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(Illinois)

MORTGAGE, ASSIGNMENT OF RENTS  
AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT made as of the 26th day of May, 1987, between CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, having its principal office and place of business at 231 South LaSalle Street, Chicago, Illinois 60697 (the "Lender") and BAGCRAFT CORPORATION OF AMERICA, a Delaware corporation (the "Borrower");

W I T N E S S E T H:

WHEREAS, the Borrower and the Lender have entered into a certain Loan and Security Agreement dated as of May 26, 1987 (such Loan Agreement, as the same may from time to time be amended, modified, revised or extended, is hereinafter called the "Loan Agreement"); and

WHEREAS, the Lender is willing to extend credit to the Borrower as provided in the Loan Agreement, upon satisfaction of various conditions as provided in the Loan Agreement; and

WHEREAS, the Loan Agreement contains, among other things, (i) the obligation of the Lender, at the Lender's sole and absolute discretion, and subject to the terms and conditions of the Loan Agreement, to make such loans or advances (individually, a "Loan" and collectively, the "Loans") to the Borrower as the Borrower may from time to time request up to the amount of Twenty-Five Million and No/100 Dollars (\$25,000,000.00) (the "Maximum Loan Amount"), a portion of which amount may be borrowed, repaid and reborrowed, as provided in the Loan Agreement, and (ii) the obligation of the Borrower to pay to the Lender, as and when due, all Loans and other Liabilities (as such term is defined in the Loan Agreement); and

WHEREAS, the Lender is desirous of securing the prompt payment of the Loans and the Liabilities together with interest and any premium thereon in accordance with the terms of the Loan Agreement, and any additional indebtedness accruing to the Lender on account of any future payments, advances or expenditures made by the Lender pursuant to (i) the Loan Agreement, (ii) this Mortgage (said Mortgage, as same may be amended from time to time, is herein called the "Mortgage"), or (iii) any other document or instrument securing the indebtedness evidenced by the Loan Agreement;

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NOW, THEREFORE, to secure the performance and observance by the Borrower of all of the terms, covenants and conditions in the Loan Agreement and in this Mortgage contained, and in order to charge the properties, interests and rights hereinafter described with such payment, performance and observance, and for and in consideration of the sum of One Dollar (\$1.00) lawful money of the United States of America to the Borrower duly paid by the Lender on or before the delivery of this Mortgage, and for other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the Borrower has executed and delivered this Mortgage and does hereby grant, convey, assign, mortgage, grant a security interest in and confirm, unto the Lender and its successors and assigns, forever, all of the following described property (which is hereinafter sometimes referred to as the "Mortgaged Property"), to-wit:

A. All those certain tracts, pieces or parcels of land more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter called the "Land");

B. All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all furnishings, furniture, fixtures, machinery, equipment, appliances, systems, building materials, vehicles, and personal property of every kind and nature whatsoever, including, without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures and systems, carpeting and other floor coverings, washers, dryers, water heaters, mirrors, mantels, air conditioning apparatus and systems, refrigerating plant, refrigerators, computers and all hardware and software therefor, cooking apparatus and appurtenances, window screens, awnings and storm sashes, which are or shall be attached to said buildings, structures or improvements, or which are or shall be located in, on or about the Land, or which, wherever located (including, without limitation, in warehouses or other storage facilities or in the possession of or on the premises of vendors or manufacturers thereof), are used or intended to be used in or in connection with the construction, fixturing, equipping, furnishing, use, operation or enjoyment of the Land or the improvements thereon, all warehouse receipts or other documents of title relating to any of the foregoing and all permits, licenses and franchises now or hereafter owned by the Borrower, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing, together with the benefit of any deposits or payments now or hereafter made by the Borrower or on its behalf in connection with any of the foregoing, but

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excluding all personal property now or hereafter owned or leased by any tenant leasing any portion of the Land or the building, structures or improvements located thereon; and

C. All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, licenses, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Mortgaged Property, or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Borrower and the reversion and reversions, remainder and remainders, and the rents, issues, profits and revenues of the Mortgaged Property from time to time accruing (including, without limitation, all payments under leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits, escrow funds and reserve funds), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Borrower of, in and to the same;

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto the Lender, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein contained;

WITHOUT limitation of the foregoing, the Borrower hereby further grants unto the Lender, pursuant to the provisions of the Uniform Commercial Code of the State of Illinois, a security interest in all of the above-described property, which property includes, without limitation, goods which are or are to become fixtures.

THIS MORTGAGE IS GIVEN TO SECURE: (a) payment of the Liabilities, including, without limitation, any amounts paid or to be paid under this Mortgage, and (b) performance of each and every of the covenants, conditions and agreements contained in this Mortgage, in the Loan Agreement, and in any other agreement, document or instrument to which the Borrower is a party and to which reference is expressly made in this Mortgage or which secures the Liabilities (all of which are sometimes referred to as the "indebtedness secured hereby" or the "indebtedness").

It is expressly understood and agreed that the indebtedness secured hereby will in no event exceed two hundred percent (200%) of the Maximum Loan Amount.

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PROVIDED, HOWEVER, that these presents are upon the condition that, if the Borrower shall pay or cause to be paid to the Lender the principal and interest payable pursuant to the Loan Agreement, and shall pay all of the Liabilities, at the times and in the manner stipulated in the Loan Agreement, all without any deduction or credit for taxes or other similar charges paid by the Borrower, and shall keep, perform and observe all and singular the covenants and promises in the Loan Agreement, and in this Mortgage expressed to be kept, performed and observed by and on the part of the Borrower, and all commitments of the Lender to lend under the Loan Agreement are terminated, then this Mortgage shall cease, terminate and be void.

AND the Borrower covenants and agrees with the Lender that:

## ARTICLE I

1.01 Performance of Loan Agreement and Mortgage. The Borrower will perform, observe and comply with all of the provisions hereof and of the Loan Agreement and will duly and punctually pay to the Lender the sum of money expressed in the Loan Agreement with interest thereon at the times and in the manner provided in the Loan Agreement and all other sums required to be paid by the Borrower pursuant to the provisions of this Mortgage and the Loan Agreement, all without any deductions or credit for taxes or other similar charges paid by the Borrower.

1.02 Warranty of Title. At the time of the recordation of these presents, the Borrower warrants that the Borrower is well seized of an indefeasible estate in fee simple in the portion of the Mortgaged Property which constitutes real property and has good title to the portion of the Mortgaged Property which constitutes personal property, subject only to exceptions to title shown in the policy of title insurance which insures or will insure this Mortgage (collectively, the "Permitted Exceptions"), and has good right, full power and lawful authority to convey, mortgage and grant a security interest in the same in the manner and form aforesaid; that, except for the Permitted Exceptions, the same is free and clear of all liens, charges, easements, covenants, conditions, restrictions and encumbrances whatsoever, including, as to the personal property and fixtures, security agreements, conditional sales contracts and anything of a similar nature; and that, except for the Permitted Exceptions, the Borrower shall and will forever warrant and defend the title to the Mortgaged Property against the claims of all persons whomsoever.

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1.03 Taxes. The Borrower will pay before they become due, all taxes, assessments and other similar charges against the Mortgaged Property or any part thereof.

1.04 Taxes, Liens and Other Charges.

(a) The Borrower will pay promptly, when and as due, and will, upon the Lender's written request, promptly exhibit to the Lender receipts for the payment of, all taxes, assessments, water rates, license fees, dues, charges, fines and impositions of every nature whatsoever charged, imposed, levied or assessed or to be charged, imposed, levied or assessed upon or against the Mortgaged Property or any part thereof; or upon the interest of the Lender in the Mortgaged Property, as well as all income taxes, assessments and other governmental charges lawfully levied and imposed by the United States of America or any state, county, municipality or other taxing authority in respect of the Mortgaged Property or any part thereof, or any charge which, if unpaid, would or could become a lien or charge upon the Mortgaged Property, or any part thereof. The Borrower shall have the right to protest and contest any such taxes or assessments and, provided that such protest and contest stays the date payment thereof is due and the Borrower provides the Lender with security for such payment satisfactory to the Lender, the Borrower may delay paying same but will pay same prior to any tax sale or sale of the Premises.

(b) The Borrower will not suffer any mechanic's, laborer's, materialmen's, statutory or other lien or any security interest or encumbrance to be created or to remain outstanding upon any of the Mortgaged Property or on the revenues, rents, issues, income and profit arising therefrom, unless the same are bonded over or insured over in a manner satisfactory to the Lender in its sole judgment, except for liens arising in the ordinary course of business for sums not due or sums being contested in good faith and by appropriate proceedings, with adequate reserves posted, so long as such liens do not have a material impact on the Borrower's business or operations or affect a material portion of the Mortgaged Property together with other property securing the Liabilities.

(c) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages or the manner of collecting taxes so as to affect adversely the Lender, all sums secured by this Mortgage and all interest accrued thereon shall, without notice, become due and payable forthwith at the option of the Lender.

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(d) The Borrower will pay when due any charges for utilities, whether public or private, with respect to the Mortgaged Property or any part thereof and all license fees, rents or other charges for the use of vaults, canopies or other appurtenances to the Mortgaged Property.

1.05 No Tax Credits. The Borrower will not claim or demand or be entitled to receive any credit or credits on the principal or interest payable under the terms of the Loan Agreement or on any other sums secured hereby, for so much of the taxes, assessments or similar charges assessed against the Mortgaged Property or any part thereof, as are applicable to the indebtedness secured hereby or to the Lender's interest in the Mortgaged Property. No deduction shall be claimed from the taxable value of the Mortgaged Property or any part thereof by reason of any loan or this Mortgage.

1.06 Insurance. The Borrower will procure for, deliver to and maintain for the benefit of the Lender during the term of this Mortgage a policy or policies of insurance (i) insuring the Mortgaged Property against fire, lightning, vandalism, malicious mischief, all other perils insured against under "extended coverage", and such other insurable perils as the Lender may reasonably require, in accordance with the provisions of the Loan Agreement, (ii) insuring against loss or damage by flood or mud slide, if the Land is now, or at any time while the indebtedness secured hereby remains outstanding shall be, situated in any area which an appropriate governmental authority designates as a flood or mud slide area or the like, in such amounts as the Lender may require, but no amount in excess of the maximum legal limit of coverage shall be so required, and (iii) affording such other or additional coverage as from time to time may be reasonably requested by the Lender. The Borrower shall pay for all premiums on such policies. The companies issuing such policies, and the amounts, forms, expiration dates and substance of such policies shall be satisfactory to the Lender, and such policies shall contain, in favor of the Lender, the New York Standard Non-Contributory Mortgagee Clause, or its equivalent, in a form satisfactory to the Lender, and a the Lender's Loss Payee Endorsement, in form satisfactory to the Lender, and, if requested, a Replacement Cost Endorsement, in form satisfactory to the Lender. At least thirty (30) days prior to the expiration date of each such policy, renewal thereof satisfactory to the Lender shall be delivered to the Lender. The Borrower shall deliver to the Lender receipts evidencing the payment for all such insurance policies and renewals. The delivery of the insurance policies shall constitute an assignment as further security for the indebtedness secured hereby of all unearned premiums. In the event of the foreclosure of this Mortgage or any other transfer of

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title to the Mortgaged Property in extinguishment in whole or in part of the indebtedness secured hereby, all right, title and interest of the Borrower in and to all insurance policies then in force shall pass to the purchaser or grantee.

The Lender is hereby authorized and empowered, at its option, to make or file proofs of loss or damage and to adjust or compromise any loss under any insurance policies on the Mortgaged Property, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to the Lender instead of to the Borrower. After deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, including attorneys' fees, the Lender may apply, the net proceeds or any part thereof, at its option, either toward restoring the Mortgaged Property or as a credit on any portion of the indebtedness secured hereby selected by it, whether then matured or to mature in the future, or at the option of the Lender, such sums either wholly or in part may be paid over to the Borrower, on such terms and conditions as the Lender in its discretion may specify, to be used to repair the buildings, structures or improvements, or to build new ones in their place, or for any other purpose or object satisfactory to the Lender, without affecting the lien of this Mortgage for the full amount secured hereby before such payment took place. Except for the gross negligence or wilful misconduct of the Lender, the Lender shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

In the event of any inconsistency between the provisions in this paragraph 1.06 and any provision in the Loan Agreement, the provisions in the Loan Agreement shall govern.

1.07 Condemnation. If all or any part of the Mortgaged Property (other than a portion which the lender deems insignificant) shall be damaged or taken through condemnation (which term, when used in this Mortgage, shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof), either temporarily or permanently, the entire indebtedness secured hereby shall, at the option of the Lender, become immediately due and payable. The Lender shall be entitled to all compensation to the extent of the indebtedness secured hereby, awards and other payments or relief therefor and is hereby authorized, at its option, to commence, appear in and prosecute, in its own or the Borrower's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights, actions and

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proceedings, and the right thereto, are hereby assigned by the Borrower to the Lender. After deducting from said condemnation proceeds all of its expenses incurred in the collection and administration of such sums, including attorneys' fees, the Lender may apply, subject to the provisions of the last paragraph of Section 1.06 above, which shall be applicable to the disbursement of condemnation proceeds, the net proceeds or any part thereof, at its option, either toward restoring the Mortgaged Property or as a credit on any portion of the indebtedness secured hereby selected by it whether then matured or to mature in the future, or for any other purpose or object satisfactory to the Lender without affecting the lien of this Mortgage. The Borrower agrees to execute such further assignments of any compensations, awards, damages, claims, rights, actions and proceedings as the Lender may require. Except for the gross negligence or willful misconduct of the Lender, the Lender shall not be held responsible for any failure to collect any amount in connection with any such proceeding regardless of the cause of such failure.

## 1.08 Care of the Property.

(a) The Borrower will preserve and maintain the Mortgaged Property in good condition and repair, will not commit or suffer any waste thereof, and will keep the same in a clean and orderly condition. The Borrower will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof, other than in the ordinary course of the Borrower's business.

(b) Except as otherwise provided herein, no buildings, structures, improvements, fixtures, personal property or other part of the Mortgaged Property shall be removed, added to, demolished or altered structurally to any extent or altered non-structurally in any material respect without the prior written consent of the Lender.

(c) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, the Borrower will give immediate written notice of the same to the Lender.

(d) The Lender or its representative is hereby authorized to enter upon and inspect the Mortgaged Property at any reasonable time during normal business hours during the term of this Mortgage, provided that there will not be a disruption of the business operations of the Borrower.

(e) The Borrower will promptly comply, and cause the Mortgaged Property and the occupants or users thereof to comply with all present and future laws, ordinances, orders, rules and

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regulations and other requirements of any governmental authority affecting the Mortgaged Property or any part thereof or the use or occupancy thereof and with all instruments and documents of record or otherwise affecting the Mortgaged Property, or any part thereof or the use or occupancy thereof.

(f) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, the Borrower will promptly restore the Mortgaged Property to the equivalent of its original condition, regardless of whether or not there shall be any insurance proceeds therefor and regardless of whether or not insurance proceeds are made available to the Borrower. If a part of the Mortgaged Property shall be physically damaged through condemnation, the Borrower will promptly restore, repair or alter the remaining property in a manner satisfactory to the Lender. Without limitation of any other provision hereof, failure by the Borrower to comply with the provisions of this section will constitute an Event of Default hereunder.

1.09 Further Assurances; After Acquired Property. At any time and from time to time, upon written request by the Lender, the Borrower will make, execute and deliver or cause to be made, executed and delivered, to the Lender, and where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by the Lender, any and all such other and further mortgages, security agreements, financing statements, continuation statements, instruments of further assurances, certificates and other documents as may, in the reasonable opinion of the Lender, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve (a) the obligations of the Borrower under the Loan Agreement and this Mortgage, and (b) the lien and security interest of this Mortgage as a first and prior lien and security interest upon all of the Mortgaged Property, whether now or hereafter acquired by the Borrower. Upon any failure by the Borrower so to do, the Lender may make, execute, record, file, re-record and/or refile any and all such mortgages, security agreements, financing statements, continuation statements, instruments, certificates and documents for and in the name of the Borrower, and the Borrower hereby irrevocably appoints the Lender the agent and attorney-in-fact of the Borrower so to do. The lien and security interest hereof will automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the Mortgaged Property or any part thereof.

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1.10 Leases and Other Agreements Affecting the Mortgaged Property. The Borrower will duly and punctually perform all terms, covenants, conditions and agreements binding upon it or the Mortgaged Property under any lease or any other agreement or instrument of any nature whatsoever which involves or affects the Mortgaged Property or any part thereof. The Borrower represents and warrants that it has heretofore furnished the Lender with true and complete copies of all such leases, agreements and instruments existing on the date of this Mortgage. The Borrower agrees to furnish the Lender with executed copies of all leases hereafter entered into with respect to all or any part of the Mortgaged Property. The Borrower will not, without the express written consent of the Lender, enter into any new lease or modify, surrender, terminate, extend or renew, either orally or in writing, any lease now existing or hereafter created upon the Mortgaged Property or any part thereof. If the Lender so requests, the Borrower shall cause the tenant under each or any of such leases to enter into subordination and attornment agreements with the Lender which are satisfactory to the Lender. The Borrower will not accept payment of advance rents or security deposits equal, in the aggregate, to more than one (1) month's rent without the express written consent of the Lender. In order to further secure the Liabilities, including, without limitation, the observance, performance and discharge of the Borrower's obligations hereunder, the Borrower hereby assigns, transfers and sets over to the Lender all of the Borrower's right, title and interest in, to and under all of the leases now or hereafter affecting the Mortgaged Property or any part thereof and in and to all of the rents, issues, profits, revenues, awards and other benefits now or hereafter arising from the Mortgaged Property or any part thereof. Unless and until an Event of Default occurs, the Borrower shall be entitled to collect the rents, issues, profits, revenues, awards and other benefits of the Mortgaged Property (except as otherwise provided in this Mortgage) as and when they become due and payable. The Lender shall be liable to account only for rents, issues, profits, revenues, awards and other benefits of the Mortgaged Property actually received by the Lender pursuant to any provision of this Mortgage.

1.11 Expenses. The Borrower will immediately upon demand pay or reimburse the Lender for all attorneys' fees, costs and expenses incurred by the Lender in any proceedings involving the estate of a decedent, an insolvent or a bankrupt, or in any action, proceeding or dispute of any kind in which the Lender is made a party, or appears as an intervenor or party plaintiff or defendant affecting or relating to the Loan Agreement, this Mortgage, the Borrower or the Mortgaged Property, including, but not limited to, the foreclosure of this Mortgage, any condemnation action involving the Mortgaged Property, or any action to protect

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the security hereof, and any such amounts paid by the Lender shall be added to the indebtedness secured hereby and secured by the lien and security interest of this Mortgage, shall bear interest at the rate provided in the Loan Agreement for interest payable after default (the "Default Rate") and shall be due and payable upon demand.

1.12 Books, Records and Accounts. The Borrower will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the operation of the Mortgaged Property or in connection with any services, equipment or furnishings provided in connection with the operation of the Mortgaged Property, whether such income or expenses be realized by the Borrower or by any other person or entity whatsoever. The Lender or its designee shall have the right from time to time, upon reasonable notice, at all reasonable times during normal business hours to examine such books, records and accounts at the office of the Borrower or other person or entity maintaining such books, records and accounts and to make copies or extracts thereof as the Lender shall desire, provided that there will not be a disruption of the business operations of the Borrower. The Borrower will from time to time furnish to the Lender such financial statements and information as the Lender may reasonably request.

1.13 Estoppel Affidavits. The Borrower, within ten (10) days after written request from the Lender, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the indebtedness secured hereby and whether or not any offsets or defenses exist against such principal and interest.

1.14 Subrogation. The Lender shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

1.15 Impairment of Security. Without limitation of any other provision hereof, the Borrower will not assign, in whole or in part, the rents, income or profits arising from the Mortgaged Property without the prior written consent of the Lender; any such assignment made without the Lender's prior written consent shall be null and void and of no force and effect and the making thereof shall, at the option of the Lender, constitute a default under this Mortgage. Without limitation of the foregoing, the Borrower will not in any other manner impair the security of this Mortgage for the payment of the indebtedness secured hereby.

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1.16 Use of Mortgaged Property. The Borrower will not make, suffer or permit, without the prior written consent of the Lender, any use of the Mortgaged Property for any purpose other than that for which the same is used or intended to be used as of the date of this Mortgage.

1.17 Use of Proceeds.

(a) The Borrower represents and agrees that the proceeds of the Loan Agreement secured by this Mortgage will be used for the purposes specified in Paragraph 6404(1)(c) of Chapter 17 of the Illinois Revised Statutes, and that the indebtedness secured hereby constitutes a business loan which comes within the purview of said Paragraph 6404(1)(c).

(b) All agreements between the Borrower and the Lender (including, without limitation, this Mortgage, the Loan Agreement and any other documents securing the indebtedness secured hereby) are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Lender exceed the highest lawful rate of interest permissible under the laws of the State of Illinois. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Loan Agreement or any other documents securing the indebtedness secured hereby, at the time performance of such provision shall be due, shall involve exceeding the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then ipso facto, the obligation to be fulfilled shall be reduced to the highest lawful rate of interest permissible under the laws of the State of Illinois, and if for any reason whatsoever, the Lender shall ever receive as interest an amount which would be deemed unlawful, such interest shall be applied to the payment of the last maturing installment or installments of the indebtedness secured hereby (whether or not then due and payable) and not to the payment of interest.

1.18 Prohibition of Transfer. The Borrower will not, without the prior written consent of the Lender, sell, assign or transfer, whether, directly or indirectly, by operation of law or otherwise, all or any portion of its interest in the Mortgaged Property. Any such sale, assignment or transfer, or a sale, assignment or transfer of the beneficial interest in the Borrower made without the Lender's prior written consent, shall be null and void and of no force and effect, but the attempt at making thereof shall, at the option of the Lender, constitute an Event of Default under this Mortgage.

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1.19 Prohibition of Further Encumbrance. The Borrower will not, without the prior written consent of the Lender, further mortgage, grant a deed of trust, pledge or otherwise encumber, whether by operation of law or otherwise, all or any of its interest in the Mortgaged Property. Any such encumbrance, including without limitation an encumbrance of the beneficial interest in the Borrower, made without the Lender's prior written consent shall be null and void and of no force or effect, but the attempt at making thereof shall, at the option of the Lender, constitute an Event of Default under this Mortgage.

1.20 Environmental Matters. The Borrower hereby represents, warrants and covenants to the Lender that:

(a) The Mortgaged Property and the use and operation thereof are currently in compliance, except for any possible potential liability arising out of the matters set forth on Exhibit B hereto, and the Borrower will use its best efforts to remain in compliance, with all applicable federal, state and local laws, regulations, ordinances and requirements relating to health and safety, and protection of the environment.

(b) The Mortgaged Property has never been used for the generation, transportation, treatment, storage or disposal of Petroleum (as hereinafter defined) or any Hazardous Substance (as hereinafter defined), does not contain such materials, and will not contain such materials, except for by-products of waste stored and disposed of in the ordinary course of business prior to the regulated disposal thereof. "Hazardous Substance(s)" for purposes of this Mortgage shall include, without limitation, hazardous substances or hazardous wastes, as those terms are defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et. seq., the Resource Conservation and Recovery Act, 42 U.S.C. §9601 et. seq., and any other applicable federal, state or local law, regulation, ordinance or requirement, all as amended or hereafter amended. "Petroleum" for purposes of this Mortgage shall include, without limitation, crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (60 degrees fahrenheit and 14.7 pounds per square in absolute).

(c) The Borrower has not been subject to, or received any notice of, any administrative or judicial action, or notice of any intended administrative or judicial action, relating to the presence or alleged presence of Petroleum or Hazardous Substances in, under, or upon the Mortgaged Property and does not know and has no reason to know of any basis for any such notice or action with respect to the Mortgaged Property, other than such notices received or which may be received in the ordinary course of

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business and as disclosed on Exhibit B hereto. The Borrower shall protect, defend, indemnify and hold the Lender harmless from and against all loss, cost (including attorneys' fees), liability and damage whatsoever because of or in any way resulting from any violation or claimed violation of any of the covenants or agreements set forth in this paragraph or any applicable federal, state and local laws, regulations, ordinances and requirements relating to health and safety, and protection of the environment which occurs upon the Mortgaged Property, or by reason of the imposition of any lien for the recovery of environmental cleanup costs expended on the Mortgaged Property or other property without regard to fault on the part of the Borrower. The Lender may, from time to time, for just cause, at the Borrower's expense, have a consultant of its own choosing perform all necessary investigation of the Mortgaged Property.

(d) Except as disclosed on Exhibit B hereto, there are no pending or, to the knowledge of the Borrower, threatened actions or proceedings (or notices of potential actions or proceedings) from any governmental agency or any other entity regarding any environmental, health or safety law, waste disposal, lien or other proceedings that would affect or impair the value or usefulness of the Mortgaged Property. The Borrower will promptly notify the Lender of any notices, or any pending or threatened action or proceeding in the future, and the Borrower will use its best efforts to promptly cure and have dismissed without prejudice any such actions and proceedings to the satisfaction of the Lender.

(e) The business and all operations conducted on the Mortgaged Property have and will continue to use its best efforts to lawfully dispose of its wastes.

(f) The Borrower assumes all obligations of compliance with all environmental requirements imposed by federal, state and local authorities that affect the Mortgaged Property or any business or other activity conducted thereon or therewith. Any fees, costs and expenses imposed upon or incurred by the Lender at any time and from time to time on account of any breach of any of the covenants, representations or warranties contained in this paragraph shall be immediately due and payable by the Borrower to the Lender upon demand for reimbursement for same, and shall (together with interest thereon at the Default Rate accruing from the date such fees, costs and expenses are so imposed upon or incurred by the Lender) become part of the indebtedness secured by the Mortgage. The Borrower hereby covenants and agrees to protect, defend, indemnify, and hold the Lender harmless from any and all such costs and expenses.

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## ARTICLE II

2.01 Events of Default. Without limitation of any other provision hereof, the terms "Event of Default" or "Events of Default", wherever used in this Mortgage, shall mean any one or more of the following events:

(a) Failure by the Borrower to pay when due any payment of principal or interest under the Loan Agreement or this Mortgage; or

(b) Failure by the Borrower to duly observe or perform any other term, covenant, condition or agreement of the Loan Agreement or this Mortgage and the continuance of such failure for a period of ten (10) days after written notice thereof to the Borrower; or

(c) Failure by the Borrower to duly observe or perform any term, covenant, condition or agreement in any assignment or other agreement or instrument given or made as additional security for the performance of the Liabilities or this Mortgage and the continuance of such failure for a period of ten (10) days after written notice thereof to the Borrower; or

(d) The Land or any part thereof at any time is or becomes located in a designated flood or mud slide area and the insurance required by Paragraph 2.06(ii) hereof is not available or becomes unavailable, either because the local governmental authority having jurisdiction over the Land is a "non-participating" community in any governmental program providing or subsidizing such flood or mud slide hazard insurance, or for some other reason; or

(e) The filing by the Borrower or any guarantor of any of the Liabilities of a voluntary petition in bankruptcy or the filing by the Borrower or such guarantor of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the Borrower's or any such guarantor's seeking or consenting to or acquiescing in the appointment of any trustee, receiver or liquidator of itself or any portion of its assets or of all or any part of the Mortgaged Property or of any or all of the rents, issues, profits or revenues thereof, or the making of any general assignment for the benefit of creditors, or the admission in writing of its inability to pay its debts generally as they become due; or

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(f) The entry by a court of competent jurisdiction of an order, judgment or decree approving a petition filed against the Borrower or any guarantor of any of the Liabilities seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other similar relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or the appointment of any trustee, receiver or liquidator of the Borrower or such guarantor or of all or any part of the Mortgaged Property or of any or all of the rents, issues, profits or revenues thereof without its consent or acquiescence, which appointment shall remain unvacated or unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

(g) The transfer or further encumbrance of the Mortgaged Property by the Borrower not consented to by the Lender as described in paragraphs 1.18 and 1.19, respectively, hereof.

2.02 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then the entire indebtedness secured hereby shall, at the option of the Lender, immediately become due and payable without notice or demand.

2.03 The Lender's Right to Enter and Take Possession, Operate and Apply Revenues.

(a) If an Event of Default shall have occurred and be continuing, the Borrower, upon written demand of the Lender, shall forthwith surrender to the Lender the actual possession, and if and to the extent permitted by law, the Lender itself, or by such officers or agents as it may appoint, may enter and take possession, of all or any part of the Mortgaged Property, and may exclude the Borrower and its agents and employees wholly therefrom except that the Borrower may have joint access with the Lender to the books, papers and accounts of the Borrower.

(b) If the Borrower shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after such demand by the Lender, the Lender may obtain a judgment or decree conferring on the Lender the right to immediate possession or requiring the delivery of immediate possession of all or part of such Mortgaged Property to the Lender, to the entry of which judgment or decree the Borrower specifically consents.

(c) The Borrower will pay to the Lender, upon demand, all reasonable expenses (including, without limitation, fees and expenses of attorneys, accountants and agents) of obtaining such





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judgment or decree or of otherwise seeking to enforce its rights under the Loan Agreement or this Mortgage; and all such expenses shall, until paid, be secured by this Mortgage and shall bear interest at the Default Rate.

(d) Upon every such entering upon or taking of possession, the Lender may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty or other property; (ii) insure or keep the Mortgaged Property insured; (iii) manage and operate the Mortgaged Property and exercise all the rights and powers of the Borrower to the same extent as the Borrower could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to the Lender, all as the Lender from time to time may reasonably determine to be to its best advantage. The Lender may collect and receive all the rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after deducting (aa) all expenses of taking, holding, managing and operating the Mortgaged Property (including, without limitation, compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions; (cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges as the Lender may determine to pay; (ee) other proper charges upon the Mortgaged Property or any part thereof; and (ff) the compensation, expenses and disbursements of the attorneys and agents of the Lender, shall apply the remainder of the monies and proceeds so received by the Lender, first to payment of accrued interest; second to the payment of taxes, assessments and other charges against the Mortgaged Property; and third to the payment of principal.

(e) If any Event of Default shall occur and be continuing, the Lender may, in addition to any other rights and remedies hereunder, exercise any and all remedies provided in any of the Loan Documents.

(f) The Lender shall have no liability for any loss, damage, injury, cost or expense resulting from any action or omission by it or its representatives which was taken or omitted in good faith.

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2.04 Performance by the Lender of Defaults. If default shall occur in the payment, performance or observance of any term, representation, warranty, covenant or condition of this Mortgage (whether or not the same shall constitute an Event of Default), the Lender may, at its option, pay, perform or observe the same or take any action necessary to cause any representation or warranty to be true, and all payments made or costs or expenses incurred by the Lender in connection therewith, shall be secured hereby and shall be, without demand, immediately repaid by the Borrower to the Lender with interest thereon at the Default Rate. The Lender shall be the sole judge of the reasonable necessity for any such actions and of the reasonable amounts to be paid. The Lender is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to the Borrower or any person in possession holding under the Borrower.

2.05 Receiver. If an Event of Default shall have occurred and be continuing, the Lender, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right without notice and without regard to the occupancy or value of any security for the indebtedness or the insolvency of any party bound for its payment to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers to the fullest extent permitted by law. The Borrower will pay to the Lender upon demand (with interest thereon at the Default Rate) all reasonable expenses, including receiver's fees, attorneys' fees, costs and agent's compensations, incurred pursuant to the provisions of this Paragraph 2.05; and all such expenses shall be secured by this Mortgage and shall bear interest at the Default Rate.

2.06 The Lender's Power of Enforcement. If an Event of Default shall have occurred and be continuing, the Lender may, either with or without entry or taking possession as herein provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (a) to enforce payment of the Liabilities or the performance of any term, covenant, condition or agreement of this Mortgage or any other right, (b) to foreclose this Mortgage and to sell the Mortgaged Property as an entirety or otherwise, as the Lender may determine, and (c) to pursue any other remedy available to it, including any remedy available to it under the Loan Agreement or any of the Loan Documents, all as the Lender shall deem most effectual for such purposes. The Lender may take action either by such proceedings

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or by the exercise of its powers with respect to entry or taking possession, as the Lender may determine. The Lender may elect to pursue any one or more or all of the foregoing.

2.07 Purchase by the Lender. Upon any foreclosure sale, the Lender may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part of the indebtedness secured hereby as a credit to the purchase price.

2.08 Fees and Expenses; Application of Proceeds of Sale. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness secured hereby in the decree for sale all costs and expenses which may be paid or incurred by or on behalf of the Lender for attorneys' fees, appraiser's fees, receiver's costs and expenses, insurance, taxes, outlays for documentary and expert evidence, costs for preservation of the Mortgaged Property, stenographer's charges, publication cost and costs of procuring all abstracts of title, title searches and examinations, guarantee policies, Certificates of Title issued by the Registrar of Titles (Torrens certificates), and similar data and assurances with respect to title as the Lender may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or value of the Mortgaged Property or for any other reasonable purpose. The amount of any such costs and expenses which may be paid or incurred after the decree for sale is entered may be estimated and the amount of such estimate may be allowed and included as additional indebtedness secured hereby in the decree for sale. In the event of a foreclosure sale of the Mortgaged Property, the proceeds of said sale shall be applied, first, to the expenses of such sale and of all proceedings in connection therewith, including attorneys' fees, then to insurance premiums, liens, assessments, taxes and charges, including utility charges, then to payment of the outstanding principal balance of the indebtedness secured hereby, then to the accrued interest on all of the foregoing, and finally the remainder, if any, shall be paid to the Borrower.

2.09 Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. The Borrower agrees to the full extent permitted by law, that if an Event of Default occurs hereunder, neither the Borrower nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension, homestead or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the property hereby conveyed, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and the Borrower, for itself and all who may at any time

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claim through or under it, hereby waives and releases to the full extent that it may lawfully so do, the benefit of all such laws (including, without limitation, all rights under and by virtue of the homestead exemption laws and redemption laws of the State of Illinois) and any and all rights to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof. The Borrower represents that it is duly authorized and empowered by the trust instruments and by all persons having the power of direction over it as such trustee to execute this Mortgage, including the foregoing agreements, waivers and releases.

2.10 Waiver of Subrogation and Marshalling of Security; the Lender's Right to Realize on Collateral. The Borrower and all parties who may claim through or under the Borrower hereby expressly waive in favor of the Lender, any and all of the Borrower's rights of subrogation against, or right of reimbursement or contribution from any of the other the Borrower, which right may otherwise exist at law or in equity, until all Loans and other Liabilities have been paid in full. Further, the Borrower agrees that the Lender may realize on any Collateral (as such term is defined in the Loan Agreement) for the payment of any and all Loans and other Liabilities without regard to the value of such Collateral, the Borrower hereby waiving and releasing any right to require the marshalling of any Collateral for the payment of any Loans or other Liabilities.

2.11 Leases. The Lender, at its option, is authorized to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, and the failure to make such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by the Borrower, a defense to any proceedings instituted by the Lender to collect the sums secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

2.12 Discontinuance of Proceedings and Restoration of the Parties. In case the Lender shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Lender, then and in every such case the Borrower and the Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Lender shall continue as if no such proceeding had been taken.

2.13 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Lender by this Mortgage is intended to be exclusive of any other right, power or remedy, but

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each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

2.14 Waiver. No delay or omission of the Lender to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Mortgage to the Lender may be exercised from time to time and as often as may be deemed expedient by the Lender. No consent or waiver, expressed or implied, by the Lender to or of any breach or default by the Borrower in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the same or any other obligations of the Borrower hereunder. Failure on the part of the Lender to complain of any acts or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Lender of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by the Borrower.

If the Lender (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment of any sums secured hereby; (c) waives or does not exercise any right granted herein or in the Loan Agreement or in any other document or instrument securing the Liabilities; (d) releases with or without consideration any of the Mortgaged Property from the lien of this Mortgage or any other security for the payment of the indebtedness secured hereby; (e) changes any of the terms, covenants, conditions or agreements of the Loan Agreement or this Mortgage or in any other document or instrument securing the Liabilities; (f) consents to the filing of any map, plat or replat or condominium declaration affecting the Mortgaged Property; (g) consents to the granting of any easement or other right affecting the Mortgaged Property; or (h) makes or consents to any agreement subordinating the lien hereof; any such act or omission shall not release, discharge, modify, change or affect [except to the extent of the changes referred to in clause (e) above] the original liability under the Loan Agreement, this Mortgage or any other obligation of the Borrower or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude the Lender from exercising any right, power or privilege herein granted or intended to be granted in the event of any default then made or of any subsequent default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Lender, shall the lien

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of this Mortgage or the priority thereof be altered thereby, whether or not there are junior lienors and whether or not they consent to any of the foregoing. In the event of the sale or transfer, by operation of law or otherwise, of all or any part of the Mortgaged Property, the Lender, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the indebtedness secured hereby, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings. The foregoing shall not limit the prohibition against such sale or transfer set forth in Paragraph 1.18 hereof.

The Borrower agrees that the Lender, in addition to any and all rights and remedies that it may otherwise have pursuant to this Mortgage may consent to the substitution, exchange or release of all or any portion of any other security the Lender may hold with respect to the indebtedness secured by this Mortgage and in the case of a substitution or exchange of security, whether or not such new security received by the Lender shall be of the same or a different character or value from the security released, and that should the Lender foreclose this Mortgage or realize on any other security for payment of the indebtedness secured by this Mortgage the Lender may apply the proceeds thereof to the indebtedness secured by this Mortgage without the necessity of realizing on any other security for the indebtedness secured by this Mortgage, the Borrower hereby waiving and releasing any right to require the marshalling of other security for the payment of indebtedness secured by this Mortgage.

Without limitation of the foregoing, the right is hereby reserved by the Lender to make partial release or releases of the Mortgaged Property, or of any other security held by the Lender with respect to all or any part of the indebtedness secured hereby, without notice to, or the consent, approval or agreements of, other parties in interest, including junior lienors, which partial release or releases shall not impair in any manner the validity or priority of this Mortgage on the portion of said property not so released.

2.15 Continued Existence of Indebtedness. Without limitation of any other provision hereof, the Borrower agrees that if this Mortgage is foreclosed and sale is made of the Mortgaged Property (or such part thereof which remains subject to this Mortgage) pursuant to foreclosure proceedings, and if the proceeds of such sale (after application of such proceeds as provided in Paragraph 2.08 hereof and after deducting all accrued general and

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special taxes and assessments) are not sufficient to pay the total sum of the entire principal amount of the outstanding Loans and all accrued interest thereon and all other sums due or to become due under the Loan Agreement or under any other instruments evidencing or securing or pledged to secure the indebtedness secured hereby (hereinafter together called the "Loan balance"), and any other amounts provided for in the decree or judgment of foreclosure or provided for by applicable law, then the indebtedness secured hereby shall not be satisfied to the extent of the deficiency in such proceeds to pay the Loan balance but such indebtedness shall continue in existence and, together with any deficiency as to any other amounts provided for in such judgment or decree or provided for by applicable law, shall continue to be secured by all of the other documents and all of the mortgages, trust deeds and other instruments securing or pledged to secure the indebtedness secured hereby immediately prior to any such decree or judgment of foreclosure, except this Mortgage. If the Lender shall acquire the Mortgaged Property as a result of any such foreclosure sale (whether by bidding all or any of the indebtedness secured hereby or otherwise), the proceeds of such sale shall not be deemed to include (and the Borrower shall not be entitled to any benefit or credit on account of ) proceeds of any subsequent sale of the Mortgaged Property by the Lender. Without limitation of any other provision hereof, the Borrower further agrees that if any mortgage (other than this Mortgage) or trust deed which secures or is pledged to the Lender to secure the indebtedness secured hereby, is foreclosed and sale is made of the property subject to such mortgage or trust deed pursuant to foreclosure proceedings, and if the proceeds of such sale (after application of such proceeds as provided in such mortgage or trust deed and after deducting all accrued general and special taxes and assessments) are not sufficient to pay the Loan balance and any other amounts provided for in the decree or judgment of foreclosure or provided for by applicable law, then the indebtedness secured hereby shall not be satisfied to the extent of the deficiency in such proceeds to pay the Loans and the Liabilities, but such indebtedness shall continue in existence and, together with any deficiency as to any other amounts provided for in such judgment or decree or provided for by applicable law, shall continue to be secured by this Mortgage and all of the other documents and all of the mortgages, trust deeds and other instruments securing or pledged to secure the indebtedness secured hereby immediately prior to any such decree or judgment of foreclosure, except such mortgage or trust deed.

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ARTICLE III

3.01 Suits to Protect the Mortgaged Property. Upon the occurrence of an Event of Default hereunder, the Lender shall have the power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Mortgage; (b) to preserve or protect its interest in the Mortgaged Property and in the rents, issues, profits and revenues arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, regulation, rule, order or other requirement that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, regulation, rule, order or other requirement would impair the security hereunder or be prejudicial to the interest of the Lender, and all reasonable costs and expenses incurred by the Lender in connection therewith (including, without limitation, attorneys' fees) shall be paid by the Borrower to the Lender on demand (with interest at the Default Rate) and shall be additional indebtedness secured hereby.

3.02 The Lender May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Borrower, its creditors or its property, the Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Lender allowed in such proceedings for the entire amount due and payable by the Borrower under this Mortgage at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Borrower hereunder after such date.

3.03 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon the Borrower and the Lender and their respective heirs, executors, legal representatives, successors and assigns. Whenever a reference is made in this Mortgage to the Borrower or the Lender, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of the Borrower or the Lender.

3.04 Notices. All notices, demands and requests given or required to be given by either party hereto to the other party shall be in writing. All such notices, demands and requests by the Lender to the Borrower shall be deemed to have been properly

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given if served in person or if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Borrower at:

Bagcraft Corporation of America  
3900 West 43rd Street  
Chicago, Illinois 60632  
Attention: Marshall E. Rodin, President

or to such other address as the Borrower may from time to time designate by written notice to the Lender given as herein required. All notices, demands and requests by the Borrower to the Lender shall be deemed to have been properly given if served in person or if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Lender at:

Continental Illinois National Bank  
and Trust Company of Chicago  
231 South LaSalle Street  
Chicago, Illinois 60697  
Attention: Northwest Suburban Office

or to such other address as the Lender may from time to time designate by written notice to the Borrower given as herein required. Notices, demands and requests given by mail in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder three (3) days after the time such notice, demand or request shall be deposited in the mails.

3.05 Terminology. All personal pronouns used in this Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and sections are for convenience only and neither limit nor amplify the provisions of this Mortgage itself, and all references herein to Articles, Sections or Paragraphs shall refer to the corresponding Articles, Sections or Paragraphs of this Mortgage unless specific reference is made to such Articles, Sections or Paragraphs of another document or instrument.

3.06 Severability. If any provision of this Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Mortgage and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

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3.07 Applicable Law. This Mortgage shall be interpreted, construed and enforced according to the laws of the State of Illinois.

3.08 Security Agreement. This Mortgage shall be construed as a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property which constitutes fixtures or personal property. The Lender shall have the rights with respect to such fixtures and personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded the Lender by this Mortgage or any other agreement.

3.09 Modification. No change, amendment, modification, cancellation or discharge hereof, or any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

3.10 No Merger. It being the desire and the intention of the parties hereto that this Mortgage and the lien hereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should the Lender acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary interest is manifested by the Lender as evidenced by an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

3.11 Revolving Credit. This Mortgage secures, among other obligations which comprise the indebtedness secured hereby, the Loans made by or to be made by the Bank to the Borrower from time to time pursuant to the Loan Agreement, the aggregate principal amount of which shall not exceed at any one time the Maximum Loan Amount, plus interest thereon and any disbursements made for the payment of taxes, special assessments, or insurance on the Mortgaged Property, with interest on such disbursements. Such loans or advances constitute "revolving credit" as defined in Section 4.1 of Chapter 17, Paragraph 6405, of the Illinois Revised Statutes. All future advances made from the date hereof will have the same priority as the initial Loan made pursuant to the Loan Agreement and secured by, among other things, this Mortgage. All future advances must be made within twenty (20) years from the date hereof.

3.12 Delivery of Summons, Etc. If any action or proceeding shall be instituted to evict the Borrower or recover possession of the Mortgaged Property or any part thereof or otherwise affecting

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the Mortgaged Property or this Mortgage, the Borrower will immediately, upon service thereof on or by the Borrower, deliver to the Lender a true copy of each precipe, petition, summons, complaint, notice of motion, order to show cause and all other process, pleadings and papers, however designated, served in any such action or proceeding.

3.13 Joint and Several. If the Borrower consists of more than one person or entity, the liability of each hereunder shall be joint and several.

3.14 No Partnership. The Borrower acknowledges and agrees that in no event shall the Lender be deemed to be a partner or joint venturer with the Borrower. Without limitation of the foregoing, the Lender shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document securing any portion of the indebtedness secured hereby or on account of receiving contingent interest, if any, or any release fee for partial releases of this Mortgage, or otherwise.

IN WITNESS WHEREOF, the Borrower has caused these presents to be signed by its duly authorized representatives as of the day and year first above written.

BAGCRAFT CORPORATION OF AMERICA, a  
Delaware corporation

By:

Jamie Christie  
Its: Chief Executive Officer

ATTEST:

M. A. K. [Signature]  
Its Asst Secretary

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STATE OF ILLINOIS )  
COUNTY OF COOK ) SS.

1987 MAY 29 PM 1:30

I, BEVERLY A. MOORE, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that JANILE MEISTER, CHIEF EXECUTIVE OFFICER of Bagcraft Corporation of America and M. R. STOK, ASST. Secretary who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such OFFICER and ASST. Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said Corporation as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 27th day of May, 1987.

Beverly A. Moore  
Notary Public

(SEAL)

My Commission Expires: 8/15/88

THIS DOCUMENT PREPARED BY AND SHOULD BE RETURNED TO:

Katten Muchin & Zavis  
525 West Monroe Street  
Suite 1600  
Chicago, Illinois 60606-3693  
Attention: John A. Goldstein, Esq.

BOX 333-CC

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1/1/13



EXHIBIT A

## LEGAL DESCRIPTION

## Parcel 1:

An irregular shaped parcel of land in the West 1/2 of the North West 1/4 of Section 2, Township 38 North, Range 13, East of the Third Principal Meridian, described as follows:

Beginning at the intersection of the North line of private West 43rd Street (a private street) said North line of private West 43rd Street being 23.0 feet North of and parallel to the South line of the West 1/2 of the Northwest 1/4 of said Section 2, and a line 299.07 feet (measured parallel to aforesaid South line of the West 1/2 of the Northwest 1/4 of Section 2) West of and parallel to the East line of said West 1/2 of the Northwest 1/4 of Section 2, said last described parallel line being the Easterly boundary line of the premises conveyed by the First National Bank of Chicago, to the then Trustees of the Central Manufacturing District by deed dated April 9, 1957 and recorded in the Recorder's Office of Cook County, Illinois on May 27, 1957 in Book 54908, at Page 226 as Document 16915322; thence North along the last described parallel line, 308.29 feet to a point; said point being also the Northeast corner of the said premises as conveyed by deed dated April 9, 1957 as aforesaid; thence Northeasterly along a curve convex to the Southeast, having a radius of 295.12 feet, an arc distance of 229.84 feet, more or less, to its intersection with a line 519.27 feet, by rectangular measurement, North of and parallel to said South line of the West 1/2 of the Northwest 1/4 of Section 2, said point of intersection being 160.16 feet (measured parallel to aforesaid South line of the West 1/2 of the Northwest 1/4 of Section 2), West of said East line of the West 1/2 of the Northwest 1/4 of Section 2; thence East along the last described parallel line to a point 158.0 feet, by rectangular measurement, West of and parallel to said East line of the West 1/2 of the Northwest 1/4 of Section 2; thence Southeasterly along a curved line convex to the Southwest, having a radius of 584.21 feet, an arc distance of 209.93 feet, more or less, to a point which is 314.32 feet, by rectangular measurement, North of said South line of the West 1/2 of the Northwest 1/4 of Section 2 and 120.7 feet West of the East line of said West 1/2 of the Northwest 1/4 of Section 2, measured

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along a line parallel to the South line thereof; thence Southeasterly on a straight line to a point which is 212.9 feet, by rectangular measurement North of the said South line of the West 1/2 of the Northwest 1/4 of Section 2, and 82.41 feet West of the East line of said West 1/2 of the Northwest 1/4 of Section 2, measured along a line parallel to the South line thereof; thence Southeasterly on a curve convex to the Northeast, having a radius of 562.19 feet, an arc distance of 19.0 feet, more or less to a point which is 195.08 feet, by rectangular measurement, North of the South line of the West 1/2 of the Northwest 1/4 of Section 2 and 76.02 feet West of the East line of said West 1/2 of the Northwest 1/4 of Section 2, measured along a line parallel with the South line thereof; thence Southerly on a curve convex to the East, having a radius of 317.63 feet, an arc distance of 127.55 feet, more or less, to a point which is 69.58 feet, by rectangular measurement, North of said South line of the West 1/2 of the Northwest 1/4 of Section 2, and 60.26 feet West of the East line of said West 1/2 of the Northwest 1/4 of Section 2, measured along a line parallel with the South line thereof; thence Southerly along a straight line to a point in the North line of West 43rd Street, aforementioned, said point being 63.05 feet West of the East line of said West 1/2 of the Northwest 1/4 of Section 2, measured along a line parallel with the South line thereof; thence West along said North line of West 43rd Street, a distance of 236.01 feet to the point of beginning, in Cook County, Illinois.

Parcel 2:

That part of the West 1/2 of the Northwest 1/4 of Section 2, Township 38 North, Range 13 East of the Third Principal Meridian, described as follows:

Beginning at the intersection of the North line of West 43rd Street (a private street), said North line of West 43rd Street being 33.0 feet North of and parallel to the South line of West 1/2 of the Northwest 1/4 of said Section 2, and a line 299.07 feet (measured parallel to aforesaid South line of the West 1/2 of the Northwest 1/4 of Section 2) West of and parallel to the East line of said West 1/2 of the Northwest 1/4 of Section 2, said last described parallel line being the Easterly boundary line of the premises conveyed by the First National Bank of Chicago, to the then Trustees of the Central Manufacturing District by deed dated April 9, 1957 and recorded in the Recorder's Office of Cook County, Illinois, on May 27, 1957 in Book 54908, at Page 226 as Document 16915322; thence North along the last Described parallel line, 182.0 feet; thence West along a line parallel to the North line of aforesaid West 43rd Street,

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57.75 feet to an existing brick wall of a one story brick building; thence Southerly along the said brick wall and its Southerly extension, 182.0 feet to the North line of said West 43rd Street; thence east along said North line of West 43rd Street 60.05 feet to the point of beginning, in Cook County, Illinois.

also

## Parcel 1:

That parcel lying West of a straight line parallel to and 299.07 feet (measured parallel to the South line of the West 1/2 of the Northwest 1/4 of Section 2, West of the East line of the West 1/2 of the Northwest 1/4 of Section 2, of the following described premises:

An irregular shaped parcel of land in the West 1/2 of Section 2,, Township 38 North, Range 13 East of the Third Principal Meridian, described as follows:

Beginning at the intersection of the North line of private West 43rd Street (a private street), said North line of private West 43rd Street being 33 feet North of and parallel to the South line of the West 1/2 of the Northwest 1/4 of said Section 2, and a line 784.07 feet, (measured parallel to aforesaid South line of the West 1/2 of the Northwest 1/4 of Section 2, West of and parallel to the East line of said West 1/2 of the Northwest 1/4 of Section 2; said last described parallel line being the Easterly boundary line of the premises conveyed by the First National Bank of Chicago, to the then Trustees of Central Manufacturing District by deed dated July 18, 1951 and recorded in the Recorder's Office of Cook County, Illinois on July 26, 1951 in Book 47027, at page 156 as Document 5132507; thence North along the last described parallel line 248.07 feet to a point; thence Northeasterly on a straight line 131.23 feet, more or less, to its intersection with a line 301 feet, by rectangular measurement, North of and parallel to said South line of the West 1/2 of the Northwest 1/4 of Section 2, said point of intersection being 654.07 feet (measured parallel to aforesaid South line of the West 1/2 of the Northwest 1/4 of Section 2, West of said East line of the West 1/2 of the Northwest 1/4 of Section 2; thence East along the last described line to a point of curve, said point of curve being 447.89 feet (measured parallel to aforesaid South line of the West 1/2 of the Northwest 1/4 of Section 2) West of the Southeast line of the West 1/2 of the Northwest 1/4 of Section 2; thence Northeasterly along a curve, convex to the Southeast, having a radius of 295.12 feet, an arc distance of

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385.82 feet, more or less, to its intersection with a line 519.27 feet, by rectangular measurement, North of and parallel to said South line of the West 1/2 of the Northwest 1/4 of Section 2, said point of intersection being 160.16 feet (measured parallel to aforesaid South line of the West 1/2 of the Northwest 1/4 of Section 2 West of the said East line of the West 1/2 of the Northwest 1/4 of Section 2; thence East along the last described parallel line to its intersection with a line 158 feet, by rectangular measurement, West of and parallel to the said East line of the West 1/2 of the Northwest 1/4 of Section 2, said last described parallel line being the Easterly boundary line of the premises conveyed by the Chicago River and Indiana Railroad Company, to the First National Bank of Chicago by deed dated May 23, 1951 and recorded in the Recorder's Office of Cook County, Illinois on June 7, 1951 in Book 46794, at Page 526 as Document 15094225; thence South along the last described parallel line to the said North line of private West 43rd Street, thence West along said North line of private West 43rd Street to the point of beginning, in Cook County, Illinois; excepting therefrom that part thereof described above as Parcel 2, all in Cook County, Illinois.

*PARCEL 1*  
Permanent Index Nos. 19-02-100-027, 19-02-100-028  
and 19-02-100-031

*PARCEL 2*  
*PARCEL 3*  
Address of Property: 3900 West 43rd Street  
Chicago, Illinois

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EXHIBIT B  
Environmental Matters

A. Federal or State Proceedings for Remedial Action to Respond to a Release of Toxic or Hazardous Wastes into the Environmental

- |  |   |                             |
|--|---|-----------------------------|
| Cross Brothers Pail Recycling Facility | - | Pembroke Township, Illinois |
| American Chemical Services, Inc.       | - | Griffith, Indiana           |
| Duane Marine Salvage Corp.             | - | Perth Amboy, New Jersey     |
| Liquid Disposal, Inc.                  | - | Utica, Michigan             |

B. Other Matters

Administrative Consent order with the New Jersey Department of Environmental Protection entered pursuant to the New Jersey Environmental Cleanup and Responsibility Act

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