realty Trust IV, a California corporation, and Robert A. Dobbin, Secretary of said Corporation, are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Ex. Vice President and Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said Corporation, as for the uses and purposes therein set forth; and said Secretary then and there acknowledged that he, as custodian of the corporate seal of said Corporation, did affix the corporate seal of said Corporation to said instrument as his/her own free and voluntary act and as the free and voluntary act of said Corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this 28th day of April, A.D., 1986.



Elaine Sirois  
Notary Public

My Commission Expires: 3.27.90

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