

SECOND MORTGAGE
AND
SECURITY AGREEMENT

THIS MORTGAGE is made as of the 20th day of October, 1987, by LA SALLE NATIONAL BANK, not personally, but solely as Trustee under Trust Agreement dated October 1, 1986 and known as Trust No. 111629 (herein, together with its successors and assigns, called the "Mortgagor"), to THE NORTHERN TRUST COMPANY, an Illinois banking corporation (herein, together with its successors and assigns, called the "Mortgagee"), 50 South La Salle Street, Chicago, Illinois 60675.

WHEREAS, the Mortgagor is the owner of the real estate described on Exhibit A attached hereto and made a part hereof;

WHEREAS, STATE/HUBBARD ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership (the "Partnership"), is the sole beneficiary of the Mortgagor;

WHEREAS, the Mortgagor and the Partnership (hereinafter sometimes collectively called the "Borrower") propose to build on the real estate an 8-story office building containing approximately 66,030 rentable square feet (the "Project");

WHEREAS, the Borrower has obtained financing for the Project from the Illinois Development Finance Authority (the "Issuer") in the amount of \$9,600,000 pursuant to the Second Amended and Restated Loan Agreement, dated as of August 1, 1987 (the "Agreement"), between the Borrower (the Partnership was then named 6 West Hubbard Street Limited Partnership) and the Issuer, under which the Issuer has issued, sold and delivered its \$9,600,000 Fixed/Floating Rate Industrial Development Revenue Bonds (6 West Hubbard Street Project), Series 1986 (the "Bonds");

WHEREAS, the Bonds are secured by, and prior to disbursement to the Borrower the proceeds received from the sale of the Bonds will be held pursuant to, the Second Amended and Restated Indenture of Trust, dated as of August 1, 1987 (the "Indenture"), between the Issuer and LaSalle National Bank, as trustee (the "Indenture Trustee");

WHEREAS, the Issuer has agreed to lend the proceeds of the Bonds to the Borrower pursuant to the Agreement and the Borrower has agreed to make repayments sufficient to pay when due the principal of and premium, if any, and interest on, and expenses relating to, the Bonds, which payment obligations are evidenced by a promissory note of the Borrower in the principal amount of

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\$9,600,000 (the "First Note") and secured by the First Mortgage and Security Agreement, bearing even date herewith (the "First Mortgage"), from the Borrower to the Issuer; and

WHEREAS, the Mortgagee has agreed to issue its letter of credit (the "Letter of Credit") to the Indenture Trustee, for the account of the Borrower and in the stated amount of \$9,800,000, to secure the Bonds subject and pursuant to the Reimbursement Agreement, bearing even date herewith, between the Borrower and the Mortgagee (the "Reimbursement Agreement"). The Letter of Credit expires by its terms on April 25, 1990.

NOW, THEREFORE, for the purpose of securing the Letter of Credit and repayment of any disbursements made thereunder; the performance of the covenants, obligations and agreements of the Borrower pursuant to this Mortgage, the Multi-Party Agreement (as defined in Section 19 hereof) and the Reimbursement Agreement; and any and all other liabilities, obligations and indebtedness, howsoever created, arising or evidenced, direct or indirect, absolute or contingent, now or hereafter existing or due or to become due, owing by the Mortgagor and the Partnership, or either thereof, to the Mortgagee (all of the foregoing being sometimes hereinafter collectively referred to as the "Liabilities" or the "indebtedness secured hereby"; (provided, however, that the maximum amount of indebtedness secured by this Mortgage shall not exceed ELEVEN MILLION DOLLARS (\$11,000,000) of principal advances made by the Mortgagee to or for the account of the Borrower, plus the total of all advances made by the Mortgagee to protect the property encumbered hereby and the lien hereof, plus interest on all of the foregoing, and plus all costs of enforcement and collection of this Mortgage and the indebtedness secured thereby), the Mortgagor by these presents does hereby MORTGAGE and CONVEY unto the Mortgagee, its successors and assigns, forever, all of the following: all of the real estate which is described on Exhibit A hereto, together with all of the following with respect to such parcel of real estate: all and singular of the tenements, rights, easements, hereditaments, rights of way, privileges, liberties, appendages and appurtenances now or hereafter belonging or in anywise appertaining to said real estate (including, without limitation, all rights relating to storm and sanitary sewer, water, gas, electric, railway and telephone services); all leases of such real estate, or any part thereof, or of any space in any building improvement now or hereafter located on such real estate; all estate, claim, demand, right, title or interest of the Mortgagor in and to any street, road, highway, or alley (vacated or otherwise) adjoining said real estate, or any part thereof; all strips and gores thereunto belonging; all buildings (including, without limitation, the Project), structures, replacements, fixtures and fittings and other improvements and property of every kind and character owned

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by the Mortgagor or the Partnership, now or hereafter located or placed on or used in connection with said real estate; all building or construction materials, equipment, appliances, machinery, plant equipment, furniture, furnishings, fittings, other apparatus, and fixtures of any kind or nature whatsoever, owned by the Mortgagor or the Partnership and now or hereafter found on, affixed to, attached to, placed upon, or used or useful in any way in connection with said real estate (including, without limitation, all motors, boilers, engines and devices for the operation of pumps and other equipment, all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment) and all blinds, window shades, carpeting, floor coverings, stoves, elevators, office equipment and other property used in connection with said real estate and owned by the Mortgagor or the Partnership; and any after-acquired title or right to the said real estate or to any of the described property (all of the real estate and property of any kind described in this paragraph is sometimes hereinafter referred to collectively as the "premises" or the "property mortgaged hereby").

TO HAVE AND TO HOLD the premises unto the Mortgagee forever, hereby expressly waiving and releasing any and all right, benefit, privilege, advantage or exemption under and by virtue of any and all statutes of the State of Illinois providing for the exemption of homesteads from sale on execution or otherwise.

The Mortgagor hereby covenants and represents with the Mortgagee and with the purchaser at any foreclosure sale that at the execution and delivery hereof it is well seized of that portion of the premises constituting the real estate, and of a good, indefeasible estate therein, in fee simple; that the premises are free from all encumbrances whatsoever other than the encumbrances listed in Exhibit B hereto (the "Permitted Exceptions"); that this Mortgage is subordinate to the First Mortgage; that it and the Partnership (to the extent any portion of the property mortgaged hereby is owned by the Partnership) have good and lawful right to sell and convey the same; that it has received good and valuable consideration for execution and delivery hereof; and that it will forever defend the premises against all claims and demands whatsoever.

And the Mortgagor further, while any of the Liabilities or the indebtedness secured hereby remains unpaid or unperformed, covenants and agrees with the Mortgagee, as follows:

1. The Mortgagor agrees that it will promptly pay and perform the Liabilities at the times and in the manner provided herein and in the documents evidencing or creating the Liabilities.

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2. The Mortgagor agrees that it will pay before delinquent all taxes and assessments, general or special, and any and all levies, claims, charges, expenses and liens, ordinary or extraordinary, statutory or otherwise, due or to become due, that may be levied, assessed, made, imposed or charged on or against the premises, or any property used in connection therewith, and to pay before due any tax or other charge on the interest or estate in lands created or represented by this Mortgage or by the indebtedness secured hereby, whether levied against the Mortgagor or the Mortgagee or otherwise, and submit to the Mortgagee upon request all receipts showing payment of all of such taxes, assessments and charges (collectively hereinafter sometimes called "taxes"); subject, however, to the Mortgagor's right to contest any such taxes by appropriate proceedings provided in any event such contest will preclude any sale or forfeiture of the premises, or any part thereof, for non-payment of taxes. Notwithstanding anything contained herein to the contrary, the Mortgagor shall pay the full amount of any special assessment levied against the premises, or part thereof, if so directed to do so by the Mortgagee (and within thirty (30) days of any such direction) and irrespective of whether or not such assessment is by its terms payable in installments.

3. The Mortgagor agrees that it will: keep all buildings and other improvements now or hereafter on the premises in good order and repair and in good, safe and insurable condition; not commit, suffer or permit waste of any part of the premises; not abandon the premises; and not do or permit anything to be done which would depreciate or impair the value of the premises or the security of this Mortgage; and not enter into any lease after the date hereof of the premises, or any part(s) thereof, without the prior written consent of the Mortgagee unless such lease complies in all respects with the leasing standards approved in writing by the Mortgagee and by the Permanent Lenders (as defined in Section 12 hereof). The Mortgagor will not, except as required by applicable law or ordinance, make any material changes, additions or alterations to or of the premises except as provided herein or as contemplated hereby or by the Reimbursement Agreement or except as the Mortgagee may approve in writing.

4. The Mortgagor agrees that it will: pay promptly for all repairs and improvements to or on the premises (subject to the Mortgagor's right to contest any amount charged therefor as hereinafter set forth) and will not create, suffer or permit to be created or exist any lien, claim (except to the extent such lien or claim is bonded over as hereinafter set forth), security interest or encumbrance attaching to the premises, or any part thereof, except those of current taxes not delinquent and the Permitted Exceptions; and permit the Mortgagee and its agents, at all reasonable times, to enter on and inspect the premises. The

Mortgagor may contest any mechanic's lien or claim therefor provided it bonds over such lien or claim in a manner satisfactory to the Mortgagee within ten (10) days of (a) the filing or recording of any notice or claim therefor, or (b) the filing of any lawsuit foreclosing same, whichever shall first occur.

5. The Mortgagor agrees that if any state, federal or municipal government, or any of its subdivisions having jurisdiction, shall levy, assess or charge any tax, assessment or imposition upon this Mortgage or the indebtedness secured hereby or any of the Liabilities or the interest of the Mortgagee in the premises or upon the Mortgagee by reason of or as holder of any of the foregoing or shall at any time or times require revenue stamps to be affixed to this Mortgage or any of the Liabilities secured hereby, the Mortgagor will upon demand pay for stamps in the required amount and deliver them to the Mortgagee, excepting therefrom any income tax on interest payments on the principal portion of the indebtedness secured hereby, and the Mortgagor shall pay all such taxes and stamps to or for the Mortgagee as they become due and payable, and provided further that in the event of passage of any law or regulation permitting, authorizing or requiring the tax, assessment or imposition to be levied, assessed or charged, which law or regulation prohibits the Mortgagor from paying the tax, assessment, stamp, or imposition to or for the Mortgagee, then all sums hereby secured shall become immediately due and payable at the option of the Mortgagee. The Mortgagor agrees to exhibit to the Mortgagee, at least annually and at any time upon request, official receipts showing payment of all taxes, assessments and charges which the Mortgagor is required or elects to pay hereunder.

6. The Mortgagor agrees that it will maintain on the buildings and other improvements (other than improvements owned by, paid for and insured by tenants of the premises) now or hereafter on the premises constant insurance for the benefit of the Mortgagee against loss or damage (whether to such buildings or improvements or by loss of rentals therefrom) from such hazards as may be required by the Mortgagee from time to time, including, without limitation, Builder's Risk (completed value non-reporting), fire, windstorm, tornado, hail, disaster, extended coverage, vandalism, riot, malicious mischief, and including plate glass and boiler insurance and war risk insurance if then available, and including insurance against flood, if required by the Federal Flood Disaster Protection Act of 1973 and regulations issued thereunder, and all other insurance commonly or, in the judgment of the Mortgagee, prudently maintained by those whose business, improvement to, and use of real estate is similar to that of the Borrower, and all insurance required to be carried by the Indenture and the Commitment (as defined in

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Section 19 hereof). All of such casualty insurance shall be in an amount of 100% of the full replacement cost, without depreciation, of such buildings and improvements notwithstanding the application of any coinsurance provisions. The Mortgagor shall further maintain in force and effect comprehensive public liability, workmen's compensation and employer's liability insurance, all of such insurance to be in such form and with such companies as shall be approved by the Mortgagee, and shall deliver to and keep deposited with the Mortgagee all certificates or policies of insurance and renewals thereof, with premiums prepaid and with (except for liability policies) a Mortgagee and loss payable and non-cancellation clauses (providing for not less than thirty (30) days' prior written notice) satisfactory to the Mortgagee attached thereto in favor of the Mortgagee, its successors and assigns. All insurance proceeds under any of such policies shall be applied to the rebuilding or repairing of the damaged or destroyed improvements provided (a) the Mortgagor is not in default under this Mortgage; (b) in the Mortgagee's judgment, the insurance proceeds are readily collectible and are sufficient alone or in conjunction with other unencumbered and available moneys deposited by the Mortgagor with the Mortgagee to fully rebuild or repair such damage; and (c) completion of repair or rebuilding can in the Mortgagor's judgment be accomplished prior to the expiration date of the Letter of Credit. If the insurance proceeds are to be applied to the rebuilding or repairing as aforesaid, all such insurance proceeds shall be paid to the Mortgagee for disbursement by it subject and pursuant to the terms of this Mortgage and the Reimbursement Agreement. If the insurance proceeds are not to be applied to rebuilding or repairing as aforesaid, then such proceeds shall be paid to the Mortgagee and held and applied by the Mortgagee as security for and payment of the Liabilities. Subject to the consent of the Mortgagee, the Mortgagor may settle, compromise and adjust any and all claims or rights under any insurance policy maintained by the Mortgagor relating to the premises. Nothing herein contained shall create any responsibility or obligation on the Mortgagee to collect any amounts owing on any insurance policy or resulting from any condemnation, to rebuild any damaged or destroyed improvements or to perform any other act hereunder. In the event of foreclosure of this Mortgage or other transfer of title to the premises 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. If the holder of any prior mortgage requires that such insurance proceeds be applied to payment in whole or in part of such prior mortgage indebtedness, the Mortgagee may elect to treat such requirement as a default under this Mortgage and if the Mortgagee so elects, it shall be entitled to enforce all of its rights hereunder as in the case of any other default.

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7. In case the premises, or any part thereof, are taken by condemnation, the Mortgagee is hereby empowered to collect and receive all compensation which may be paid for any property taken or for damages to any property not taken (all of which are hereby assigned to the Mortgagee), and all condemnation money so received shall (to the extent of the indebtedness secured hereby) be forthwith applied by the Mortgagee, as it may elect, to either (a) (i) the further securing of the Liabilities or (ii) the immediate reduction of any indebtedness secured hereby (but only to the extent that Bonds have been retired as a result of such condemnation), or (b) to repair and restoration of any property so taken or damaged. The Mortgagor hereby empowers the Mortgagee to settle, compromise and adjust on a reasonable basis any and all claims or rights arising under any condemnation or eminent domain proceeding relating to the premises, or any portion thereof. The rights of the Mortgagee hereunder are subject to the rights of the holder of any prior mortgage. If the holder of any prior mortgage requires that such condemnation proceeds be applied to payment in whole or in part of such prior mortgage indebtedness, the Mortgagee may elect to treat such requirement as a default under this Mortgage and if the Mortgagee so elects, it shall be entitled to enforce all of its rights hereunder as in the case of any other default.

8. The Mortgagor agrees that it will comply with, and cause the premises, and the use thereof, to comply with, all statutes, laws, regulations, ordinances, requirements, orders and decrees relating to the premises, or the use thereof, by any federal, state, county, municipal or other governmental authority and observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits, privileges, franchises and concessions (including, without limitation, those relating to land use and development, subdivision, zoning, building, construction, access, water rights and use, noise and pollution) which are applicable to or have been granted for the premises, or the use thereof.

9. The Mortgagor shall pay promptly and keep, observe, perform and comply with all covenants, terms and provisions of each of the Permitted Exceptions and any operating agreements or other writing relating to the premises, and all leases, instruments and documents relating thereto or evidencing or securing any indebtedness secured thereby.

10. The Mortgagor shall not, and shall not permit, the leasing, within the meaning of that word in the law of landlord and tenant, of all or any portion of the premises, except for leases meeting the requirements of Section 1 hereof. Except for the assignments to holders of prior mortgages on the premises, the Mortgagor agrees that no rents, issues, or profits, lease, or

other contract relating to the premises shall be assigned to any party other than the Mortgagee without first obtaining the written consent of the Mortgagee to any such assignment. The Mortgagor further agrees that all such rents shall be payable on a monthly basis and no such rents shall be collected more than thirty (30) days in advance of the due date therefor.

The Mortgagor agrees that there shall be no transfer, sale, financing or encumbering (except any encumbering, sale or financing expressly permitted by this Mortgage or the Three-Party Agreement or the Reimbursement Agreement) of the premises, or any part thereof or interest whatsoever therein, without the prior written consent of the Mortgagee (and that any such transfer, sale, financing or encumbering without such consent shall constitute a default hereunder and the Liabilities shall become immediately due and payable), which consent may be withheld at the Mortgagee's discretion. It is intended hereby to preclude transfer, sale, financing or encumbering in the broadest sense whatsoever, including, without limitation, any transfer, sale, financing or encumbering of the beneficial interest in the Mortgagor or any general partnership interest in the Partnership or any general partnership interest (the "Sub-General Partnership Interest") in the general partnership interest in the Partnership or any controlling interest in either of the corporate general partners of the Sub-General Partnership Interest.

11. The Mortgagor agrees to permit the Mortgagee and its agents, at reasonable times and intervals, to inspect the premises and to inspect and audit the Mortgagor's records relating to the premises for any reasonable purpose.

12. The Mortgagor agrees that if it shall fail to perform any of its obligations herein contained (including payment of expenses of foreclosure and the court costs), the Mortgagee may, but need not, make payment or perform any act hereinbefore required of the Mortgagor, in any form and manner deemed reasonably expedient by the Mortgagee as agent or attorney-in-fact of the Mortgagor, and any amount so paid or expended (plus reasonable compensation to the Mortgagee for its out-of-pocket and other expenses for each matter for which it acts under this Mortgage), with interest thereon at the rate provided in the Reimbursement Agreement shall be added to the Liabilities hereby secured and shall be repaid to the Mortgagee upon demand. By way of illustration and not in limitation of the foregoing, the Mortgagee may, but need not, make full or partial payments of principal or interest on prior or coordinate encumbrances, if any, complete construction, make repairs, and purchase, discharge, compromise or settle any tax lien or any other lien, encumbrance, suit, proceeding, title or claim thereof, or redeem from any tax sale or forfeiture affecting the

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premises or contest any tax or assessment. In making any payment or securing any performance hereby authorized relating to any obligation of the Mortgagor hereunder, the Mortgagee, so long as it acts in good faith, shall be the sole judge of the legality, validity and amount of any lien or encumbrance and of all other matters necessary to be performed in satisfaction thereof. Any such action of the Mortgagee shall never be considered as a waiver of any right accruing to it on account of the occurrence of any default on the part of the Mortgagor under the Reimbursement Agreement or this Mortgage.

13. To the extent that the Mortgagee, after the date hereof, pays any sum due under any provision of law or instrument or document creating any lien prior or coordinate to the lien of this Mortgage, the Mortgagee shall have and be entitled to a lien on the premises equal in parity with that discharged, and the Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit the Mortgagee to secure the liabilities and all obligations secured hereby. The Mortgagee shall be subrogated, notwithstanding their release of record, to mortgages, trust deeds, superior titles, vendor's liens, liens, charges, encumbrances, rights and equities on the premises to the extent that any obligation under any thereof is paid or discharged with proceeds of disbursements or advances under the Letter of Credit or other indebtedness secured hereby.

14. The Mortgagor agrees that, without affecting or diminishing in any way the liability of the Mortgagor or any other person (except any person expressly released in writing) for payment of the indebtedness secured hereby or for performance of any obligation contained herein or affecting the lien of this Mortgage upon the premises, or any part thereof, the Mortgagee may at any time, and from time to time, without notice to or consent of any person: release any person liable for payment of any indebtedness secured hereby or for performance of any obligation; extend the time or agree to alter the terms of payment of such indebtedness, modify or waive any obligation, subordinate, modify or otherwise deal with the lien hereof; accept additional security of any kind; release any property securing the indebtedness; make releases of any portion of the premises; consent to the making of any map or plat of the premises, the creation of any easements thereon or any covenants restricting use or occupancy thereof; or exercise, or refrain from exercising, or waive any right the Mortgagee may have.

15. The Borrower agrees to indemnify and hold the Mortgagee harmless of and from all loss, damage and expense, including reasonable attorneys' fees, incurred in connection with,

preparation for or matters relating to, any suit or proceeding or threatened suit or proceeding brought by the Mortgagee or in or to which the Mortgagee may be made a party, or threatened to be made a party, relating to or by reason of this Mortgage or the Multi-Party Agreement or the Reimbursement Agreement.

16. The Borrower agrees that upon request of the Mortgagee it will from time to time execute, acknowledge and deliver all such additional instruments and further assurances of title, and will do, or cause to be done, all such further acts and things as may be reasonably necessary or appropriate fully to effectuate the intent of this Mortgage.

17. The Mortgagee and its agents, representatives and contractors shall have access to the premises, and all parts thereof, at all times (upon reasonable notice) during the term of this Mortgage for inspection thereof or for any other purpose, and all such inspections shall be for the sole benefit of the Mortgagee and not for the benefit of the Borrower or any other person or entity whatsoever.

18. By execution of this Mortgage and to induce the Mortgagee to issue the Letter of Credit and enter into the Reimbursement Agreement, the Borrower represents and agrees:

(a) The real estate and the improvements thereto and the use thereof do not violate any presently existing applicable statute, law, regulation, rule, ordinance or order of any kind whatsoever issued by any governmental body (including, but not limited to, any presently existing zoning or building or subdivision laws or ordinances or any presently existing governmental protection laws or regulations) or any building permit or any condition, easement, right of way, covenant or restriction of record;

(b) The Partnership is a duly formed and validly existing Illinois limited partnership and has the power and authority to execute the Loan Papers (meaning the documents, other than this Mortgage, securing the Liabilities) to be executed by it and to direct the Mortgagor to execute, deliver and carry out the terms and provisions of this Mortgage and the other Loan Papers to be executed by the Mortgagor. This Mortgage constitutes, and the other Loan Papers and other documents to be executed and delivered pursuant to, or as contemplated by, this Mortgage (including, without limitation, the Multi-Party Agreement and the Reimbursement Agreement), when executed and delivered pursuant hereto, will constitute, the duly authorized obligations of the Mortgagor and the Partnership and will be enforceable strictly in accordance with their respective terms;

(c) Neither the Mortgagor nor the Partnership is in default under any agreement to which it is a party, the effect of which will materially adversely affect performance by either thereof of their respective obligations pursuant to and as contemplated by the terms and provisions of this Mortgage or any of the other Loan Papers or the Multi-Party Agreement or the Reimbursement Agreement, and neither the execution and delivery of this Mortgage or the other Loan Papers or the Multi-Party Agreement or the Reimbursement Agreement executed or to be executed and delivered by either thereof as contemplated by this Mortgage nor the consummation of the transactions herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof, will violate any presently existing provisions of law or of any presently existing applicable regulation, order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, or will conflict or will be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, instrument, document agreement or contract of any kind which creates, represents, evidences or provides for any lien, charge or encumbrance upon any of the property or assets of either of such parties, or any other indenture, mortgage, deed of trust, instrument, document, agreement or contract of any kind to which either of such parties is a party or by which it may be bound, or in the event of any such conflict, the required consent or waiver of the other party or parties thereto has been validly granted, is in full force and effect and is valid and sufficient therefor;

(d) There are no actions, suits or proceedings pending or, to the knowledge of the Mortgagor or the Partnership, threatened against or affecting the Mortgagor, the Partnership or the premises before any court or any governmental, administrative, regulatory, adjudicatory or arbitral body or agency of any kind which will materially adversely affect performance by the Mortgagor or the Partnership of their respective obligations pursuant to and as contemplated by the terms and provisions of this Mortgage, the other Loan Papers, the Multi-Party Agreement and the Reimbursement Agreement;

(e) The aggregate interest and other fees and payments made or to be made to the Mortgagee (under the Reimbursement Agreement, this Mortgage, the Letter of Credit or any of the Loan Papers) are not usurious under applicable law;

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(f) The Mortgagor and the Partnership acknowledge that all representations, warranties, covenants and agreements made herein or in any certificate or other document delivered to the Mortgagee by or on behalf of the Mortgagor or the Partnership shall be deemed to have been relied upon by the Mortgagee notwithstanding any investigation heretofore or hereafter made by the Mortgagee or on its behalf, and shall survive and shall continue in full force and effect as long as there remains unperformed any obligation to the Mortgagee under this Mortgage, the Multi-Party Agreement, the Reimbursement Agreement or any of the Loan Papers; and

(g) The Mortgagor and the Partnership acknowledge that they are responsible for compliance with all federal, state and local laws, rules and regulations relating to emissions into the air, discharges onto lands and waters, storage and disposal of hazardous or toxic wastes or substances and all other federal, state and local environmental laws, rules and regulations applicable to the Property (collectively, the "Environmental Laws"). The Mortgagor and the Partnership represent that they are in compliance with and shall continue to comply with the Environmental Laws and that there are not now any outstanding notices, complaints, citations, orders, liens or penalties relating to violations or non-compliance issued to the Mortgagor or the Partnership under any Environmental Laws with respect to the premises. The Mortgagor further represents that the Project will not contain any PCBs or asbestos.

19. Each of the following shall constitute a default under this Mortgage:

(a) If there shall be a failure to pay, when due, any monetary amount provided to be paid in any of the Loan Papers (such as, but not limited to, real estate taxes or amounts due contractors) and such failure continues for a period of five (5) days after written notice thereof to the Mortgagor from the Mortgagee; or

(b) If for any reason whatsoever, there shall be any other breach or default (other than as set forth in (a) above) under any of the terms, provisions, agreements, undertakings, obligations or conditions of any of the Loan Papers and such other breach or default continues for twenty (20) days after written notice thereof to the Mortgagor from the Mortgagee, or if such other breach or default is one that by its nature cannot be cured within such 20-day period, if the Mortgagor fails to commence the curing thereof within such 20-day period and thereafter fails to

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diligently pursue the curing thereof or fails to cure such breach or default within sixty (60) days thereafter;

(c) Any material representation, warranty or certification made in this Mortgage by the Mortgagor or the Partnership, or otherwise made in writing by the Mortgagor or the Partnership, in connection with the loan transaction contemplated by this Mortgage, proves to be false in any material respect at any time when such representation, warranty or certification is operative or applicable; or

(d) The Mortgagor or the Partnership or any general partner of the Partnership or any general partner of the Sub-General Partnership Interest or any Guarantor (as defined in the Reimbursement Agreement) makes a general assignment of its assets for the benefit of creditors; or petitions or applies to any tribunal for the appointment of a trustee or a receiver for itself or for any substantial part of its assets, or commences any proceedings under any bankruptcy, arrangement, insolvency, readjustment of debt or reorganization statute or law of any jurisdiction, whether now or hereafter in effect; or if any such petition or application is filed or any such proceedings are commenced, and any such party by any act indicates any approval thereof, consent thereto, or acquiescence therein, or an order is entered appointing any such trustee or receiver, or adjudicating any such party bankrupt or insolvent, or approving the petition in any such proceedings; or if any petition or application for any such proceeding or for the appointment of a trustee or a receiver is filed by any third party against any such party and any of the aforesaid proceedings is not dismissed within ninety (90) days of its filing; or

(e) Proceedings are commenced by any public or quasi-public body to acquire the premises, or any material interest therein, by eminent domain and such proceedings are not dismissed within ninety (90) days from the date they are commenced; or

(f) Any order or decree is entered by any court of competent jurisdiction directly or indirectly enjoining or prohibiting the Mortgagee, the Partnership or the Mortgagor from performing any of its obligations under this Mortgage or under the Multi-Party Agreement or the Partnership Agreement, and such order or decree is not vacated, and the proceedings out of which such order or decree arose are not dismissed, within thirty (30) days after the granting of such decree or order; or

(g) The premises, or any part thereof or interest therein (including, without limitation, any interest in the Mortgagor or any general partnership interest in the Partnership or any Sub-General Partnership Interest or any controlling interest in either of the corporate general partners of the Sub-General Partnership Interest, but excluding the syndication of limited partnership interests in the Partnership or the Sub-General Partnership), are sold, conveyed, transferred, assigned, disposed of or further encumbered (subject to any right of contest contained in this Mortgage), or rezoned, either voluntarily or involuntarily; or

(h) Any Event of Default (as defined therein) shall occur under the Reimbursement Agreement; or

(i) All American Life Insurance Company, USLife Life Insurance Company and The Old Line Life Insurance Company of America (collectively, the "Permanent Lenders") shall declare either party comprising the Borrower to be in default under that certain commitment (identified as Commitment No. 6710), dated July 6, 1987, issued by the Permanent Lenders to the Mortgagor for a Standby First Mortgage (the "Commitment"); or

(j) The Permanent Lenders shall notify the Mortgagee that for any reason whatsoever the Permanent Lenders will not perform their obligations under that certain agreement, bearing even date herewith (the "Multi-Party Agreement"), among the Permanent Lenders, the Borrower and the Mortgagee.

20. Upon the happening of any default, the Mortgagee shall have the right (exercisable at any time the Mortgagee may elect), in addition to all the remedies conferred upon the Mortgagee by law or equity or the terms of any of the Loan Papers or the Reimbursement Agreement, to do any or all of the following, concurrently or successively, without further notice to the Mortgagor:

(a) Declare the Liabilities to be, and the Liabilities shall thereupon become, immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Papers or the Reimbursement Agreement or any other agreement to the contrary notwithstanding; or

(b) Terminate the Mortgagee's obligations under this Mortgage or the Reimbursement Agreement to extend credit of any kind or to make any disbursement, whereupon the

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commitment and obligations of the Mortgagee to extend credit or to make disbursements hereunder or thereunder shall terminate; or

(c) Upon the filing of any complaint for that purpose, the court in which such complaint is filed may, upon application of the Mortgagee or at any time thereafter, either before or after foreclosure sale, and without notice to the Mortgagor or to any party claiming under the Mortgagor, without regard to the solvency or insolvency at the time of such application of any person then liable for the payment of the indebtedness secured hereby, without regard to the then value of the premises or whether the same shall then be occupied, in whole or in part, as a homestead by the owner of the equity of redemption, and without requiring any bond from the complainant in such proceedings, appoint a receiver for the benefit of the Mortgagee, with power to take possession, charge and control of the premises, to lease the same, to keep the buildings thereon insured and in good repair, and to collect all the rents, issues and profits of the premises during the pendency of such foreclosure suit, and, in case of foreclosure sale and a deficiency, during any period of redemption. The court may, from time to time, authorize said receiver to apply the net amounts remaining in his hands, after deducting reasonable compensation for the receiver and his counsel to be allowed by the court, in payment, in whole or in part, of any or all of the following items (in such order of application as the Mortgagee may elect): (i) amounts due upon the Mortgagee secured hereby; (ii) amounts due upon any decree entered in any suit foreclosing this Mortgage; (iii) costs and expenses of foreclosure and litigation upon the premises; (iv) insurance premiums, repairs, taxes, special assessments, water charges, and interest, penalties and costs, in connection with the premises, any other lien or charge upon the premises that may be or become superior to the lien of this Mortgage, or of any decree foreclosing the same; and (v) all the moneys advanced by the Mortgagee to cure or attempt to cure any default by the Mortgagor in the performance of any covenant or condition contained in this Mortgage, the Reimbursement Agreement or the Multi-Party Agreement, with interest on such advances at the interest rate provided for in the Reimbursement Agreement after a draw (other than a monthly interest draw) by the Indenture Trustee on the Letter of Credit or otherwise to protect the security hereof or as provided herein. The overplus of the proceeds of sale, if any, shall then be paid as directed by the foreclosure court. In case of any such default, this Mortgage may be foreclosed against all or any portion of the premises, as the Mortgagee may elect. This Mortgage and the

right of foreclosure hereunder shall not be impaired or exhausted by one or any foreclosure or by one or any sale, and may be foreclosed successively and in parts, until all of the premises have been foreclosed against and sold. In case of any foreclosure (or commencement of or preparation for) of this Mortgage in any court, all expenses of every kind paid or incurred by the Mortgagee for the enforcement, protection, or collection of this security, including reasonable costs, attorneys' fees, stenographers' fees, costs of advertising, costs of documentary evidence of title (including title insurance) charges and costs, shall be paid by the Mortgagor, and all similar fees, costs, charges and expenses paid or incurred by the Mortgagee in such foreclosure or any suit or legal proceeding in which it shall be or be made a party by reason of this Mortgage shall also be paid by the Mortgagor.

21. The Reimbursement Agreement is hereby incorporated herein by reference. In the event of any inconsistency of the terms and provisions of the Reimbursement Agreement with the terms and provisions of this Mortgage, the terms and provisions of the Reimbursement Agreement shall control.

22. No remedy or right of the Mortgagee shall be exclusive of, but each such remedy or right shall be in addition to, every other remedy or right now or hereafter existing under the Loan Papers, the Reimbursement Agreement and the Multi-Party Agreement and at law or in equity. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any default shall impair any such remedy or right or be construed to be a waiver of any such default or an acquiescence therein, nor shall it affect any subsequent default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by the Mortgagee.

23. This Mortgage, to the extent that it mortgages personal property hereby, or items of personal property which are to become fixtures, shall also be construed as a Security Agreement under the Uniform Commercial Code as in effect in Illinois.

24. Upon full payment of all indebtedness secured hereby and satisfaction of all the Liabilities in accordance with their respective terms and at the time and in the manner provided, this conveyance shall be null and void, and upon demand therefor following such payment, an appropriate instrument of reconveyance or release shall in due course be made by the Mortgagee to the Mortgagor at the Mortgagor's expense.

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25. Each notice, demand and other communication in connection with this Mortgage shall be in writing and shall be deemed to be given to and served upon the addressee thereof (a) upon actual delivery to the addresses designated below for the parties, respectively, or (b) seventy-two (72) hours after the deposit thereof in any main or branch United States Post Office in Chicago, Illinois, certified mail first-class postage prepaid, addressed as follows:

If to the Mortgagor: La Salle National Bank, not personally, but solely as Trustee under Trust Agreement dated October 1, 1986 and known as Trust No. 111629
135 South La Salle Street
Chicago, Illinois 60690

With Copy to: State/Hubbard Associates Limited Partnership
c/o Wacker Development Corporation
160 North Wacker Drive
Chicago, Illinois 60606
Attn: Mr. Stephen J. Cox

With Copy to: State/Hubbard Associates Limited Partnership
c/o Captur Development Corporation
160 North Wacker Drive
Chicago, Illinois 60606
Attn: Mr. Robert E. Thomas, Jr.

With Copy to: Fuchs, Temple & Aerman, Ltd.
One North LaSalle Street
Suite 1515
Chicago, Illinois 60603
Attn: John T. Roselli, Esq.

If to the Mortgagee: The Northern Trust Company
50 South La Salle Street
Chicago, Illinois 60675
Attn: Mr. John Cline

By notice complying with this Section 25, each party may from time to time change the address to be thereafter applicable to it for the purpose of this Section.

26. All provisions hereof shall inure to and bind the respective successors, vendees and assigns of the parties. The word "Mortgagor" shall include all persons claiming under or through the Mortgagor. Wherever used, the singular number shall

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include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

27. The Mortgagor waives, on behalf of itself and all persons now or hereafter interested in the premises, to the fullest extent permitted by applicable law, all rights under all appraisement, moratorium, valuation, exemption, stay, extension and marshalling statutes, laws or equities now or hereafter existing and agrees that no defense based on any thereof will be asserted in any action enforcing this Mortgage.

28. This Mortgage is executed by La Salle National Bank, not personally, but solely as Trustee as aforesaid, and it is expressly understood and agreed by the parties hereto, anything herein to the contrary notwithstanding, that each and all of the covenants, undertakings and agreements herein made are made and intended, not as personal covenants, undertakings and agreements of the Trustee, named and referred to in this Mortgage, for the purpose of binding it personally, but this instrument is executed and delivered by the La Salle National Bank, as Trustee, solely in the exercise of the powers conferred upon it as such Trustee, and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforced against the La Salle National Bank, its agents or employees, on account hereof, or on account of any covenant, undertaking or agreement herein contained, either expressed or implied, all such personal liability, if any, being hereby expressly waived and released by the holder or holders hereof, and by all persons claiming by or through or under the holder or holders hereof, and by every person now or hereafter claiming any right or security hereunder.

29. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage or under any power contained herein on its behalf and on behalf of each and every person acquiring any interest in and or title to the premises subsequent to the date of this Mortgage.

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WITNESS, the hands and seal of the Mortgagor at Chicago, Illinois, on the day and year first above written.

LA SALLE NATIONAL BANK, not personally, but solely as Trustee under Trust Agreement dated October 1, 1986 and known as Trust No. 111629

ATTEST:

[Signature]
Name: W. G. E. DITTON
Title: ASSISTANT SECRETARY

By: *[Signature]*
Name: JOSEPH W. LANG
Title: VICE PRESIDENT

Address: 135 South La Salle Street
Chicago, Illinois 60690

Property of Cook County Clerk's Office

COOK COUNTY, ILLINOIS
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JOINDER

STATE/HUBBARD ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership, created and existing pursuant to that certain Partnership Agreement, dated July 13, 1987 (the "Partnership Agreement"), joins in execution of this Second Mortgage and Security Agreement (a) to acknowledge and agree that this Second Mortgage and Security Agreement is binding upon it, including without limitation, the representations and warranties set forth in Section 18 thereof, and (b) to grant a security interest to the Mortgagee of the Partnership's interests in all personal property described in this Second Mortgage and Security Agreement.

Dated as of October 20, 1987.

STATE/HUBBARD ASSOCIATES LIMITED
PARTNERSHIP, an Illinois limited
partnership

By: Hubbard Development Associates
Limited Partnership, an
Illinois limited partnership
(Its Sole General Partner)

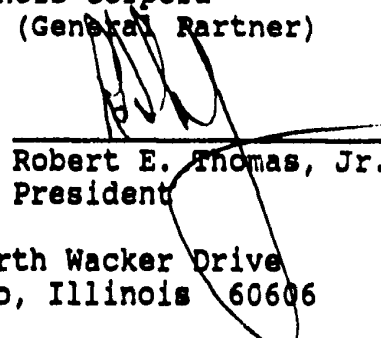
By: Wacker Development
Corporation, an
Illinois corpora-
tion (General Partner)

By: 
Name: Stephen J. Cox
Title: President

Address: 160 North Wacker Drive
Chicago, Illinois 60606

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By: Captur Development
Corporation, an
Illinois corpora-
tion (General Partner)

By: 
Name: Robert E. Thomas, Jr.
Title: President

Address: 160 North Wacker Drive
Chicago, Illinois 60606

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Susan Ghelester, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that JOSEPH W. LANG of LA SALLE NATIONAL BANK, and William H. Dillon of said Bank, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such VICE PRESIDENT, and ASSISTANT SECRETARY, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Bank, as Trustee as aforesaid, for the uses and purposes therein set forth; and said ASSISTANT SECRETARY then and there acknowledged that said ASSISTANT SECRETARY as custodian of the corporate seal of said Bank, did affix the seal of said Bank to said instrument as said ASSISTANT SECRETARY own free and voluntary act and as the free and voluntary act of said Bank, as Trustee as aforesaid, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal, this 20th day of October, 1987.

Susan Ghelester
Notary Public

My Commission Expires:

9-28-88

This Instrument Prepared By:

A. M. Rogers, Jr., Esq.
Mayer, Brown & Platt
190 South La Salle Street
Chicago, Illinois 60603

Property Address: 6 West Hubbard Street
Chicago, Illinois

Permanent Index No. 17-09-255-025
17-09-255-026

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

I, Susan Wheeler, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that STEPHEN J. COX, personally known to me to be the person whose name is subscribed to the foregoing instrument both individually and as the President of Wacker Development Corporation, an Illinois corporation, which corporation is a General Partner in Hubbard Development Associates Limited Partnership, an Illinois limited partnership, the sole General Partner in STATE/HUBBARD ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership, appeared before me this day in person and swore and acknowledged to me under oath that he signed such instrument both individually and as the President, and on behalf, of Wacker Development Corporation, and that he has read and executed and delivered said instrument, pursuant to authority given by the Board of Directors of said corporation, as his free and voluntary act and as the free and voluntary act of said corporation for the purposes therein set forth.

Given under my hand and Notarial Seal, this 20th day of October, 1987.

Susan Wheeler
Notary Public

My Commission Expires:

9-28-88

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

I, Susan Gheleker, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that ROBERT E. THOMAS, JR., personally known to me to be the person whose name is subscribed to the foregoing instrument both individually and as the President of Captur Development Corporation, an Illinois corporation, which corporation is a General Partner in Hubbard Development Associates Limited Partnership, an Illinois limited partnership, the sole General Partner in STATE/HUBBARD ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership, appeared before me this day in person and swore and acknowledged to me under oath that he signed such instrument both individually and as the President, and on behalf, of Captur Development Corporation, and that he has read and executed and delivered said instrument, pursuant to authority given by the Board of Directors of said corporation, as his free and voluntary act and as the free and voluntary act of said corporation for the purposes therein set forth.

Given under my hand and Notarial Seal, this 20th day of October, 1987.

Susan Gheleker
Notary Public

My Commission Expires:

9-28-88

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PARCEL 1:

Lot 1 in Block 8 in Wolcott's Addition to Chicago in Cook County, Illinois Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 2:

Lot 2 in Block 13 in Kinzie Addition to Chicago, being a Subdivision of the North Fractional Section 10, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

Address of Property: 2-8 West Hubbard Street, Chicago, Illinois 60610

P.I.N. 17-09-255-025-1011
17-09-255-026-1012

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EXHIBIT A

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EXHIBIT B

Permitted Exceptions

Those matters and things set forth in Schedule B of Chicago
Title Insurance Company Loan Policy No. 71-26-752-1.

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Mail To

A. M. Rogers, Jr
Mayer, Brown & Platt
190 S La Salle
Chicago IL 60603

BOX 333-HV.

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