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MORTGAGE AND SECURITY AGREEMENT

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from

HARRIS TRUST AND SAVINGS BANK,
AS TRUSTEE

(as Mortgagor)

to

MELLON BANK, N.A.

(as Mortgagee)

RE: \$9,000,000 City of Springdale, Arkansas Industrial
Development Revenue Bonds (Newly Weds Foods, Inc. Project)
Series 1987

This instrument was prepared by
and when recorded return to:

John P. Fernsler
REED SMITH SHAW & McCLAY
P.O. Box 2009
Pittsburgh, PA 15230

BOX 333 - HV

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TABLE OF CONTENTS

	PAGE
Parties.....	1
ARTICLE I	
COVENANTS AND AGREEMENTS OF MORTGAGOR	
1.01. Payment of Secured Obligations.....	4
1.02. Maintenance, Repair, Alterations.....	4
1.03. Required Insurance.....	5
1.04. Delivery of Policies, Payment of Premiums.....	6
1.05. Insurance Proceeds.....	8
1.06. Assignment of Policies Upon Foreclosure.....	9
1.07. Indemnification; Subrogation; Waiver of Offset.....	9
1.08. Taxes and Impositions.....	10
1.09. Utilities.....	12
1.10. Leases.....	12
1.11. Actions Affecting Mortgaged Property.....	12
1.12. Actions by Mortgagee to Preserve Mortgaged Property.....	13
1.13. Eminent Domain.....	13
1.14. Additional Security.....	14
1.15. Successors and Assigns.....	14
1.16. Inspections.....	14
1.17. Liens.....	14
1.18. Payment of Additional Indebtedness Secured Hereby.....	14
1.19. Sale of Property and Improvements.....	15
ARTICLE II	
ASSIGNMENT OF RENTS, ISSUES AND PROFITS	
2.01. Assignment of Rents.....	15
2.02. Collection Upon Default.....	16
ARTICLE III	
SECURITY AGREEMENT	
3.01. Creation of Security Interest.....	16
3.02. Mortgagee Has Rights and Remedies of a Secured Party.....	16
3.03. Provisions Applicable to the Collateral.....	16
3.04. Certain Covenants.....	17

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ARTICLE IV

REMEDIES UPON DEFAULT

4.01.	Events of Default.....	18
4.02.	Acceleration Upon Event of Default; Additional Remedies.....	19
4.03.	Appointment of Receiver.....	20
4.04.	Remedies Not Exclusive.....	20

ARTICLE V

MISCELLANEOUS

5.01.	Governing Law.....	21
5.02.	Mortgagor Waiver of Rights.....	21
5.03.	Limitation of Interest.....	22
5.04.	Statements by Mortgagor.....	22
5.05.	Release.....	22
5.06.	Notices.....	23
5.07.	Captions.....	23
5.08.	Invalidity of Certain Provisions.....	23
5.09.	Subrogation.....	23
5.10.	No Merger.....	23
5.11.	Reimbursement Agreement.....	24
5.12.	Amendments.....	24
5.13.	Defeasance.....	24
5.14.	Subrogation and Marshaling.....	24
5.15.	No Implied Waiver; Cumulative Remedies.....	25
5.16.	Indemnification; Fees.....	25
5.17.	Duration; Survival.....	25
5.18.	Trustee.....	25

Signatures.....	26
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Acknowledgments

Exhibit A - Property

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MORTGAGE AND SECURITY AGREEMENT

This Mortgage and Security Agreement (hereinafter referred to as the or this "Mortgage") is made and entered into as of December 1, 1987 by and between Harris Trust and Savings Bank, a corporation of Illinois, as Trustee under the Trust Agreement dated April 18, 1956 and known as Trust Number 13984 (hereinafter referred to as the "Mortgagor"), said Mortgagor is joined by Newly Weds Foods, Inc., a Delaware corporation, sole beneficiary under the said Trust and owner of certain Equipment and personal property pledged or assigned herein (hereinafter, where appropriate, in accordance with the context, either because of the type of property or the type of obligation or duty involved, the term "Mortgagor" shall apply to Newly Weds Foods, Inc. either exclusively or in conjunction with Harris Trust and Savings Bank, as Trustee), whose principal place of business is 4140 West Fullerton Avenue, Chicago, Illinois 60639, and Mellon Bank, N.A., a national banking association with a place of business at Two Mellon Bank Center, Pittsburgh, Pennsylvania 15259, Attention: Mortgage and Real Estate Group (hereinafter referred to as the "Mortgagee").

WITNESSETH:

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby grants, bargains, sells, transfers, conveys, grants a security interest in, and assigns unto Mortgagee, with general warranty in fee simple, and to its successors in trust and assigns, all of its right, title and interest in and to certain real property in Cook County, Illinois, located at 4140 West Fullerton Avenue in the City of Chicago and more particularly described in Exhibit A attached hereto and made a part hereof (the "Property");

TOGETHER WITH all rents, issues, profits, royalties, income and other benefits derived from the Property (collectively the "rents"), subject to the rights, power and authority given to Mortgagor herein, to collect and apply such rents;

TOGETHER WITH all leasehold estate, right, title, and interest of Mortgagor in and to all leases or subleases covering the Property or any portion thereof now or hereafter existing or entered into, and all right, title, and interest of Mortgagor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

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TOGETHER WITH all right, title and interest of Mortgagor, in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property owned or hereafter acquired;

TOGETHER WITH all interest, estate or other claims, both in law and in equity, which Mortgagor now has or may hereafter acquire in the Property;

TOGETHER WITH all easements, rights-of-way and rights benefiting the Property, and all tenements, hereditaments, and appurtenances thereof and thereto;

TOGETHER WITH all right, title and interest of Mortgagor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Property;

TOGETHER WITH any and all buildings and improvements now erected on the Property, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to said buildings and improvements, and any replacements, substitutions or renewals thereof (the "Improvements");

TOGETHER WITH any and all equipment and machinery (the "Equipment") located on the Property or within the Improvements and used in connection with manufacturing and other functions undertaken by the Mortgagor on the Property;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, including without limitation claims or demands with respect to the proceeds of, and refunds of premiums on, insurance in effect with respect thereto, which Mortgagor now has or may hereafter acquire in or with respect to the Mortgaged Property, as hereinafter defined, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Mortgaged Property including without limitation any awards resulting from a change of grade of streets and awards for severance damages; and

TOGETHER WITH whatever is received whenever any of the foregoing or proceeds thereof is voluntarily or involuntarily sold, exchanged, collected, converted or otherwise disposed of, both cash and non-cash, including the proceeds of insurance payable by reason of loss of or damage to any of the foregoing or proceeds thereof (the "Proceeds").

The entire estate, property and interest hereinabove conveyed to Mortgagee may herein be referred to as the "Mortgaged Property".

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TO HAVE AND TO HOLD said Mortgaged Property to the Mortgagee and its successors in trust forever with power of sale, under and subject to the terms and conditions hereinafter set forth; Mortgagor covenants that it is lawfully seized of the Mortgaged Property, has a good right to convey it, and the same is and will be unencumbered, except for (i) this Mortgage, (ii) interests evidenced by those instruments listed as special exceptions in Schedule B of the Title Insurance Commitments for 4140 W. Fullerton Avenue dated November 23, 1987 and issued by Chicago Title Insurance Company and (iii) purchase money security interests in any of the Equipment (collectively, the "Permitted Encumbrances").

Mortgagor further covenants and binds itself, its successors and assigns, to warrant and defend the title to the Mortgaged Property to the Mortgagee, its successors in trust and assigns, forever against the lawful claims of all persons whomsoever.

HOWEVER, this conveyance is made for the purpose of securing all of the following (all of which are referred to herein as the "indebtedness secured hereby"):

(a) Payment of indebtedness in the total principal amount of \$9,240,411 with interest, evidenced by that certain Reimbursement Agreement (the "Reimbursement Agreement") dated as of December 1, 1987 between Mortgagor and Mortgagee, and any and all modifications, extensions and renewals thereof.

(b) Performance of all obligations of Mortgagor under the Reimbursement Agreement relating among other things to the acquisition of land and construction thereon of a food processing facility on certain real estate in Springdale, Arkansas, and each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein.

(c) Payment of all sums advanced by Mortgagee, all as further described in Section 1.18 hereof, with interest therein provided.

(d) Performance of all obligations of Mortgagor under this Mortgage.

This Mortgage and the Reimbursement Agreement and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby, may hereafter be referred to as the "Loan Documents".

As used herein "Debt" shall mean (i) all indebtedness of Mortgagor arising on or after the date hereof under the Loan Documents, both principal and interest, and any extensions, renewals, refundings or substitutions of or for such indebtedness

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in whole or in part, (ii) all indebtedness of Mortgagor for reasonable fees and expenses arising in connection with the transactions contemplated by the Loan Documents, (iii) all future advances made by Mortgagee for the protection or preservation of the Mortgaged Property including, without limitation, advances for storage and transportation charges, taxes, insurance, repairs and the like, when and as the same become due, whether at maturity or by declaration, acceleration or otherwise, or, if not due, when payment thereof shall be demanded by Mortgagee and (iv) any and all costs and expenses, including costs and expenses of collection, paid or incurred by the Mortgagee in connection with the collection of the amounts referred to in the preceding clauses (i), (ii) and (iii).

As part of the consideration for the indebtedness secured hereby and to protect the security of this Mortgage, Mortgagor covenants and agrees as follows:

ARTICLE I

COVENANTS AND AGREEMENTS OF MORTGAGOR

Mortgagor hereby covenants and agrees:

1.01. **Payment of Secured Obligations.** To pay when due all Payment Obligations due under the Reimbursement Agreement and all other sums as provided in the Loan Documents, and the principal of, and interest on, any future debt secured by this Mortgage.

1.02. **Maintenance, Repair, Alterations.** To keep the Mortgaged Property in good condition and repair; not to remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations or as may be permitted by such lease or leases as have been approved by the Mortgagee) any of the Improvements; to complete promptly and in good and workmanlike manner any building or other improvements which may be constructed on the Property and promptly restore in like manner any Improvement which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor, and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Mortgaged Property or any part thereof or requiring any alterations or improvements; not to commit or permit waste or deterioration of the Mortgaged Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit any act to be done in or upon the Mortgaged Property in violation of any law, ordinance or regulation.

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1.03. Required Insurance. To at all times provide, maintain and keep or cause to be maintained and kept in force the following policies of insurance:

(a) Broad form property insurance against loss or damage to the Improvements by fire, extended coverage, vandalism and malicious mischief, with allied lines, and any of the risks covered by insurance of the type now known as "fire and extended coverage", in an amount not less than the full replacement cost of the Improvements (exclusive of the cost of excavations, foundations, and footings below the lowest basement floor); and with not more than \$10,000 deductible from the loss payable for any casualty for each building constituting a portion of the Mortgaged Property. The policies of insurance carried in accordance with this subparagraph (a) shall contain the "replacement cost endorsement", will contain a waiver of subrogation, and a standard form of mortgage clause payable to the Mortgagee, and will have no co-insurance provision or will have coverages adequate to avoid the operation of any co-insurance provision, and will have an agreed amount endorsement;

(b) Business interruption insurance and/or loss of "rental value" insurance (covering a period of twelve (12) months for all tenants) in such amounts as are satisfactory to Mortgagee;

(c) During the course of any construction or repair of Improvements on the Property, comprehensive public liability insurance (including coverage for elevators and escalators, if any, on the Mortgaged Property and, if any construction of new Improvements occurs after execution of this Mortgage, completed operations coverage for two years after construction of the Improvements has been completed) on an "occurrence basis" against claims for "personal injury" including without limitation bodily injury, death or property damage occurring on, in or about the Mortgaged Property and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit of not less than the greater of \$1,000,000 or such amount as may be required by Mortgagee with respect to personal injury or death to any one or more persons or damage to property;

(d) During the course of any construction or repair of Improvements on the Property, workmen's compensation insurance (including employer's liability insurance, if requested by Mortgagee) for all employees of Mortgagor engaged on or with respect to the Mortgaged Property in such amount as is reasonably satisfactory to Mortgagee, or, if such limits are established by law, in such amounts;

(e) During the course of any construction or repair of Improvements on the Property, insurance against "all risks of physical loss", with deductibles not to exceed \$10,000, covering the total value of the then existing Improvements on the Property;

(f) Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator equipment and escalator equipment, provided the Improvements contain equipment of such nature, and insurance against loss or occupancy or use arising from any such breakdown, in such amounts as are reasonably satisfactory to Mortgagee;

(g) Flood insurance in such amounts as are satisfactory to the Mortgagee; provided, however, that the Mortgagor shall not be required to maintain such flood insurance if and so long as and to the extent that the Property shall not be located in a flood hazard area, as designated by the United States Department of Housing and Urban Development;

(h) Comprehensive general public liability insurance for injuries to persons and/or property occurring in or about the Project, in the minimum amount of \$1,000,000 per person and \$3,000,000 per occurrence for bodily injury and \$100,000 per occurrence for property damage, with all-risk endorsement;

(i) War risk, earthquake and such other insurance, and in such amounts, as may from time to time be reasonably required by Mortgagee against the same or other hazards; and

(j) All policies of insurance required by the terms of this Mortgage shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of the insureds thereunder which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set off, counterclaim or deductions against Mortgagor. Such policies shall name the Mortgagee and the Issuer as additional insureds.

1.04. Delivery of Policies, Payment of Premiums.

(a) That all policies of insurance shall be issued by companies having an A.M. Best & Co. rating in financial size category X or better and having an A.M. Best & Co., group rating of "A" or better and in amounts in each company satisfactory to Mortgagee. All policies of insurance shall have attached thereto a standard form of mortgage clause for the benefit of Mortgagee in form reasonably satisfactory to Mortgagee, Mortgagor shall furnish Mortgagee with an original counterpart of all policies of required insurance. If Mortgagor provides any of the required insurance through blanket policies carried by Mortgagor and covering more than one location, then Mortgagor shall furnish Mortgagee with a certificate of insurance for each such policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number, and the expiration date. At least thirty (30) days prior to the expiration of each such policy, Mortgagor shall furnish Mortgagee with evidence satisfactory to Mortgagee of the

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payment of premium and the reissuance of a policy continuing insurance in force as required by this Mortgage. All such policies shall contain a provision that such policies will not be cancelled or materially amended, which term shall include any reduction in the scope of limits of coverage, without at least thirty (30) days prior written notice (by registered mail) from such insurer to Mortgagee. In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagee the policies of insurance required by this Section, Mortgagee may procure such insurance or single-interest insurance for such risks covering Mortgagee's interest, and Mortgagor will pay all premiums thereon promptly upon demand by Mortgagee, and until such payment is made by Mortgagor the amount of all such premiums together with interest thereon at the rate provided therefor in Section 1.18 hereof.

(b) Upon the occurrence and continuation of an Event of Default hereunder and at the request of Mortgagee, Mortgagor shall deposit with Mortgagee in monthly installments, an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance required by this Mortgage (provided, however, that for the remainder of the year during which an Event of Default first occurs, the amount to be deposited with the Mortgagee each month shall be equal to the aggregate amount of insurance premiums for such year that have not been paid, divided by the number of months remaining in such year), to the end that Mortgagee will have in hand at least an amount sufficient to pay all such premiums at least thirty (30) days before their due date. In such event, Mortgagor further agrees, upon Mortgagee's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Mortgagee. Upon receipt of such bills, statements or other documents, and providing Mortgagor has deposited sufficient funds with Mortgagee pursuant to this Section 1.04, Mortgagee shall pay such amount as may be due thereunder out of the funds so deposited with Mortgagee. If at any time and for any reason the funds deposited with Mortgagee are or will be insufficient to pay such amounts as may then or subsequently be due, Mortgagee shall notify Mortgagor and Mortgagor shall promptly deposit an amount equal to such deficiency with Mortgagee. All funds deposited with the Mortgagee for the payment of insurance premiums hereunder shall be deposited by the Mortgagee in a separate interest-bearing escrow account and shall be deemed to be trust funds held by the Mortgagee for the uses and purposes herein set forth. The Mortgagee shall not be obligated to pay any amounts in excess of the amount of funds deposited with Mortgagee pursuant to this Section 1.04. Should Mortgagor fail to deposit with Mortgagee sums sufficient to fully pay such premiums at least thirty (30) days before the due date thereof, Mortgagee may, at Mortgagee's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Mortgagee as herein elsewhere provided. All moneys on deposit with the Mortgagee

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under this Section 1.04(b) in excess of the amounts necessary to pay the then applicable annual insurance premiums on all policies of insurance required by this Mortgage, shall, at the option of the Mortgagor, be paid by the Mortgagee to the Mortgagor from time to time or applied against future deposits required hereunder. The receipt, use or application of any such sums paid by Mortgagor to Mortgagee hereunder shall not be construed to affect the maturity of any indebtedness secured hereby or any of the rights or powers of Mortgagee under the terms of the Loan Documents or any of the obligations of Mortgagor and/or any guarantor under the Loan Documents.

1.05. Insurance Proceeds. That after the happening of any casualty to the Mortgaged Property or any part thereof, Mortgagor shall give prompt written notice thereof to Mortgagee; and

(a) In the event of any damage to or destruction of any part or all of the Mortgaged Property and so long as the Mortgagor is not in default hereunder, any Proceeds of insurance relating to such damage or destruction received by the Mortgagee shall be released from time to time by the Mortgagee to the Mortgagor (or to such construction escrow account or contractor or supplier as the Mortgagee may deem appropriate) upon the receipt of:

(A) The written request of the Mortgagor specifying the expenditures made or to be made or the indebtedness incurred in connection with the restoration of the Improvements;

(B) The written certificate of an architect reasonably acceptable to the Mortgagee stating that the Proceeds then held by the Mortgagee, together with any other moneys then held by the Mortgagee and available for such purpose, will be sufficient to complete the restoration of the Improvements; and

(b) In the event of such loss or damage, all Proceeds of insurance shall be payable to Mortgagee and Mortgagor hereby authorizes and directs any affected insurance company to make payment of such Proceeds directly to Mortgagee.

(c) Except to the extent that insurance Proceeds are received by Mortgagee and applied to the prepayment of the indebtedness secured hereby, nothing herein contained shall be deemed to excuse Mortgagor from repairing or maintaining the Mortgaged Property as provided in Section 1.02 hereof or restoring all damage or destruction to the Mortgaged Property, regardless of whether or not there are insurance Proceeds available or whether any such Proceeds are sufficient in amount, and the application or release by Mortgagee of any insurance Proceeds shall not cure or waive any default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

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Any insurance Proceeds received by the Mortgagee shall be deposited in a separate interest-bearing escrow account maintained by the Mortgagee and invested or reinvested at the written direction of the Mortgagor in investments permitted by and in accordance with applicable law, subject to the Mortgagor's right to receive the same as aforesaid. Any such Proceeds remaining in said account (including investment proceeds) upon the completion of the restoration of the Improvements by the Mortgagor shall be paid by the Mortgagee to the Mortgagor.

1.06. Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Mortgage or other transfer of title or assignment of the Mortgaged Property in extinguishment, in whole or in part, of the indebtedness secured hereby, all right, title and interest of Mortgagor in and to all policies of insurance required by Section 1.03, including without limitation refunds of premiums thereon, shall inure to the benefit of and pass to the successor in interest to Mortgagor or the purchaser or grantee of the Mortgaged Property.

1.07. Indemnification; Subrogation; Waiver of Offset.

(a) If Mortgagee is made a party defendant to any proceeding or litigation concerning this Mortgage or the Mortgaged Property or any part thereof or interest therein, or the occupancy thereof by Mortgagor, then Mortgagor shall indemnify, defend and hold Mortgagee harmless from all liability by reason of said proceedings or litigation, including reasonable attorneys' fees and expenses incurred by Mortgagee in any such litigation, whether or not any such litigation is prosecuted to judgment. If Mortgagee commences an action against Mortgagor to enforce any of the terms hereof because of the breach by Mortgagor of any of the terms hereof, or for the recovery of any indebtedness secured hereby, Mortgagor shall pay to Mortgagee reasonable attorneys' fees and expenses, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Mortgagor breaches any term of this Mortgage, Mortgagee may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Mortgagor, Mortgagor shall pay Mortgagee reasonable attorneys' fees and expenses incurred by it, whether or not an action is actually commenced against Mortgagor by reason of breach.

(b) Mortgagor waives any and all right to claim or recover against Mortgagee, its officers, employees, agents and representatives, for loss of or damage to Mortgagor, the Mortgaged Property, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage.

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(c) All sums payable by Mortgagor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagee, or any action taken with respect to this Mortgage by the Mortgagee or any receiver of the Mortgagee, or by any court, in any such proceeding; (v) any claim which Mortgagor has or might have against Mortgagee; (vi) any default or failure on the part of Mortgagee to perform or comply with any of the terms hereof or of any other agreement with Mortgagor; (vii) the invalidity or unenforceability of the Bonds; or (viii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Mortgagor shall have notice or knowledge thereof. Except as expressly provided herein Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any indebtedness secured hereby and payable by Mortgagor,

1.08. Taxes and Impositions.

(a) Mortgagor agrees to pay, at least ten (10) days prior to delinquency, all real and personal property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including without limitation non-governmental levies or assessments such as maintenance charges, owner association dues or charges or fees, and levies or charges resulting from covenants, conditions and restrictions affecting the Mortgaged Property, which are assessed or imposed upon the Mortgaged Property, or become due and payable, and which create, may create or appear to create a lien upon the Mortgaged Property, or any part thereof, or upon any personal property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental or non-governmental charges or levies of like nature are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.

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(b) If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Mortgaged Property in lieu of or in addition to the Impositions payable by Mortgagor pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Mortgagee and measured by or based in whole or in part upon the amount of the outstanding indebtedness secured hereby, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and, unless prohibited by applicable law, Mortgagor shall pay and discharge the same as herein provided with respect to the payment of Impositions.

(c) Subject to the provisions of subparagraph (d) of this Section 1.08, Mortgagor covenants to furnish Mortgagee within thirty (30) days after the date upon which any such Imposition is due and payable by Mortgagor, official receipts of the appropriate taxing authority, or other proof satisfactory to Mortgagee, evidencing the payments thereof.

(d) Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such Impositions by appropriate legal proceedings; provided, however, that this shall not be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.08.

(e) Upon the occurrence and continuation of an Event of Default hereunder and at the request of Mortgagee, Mortgagor shall pay to Mortgagee in monthly installments an amount equal to one-twelfth of the annual Impositions reasonably estimated by Mortgagee (provided, however, that for the remainder of the year during which an Event of Default first occurs, the amount to be deposited with the Mortgagee each month shall be equal to the Impositions reasonably estimated by the Mortgagee for such year that have not been paid, divided by the number of months remaining in such year) to the end that Mortgagee will have in hand at least an amount sufficient to pay all such Impositions at least thirty (30) days before their due date. In such event Mortgagor further agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to Mortgagee. Upon receipt of such bills, statements or other documents, and providing Mortgagor has deposited sufficient funds with Mortgagee pursuant to this Section 1.08, Mortgagee shall pay such amounts as may be due thereunder out of the funds so deposited with Mortgagee. If at any time and for any reason the funds deposited with Mortgagee are or will be insufficient to pay such amounts as may then or subsequently be due, Mortgagee shall notify Mortgagor and Mortgagor shall immediately deposit an amount equal to such deficiency with Mortgagee. All funds deposited with the Mortgagee for the payment of Impositions shall be deposited by the Mortgagee in a separate interest-bearing escrow account and shall be deemed to be trust funds held by the Mortgagee for the uses and purposes

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herein set forth. The Mortgagee shall not be obligated to pay any amounts in excess of the amount of funds deposited with Mortgagee pursuant to this Section 1.08. All moneys on deposit with the Mortgagee under this Section 1.08(e) in excess of the amounts necessary to pay the then applicable annual Impositions estimated by the Mortgagee, shall, at the option of the Mortgagor, be paid by the Mortgagee to the Mortgagor from time to time or applied against future deposits required hereunder. Should Mortgagor fail to deposit with Mortgagee sums sufficient to fully pay such Impositions at least thirty (30) days before the due date thereof, Mortgagee may, at Mortgagee's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Mortgagee as herein elsewhere provided. The receipt, use or application of any such sums paid by Mortgagor to Mortgagee hereunder shall not be construed to affect the maturity of any indebtedness secured hereby or any of the rights or powers of Mortgagee under the terms of the Loan Documents or any of the obligations of Mortgagor and/or any guarantor under the Loan Documents.

(f) Mortgagor covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Mortgaged Property as a single lien.

1.09. Utilities. To pay when due all utility charges which are incurred by Mortgagor for the benefit of the Mortgaged Property or which may become a charge or lien against the Mortgaged Property for gas, electricity, water or sewer services furnished to the Mortgaged Property and all other assessments or charges of a similar nature, whether public or private, affecting the Mortgaged Property or any portion thereof, whether or not such taxes, assessments or charges are or may become liens thereon.

1.10. Leases. To pay when due all rents and other payments and perform all covenants and agreements contained in any lease, sublease or ground lease which may constitute a portion of or an interest in the Mortgaged Property; not to surrender, assign or sublease any such lease, sublease or ground lease, nor take any other action which would affect or permit the termination of any such lease, sublease or ground lease. Mortgagor covenants to furnish to Mortgagee within thirty (30) days after the date upon which such rents or other payments are due and payable by Mortgagor, receipts or other evidence satisfactory to Mortgagee evidencing the payment thereof.

1.11. Actions Affecting Mortgaged Property. To appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee; and to pay all costs and expenses, including cost of evidence of title and

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attorney's fees, in any such action or proceeding in which Mortgagee may appear.

1.12. **Actions by Mortgagee to Preserve Mortgaged Property.** That should Mortgagor fail to make any payment or fail to do any act as and in the manner provided in any of the Loan Documents, Mortgagee, in its discretion, without obligation so to do and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Mortgagee shall have and is hereby given the right, but not the obligation, (i) to enter upon and take possession of the Mortgaged Property; (ii) to make additions, alterations, repairs and improvements to the Mortgaged Property which it may consider necessary or proper to keep the Mortgaged Property in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Mortgagee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in its judgment may affect or appears to affect the security of this Mortgage or be prior or superior hereto; and (v) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Mortgagor shall, immediately upon demand therefor by Mortgagee, pay all costs and expenses incurred by Mortgagee in connection with the exercise by Mortgagee of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and attorneys' fees, together with interest thereon as provided in Section 1.18 hereof.

1.13. **Eminent Domain.** That should the Mortgaged Property, or any part thereof or interest therein, be taken or damaged by reason or in lieu of any public improvements or condemnation proceedings, or in any other manner ("Condemnation"), or should Mortgagor receive any notice or other information regarding such proceeding, Mortgagor shall give prompt written notice thereof to Mortgagee.

(a) Mortgagee shall be entitled to all compensation, awards and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Mortgagee shall also be entitled to make such compromise or settlement in connection with such taking or damage. All such Proceeds are hereby assigned to Mortgagee and Mortgagor agrees to execute such further assignments of the Proceeds as Mortgagee may require.

(b) In the event any portion of the Mortgaged Property is so taken or damaged, Mortgagor shall have the option to apply all such Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether

incurred with or without suit), including attorneys' fees, incurred by it in connection with such Proceeds, (i) as a payment of or pledged as additional security for the said Payment Obligations, if any, under the Reimbursement Agreement, or (ii) to the restoration of the Improvements, upon such conditions as the Mortgagor shall determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

1.14. **Additional Security.** That in the event Mortgagee at any time holds additional security for any of the indebtedness secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

1.15. **Successors and Assigns.** That this Mortgage applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

1.16. **Inspections.** That Mortgagee, or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Mortgaged Property for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Documents.

1.17. **Liens.** To pay and promptly discharge, at Mortgagor's cost and expense, all liens, encumbrances and charges upon the Mortgaged Property, or any part thereof or interest therein, other than Permitted Encumbrances. Mortgagor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge; provided, however, Mortgagor shall first post as provided by law a bond or other security satisfactory to Mortgagee in such amounts as Mortgagee shall reasonably require, not exceeding amounts required by pertinent bonding off statutes; and provided further, however, that, if suit to foreclose is filed, Mortgagor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Mortgagor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

1.18. **Payment of Additional Indebtedness Secured Hereby.** To pay when due the Payment Obligations, if any, with respect to amounts Mortgagor has agreed to pay Mortgagee under the Reimbursement Agreement, such amounts to form a part of the indebtedness secured hereby, to wit: In the event that Mortgagee advances amounts to cure any default of Mortgagor (including

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without limitation any amount advanced pursuant to Section 1.04 or 1.08 hereof), interest at a rate equal to the sum of the Bank Rate (as defined in the Reimbursement Agreement) payable upon demand, to run from the first day of such advance until paid.

1.19. Sale of Property and Improvements. In any instance where the Mortgagee consents to the sale, transfer or other disposition of the Property or Improvements or any portion thereof, all proceeds realized in the sale, transfer or other disposition thereof shall be applied as follows:

(a) the Mortgagor may acquire, construct or install replacement Property or Improvements, as the case may be, having a fair market value at least equal to the fair market value immediately prior to such sale or other disposition of the Property or Improvements sold, transferred or otherwise disposed of, which replacements shall be free of all liens and encumbrances, except Permitted Encumbrances, and shall become a part of the Mortgaged Property; or

(b) if the Mortgagor shall not have applied all or any of such proceeds in accordance with clause (a) above, then all such proceeds in excess of \$50,000 (calculated on an aggregate and cumulative basis) shall, at the option of the Mortgagee, be either (i) applied to the payment of any Payment Obligations then due under the Reimbursement Agreement, or (ii) paid over to or retained by the Mortgagor.

ARTICLE II

ASSIGNMENT OF RENTS, ISSUES AND PROFITS

2.01. Assignment of Rents. Mortgagor hereby assigns and transfers to Mortgagee all the rents, issues and profits of the Mortgaged Property, including without limitation all sums due to Mortgagor under existing or future agreements for the purpose of maintaining and operating the Property or any portion thereof or facilitating business thereon, and hereby gives to and confers upon Mortgagee the right, power and authority to collect such rents, issues and profits. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Mortgagor or Mortgagee, for all such rents, issues and profits and apply the same to the indebtedness secured hereby; provided, however, that Mortgagor shall have the right to collect such rents, issues and profits (but not more than one month in advance) prior to or at any time there is not a default or an Event of Default under any of the Loan Documents. The assignment of the rents, issues and profits of the Mortgaged Property in this Article II is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing

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of a security interest. The rents, issues and profits are hereby assigned absolutely by Mortgagor to Mortgagee contingent only upon the occurrence of a default or an Event of Default under any of the Loan Documents. This Mortgage is supplemental to, and not in derogation of, any separate or more specific assignment of rents and leases from Mortgagor to Mortgagee.

2.02. **Collection Upon Default.** Upon any default or Event of Default under any of the Loan Documents, Mortgagee may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness secured hereby, enter upon and take possession of the Mortgaged Property, or any part thereof in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. The collection or application of such rents, issues and profits, or the entering upon and taking possession of the Mortgaged Property, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

ARTICLE III

SECURITY AGREEMENT

3.01. **Creation of Security Interest.** As security for the full and timely payment of the indebtedness secured hereby in accordance with the terms of the respective instruments and agreements now or hereafter evidencing the indebtedness secured hereby or pursuant to which the indebtedness secured hereby is created, Mortgagor hereby grants to and creates in favor of Mortgagee, a security interest under the Uniform Commercial Code (as is in effect on the date hereof and as amended from time to time hereafter) of the state or states having jurisdiction with respect to all or any portion of the Proceeds and any and all of the Mortgaged Property, including without limitation the Equipment, in which Mortgagee may perfect a security interest from time to time (hereinafter called the "Code").

3.02. **Mortgagee Has Rights and Remedies of a Secured Party.** In addition to all rights and remedies given to Mortgagee by the Loan Documents, the Mortgagee shall have all the rights and remedies of a secured party under the Code.

3.03. **Provisions Applicable to the Collateral.** The parties agree that, at all times during the term of this Mortgage, the following provisions shall be applicable to the Mortgaged Property:

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(a) Mortgagor covenants and agrees that it will keep accurate and complete books and records concerning the Mortgaged Property owned or acquired by it in accordance with generally accepted accounting principles, consistently applied.

(b) Mortgagee shall have the right to review the books and records of Mortgagor pertaining to the Mortgaged Property and to copy the same and to make excerpts therefrom, all at such reasonable times and as often as Mortgagee may reasonably request.

(c) Promptly upon request of Mortgagee from time to time, Mortgagor shall furnish Mortgagee with such information concerning Mortgagor, its creditworthiness, the Mortgaged Property owned by it and compliance with this Mortgage as Mortgagee may reasonably request.

(d) Mortgagor shall furnish to Mortgagee promptly after the close of each fiscal quarter, a certificate, signed by its President, Treasurer or principal financial officer, setting forth as of the end of such quarter such information as Mortgagee may reasonably request concerning the Proceeds received or receivable by Mortgagor.

3.04. Certain Covenants. Until payment in full of the indebtedness secured hereby, Mortgagor agrees that:

(a) Mortgagor has and will have good and marketable title to the Mortgaged Property from time to time owned or acquired by it, free and clear of all liens, encumbrances and security interests, except Permitted Encumbrances and security interests granted to and created in favor of Mortgagee. Mortgagor will defend such title against the claim and demands of all persons whomsoever.

(b) Mortgagor will not, without the prior written consent of Mortgagee, (i) borrow against the Mortgaged Property from any person, firm or corporation other than Mortgagee, (ii) create, incur, assume or suffer to exist any mortgage, lien, charge or encumbrance on, or security interest in, or pledge of or conditional sale or other title retention agreement with respect to any of the Mortgaged Property, except Permitted Encumbrances and the security interest created hereunder, (iii) permit any levy or attachment to be made against any of the Mortgaged Property except any Permitted Encumbrances or any levy or attachment relating to this Mortgage, or (iv) permit any financing statement to be on file with respect to any of the Mortgaged Property, except financing statements in favor of Mortgagee or Permitted Encumbrances.

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(c) Mortgagor will faithfully preserve and protect Mortgagee's security interest in the Mortgaged Property and will, at its own cost and expense, cause said security interest to be perfected and continued perfected, and for such purpose will from time to time at the request of the Mortgagee make, execute, acknowledge and deliver, and file or record, or cause to be filed or recorded, in the proper filing places, all such instruments, documents and notices including without limitation financing statements and continuation statements, as Mortgagee may deem necessary or advisable from time to time in order to perfect and continue perfected said security interest. Mortgagor will do all such other acts and things and make, execute, acknowledge and deliver all such other instruments and documents, including without limitation further security agreements, pledges and assignments, as Mortgagee may deem necessary or advisable from time to time in order to perfect and preserve the priority of said security interest as a first lien security interest in the Mortgaged Property prior to the rights of all other persons therein or thereto except as otherwise permitted by the Loan Documents. Mortgagee is hereby appointed attorney-in-fact for Mortgagor to do all acts and things which Mortgagee may deem necessary or advisable to preserve, perfect and continue perfected Mortgagee's security interest in the Mortgaged Property, including without limitation the signing of financing and other similar statements.

ARTICLE IV

REMEDIES UPON DEFAULT

4.01. Events of Default. Any of the following events shall be deemed an Event of Default hereunder:

(a) Default shall be made in the payment of any indebtedness secured hereby when due and such default shall continue for a period of ten days; or

(b) Default shall be made in the performance or breach of any other covenant or warranty of the Borrower in this Mortgage, and continuance of such default or breach for a period of 30 days after notice thereof by the Mortgagee to the Mortgagor; or

(c) A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Mortgaged Property, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on the Mortgaged Property or any portion thereof or interest therein and such execution, attachment or similar process

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or judgment is not released, bonded, satisfied, vacated or stayed within thirty (30) days after its entry or levy; or

(d) An "Event of Default" as defined in the Reimbursement Agreement shall have occurred and be continuing thereunder.

4.02. Acceleration Upon Event of Default; Additional Remedies.

(a) If any Event of Default shall have occurred and be continuing, Mortgagee may declare all indebtedness secured hereby to be due and payable and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind; provided, however, that upon the occurrence of an Event of Default under Sections 8(a)(xvi) and 8(a)(xvii) of the Reimbursement Agreement, all indebtedness secured hereby shall, without any declaration, notice or other action by the Mortgagee, be immediately due and payable. From and after any such declaration or acceleration the Mortgagee shall be under no obligation to accept the cure of any default or Event of Default. Thereafter Mortgagee may:

(i) Either in person or by agent, with or without bringing any action or proceedings, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property, or any part thereof, and do any acts which it deems necessary or desirable to preserve the value, marketability, or rentability of the Mortgaged Property, or any part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Mortgaged Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, all in such order as Mortgagee may in its discretion determine. The entering upon and taking possession of the Mortgaged Property, the collection of such rents, issues and profits and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Mortgaged Property by the Mortgagor or the collection, receipt and application of rents, issues or profits. Mortgagee shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale as authorized by law;

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(ii) Commence an action to foreclose this Mortgage as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(iii) Exercise any or all of the rights and remedies in respect of the Mortgaged Property or any part thereof available to a secured party under the Code, and such other rights and remedies in respect thereof which it may have at law or in equity or under this Mortgage.

(iv) Enter and take possession of the Mortgaged Property, and before or after entry, to exercise his power of sale hereby granted to Mortgagee.

Mortgagee shall apply the proceeds of any such sale and any proceeds received by Mortgagee first to payment of the reasonable costs and expenses incurred by Mortgagee in connection with such sale or collection, including without limitation (to the extent permitted by law) reasonable attorneys' fees and legal expenses, second to the payment of the indebtedness secured hereby, whether on account of principal, premium, if any, or interest or otherwise, as Mortgagee in its sole discretion may elect, and then to pay the balance, if any, as required by law.

4.03. Appointment of Receiver. If an Event of Default described in Section 4.01 of this Mortgage shall have occurred and be continuing, Mortgagee, as a matter of right without regard to the then value of the Mortgaged Property or the interest of Mortgagor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Mortgaged Property, and Mortgagor hereby irrevocably consents to such appointment. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Mortgagee in case of entry as provided in Section 4.02(a)(i) and shall continue as such and exercise all such powers until the date of confirmation of sale of the Mortgaged Property unless such receivership is sooner terminated.

4.04. Remedies Not Exclusive. Mortgagee shall be entitled to enforce payment and performance of any indebtedness secured hereby and to exercise all rights and powers under this Mortgage or under any Loan Document or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said indebtedness secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such

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order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Mortgagee or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee, and Mortgagee may pursue inconsistent remedies.

ARTICLE V

MISCELLANEOUS

5.01. **Governing Law.** This Mortgage shall be governed by the laws of the State of Illinois. In the event that any provision or clause of this Mortgage or any of the other Loan Documents conflicts with applicable laws, such conflict shall not affect other provisions of such Loan Documents which can be given effect without the conflicting provision, and to this end the provisions of the Loan Documents are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought. The Code shall govern the attachment, perfection and the effect of attachment and perfection of Mortgagee's security interest in the Proceeds and the rights, duties and obligations of Mortgagee and Mortgagor with respect thereto. Unless the context otherwise requires, all terms used herein which are defined in the Code shall have the meanings therein stated.

5.02. **Mortgagor Waiver of Rights.** Mortgagor waives the benefit of all laws now existing or that hereafter may be enacted providing for (i) any appraisal before judgment against or sale of any portion of the Mortgaged Property, and (ii) in any way extending the time for the enforcement of the collection of the Note or the debt evidenced thereby. To the full extent Mortgagor may do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim, acquiesce in or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay or extension, and Mortgagor, for Mortgagor, Mortgagor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by law, hereby waives and releases all rights of valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the indebtedness secured hereby and marshalling in the event of foreclosure of the liens hereby created. If any law referred to in this Section and now in force,

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of which Mortgagor, Mortgagor's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Mortgagor expressly waives and relinquishes any and all rights and remedies which Mortgagor may have or be able to assert by reason of the laws of the State of Illinois pertaining to the rights and remedies of sureties. To the full extent Mortgagor may do so, Mortgagor expressly renounces the benefit of all future changes in applicable law purporting to afford Mortgagor or others similarly situated remedial benefits retroactively.

5.03. Limitation of Interest. It is the intent of Mortgagor and Mortgagee in the execution of this Mortgage and the Reimbursement Agreement and all other instruments securing the Reimbursement Agreement to contract in strict compliance with applicable usury laws governing the Payment Obligations evidenced by the Reimbursement Agreement. In furtherance thereof, Mortgagee and Mortgagor stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the usury laws governing the Payment Obligations evidenced by the Reimbursement Agreement. Mortgagor or any guarantor, endorser or other party now or hereafter becoming liable for the payment of the Payment Obligations shall never be liable for unearned interest on the Payment Obligations and shall never be required to pay interest on the Payment Obligations at a rate in excess of the maximum interest that may be lawfully charged under applicable law, and the provisions of this Section shall control over all other provisions of the Reimbursement Agreement and any other instrument executed in connection herewith which may be in apparent conflict herewith. In the event the Mortgagee shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on the Payment Obligations to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall be immediately applied toward the payment of the Payment Obligations of the Reimbursement Agreement.

5.04. Statements by Mortgagor. Mortgagor within ten (10) days after being given notice by mail, will furnish to Mortgagee a written statement stating the unpaid Payment Obligations and any other amounts secured by this Mortgage and stating whether any offset or defense exists against such principal and interest.

5.05. Release. Upon full payment of all sums payable under the Loan Documents, Mortgagee shall execute a release of the lien of this Mortgage by executing a release of lien in recordable form and delivering it to Mortgagor. The release shall be hand

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delivered or mailed in the manner and to the address set forth in Section 5.06 hereof. The recitals in such release of any matters or facts shall be conclusive proof of the truthfulness thereof.

5.06. Notices. Whenever Mortgagee or Mortgagor shall desire, or are required, to give or serve any notice, demand, request or other communication with respect to this Mortgage, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the addresses set forth at the beginning of this Mortgage. Any party may at any time change its address for such notices by delivering or mailing to the other party hereto, as aforesaid, a notice of such change.

5.07. Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Mortgage.

5.08. Invalidity of Certain Provisions. If the lien of this Mortgage is invalid or unenforceable as to any part of the indebtedness secured hereby or if the lien is invalid or unenforceable as to any part of the Mortgaged Property, the unsecured or partially secured portion of the indebtedness secured hereby shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the indebtedness secured hereby, and all payments made on the indebtedness secured hereby, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the indebtedness secured hereby which is not secured or not fully secured by the lien of this Mortgage. If any provision of this Mortgage shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Mortgage shall be construed as if such invalid or unenforceable provision had never been contained herein.

5.09. Subrogation. To the extent that proceeds of the Note or advances under this Mortgage are used to pay any outstanding lien, charge or prior encumbrance against the Mortgaged Property, such proceeds or advances have been or will be deemed advanced by Mortgagee at Mortgagor's request and Mortgagee shall be subrogated to any and all rights and liens owned by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

5.10. No Merger. If both the lessor's and lessee's estates under any lease or any portion thereof which constitutes a part of the Mortgaged Property shall at any time become vested in one owner, this Mortgage and the lien created hereby shall not be

destroyed or terminated by application of the doctrine of merger and, in such event, Mortgagee shall continue to have and enjoy all of the rights and privileges of a mortgagee as to the separate estates. In addition, upon the foreclosure of the lien created by this Mortgage on the Mortgaged Property pursuant to the provisions hereof, any leases or subleases then existing and created by Mortgagor shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Mortgagee or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Mortgagee or any such purchaser shall constitute a termination of any lease or sublease unless Mortgagee or such purchaser shall give written notice thereof to such tenant or subtenant.

5.11. Reimbursement Agreement. This Mortgage secures Payment Obligations due from time to time under the Reimbursement Agreement. It is understood and agreed that funds advanced by the Mortgagee on behalf of the Mortgagor are to be used in accordance with the Reimbursement Agreement, the terms of which are incorporated herein by reference.

5.12. Amendments. The provisions of this Mortgage may from time to time be waived, modified or amended with the written consent of Mortgagor and Mortgagee. Any waiver, permit, consent or approval by Mortgagee of any kind or character of any breach or default under this Mortgage or any such waiver of any provision or condition of this Mortgage must be in writing and shall be effective only to the extent in such writing specifically set forth.

5.13. Defeasance. Upon payment in full of the indebtedness secured hereby, this Mortgage shall terminate and be of no further force and effect. Until such time, however, this Mortgage shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

5.14. Subrogation and Marshalling. Mortgagor hereby waives, surrenders and agrees not to claim or enforce, so long as the indebtedness secured hereby or any portion thereof remains outstanding (a) any right to be subrogated in whole or in part to any right or claim of the holder of any part of the indebtedness secured hereby and (b) any right to require the marshalling of any assets of Mortgagor which right of subrogation or marshalling might otherwise arise from any payment to the holder of any part of the indebtedness secured hereby arising out of the enforcement of the security interest granted hereby, or any other mortgage or security interest granted by Mortgagor or any other person to Mortgagee, or the liquidation of or realization upon any collateral granted by Mortgagor or any other person to Mortgagee or any part thereof.

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5.15. No Implied Waiver; Cumulative Remedies. No delay or failure on the part of Mortgagee in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof or of any other right, remedy, power or privilege of Mortgagee hereunder or any instrument or instruments now or hereafter evidencing the indebtedness secured hereby; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies of Mortgagee under this Mortgage are cumulative and not exclusive of any rights or remedies which it might otherwise have.

5.16. Indemnification; Fees. Mortgagor will indemnify and save and hold Mortgagee harmless from and against any and all claims, damages, losses, liabilities or judgments which may be incurred or sustained by Mortgagee or asserted against the Mortgagee, directly or indirectly, in connection with the existence of or the lawful exercise of any of the security rights with respect to the Mortgaged Property. The covenants contained in this paragraph shall survive the termination of the other provisions of this Mortgage. In the event of any action at law or suit in equity in relation to this Mortgage, Mortgagor, in addition to all other sums which it may be required to pay, will pay (to the extent permitted by law) a reasonable sum for attorneys' fees incurred by Mortgagee in connection with such action or suit and all other expenses of collection.

5.17. Duration; Survival. All representations, warranties, covenants and agreements of Mortgagor contained herein or made in writing in connection herewith shall survive the execution and delivery of this Mortgage.

5.18. Trustee. This Mortgage and Security Agreement is executed by the Harris Trust and Savings Bank 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 Harris Trust and Savings Bank hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein contained shall be construed as creating any liability on the said Harris Trust and Savings Bank personally or as Trustee as aforesaid to pay any payment obligations or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as the said Harris Trust and Savings Bank personally or as Trustee as aforesaid are concerned, the owner or owners of any indebtedness accruing hereunder shall look solely to the premises hereby conveyed for the payment thereof, by the enforcement of the lien hereby created in the

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manner herein provided or by action to enforce the personal liability of Newly Weds Foods, Inc.

IN WITNESS WHEREOF Harris Trust and Savings Bank, not personally but as Trustee as aforesaid, has caused these presents to be signed by its Assistant Vice President, and its corporate seal to be hereunto affixed and attested by its Assistant Secretary, the day and year first above written.

HARRIS TRUST AND SAVINGS BANK, as Trustee as aforesaid and not personally,

By [Signature]
Assistant Vice President

Attest [Signature]
Assistant Secretary

AND ALSO IN WITNESS WHEREOF, Newly Weds Foods, Inc. joins in this Mortgage and Security Agreement in order to pledge, assign, provide security interests in or otherwise grant to the Mortgagee rights in certain equipment and personal property as provided herein and to assume the obligations and duties of the Mortgagor, and has caused this instrument to be executed by its duly authorized officer, being thereunto duly authorized, all as of the day and year first above written.

NEWLY WEDS FOODS, INC.

By [Signature]
Its President

(SEAL)

Attest:

By: [Signature]
Its Secretary

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STATE OF ILLINOIS)
)
COUNTY OF COOK)

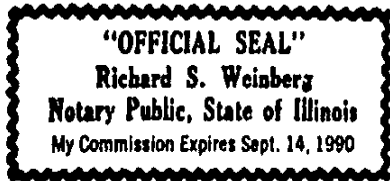
The foregoing instrument was acknowledged before me this
17th day of Dec, 1987, by Charles T. Angell
and Rosen Achita, _____ President and
_____ Secretary, on behalf of Newly Weds Foods,
Inc., a Delaware corporation.

Richard S. Weinberg

Notary Public

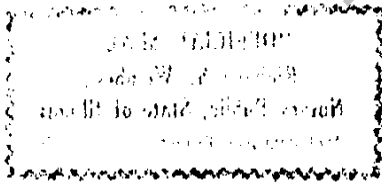
My Commission Expires: 9/14/89

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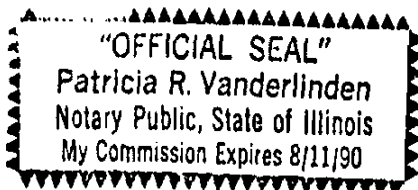
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STATE OF ILLINOIS)
)
COUNTY OF COOK) SS.

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that the above named ~~Assistant~~ Vice President and Assistant Secretary of the Harris Trust and Savings Bank, Grantor, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such ~~Assistant~~ 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 for the uses and purposes therein set forth; and the said Assistant Secretary then and there acknowledged that said Assistant Secretary, as custodian of the corporate seal of said Bank, caused the corporate seal of said Bank to be affixed to said instrument as said Assistant Secretary's own free and voluntary act and as the free and voluntary act of said Bank for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 17th day of December, 1987.



Notarial Seal

Patricia R. Vanderlinden
Notary Public

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Legal Description

PARCEL 1:

THAT PART OF LOT 3 IN JAMES W. HEDENBERG'S SUBDIVISION IN THE SOUTH EAST 1/4 OF SECTION 27, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:, TO WIT:

BEGINNING AT A POINT IN THE SOUTH LINE OF SAID LOT 3, 120 FEET WEST OF THE EAST LINE OF SAID LOT 3, AND RUNNING THENCE WESTERLY FROM SAID POINT ALONG THE SOUTH LINE OF SAID LOT 3, 173.43 FEET; THENCE NORTHERLY ON A LINE PARALLEL WITH THE EAST LINE OF SAID LOT 3, 243.80 FEET; THENCE NORTHEASTERLY ALONG A CURVED LINE CONVEX TO THE NORTH WEST, TANGENT TO THE LAST DESCRIBED STRAIGHT LINE AND HAVING A RADIUS OF 368.26 FEET TO A POINT ON THE EAST LINE OF THE WEST 173.41 FEET OF THE EAST 293.43 FEET OF SAID LOT 3, WHICH SAID POINT IS 557.41 FEET NORTH OF THE SOUTH LINE OF SAID LOT 3; AND RUNNING THENCE SOUTHERLY ALONG SAID EAST LINE OF SAID WEST 173.43 FEET, 557.41 FEET TO THE PLACE OF BEGINNING; ALSO KNOWN AS LOT 7 OF OWNERS DIVISION OF HEALY INDUSTRIAL DISTRICT IN THE SOUTH EAST 1/4 OF SECTION 27 AFORESAID, ACCORDING TO THE PLAT THEREOF RECORDED JULY 25, 1925 IN BOOK 218 OF PLATS, PAGES 22 TO 28, AS DOCUMENT 8986164, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 6 (EXCEPT THE SOUTH 197.30 FEET AND THE WEST 61 FEET THEREOF); AND THAT PART OF LOT 5 LYING SOUTH OF A LINE 66.62 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID LOT 5 (EXCEPTING THEREFROM THE WEST 61 FEET THEREOF); AND LOT 4 (EXCEPTING FROM SAID LOT 4 THE PIECE IN THE NORTHEASTERLY CORNER CONVEYED TO CHICAGO, MILWAUKEE AND ST. PAUL RAILWAY BY DEED RECORDED APRIL 19, 1929 AS DOCUMENT 9658125); ALL IN OWNERS DIVISION OF HEALY INDUSTRIAL DISTRICT COMPRISING CERTAIN TRACTS OF LAND IN THE SOUTH EAST 1/4 OF SECTION 27, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 25, 1925, AS DOCUMENT 8986164, IN COOK COUNTY, ILLINOIS.

PARCEL 3: EASEMENT FOR THE BENEFIT OF THE FOLLOWING DESCRIBED REAL ESTATE TO - WIT: TRACT A - ALL OF LOT 6 AND THAT PART OF LOTS 5 AND 4 IN OWNERS DIVISION AFORESAID LYING SOUTH OF A LINE DRAWN PARALLEL TO AND 66.62 FEET NORTH OF SOUTH LINES LOTS 5 AND 4 AFORESAID. ON AND OVER THE SOUTH 10 FEET OF THE FOLLOWING DESCRIBED REAL ESTATE TO - WIT: TRACT BLOCK - THAT PART OF LOT 5 OF OWNERS DIVISION AFORESAID, DESCRIBED AS FOLLOWS:

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COMMENCING AT A POINT IN WEST LINE OF SAID LOT 5 OF OWNERS DIVISION AFORESAID 46 FEET SOUTH OF NORTH WEST CORNER THEREOF RUNNING THENCE EAST PARALLEL TO THE NORTH LINE OF SAID LOT 5 A DISTANCE OF 170.31 FEET, THENCE NORTHEASTERLY ON A CURVED LINE CONVEX SOUTHEASTERLY TANGENT TO LAST DESCRIBED STRAIGHT LINE AND HAVING A RADIUS OF 350.26 FEET A DISTANCE OF 117.82 FEET, THENCE NORTHEASTERLY ON A STRAIGHT LINE TANGENT TO LAST DESCRIBED CURVED LINE A DISTANCE OF 32.88 FEET TO EAST LINE OF SAID LOT 5 IN OWNERS DIVISION AFORESAID, THENCE SOUTH ALONG SAID EAST LINE A DISTANCE OF 2.49 FEET, THENCE SOUTHEASTERLY ALONG SOUTHEASTERLY CURVED LINE OF SAID LOT 5, BEING A CURVED LINE CONVEX NORTHWESTERLY AND HAVING A RADIUS OF 381.52 FEET A DISTANCE OF 321.44 FEET, THENCE WEST ON A LINE PARALLEL THE NORTH LINE OF SAID LOT 5 A DISTANCE OF 107.44 FEET THE WEST LINE OF SAID LOT 5, THENCE NORTH ALONG THE WEST LINE OF SAID LOT 5, A DISTANCE OF 204.38 FEET TO PLACE OF BEGINNING EXTENDING FROM THE WEST LINE OF SAID LOT 5 OF OWNERS DIVISION AFORESAID TO THE SOUTHEASTERLY LINE OF SAID LOT 5, FOR THE NORTH 1/2 OF A PRIVATE ROADWAY 20 FEET IN WIDTH, WHICH ROADWAY SHALL BE USED IN COMMON FOR INGRESS, EGRESS AND TRAVEL BY FOOT OR BY VEHICLES BY ALL THE OWNERS AND OCCUPANTS OF TRACTS A AND B ABOVE DESCRIBED WHICH SAID EASEMENT WAS CREATED BY GRANT OF ILLINOIS TOOL WORKS (ILLINOIS CORPORATION) TO BIRTMAN ELECTRIC COMPANY (ILLINOIS CORPORATION) DATED AUGUST 4, 1947 AND RECORDED SEPTEMBER 3, 1947 AS DOCUMENT 14135515, ALL IN COOK COUNTY, ILLINOIS.

ALSO

PARCEL 4: EASEMENT FOR THE BENEFIT OF PARCEL 2 ON AND OVER THE NORTHERLY 10 FEET OF THAT PART OF SAID LOT 5 LYING SOUTH OF A LINE DRAWN PARALLEL TO AND 66.62 FEET NORTH OF THE SOUTH LINE OF SAID LOT 5 EXTENDING FROM THE WEST LINE OF SAID LOT 5 TO THE WESTERLY LINE OF PARCEL 2 ABOVE DESCRIBED, FOR THE SOUTH 1/2 OF A PRIVATE ROADWAY 20 FEET IN WIDTH, WHICH ROADWAY SHALL BE USED IN COMMON FOR INGRESS AND EGRESS AND TRAVEL BY FOOT OR BY VEHICLES BY ALL THE OWNERS AND OCCUPANTS OF THE PREMISES HEREIN CONVEYED, BY ALL THE OWNERS AND OCCUPANTS OF SAID LOTS 6, 5 AND 4 AND AS PROVIDED IN SAID DOCUMENT NUMBER 14135515 IN COOK COUNTY, ILLINOIS AS CREATED BY WARRANTY DEED BY WHIRLPOOL CORP., CHICAGO NATIONAL BANK AS TRUSTEE UNDER TRUST NUMBER 13984 RECORDED APRIL 24, 1958 AS DOCUMENT 17188643.

ALSO

PARCEL 5

ALL THAT PART OF THE SOUTH 1/2 OF THE NORTH WEST 1/4 OF THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

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Legal Description

BEGINNING AT A POINT OF INTERSECTION OF A LINE PARALLEL TO AND 33 FEET WEST OF THE EAST LINE WITH A LINE PARALLEL TO AND 83 FEET SOUTH OF THE NORTH LINE OF SAID SOUTH 1/2 OF THE NORTH WEST 1/4 OF THE SOUTH EAST 1/4 OF SECTION 32; THENCE WEST ON A LINE, A DISTANCE OF 426.64 FEET; THENCE SOUTHWESTERLY ON A STRAIGHT LINE, A DISTANCE OF 90.2 FEET TO A POINT IN A LINE PARALLEL TO AND 137.12 FEET SOUTH OF THE NORTH LINE OF SAID SOUTH 1/2 OF THE NORTH WEST 1/4 OF THE SOUTH EAST 1/4 OF SECTION 32; THENCE EAST ON LAST DESCRIBED LINE, A DISTANCE OF 498.83 FEET TO THE WEST LINE OF SOUTH MORGAN STREET (A 66 FOOT PUBLIC STREET) BEING A LINE PARALLEL TO AND 33 FEET WEST OF THE EAST LINE OF SAID SOUTH 1/2 OF THE NORTH WEST 1/4 OF THE SOUTH EAST 1/4 OF SECTION 32; THENCE NORTH ON THE LAST DESCRIBED LINE, A DISTANCE OF 54.12 FEET TO THE PLACE OF BEGINNING IN COOK COUNTY, ILLINOIS.

Permanent Index Nos - 13-27-415-018-0000
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