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MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage") is made as of June 11, 1987, by LASALLE NATIONAL BANK, not personally, but as Trustee under Trust Agreement dated May 13, 1987 and known as Trust No. 112307 (the "Mortgagor"), in favor of BAIRD & WARNER, INC., an Illinois corporation (the "Mortgagee").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Construction Loan Agreement (the "Agreement"), of even date herewith, by and between the Mortgagor and the Mortgagee, the Mortgagor has executed that certain Promissory Note (the "Note"), of even date herewith, in the aggregate principal amount of ONE MILLION FIVE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$1,550,000.00), payable to the order of the Mortgagee;

WHEREAS, the Construction Loan (as defined in the Agreement), shall mature no later than January 15, 1988, and shall bear interest at the rate specified in the Note;

WHEREAS, the Mortgagee has required as a condition, among others, to its execution and delivery of the Agreement and in order to secure the payment and performance of the covenants and agreements contained in (i) this Mortgage, (ii) the Agreement, (iii) the Note, and (iv) all of the other Loan Documents (as defined in the Agreement) (all such obligations and liabilities are collectively referred to as the "Liabilities"), that the Mortgagor execute and deliver this Mortgage to the Mortgagee; and

WHEREAS, the Liabilities secured hereby shall not exceed an aggregate principal amount, at any one time outstanding of THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00), provided, that the foregoing limitation shall apply only to the lien upon real property created by this Mortgage and shall not in any manner limit, affect or impair any grant of a security interest in any personal property in favor of the Mortgagee, under the provisions of the Agreement or under any other security agreement at any time executed by the Mortgagor.

NOW, THEREFORE, in consideration of the premises contained herein and to secure the payment of the Liabilities and in consideration of One Dollar (\$1.00) in hand paid, receipt whereof is hereby acknowledged, the Mortgagor does hereby grant, remise, release, alien, convey, mortgage and

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warrant to the Mortgagee, its successors and assigns, and grant a security interest to the Mortgagee, its successors and assigns, in and to the following described property:

THE MORTGAGED PROPERTY

(A) The Land located in Cook County, Illinois and legally described in Exhibit "A" attached hereto (the "Land");

(B) TOGETHER WITH all of the buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all fixtures and equipment of every nature whatsoever now or hereafter located in, on or attached to, and used or intended to be used in connection with, or with the operation of, the Land, buildings, structures or other improvements, or in connection with any construction being conducted or which may be conducted thereon, and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing, and all of the right, title and interest of the Mortgagor and the beneficiary of the Mortgagor ("Beneficiary") in and to any such personal property or fixtures which, to the fullest extent permitted by law, shall be conclusively deemed fixtures and a part of the real property encumbered hereby (collectively, the "Improvements");

(C) TOGETHER WITH all easements, rights-of-way, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and all appurtenances whatsoever, in any way belonging, relating or appertaining to any of the mortgaged property described in paragraphs (A) and (B) hereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Mortgagor;

(D) TOGETHER WITH (i) all the estate, right, title and interest of the Mortgagor and the Beneficiary in and to all judgments, insurance proceeds, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the mortgaged property described in paragraphs (A), (B) and (C) hereof, or any part thereof, under the power of eminent domain or for any damage (whether caused by such taking or otherwise) to the mortgaged property described in paragraphs (A), (B) and (C) hereof, or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the mortgaged property described in paragraphs (A), (B) and (C) hereof or any part thereof; and the Mortgagee is hereby authorized to collect and receive said awards and proceeds (subject to the terms and conditions hereinafter set forth); (ii) all contract rights, general intangibles, actions and rights in action, including without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to the mort-

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gaged property described in paragraphs (A), (B) and (C) above; and (iii) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the mortgaged property described in paragraphs (A), (B) and (C);

(E) TOGETHER WITH all rents, income and other benefits to which the Mortgagor and the Beneficiary may now or hereafter be entitled from the mortgaged property described in paragraphs (A), (B) and (C) hereof to be applied against the indebtedness and other sums secured hereby; provided, however, that permission is hereby given to the Mortgagor, so long as no Event of Default (as defined in paragraph 2.01) has occurred hereunder, to collect and use such rents, income and other benefits as they become due and payable, but not more than one (1) month in advance thereof. Upon the occurrence of any Event of Default, the permission hereby given to the Mortgagor to collect such rents, income and other benefits from the mortgaged property described in paragraphs (A), (B) and (C) hereof shall terminate and such permission shall be reinstated only upon a cure of such Event of Default. The foregoing provisions hereof shall constitute an absolute and present assignment of the rents, income and other benefits from the mortgaged property described in paragraphs (A), (B) and (C) above, subject, however, to the conditional permission given to the Mortgagor to collect and use such rents, income and other benefits as provided herein and in the other Loan Documents; and the existence or exercise of such right of the Mortgagor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by the Mortgagor, and any such subsequent assignment by the Mortgagor shall be subject to the rights of the Mortgagee hereunder;

(F) TOGETHER WITH all right, title and interest of the Mortgagor and the Beneficiary in and to any and all leases now or hereafter on or affecting the mortgaged property described in paragraphs (A), (B) and (C) hereof, together with all security therefor and all monies payable thereunder, and all books and records which contain payments made under the leases and all security therefor, subject, however, to the conditional permission hereinabove given to the Mortgagor to collect the rents, income and other benefits arising under any such lease. The Mortgagee shall have the right to notify any lessee of the rights of the Mortgagee as provided by this paragraph;

(G) TOGETHER WITH any and all rights and claims of the Mortgagor and the Beneficiary under any and all agreements and leases made in connection with the mortgaged property described in paragraphs (A), (B) and (C) hereof as they pertain to any security and other deposits now or from time to time hereafter: (i) furnished to any utilities providing services to said mortgaged property; (ii) for insurance

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premiums, taxes and special assessments relating to said mortgaged property held by the Mortgagee pursuant to the terms of the Mortgage; and (iii) furnished by tenants of said mortgaged property; and

(H) TOGETHER WITH all right, title and interest of the Mortgagor and the Beneficiary in and to all contracts and agreements for the furnishing of labor or materials, or the performance of management or other services, to or in connection with the mortgaged property described in paragraphs (A), (B) and (C) above.

All of the mortgaged property described in paragraphs (A), (B), (C), (D), (E), (F), (G), and (H) above, and each item of mortgaged property therein described, is herein referred to as "THE MORTGAGED PROPERTY".

TO HAVE AND TO HOLD THE MORTGAGED PROPERTY and all parts thereof unto the Mortgagee, its successors and assigns, to its own use and benefit forever, subject, however, to the terms and conditions set forth herein.

ARTICLE ONE

COVENANTS OF THE MORTGAGOR

The Mortgagor covenants and agrees with the Mortgagee as follows:

1.01 Performance under the Loan Documents. The Mortgagor shall perform, observe and comply with all of the provisions hereof, of the Note and of every other Loan Document and shall promptly pay to the Mortgagee the principal with interest thereon and all other sums required to be paid by the Mortgagor under the Note.

1.02 General Representations and Covenants. The Mortgagor represents and covenants that as of the date hereof and at all times thereafter during the term hereof, (a) the Mortgagor is seized of an indefeasible estate in fee simple in the Land and Improvements thereon and has good and absolute title to the balance of THE MORTGAGED PROPERTY, and has good right, full power and lawful authority to mortgage and pledge the same as provided herein, and the Mortgagee may at all times peaceably and quietly enter upon, hold, occupy and enjoy THE MORTGAGED PROPERTY in accordance with the terms hereof, subject to the rights of tenants under leases permitted hereunder; the Mortgagor owns THE MORTGAGED PROPERTY free and clear of all liens, security interests, charges, easements, covenants, restrictions and other matters, exceptions and encumbrances whatsoever except those, if any, described in Exhibit "B" or subsequently approved by the Mortgagee in writing; (b) the Mortgagor will maintain and

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preserve the lien of this Mortgage until the Liabilities have been paid in full; (c) the Mortgagor and the Beneficiary are now able to meet their debts as the debts mature, and no bankruptcy or insolvency proceedings are pending or contemplated by or against the Mortgagor or the Beneficiary; (d) all reports, statements and other data furnished to the Mortgagee in connection with the loan evidenced by the Note are true, correct and complete in all material respects and do not omit to state any material fact or circumstance necessary to make the statements contained therein not misleading; (e) this Mortgage, the Note and the other Loan Documents are valid and binding obligations enforceable in accordance with their respective terms and the execution and delivery thereof do not contravene any contract or agreement to which the Mortgagor is a party or by which the Mortgagor or the Beneficiary may be bound and do not contravene any law, order, decree, rule or regulation to which the Mortgagor or the Beneficiary are subject; (f) there are no actions, suits or proceedings pending, or, to the best of the Mortgagor's and the Beneficiary's knowledge, threatened, against or affecting the Mortgagor, the Beneficiary or THE MORTGAGED PROPERTY, except as heretofore disclosed in writing to the Mortgagee, provided, that, if any such action, suit or proceeding is commenced, the Mortgagor shall not be deemed to have breached this covenant and representation so long as (i) the Mortgagor promptly notifies the Mortgagee of such action, suit or proceeding, (ii) the Mortgagor diligently defends such action, suit or proceeding and, upon the rendering of a final judgment or decision in connection therewith, fully satisfies such judgment or decision, and (iii) such action, suit or proceeding does not, in the Mortgagee's judgment, materially impair the Mortgagee's security; and (g) electric, sewer, water facilities and any other necessary utilities are, and the Mortgagor shall cause said facilities at all times hereafter to be, available in sufficient capacity to service THE MORTGAGED PROPERTY satisfactorily, and any easements necessary to the furnishing of such utility service to THE MORTGAGED PROPERTY have been obtained and duly recorded or registered.

1.03 Compliance with Laws. Subject to the provisions of the next succeeding sentence, the Mortgagor represents and covenants that THE MORTGAGED PROPERTY presently complies with, and will continue to comply with, all applicable restrictive covenants, zoning and subdivision ordinances, building codes, health and environmental laws and regulations, and all other applicable laws, ordinances, rules and regulations. The Mortgagor shall not be deemed to have breached the representations and covenants set forth in the preceding sentence if (a) the noncompliance with such covenant, ordinance, code, law or regulation is by reason of the unauthorized act or omission of a tenant of THE MORTGAGED PROPERTY known to the Mortgagor or the Beneficiary and the

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Mortgagor promptly causes said tenant to comply with such covenant, ordinance, code, law or regulation or (b) so long as the Mortgagor is contesting such covenant, ordinance, code, law or regulation by proper legal methods which do not, in the Mortgagee's judgment, impair Mortgagee's security. If the Mortgagor or the Beneficiary receive notice from any federal, state or other governmental body that THE MORTGAGED PROPERTY, or any part thereof, is not in compliance with any such covenant, ordinance, code, law or regulation, the Mortgagor will promptly provide the Mortgagee with a copy of such notice and will immediately commence such actions as are necessary to comply, or use reasonable efforts to cause tenants to comply, therewith.

1.04 Taxes and Other Charges.

1.04.1 Taxes and Assessments. The Mortgagor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations, liens and encumbrances of every kind and nature whatsoever now or hereafter imposed, levied or assessed upon or against (a) THE MORTGAGED PROPERTY, or any part thereof; (b) this Mortgage or the indebtedness or other sums secured hereby; or (c) the interest of the Mortgagee in THE MORTGAGED PROPERTY, as well as all income taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or against the Mortgagor or in respect of THE MORTGAGED PROPERTY, or any part thereof; provided, however, that the Mortgagor may, in good faith, by appropriate proceeding, contest the validity, applicability or amount of any asserted tax or assessment, and pending such contest the Mortgagor shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment the Mortgagor establishes an escrow acceptable to the Mortgagee in an amount estimated by the Mortgagee to be adequate to cover the payment of such tax or assessment and a reasonable additional sum to cover possible interest, costs and penalties. If the amount of such deposit or the amount of such escrow is insufficient to pay any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon, the Mortgagor shall pay such deficiency no later than the date such adjudication becomes final. The Mortgagor covenants that the Mortgagor will continually cause the Land and Improvements to be taxed under tax bills that do not include property which is not a part of THE MORTGAGED PROPERTY, and the Mortgagor shall not file or permit to be filed with the office of the assessor or any other taxing or assessing authority a petition, application or other instrument which would result in the inclusion of property other than THE MORTGAGED PROPERTY within the tax bills affecting THE MORTGAGED PROPERTY, or any part thereof.

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1.04.2 Mechanic's and Other Liens. Except as otherwise provided in the Agreement, the Mortgagor shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien (other than any lien for taxes not yet due) to be created upon or against THE MORTGAGED PROPERTY, provided, however, that the Mortgagor may in good faith, by appropriate proceeding, contest the validity, applicability or amount of any asserted lien, and pending such contest the Mortgagor shall not be deemed in default hereunder if the Mortgagor promptly establishes an escrow acceptable to the Mortgagee in an amount estimated by the Mortgagee to be adequate to cover the payment of such lien and a reasonable additional sum to cover possible interest, costs and penalties, and, if the amount of such bond or escrow is insufficient to pay any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon, the Mortgagor shall pay such deficiency no later than the date such adjudication becomes final.

1.04.3 Taxes Affecting the Mortgagee's Interest. If any state, federal, municipal or other governmental law, order, rule or regulation, passed subsequent to the date hereof in any manner changes or modifies existing laws governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting taxes (other than income or franchise taxes), so as to affect adversely the rights of the Mortgagee, the Liabilities shall, upon not less than twenty (20) days' notice, become due and payable forthwith at the option of the Mortgagee, whether or not there shall have occurred an Event of Default; provided, however, that in the event that the Mortgagor can, without violating such law, order, rule or regulation, pay all additional sums payable by the Mortgagee by reason of such law, order, rule or regulation and does pay such additional sums on or before the date when due, the Liabilities shall not become due and payable as aforesaid.

1.04.4 No Credit Against the Indebtedness Secured Hereby. The Mortgagor shall not claim, demand or be entitled to receive any credit against the principal or interest payable under the terms of the Note or on any Liabilities secured by this Mortgage for so much of the taxes, assessments or similar impositions assessed against THE MORTGAGED PROPERTY, or any part thereof, or that are applicable to the indebtedness secured hereby or to the Mortgagee's interest in THE MORTGAGED PROPERTY.

1.05 Insurance and Condemnation.

1.05.1 Insurance Policies. The Mortgagor shall, at its sole cost and expense, obtain for, deliver to, assign and maintain for the benefit of the Mortgagee, until the Liabilities are paid in full, insurance policies as specified

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in the Agreement. In the event of a casualty loss, the net insurance proceeds from such insurance policies shall be paid and applied as specified in the Agreement.

1.05.2 Condemnation Awards. The Mortgagee shall be entitled to all awards (which term when used in this Mortgage shall include all compensation, awards, damages, claims, rights of action, proceeds and other payments of relief) of, or on account of, any damage or taking through condemnation (which term when used in this Mortgage shall include any damage or taking by any governmental authority or any other authority authorized by the laws of the State of Illinois or the United States of America to so damage or take, and any transfer by private sale in lieu thereof, either temporarily if such temporary taking materially affects the rental income of THE MORTGAGED PROPERTY or permanently) of THE MORTGAGED PROPERTY, or any part thereof, or of, or on account of, the alteration of the grade of any street or highway, and is hereby authorized, at its option, to commence, appear in and prosecute in its own or the Mortgagor's name any action or proceeding relating to any condemnation and to settle or compromise any claim in connection therewith, provided, however, the Mortgagee shall act in a reasonable and prudent manner in connection with any such actions. All awards and the right thereto are included in THE MORTGAGED PROPERTY, and the Mortgagee, after deducting therefrom all its expenses, including reasonable attorneys' fees, at its option (except as otherwise provided in Paragraph 1.05.4) may apply such net proceeds in such manner as the Mortgagee shall determine, to the reduction of the Liabilities without regard to whether the same are or are not then due and in the event any net proceeds remain thereafter, such net proceeds shall be paid to the Mortgagor. The Mortgagor agrees to execute such further assignments of any awards as the Mortgagee may require.

1.05.3 Condemnation of Improvements. If there shall be damaged or taken through condemnation all or any part of (a) the Improvements (other than incidental parts thereof the taking of which does not, in the Mortgagee's judgment, materially affect the Mortgagee's security) or (b) THE MORTGAGED PROPERTY, other than the Improvements, and the taking of which would, in the judgment of the Mortgagee, render all or any part of THE MORTGAGED PROPERTY not reasonably accessible or not in compliance with applicable codes, ordinances, laws or regulations by reason of insufficient lot area or parking spaces or otherwise, all Liabilities shall without notice become due and payable forthwith at the option of the Mortgagee, whether or not there shall have occurred an Event of Default.

1.05.4 Application of Proceeds. If all or any part of THE MORTGAGED PROPERTY shall be damaged or taken through condemnation (unless such condemnation is such that it constitutes an Event of Default under this Mortgage or the

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Agreement), the net proceeds of condemnation (as provided in Paragraph 1.05.2) shall be applied to the repair, restoration and construction of the Improvements in accordance with, and subject to, the following conditions:

(a) Such net proceeds shall be disbursed in accordance with the provisions of the Agreement relating to the disbursement of the loan provided for therein.

(b) Such net proceeds will be held by the Mortgagee and invested by the Mortgagee in a manner that is acceptable to the Mortgagee and the Mortgagor, and reinvested upon maturity, with interest accruing for the benefit of the Mortgagor.

(c) The Mortgagee shall have no obligation to disburse such net proceeds if there shall have occurred an Event of Default and such Event of Default has not been cured, and the Mortgagee reserves the right at all times to apply such net proceeds to the cure of any Event of Default or the performance of any obligations under the Loan Documents.

1.06 Care of THE MORTGAGED PROPERTY.

(a) The Mortgagor shall preserve and maintain THE MORTGAGED PROPERTY in first-class condition and repair. The Mortgagor shall not, knowingly or to the knowledge of the Beneficiary, permit, commit or suffer any waste, impairment or deterioration of THE MORTGAGED PROPERTY, or of any part thereof, or take any action which will increase the risk of fire or other hazard to THE MORTGAGED PROPERTY, or to any part thereof.

(b) Except as otherwise provided in this Mortgage, no part of THE MORTGAGED PROPERTY shall be removed, demolished or altered in any manner, if in the Mortgagee's judgment, such removal, demolition or alteration impairs the Mortgagee's security. The Mortgagor shall have the right to remove and dispose of, free from the lien of this Mortgage, any part of THE MORTGAGED PROPERTY as from time to time may become worn out or obsolete, provided that either simultaneously with or prior to such removal, any such property shall be replaced with other property of equal utility and of a value at least equal to that of the replaced property when first acquired, and free from any security interest of any other person; and by such removal and replacement the Mortgagor shall be deemed to have subjected such replacement property to the lien of this Mortgage.

(c) The Mortgagee may enter upon and inspect THE MORTGAGED PROPERTY, subject to the rights of tenants under leases permitted under Paragraph 1.16.

(d) If any part of THE MORTGAGED PROPERTY shall be lost, damaged or destroyed by fire or any other cause, the Mortgagor will give immediate written notice thereof to the Mortgagee and (subject to the provisions of the last sentence of this Paragraph 1.06(d)) shall promptly restore THE MORTGAGED PROPERTY to the equivalent of its condition immediately prior to such loss, damage or destruction regardless of whether or not there shall be any insurance proceeds therefor. If a part of THE MORTGAGED PROPERTY shall be lost, physically damaged, or destroyed through condemnation, the Mortgagor will (subject to the provisions of the last sentence of this Paragraph 1.06(d)) promptly restore, repair or alter THE MORTGAGED PROPERTY remaining in a manner satisfactory to the Mortgagee. In the event that the Mortgagee applies to the Liabilities part or all of the insurance proceeds payable by reason of such loss, damage or destruction, or part or all of the condemnation award payable by reason of such condemnation, the Mortgagor shall not be obligated to restore THE MORTGAGED PROPERTY beyond the degree of restoration that can be accomplished using the remaining insurance proceeds or condemnation award. If the restoration is made with less than the full amount of insurance proceeds or condemnation award, the Mortgagor shall use its best efforts to create an architectural unit useable for the same purposes as the portion destroyed, albeit, if necessary, of smaller size.

1.07 Transfer of THE MORTGAGED PROPERTY. The Mortgagor shall not (a) sell, convey, transfer, lease (except as provided in Paragraph 1.16), mortgage or further encumber any interest in THE MORTGAGED PROPERTY, or any part thereof, or (b) suffer or permit the transfer, assignment or encumbrance of the beneficial interest in the Borrower, without the prior written consent of the Mortgagee having been obtained to (x) the sale, conveyance, mortgage, encumbrance, lease, assignment, transfer, reduction or change, and (y) the form and substance of any instrument evidencing any such sale, conveyance, mortgage, encumbrance, lease (subject to the provisions of Paragraph 1.16), assignment, transfer, reduction or change. The Mortgagor shall not, without the prior written consent of the Mortgagee, further assign the rents from THE MORTGAGED PROPERTY, and any such assignment without the prior express written consent of the Mortgagee shall be null and void. The Mortgagor agrees that, in the event the ownership of THE MORTGAGED PROPERTY or any part thereof becomes vested in a person other than the Mortgagor, the Mortgagee may, without notice to the Mortgagor, deal in any way with such successor or successors in interest with reference to the Mortgage, the Note and the Liabilities without in any way vitiating or discharging the Mortgagor's liability hereunder or upon the Note or any other Loan Document. No sale of THE MORTGAGED PROPERTY, no forbearance to any person with respect to this Mortgage, and no extension to any person of the time for payment of the Note, the

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Liabilities and other sums hereby secured given by the Mortgagee shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor, either in whole or in part.

1.08 Further Assurances. At any time and from time to time, upon the Mortgagee's written request, the Mortgagor shall make, execute and deliver, or cause to be made, executed and delivered, to the Mortgagee, and where appropriate shall cause to be recorded, registered or filed, and from time to time thereafter to be re-recorded, re-registered and re-filed at such time and in such offices and places as shall be deemed desirable by the Mortgagee, any and all such further mortgages, instruments of further assurance, certificates and other documents (consistent with the terms of the Loan Documents) as the Mortgagee may consider reasonably necessary or desirable in order to effectuate, complete, perfect, or to continue and preserve the obligations of the Mortgagor under the Note, this Mortgage and any instrument evidencing or securing the Liabilities, and the lien of this Mortgage as a lien upon all of THE MORTGAGED PROPERTY, whether now owned or hereafter acquired by the Mortgagor, and unto all and every person or persons deriving any estate, right, title or interest under this Mortgage. Upon any failure by the Mortgagor to do so, the Mortgagee may make, execute, record, register, file, re-record, re-register or re-file any and all such mortgages, instruments, certificates and documents for and in the name of the Mortgagor, and the Mortgagor hereby irrevocably appoints the Mortgagee the agent and attorney-in-fact of the Mortgagor to do so.

1.09 Security Agreement and Financing Statements.

(a) The Mortgagor (as debtor) hereby grants to the Mortgagee (as creditor and secured party) a security interest in all fixtures, equipment and other personal property of every nature whatsoever owned by the Mortgagor or the Beneficiary constituting part of THE MORTGAGED PROPERTY. The Mortgagor shall execute, and shall cause the Beneficiary to execute, any and all such documents, including, without limitation, financing statements pursuant to the Uniform Commercial Code of the State of Illinois, as the Mortgagee may reasonably request to preserve and maintain the priority of the lien and security interest created hereby on property which may be deemed personal property or fixtures, and shall pay to the Mortgagee on demand any expenses incurred by the Mortgagee in connection with the preparation, execution and filing of any such documents. The Mortgagor hereby irrevocably authorizes and empowers the Mortgagee to execute and file, on the behalf of the Mortgagor and the Beneficiary, all financing statements and refilings and continuations thereof as the Mortgagee deems necessary or advisable to create, preserve and protect such lien. When and if the Mortgagor

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and the Mortgagee shall respectively become the debtor and secured party in any Uniform Commercial Code financing statement affecting THE MORTGAGED PROPERTY, this Mortgage shall be deemed a security agreement as defined in such Uniform Commercial Code, and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law, or, as to such part of the security which is also reflected in such financing statement, by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at the Mortgagee's sole election.

(b) The Mortgagor and the Mortgagee agree that the filing of a financing statement in the records normally having to do with personal property shall not be construed as in any way derogating from or impairing the express declaration and intention of the parties hereto, hereinabove stated, that all tangible property used in connection with the production of income from THE MORTGAGED PROPERTY and/or adapted for use therein and/or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings, legal or equitable, shall be regarded as part of the real estate encumbered by this Mortgage irrespective of whether (i) any such item is physically attached to the Land or Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with the Mortgagee, or (iii) any such item is referred to or reflected in any such financing statement so filed or in any security agreement so executed at any time. Similarly, the mention in any such financing statement or security agreement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) the Mortgagor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of THE MORTGAGED PROPERTY, whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of the Mortgagee as determined by this instrument or impugning the priority of the Mortgagee's lien granted hereby or by any other recorded document, but such mention in the financing statement or security agreement is declared to be for the protection of the Mortgagee in the event any court or judge shall at any time hold with respect to (1), (2) or (3) that notice of the Mortgagee's priority of interest to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivisions or entity of the federal government, must be filed in the Uniform Commercial Code records.

1.10 Assignment of Rents. The assignment contained in paragraph (E) under the section of this Mortgage entitled "THE MORTGAGED PROPERTY" shall be fully operative

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without any further action on the part of either party, and, specifically, the Mortgagee shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all rents, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof, whether or not the Mortgagee takes possession of such property. The Mortgagor hereby further grants to the Mortgagee the right upon the occurrence of an Event of Default, at the Mortgagee's option, (i) to enter upon and take possession of THE MORTGAGED PROPERTY for the purpose of collecting the rents, income and other benefits, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to the Mortgagee, (iii) to lease THE MORTGAGED PROPERTY or any part thereof, and (iv) to apply the rents, income and other benefits, after payment of all necessary charges and expenses, on account of the Liabilities. Such assignment and grant shall continue in effect until the Liabilities are paid, the execution of this Mortgage constituting and evidencing the irrevocable consent of the Mortgagor to the entry upon and taking possession of THE MORTGAGED PROPERTY by the Mortgagee pursuant to such grant, whether or not foreclosure has been instituted. Neither the exercise of any rights under this paragraph by the Mortgagee nor the application of any such rents, income or other benefits to the Liabilities shall cure or waive any default or notice of default hereunder, or invalidate any act done pursuant hereto or pursuant to any such notice, but shall be cumulative of all other rights and remedies.

1.11 After-Acquired Property. To the extent permitted by, and subject to, applicable law, the lien of this Mortgage shall automatically attach, without further act, to all property hereafter acquired by the Mortgagor located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, THE MORTGAGED PROPERTY or any part thereof.

1.12 Assignment of Leases.

(a) The assignment contained in Paragraph (F) hereof shall not be deemed to impose upon the Mortgagee any of the obligations or duties of the Mortgagor provided in any lease (including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage and shall have been barred and foreclosed thereby of all right, title and interest and equity of redemption in THE MORTGAGED PROPERTY or any part thereof).

(b) With respect to the assignment contained in Paragraph (F) hereof, the Mortgagor shall, from time to time upon request of the Mortgagee, specifically assign to the

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Mortgagee as additional security hereunder, by an instrument in writing in such form as may be approved by the Mortgagee, all right, title and interest of the Mortgagor in and to any and all leases now or hereafter on or affecting THE MORTGAGED PROPERTY, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to the Mortgagor to collect the rentals under any such lease. The Mortgagor shall also execute and deliver to the Mortgagee any notification, financing statement or other document reasonably required by the Mortgagee to perfect the foregoing assignment as to any such lease. The provisions of this Paragraph 1.12 shall be subject to the provisions of Paragraph (F).

1.13 Expenses. The Mortgagor will pay when due and payable all appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title policy fees, escrow fees, reasonable attorneys' fees and expenses, fees and expenses of inspecting architect(s) and engineer(s), and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by the Mortgagee. The Mortgagor will, upon demand by the Mortgagee, reimburse the Mortgagee for all such expenses which have been or shall be incurred by it; and the Mortgagor indemnifies and agrees to hold harmless the Mortgagee from and against, and reimburse it for, all claims, demands, liabilities, losses, damages, judgments, penalties, costs, and expenses (including, without limitation, reasonable attorney's fees and expenses) which may be imposed upon, asserted against, or incurred or paid by it by reason of or in connection with any bodily injury or death or property damage occurring in or upon THE MORTGAGED PROPERTY through any cause whatsoever, or asserted against it on account of any act performed or omitted to be performed hereunder, or on account of any transaction arising out of or in any way connected with THE MORTGAGED PROPERTY, the Loan Documents or any Liabilities.

1.14 The Mortgagee's Performance of Defaults. If the Mortgagor defaults in the payment of any tax, assessment, encumbrance or other imposition, in its obligation to furnish insurance hereunder, or in the performance or observance of any other covenant, condition or term in this Mortgage, the Note or any Loan Document, after written notice and the expiration of any applicable cure provisions, the Mortgagee may, to preserve its interest in THE MORTGAGED PROPERTY, perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by the Mortgagee in connection therewith shall become due and payable immediately. The amounts so incurred or paid by the Mortgagee, together with interest thereon at the Default Rate (as hereinafter defined) from the date incurred until paid by the Mortgagor, shall be added to the Liabilities and secured by the lien of this

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Mortgage. The Mortgagee 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 covenant, condition or term, without thereby becoming liable to the Mortgagor or any person in possession holding under the Mortgagor.

1.15 Reporting Requirements. The Mortgagor shall (i) keep and maintain at all times complete, true and accurate books of account and records reflecting the results of the operations of THE MORTGAGED PROPERTY and (ii) furnish to the Mortgagee, within sixty (60) days after the end of each fiscal year, a report concerning the operations of THE MORTGAGED PROPERTY prepared and certified by an officer of P.S.D., Inc., an Illinois corporation. Such annual report shall be in both narrative and financial statement format and shall include, without limitation, a balance sheet, a statement of income and expenses, a cash flow statement, a rent roll, and a status report of lease negotiations, and such other information as the Mortgagee may, from time to time, reasonably require. The Mortgagee shall during customary business hours have access to and be permitted to make copies of and audit all books, records and documents of, or in the control of, the Mortgagor or the Beneficiary relating to THE MORTGAGED PROPERTY. The Mortgagee shall have the right to obtain appraisals of all or any part of THE MORTGAGED PROPERTY at any time and from time to time at its own expense, and the Mortgagor shall provide access to all portions of THE MORTGAGED PROPERTY, subject to the rights of tenants, and otherwise shall fully cooperate with such appraisers as the Mortgagee may designate.

1.16 Leases Affecting THE MORTGAGED PROPERTY.

(a) The Mortgagor shall comply with and observe its obligations as landlord under all leases affecting THE MORTGAGED PROPERTY or any part thereof. The Mortgagor, if required by the Mortgagee, shall furnish promptly to the Mortgagee original or certified copies of all such leases now existing or hereafter created. The Mortgagor shall not accept payment of rent more than one (1) month in advance without the prior written consent of the Mortgagee.

(b) The assignment contained in Paragraph (F) hereof shall not be deemed to impose upon the Mortgagee any of the obligations or duties of the Mortgagor provided in any lease (including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage and shall have been barred and foreclosed thereby of all right, title and interest and equity of redemption in THE MORTGAGED PROPERTY, or any part thereof), and the Mortgagor hereby

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acknowledges and agrees that the Mortgagor is and will remain liable under such leases to the same extent as though the assignment contained in Paragraph (F) hereof had not been made, and the Mortgagee disclaims any assumption of the obligations imposed upon the Mortgagor under the leases. With respect to the assignment contained in Paragraph (F) under the section of this Mortgage entitled "THE MORTGAGED PROPERTY," the Mortgagor shall, from time to time upon the request of the Mortgagee, specifically assign to the Mortgagee as additional security hereunder, by an instrument in writing in such form as may be approved by the Mortgagee, all right, title and interest of the Mortgagor in and to any and all leases now or hereafter on or affecting THE MORTGAGED PROPERTY, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to the Mortgagor to collect the rentals under any such lease. The Mortgagor shall also execute and deliver to the Mortgagee any notification, financing statement or other document reasonably required by the Mortgagee to perfect the foregoing assignment as to any such lease.

1.17 Escoppel Affidavits. The Mortgagor, within fifteen (15) days after written request from the Mortgagee, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the Note, and any other unpaid sums secured hereby, whether or not any offsets or defenses are claimed to exist against such principal and interest or other sums and, if such offsets or defenses are claimed, the specific basis and amount of each offset and defense.

1.18 Use of THE MORTGAGED PROPERTY. The Mortgagor shall not, knowingly or to the knowledge of the Beneficiary, suffer or permit THE MORTGAGED PROPERTY, or any portion thereof, to be used by the public, as such, without restriction or in such manner as might reasonably tend to impair the Mortgagor's title to THE MORTGAGED PROPERTY, or any portion thereof, or in such manner as might reasonably make possible a claim or claims of easement by prescription or adverse possession by the public, as such, or of implied dedication of THE MORTGAGED PROPERTY or any portion thereof. The Mortgagor shall not use or permit the use of THE MORTGAGED PROPERTY, or any portion thereof, for any unlawful purpose.

ARTICLE TWO

DEFAULTS

2.01 Event of Default. The term "Event of Default," wherever used in this Mortgage, shall mean any one or more of the following events:

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(a) If the Mortgagor shall fail to keep, perform or observe any covenant, condition or agreement hereunder and such failure shall continue for a period of ten (10) business days after written notice from the Mortgagee with respect to covenants, conditions and agreements involving the payments of money, or for a period of twenty (20) business days after written notice from the Mortgagee with respect to non-monetary covenants, conditions and agreements, provided, however, the time limit for curing non-monetary covenants, agreements and obligations shall be extended for a period of not more than an additional thirty (30) days, if the ability to cure the subject default within the specified time limit is not within the reasonable control of the Mortgagor, and provided the Mortgagor promptly and in good faith undertakes the curing of such default and diligently thereafter in good faith pursues the curing thereof to completion.

(b) If any material inaccuracy that is known or that should have been known to the Mortgagor or the Beneficiary shall exist in any of the financial statements or in any other information furnished to the Mortgagee pursuant to the provisions of any Loan Document or furnished to the Mortgagee to induce the Mortgagee to make the loan evidenced by the Note.

(c) If there occurs any default under any of the other Loan Documents, and such default is not cured within the applicable grace or cure period, if any.

ARTICLE THREE

REMEDIES

3.01 Remedies. Subject to the provisions of the Agreement, upon the occurrence of an Event of Default, in addition to any rights and remedies provided for in the Agreement, the following provisions shall apply

3.02 The Mortgagee's Power of Enforcement. If an uncured Event of Default shall have occurred, the Mortgagee may, either with or without entry or taking possession as hereinabove provided or otherwise, and without regard to whether or not the Liabilities shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure or any other action for any default existing at the time such earlier action was commenced, proceed by any appropriate action or proceeding: (a) to enforce payment of the Note and/or the other Liabilities or the performance of any term hereof or any other right; (b) to foreclose this Mortgage and to have sold, as an entirety or in separate lots or parcels or otherwise, THE MORTGAGED PROPERTY; and (c) to pursue any other remedy available to it. The Mortgagee shall take action either by such proceedings or

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by the exercise of its powers with respect to entry or taking possession, or both, as the Mortgagee may determine.

3.03 The Mortgagee's Right to Enter and Take Possession, Operate and Apply Income.

(a) If an uncured Event of Default shall have occurred, (i) the Mortgagor, upon written demand of the Mortgagee, shall forthwith surrender to the Mortgagee the actual possession of THE MORTGAGED PROPERTY, and if and to the extent permitted by law, the Mortgagee itself, or by such officers or agents as it may appoint, may enter and take possession of all or any portion of THE MORTGAGED PROPERTY and may exclude the Mortgagor and the Beneficiary and their agents and employees wholly therefrom and may have access to the books, papers and accounts of the Mortgagor and the Beneficiary; and (ii) the Mortgagor will pay monthly in advance to the Mortgagee, on the Mortgagee's entry into possession, or to any receiver appointed to collect the rents, income and other benefits of THE MORTGAGED PROPERTY, the fair and reasonable rental value for the use and occupation of such part of THE MORTGAGED PROPERTY as may be occupied by the Mortgagor or the Beneficiary, and upon default in any such payment will vacate and surrender possession of such part of THE MORTGAGED PROPERTY to the Mortgagee or to such receiver, and in default thereof the Mortgagor and the Beneficiary may be evicted by summary proceedings or otherwise.

(b) If the Mortgagor or the Beneficiary shall for any reason fail to surrender or deliver THE MORTGAGED PROPERTY, or any part thereof, after the Mortgagee's written demand, the Mortgagee may obtain a judgment or decree conferring on the Mortgagee the right to immediate possession or requiring the Mortgagor and the Beneficiary to deliver immediate possession of all or part of THE MORTGAGED PROPERTY to the Mortgagee, to the entry of which judgment or decree the Mortgagor hereby specifically consents. The Mortgagor shall pay to the Mortgagee, upon demand, all costs and expenses of obtaining such judgment or decree, including without limitation, reasonable compensation to the attorneys and agents of the Mortgagee, and all such costs and expenses shall, until paid, be secured by the lien of this Mortgage.

(c) Upon every such entering upon or taking of possession, the Mortgagee 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 and personal 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 Mortgagor, in its name or otherwise, with respect to the same; and

(iv) enter into agreements with others to exercise the powers herein granted the Mortgagee, all as the Mortgagee from time to time may reasonably determine; and the Mortgagee may collect and receive all the rents, income and other benefits thereof, including those past due as well as those accruing thereafter; and shall apply the monies so received by the Mortgagee, in such priority as the Mortgagee may determine, to (1) the payment of the Liabilities, (2) the cost of insurance, taxes, assessments and other proper charges upon THE MORTGAGED PROPERTY, or any part thereof, and (3) the compensation, expenses and disbursements of the agents, attorneys and other representatives of the Mortgagee.

(d) The Mortgagee shall surrender possession of THE MORTGAGED PROPERTY to the Mortgagor only when all amounts under any of the terms of this Mortgage shall have been paid and all other defaults made good. The same right to take possession shall exist, however, if any subsequent Event of Default shall occur.

3.04 Leases. Except as otherwise provided in leases approved by the Mortgagee, the Mortgagee is authorized to foreclose this Mortgage subject to the rights, if any, of any tenants of THE MORTGAGED PROPERTY, or the Mortgagee may elect which tenants the Mortgagee desires to name as parties defendant in such foreclosure, and the failure to make any such tenant a party defendant to any foreclosure proceedings and to foreclose its rights will not be, nor be asserted by the Mortgagor to be, a defense to any proceedings instituted by the Mortgagee to collect the sums secured hereby or to collect any deficiency remaining unpaid after the foreclosure sale of THE MORTGAGED PROPERTY.

3.05 Purchase by the Mortgagee. Upon any foreclosure sale, the Mortgagee may bid for and purchase all or any portion of THE MORTGAGED PROPERTY and, upon compliance with the terms of the sale and applicable law, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

3.06 Application of Indebtedness Toward Purchase Price. Upon any foreclosure sale, the Mortgagee may apply any or all of the Liabilities toward the purchase price.

3.07 Waiver of Appraisement, Valuation, Stay and Extension and Redemption Laws. The Mortgagor agrees, to the

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full extent permitted by law, that in case of an Event of Default, neither the Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, or extension 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 MORTGAGED PROPERTY or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser thereat, and the Mortgagor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising THE MORTGAGED PROPERTY marshalled upon any foreclosure of the lien hereof and agrees that the Mortgagee, or any court having jurisdiction to foreclose such lien, may sell THE MORTGAGED PROPERTY in part or as an entirety. To the full extent permitted by law, the Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf, on behalf of the trust estate and all persons beneficially interested therein, and on behalf of each and every person, except judgment creditors of the Mortgagor in their representative capacity and of the trust estate, acquiring any interest in or title to THE MORTGAGED PROPERTY subsequent to the date hereof.

3.08 Receiver - Mortgagee in Possession. If an Event of Default shall have occurred that is continuing, the Mortgagee, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Liabilities, shall be entitled as a matter of right, if it so elects, to the appointment of a receiver to enter upon and take possession of THE MORTGAGED PROPERTY and to collect all rents, income and other benefits thereof and apply the same as the court may direct. The expenses, including receiver's fees, reasonable attorneys' fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Mortgage. The right to enter and take possession of and to manage and operate THE MORTGAGED PROPERTY, and to collect all rents, income and other benefits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. The Mortgagee shall be liable to account only for such rents, income and other benefits actually received by the Mortgagee, whether received pursuant to this paragraph or Paragraph 3.03. Notwithstanding the appointment of any receiver or other custodian, the Mortgagee shall be entitled as pledgee to the possession and control of any cash, deposits, or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to the Mortgagee. Upon, or at any time after the filing of a suit to foreclose this Mortgage, the court in which such suit is filed shall

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also have full power to enter an order placing the Mortgagee in possession of THE MORTGAGED PROPERTY with the same power herein granted to a receiver and with all other rights and privileges of a mortgagee in possession under law.

3.09 Suits to Protect THE MORTGAGED PROPERTY. The Mortgagee shall have the power and authority (but not the duty) to institute and maintain any suits and proceedings as the Mortgagee may deem advisable (a) to prevent any impairment of THE MORTGAGED PROPERTY by any acts which may be unlawful or which violate the terms of this Mortgage, (b) to preserve or protect its interest in THE MORTGAGED PROPERTY, or (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to the Mortgagee's interest.

3.10 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Mortgagor or the Beneficiary, the Mortgagee, 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 its claims allowed in such proceedings for the entire amount due and payable by the Mortgagor under the Note, this Mortgage and any other Loan Document, at the date of the institution of such proceedings, and for any additional amounts which may become due and payable by the Mortgagor after such date.

3.11 The Mortgagor's Obligation to Pay the Liabilities upon the occurrence of any Event of Default; Application of Monies by the Mortgagee.

(a) If an Event of Default shall occur that is continuing, then, upon the Mortgagee's demand, the Mortgagor shall pay to the Mortgagee the whole amount due and payable under the Note and all other Liabilities; and if the Mortgagor shall fail to pay the same forthwith upon such demand, the Mortgagee shall be entitled to sue for and to recover judgment against the Mortgagor for the whole amount so due and unpaid together with costs and expenses, including without limitation, the reasonable compensation, expenses and disbursements of the Mortgagee's agents, attorneys and other representatives, either before, after or during the pendency of any proceedings for the enforcement of this Mortgage; and the right of the Mortgagee to recover such judgment shall not be affected by any taking possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

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(b) The Mortgagor hereby agrees, to the extent permitted by law, that no recovery of any judgment by the Mortgagee, and no attachment or levy of execution upon any of THE MORTGAGED PROPERTY or any other property of the Mortgagor, shall in any way affect the lien of this Mortgage upon THE MORTGAGED PROPERTY, or any part thereof, or any lien, rights, powers or remedies of the Mortgagee hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before, until the Liabilities are paid in full.

(c) Any monies collected or received by the Mortgagee under this Paragraph 3.11 shall be applied to the payment of compensation, expenses and disbursements of the agents, attorneys and other representatives of the Mortgagee in connection with the exercise of the Mortgagee's rights hereunder, and the balance remaining shall be applied to the payment of the Liabilities.

3.12 Delay or Omission Not a Waiver. No delay or omission of the Mortgagee to exercise any right, power or remedy accruing upon and during the continuance of any Event of Default shall exhaust or impair any such right, power or remedy, or be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to the Mortgagee may be exercised from time to time and as often as may be deemed expedient by the Mortgagee.

3.13 No Waiver of One Default to Affect Another. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies consequent thereon. If the Mortgagee (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 thereof; (c) waives or does not exercise any right granted in the Note, this Mortgage or any other Loan Document; (d) releases any part of THE MORTGAGED PROPERTY from the lien of this Mortgage or any other security under any other Loan Document; (e) consents to the filing of any map, plat or reprint of the Land; (f) consents to the granting of any easement on the Land; or (g) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under the Note, this Mortgage or any other Loan Document. No such act or omission shall preclude the Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Mortgagee, shall the lien of this Mortgage be altered

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thereby, except to the extent of any releases as described in subparagraph (d), above, of this Paragraph 3.13.

3.14 Discontinuance of Proceedings; Position of Parties Restored. If the Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or such proceedings shall have resulted in a final determination adverse to the Mortgagee, then and in every such case the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceedings had occurred or had been taken.

3.15 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Mortgagee by the Note, this Mortgage or any other Loan Document is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to every other right, power and remedy given hereunder, under the Note or any other Loan Document now or hereafter existing, or at law, in equity or by statute.

3.16 Interest After Event of Default. If an Event of Default shall have occurred that remains uncured, principal and interest under the Note and all other outstanding and unpaid Liabilities shall, to the extent permitted by law, bear interest at the Default Rate set forth in Paragraph 4.09 hereof.

ARTICLE FOUR

MISCELLANEOUS PROVISIONS

4.01 Heirs, Successors and Assigns Included in Parties. Whenever one of the parties hereto is named or referred to herein, the heirs and successors and assigns of such party shall be included, and all covenants and agreements contained in this Mortgage shall bind the successors and assigns of the Mortgagor and inure to the benefit of the successors and assigns of the Mortgagee.

4.02 Addresses for Notices, Etc. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given if hand delivered or if mailed (effective upon deposit thereof at any main or branch United States Post Office) by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

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If to the Mortgagor:

P.S.J., Inc.
c/o Horizon Development, Inc.
1930 Thoreau Court
Suite 200
Schaumburg, Illinois 60173
Attn: Stuart B. Lenhoff

with a copy to:

D'Ancona & Pflaum
30 North LaSalle Street
Chicago, Illinois 60602
Attn: Marc S. Joseph

If to the Mortgagee:

Baird & Warner, Inc.
200 West Madison Street
Chicago, Illinois 60606
Attn: Richard T. Palmisano

with a copy to:

Sidley & Austin
One First National Plaza
Chicago, Illinois 60603
Attn: Donald J. Gralen

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience only, are not to be considered a part hereof, and shall not limit, expand or otherwise affect any of the terms hereof.

4.04 Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Mortgage or in any other Loan Document shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein, in the Note or in any other Loan Document shall be in no way affected, prejudiced or disturbed thereby.

4.05 Changes. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instru-

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ment in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement hereafter made by the Mortgagor and the Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

4.06 Governing Law. This Mortgage shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Illinois.

4.07 Required Notices. The Mortgagor shall notify the Mortgagee promptly of the occurrence of any of the following: (i) receipt of any material notice from any governmental authority relating to THE MORTGAGED PROPERTY; (ii) receipt of any notice of default from any tenant leasing all or any portion of THE MORTGAGED PROPERTY; (iii) any change in the tenancy of THE MORTGAGED PROPERTY; (iv) receipt of any notice from the holder of any other lien or security interest in THE MORTGAGED PROPERTY; or (v) commencement of any judicial or administrative proceedings by or against or otherwise affecting the Mortgagor, the Beneficiary, THE MORTGAGED PROPERTY or any entity controlled by or under common control with the Mortgagor or the Beneficiary, or any other action by any creditor thereof as a result of any default under the terms of any loan.

4.08 Future Advances. This Mortgage is given to secure not only existing indebtedness, but also such future advances made pursuant to the terms of the Agreement, whether such advances are obligatory or are to be made at the option of the Mortgagee, or otherwise, as are made by the Mortgagee, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed twice the face amount of the Note, plus interest thereon, and any disbursements made for the payment of taxes, levies or insurance on, or preservation of, THE MORTGAGED PROPERTY, with interest on such disbursements at the Default Rate.

4.09 Default Rate. The Default Rate shall be the "Default Rate" set forth in the Note.

4.10 Construction Mortgage. This Mortgage is a "Construction Mortgage" within the purview and operation of Section 9-313(1)(c) of the Uniform Commercial Code of the State of Illinois as amended; and this Mortgage secures loans, the proceeds of which will be disbursed to the Borrower to finance Improvements which are to be constructed on the Land pursuant to and in accordance with the Agreement. Accordingly, the lien created by this Mortgage shall be a first lien against all fixtures, equipment and other personal

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property of every kind incorporated and to be incorporated in the Improvements to be constructed as aforesaid, and such lien shall take precedence over and be paramount and superior to any other lien, charge or security interest which any person may claim against such fixtures, equipment or personal property.

4.11 Exculpatory Provision. This Mortgage is executed by the LaSalle National 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. It is expressly understood and agreed that nothing contained herein shall be construed as creating any liability on said Trustee personally to pay the Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Mortgagee and by every person now or hereafter claiming any right of security hereunder, and that so far as the Trustee and its successors are concerned, the legal holder or holders of the Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises hereby conveyed for the payment thereof.

IN WITNESS WHEREOF, the Mortgagor has caused these presents to be executed as of the day and year first above written.

LASALLE NATIONAL BANK, not personally, but as Trustee as aforesaid

By: 

Its: _____

②

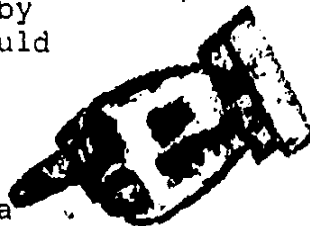
Attest: 

Its: _____

ASSISTANT SECRETARY

This document prepared by and after recording should be returned to:

Lee M. Smolen
Sidley & Austin
One First National Plaza
Chicago, Illinois 60603



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Property of Cook County Clerk's Office



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EXHIBIT A

LEGAL DESCRIPTION

THE EAST 242.50 FEET OF THE WEST 910.00 FEET OF THE SOUTH 330.00 FEET OF THE SOUTHEAST 1/4 OF SECTION 10, TOWNSHIP 41 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS. (EXCEPT THAT PART TAKEN FOR GOLF ROAD AS SHOWN ON DOCUMENT 10488002 AND EXCEPT THE SOUTH 20 FEET THEREOF.)

The property is commonly known as 100 East Golf Road, Schaumburg, Illinois

Permanent Index Number: 07-10-400-011, Volume 187

Property of Cook County Clerk's Office

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EXHIBIT B

PERMITTED EXCEPTIONS

1. General real estate taxes for the year 1986 and subsequent years.
2. Shopping Center Lease, dated June 2, 1987, by and between Horizon Development I, Inc., an Illinois corporation, as landlord, and Video Superstore Management, Inc., a Texas corporation, as tenant, for the premises commonly known as Stores 106-109 at 100 E. Golf Road, Schaumburg, Illinois.
3. Shopping Center Lease, dated May 13, 1987, by and between Horizon Development I, Inc., an Illinois corporation, as landlord, and J. S. M. Acquisition Corp., an Illinois corporation, as tenant, for the premises commonly known as Stores 103-104 at 100 E. Golf Road, Schaumburg, Illinois.
4. Shopping Center Lease, dated May 1, 1987, by and between Horizon Development I, Inc., an Illinois corporation, as landlord, and Kay & Kay Tile Inc., a Michigan corporation, as tenant, for the premises commonly known as Stores 101-102 at 100 E. Golf Road, Schaumburg, Illinois.

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COOK COUNTY RECORDER

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