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LM USA Loan No. 535906

MORTGAGE DEED (WITH SECURITY AGREEMENT AND ASSIGNMENT OF RENTS AND LEASES)

By this agreement dated Dec. 5, 1988, the undersigned, Haverford at Schaumburg Limited Partnership, an Illinois Limited Partnership ("Mortgagor," whether one or more), whose address is c/o Kimball Hill, Inc. 5999 New Wilke Road, Suite 504; Rolling Meadows, Illinois, 60008, to secure the indebtedness and obligations hereinafter described, does hereby GRANT, BARGAIN, SELL, ASSIGN, and CONVEY, unto LOMAS MORTGAGE USA, INC., a Connecticut corporation ("Mortgagee"), the following described land (the "Land") located in Cook County, Illinois:

Legal Description Set Forth on Exhibit A attached hereto and made a part hereof;

TOGETHER with the following, whether now owned or hereafter acquired by Mortgagor: (a) all improvements now or hereafter attached to or placed, erected, constructed or developed on the Land (the "Improvements"); (b) all equipment, fixtures, furnishings, inventory and articles of personal property (the "Personal Property") now or hereafter attached to or use in or about the Improvements or which are necessary or useful for the complete and comfortable use and occupancy of the Improvements for the purposes for which they were or are to be constructed or developed, or which Personal Property is or may be used in or related to the planning, development, financing or operation of the Improvements, and all renewals of or, replacements or substitutions for any of the foregoing whether or not the same are or shall be attached to the Land or Improvements; (c) all building materials and equipment now or hereafter delivered to and intended to be installed in or on the Land or the Improvements; (d) all plans and specifications for the Improvements; (e) all contracts relating to the Land, the Improvements or the Personal Property; (f) all permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Land, the Improvements and the Personal Property; (g) all proceeds arising from or by virtue of the sale, lease or other disposition of the Land, the Improvements or the Personal Property; (h) all proceeds (including premium refunds) of each policy of insurance relating to the Land, the Improvements or the Personal Property; (i) all proceeds from the taking of any of the Land, the Improvements, the Personal Property or any rights appurtenant thereto by right of eminent domain or by private or other purchase in lieu thereof; (j) all right, title and interest of Mortgagor in and to all streets, roads, public places, easements and rights-of-way, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Land; (k) all of the leases, rents, royalties, bonuses, issues, profits, revenues or other benefits of the Land, the Improvements or the Personal Property, including without limitation, cash or securities deposited pursuant to leases to secure performance by the lessees of their obligations thereunder; (l) all rights, hereditaments and appurtenances pertaining to the foregoing; and (m) other interests of every kind and character that Mortgagor now has or at any time hereafter acquires in and to the Land, Improvements and Personal Property described herein and all property described herein and all property that is used or useful in connection therewith, including rights of ingress and egress and all reversionary rights or interests of Mortgagor with respect to such property. The above-described property is collectively referred to herein as the "Mortgaged Property."

TO HAVE AND TO HOLD the Mortgaged Property, together with the rights, privileges and appurtenances thereto belonging, unto the Mortgagee and his substitutes or successors, forever, and Mortgagor hereby binds itself and its heirs, executors, administrators, personal representatives, successors and assigns to warrant and forever defend the Mortgaged Property unto the Mortgagee, and its successors and assigns, against the claim or claims of all persons claiming or to claim the same or any part thereof

ARTICLE 1

INDEBTEDNESS

This Mortgage is given to secure the following:

1.1 Note: Payment of the indebtedness evidenced by the promissory Note (the "Note"), dated of even date herewith, in the stated principal amount of ONE MILLION SEVEN HUNDRED FIFTY THREE THOUSAND SEVEN HUNDRED FIVE AND NO/100 DOLLARS (\$1,753,705.00), executed by Mortgagor, payable to the order of Mortgagee, whose address is 2001 Bryan Tower, Suite 3700, Dallas, Texas 75201 and P. O. Box 650096, Dallas, Texas 75265, and bearing interest and being payable as set forth therein, and all modifications, increases, and renewals thereof made from time to time.

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Property of Cook County Clerk's Office

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4.4 Insurance: Mortgagor shall, at its sole cost and expense, obtain and maintain title insurance, public liability insurance, and builder's risk and casualty insurance in such forms and amounts as are required by the Loan Agreement, or otherwise required by Mortgagor. Mortgagor shall deliver the policies of insurance or certificates thereof in form and substance satisfactory to Mortgagee promptly as issued; and, if Mortgagor fails to do so, Mortgagee, at its option, may procure

4.3 Organization, Power and Existence: Mortgagor (a) is duly organized, validly existing under applicable state laws and in the laws of the state of its formation and in good standing under the laws of the state of Illinois, (b) has complied with all conditions prerequisite to its lawfully doing business in the state where the Land is situated, and (c) has all requisite power and all governmental certificates of authority, licenses, permits, qualifications, and documentation to own, lease and operate its properties and to carry on its business, as now being, and as proposed to be, conducted. All Loan Instruments are within Mortgagor's powers, have been duly authorized by all requisite action and are not in contravention of law or the powers of Mortgagor's organizational documents. Mortgagor will preserve and keep in full force and effect its existence, rights, franchises, and trade names.

4.2 Title to Mortgaged Property and Lien of this Mortgage: Mortgagor has good and indefeasible title to the Land and the improvements, and good and marketable title to the Personal Property, free and clear of any liens, charges, encumbrances, security interests, and adverse claims whatsoever, except as otherwise provided herein. If the interest of Mortgagor in the Mortgaged Property or any part thereof, shall be endangered or shall be attacked, directly or indirectly, Mortgagor hereby authorizes Mortgagee, at Mortgagee's expense, to take all necessary and proper steps for the defense of such interest, including the employment of counsel, the prosecution or defense of litigation, and the compromise or discharge of claims made against such interest.

4.1 Payment and Performance: Mortgagor shall make all payments on the indebtedness when due and shall punctually and properly perform all of Mortgagor's covenants, obligations and liabilities under the Loan Instruments.

Mortgagor does hereby covenant, warrant and represent to and agree with Mortgagee as follows:

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF MORTGAGOR

ARTICLE 4

3.3 Fixtures: Some of the items of the Mortgaged Property described herein are goods that are or are to become fixtures related to the Land, and it is intended that, as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Mortgaged Property is situated within the purview of Section 9.402(b) of the Code. Information concerning the security interest created by this instrument may be obtained from Mortgagee, as secured party, at the address of Mortgagee stated above. The mailing address of the Mortgagor, as debtor, is as stated above.

3.2 Notice of Changes: Mortgagor shall give advance notice in writing to Mortgagee of any proposed change in Mortgagor's name, identity, or structure and will execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may require to establish and maintain the validity and priority of Mortgagee's security interest with respect to any of the Mortgaged Property described or referred to herein.

3.1 Security Interest: This Mortgage shall be a security agreement between Mortgagor, as the debtor, and Mortgagee, as the secured party, covering the Mortgaged Property constituting personal property or fixtures governed by the Illinois Uniform Commercial Code (hereinafter called the "Code"). In addition to Mortgagor's other rights hereunder, Mortgagee shall have all rights of a secured party under the Code. Mortgagor shall execute and deliver to Mortgagee all financing statements that may be required by Mortgagee to establish and maintain the validity and priority of Mortgagee's security interest and Mortgagor shall bear all costs thereof, including all Uniform Commercial Code searches reasonably required by Mortgagee. If Mortgagee should dispose of any of the Mortgaged Property pursuant to the Code, ten (10) days' written notice by Mortgagee to Mortgagee shall be deemed to be reasonable notice; provided, however, Mortgagee may dispose of such property in accordance with the foreclosure procedures of this Mortgage in lieu of proceeding under the Code.

SECURITY AGREEMENT

ARTICLE 3

tenants may rely upon any written statement delivered by Mortgagee to the tenants. Any such payment to Mortgagee shall constitute payment to Mortgagor under the Leases.

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4.12 Compliance with Laws: Mortgagor, the Mortgaged Property, and the use thereof by Mortgagor shall comply with all laws, rules, ordinances, regulations, covenants, conditions, restrictions, orders and decrees of any governmental authority or court applicable to Mortgagor, Mortgaged Property, and its use, and Mortgagor shall pay all fees or charges of any kind in connection therewith.

4.11 No Pledge or Change of Stock or Partnership Interest: If Mortgagor is a corporation, the shareholders of Mortgagor shall not sell, pledge or assign any shares of the stock of Mortgagor without the prior written consent of Mortgagor. If Mortgagor is a partnership or joint venture, the partners or joint venturers of Mortgagor shall not sell, pledge or assign any of their partnership or joint venture interest in Mortgagor without the prior written consent of Mortgagor.

4.10 Repair, Waste, Alterations, etc.: Mortgagor will keep every part of the Mortgaged Property in good operating order, repair and condition and shall not commit or permit any waste thereof. Mortgagor will make promptly all repairs, renewals and replacements necessary to keep and Mortgagor will discharge all claims for labor performed and material furnished therefor, and will not suffer any lien of mechanics or materialmen to attach to any part of the Mortgaged Property. Mortgagor shall have the right to contest in good faith the validity of any such mechanics or materialmen's lien, provided Mortgagor shall first deposit with Mortgagor a bond or other security satisfactory to Mortgagor in such amount as Mortgagor shall require, and provided further that Mortgagor shall thereafter diligently proceed to cause such lien to be removed and discharged. Mortgagor will guard every part of the Mortgaged Property from removal, destruction and damage, and will not do or suffer to be done any act whereby the value of any part of the Mortgaged Property may be lessened.

4.9 Statements by Mortgagor: At the request of Mortgagor, Mortgagor shall furnish promptly a written statement or affidavit, in such form as may be required by Mortgagor, stating the unpaid balance of the Note, the date to which interest has been paid and that there are no offsets or defenses against full payment of the Note and performance of the terms of the Loan Instruments, or if there are any such offsets or defenses, specifying them.

4.8 Taxes on Note or Mortgaged Property: At any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Mortgage, or upon any rights, titles, liens, or security interests created hereby, or upon the Note, or any part thereof, Mortgagor shall immediately pay all such taxes (excluding any state or federal income taxes charged to or assessed on Mortgagor); provided, that if it is unlawful for Mortgagor to pay such taxes, Mortgagor shall prepay the Note in full without penalty, after demand therefor by Mortgagor.

4.7 Condemnation: All judgments, decrees and awards for injury or damage to the Mortgaged Property, and all awards pursuant to proceedings for condemnation thereof, are hereby assigned in their entirety to Mortgagor who may apply the same to the indebtedness in such manner as it may elect; and Mortgagor is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree, immediately upon its obtaining knowledge of the institution or the threatened institution of any proceedings for the condemnation of the Mortgaged Property. Mortgagor shall notify Mortgagor of such fact. Mortgagor shall then, if requested by Mortgagor, file or defend its claim thereunder and prosecute same with due diligence to its final disposition and shall cause any awards or settlements to be paid over to Mortgagor for disposition pursuant to the terms of this Mortgage. Mortgagor shall be entitled to participate in and to control same and to be represented therein by counsel of its own choice, and Mortgagor will deliver, or cause to be delivered, to Mortgagor such instruments as may be requested by it from time to time to permit such participation. In the event Mortgagor, as a result of any such judgment, decree or award, reasonably believes that the payment or performance of any obligation secured by this Mortgage is impaired, Mortgagor may, without notice, declare all of the indebtedness (immediately due and payable).

4.6 Tax and Insurance Escrow: At the request of Mortgagor, Mortgagor shall create a fund or reserve for the payment of all insurance premiums, taxes and assessments against or affecting the Mortgaged Property in such manner and in such amount as Mortgagor shall request.

4.5 Taxes and Assessments: Mortgagor will pay all taxes and assessments against or affecting the Mortgaged Property as the same become due and payable, and, upon request by Mortgagor, Mortgagor will deliver to Mortgagor such evidence of the payment thereof as Mortgagor may require, and, if Mortgagor fails to do so, Mortgagor may pay them, together with all costs and penalties thereon, at Mortgagor's expense.

4.4 Insurance: All renewal and substitute policies of insurance or certificates in form and substance satisfactory to Mortgagor shall be delivered at the office of Mortgagor, premiums paid, at least ten (10) days before termination of policies therefore delivered to Mortgagor. In case of loss, Mortgagor, at its option, shall be entitled to receive and retain the proceeds of the insurance policies, applying the same on the indebtedness. If any loss shall occur at any time when Mortgagor shall be in default hereof, Mortgagor shall be entitled to the benefit of all insurance held by or for any Mortgagor, to the same extent as if it had been made payable to Mortgagor, and upon foreclosure hereunder, Mortgagor shall become the owner thereof.

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6.2 Change in Ownership: If the ownership (legal or beneficial) of the Mortgaged Property or any part thereof becomes vested in a person other than Mortgagor, or in the event of a change of ownership of Mortgagor, Mortgagor may, without notice to Mortgagor (whether legal or beneficial), deal with such successor or successors in interest with reference to this Mortgage and to the indebtedness in the same manner as with Mortgagor without in any way vitiating or discharging Mortgagor's liability hereunder or upon the indebtedness. No sale of the Mortgaged Property, and no forbearance on the part of Mortgagor, and no extension of the time for the payment of the indebtedness, shall operate to release or affect the original liability of Mortgagor.

6.1 Collection: If the indebtedness shall be collected by legal proceedings, whether through a probate or bankruptcy court or otherwise, or shall be placed in the hands of an attorney for collection after default or maturity, Mortgagor agrees to pay the attorneys' and collection fees in the amount set forth in the Note, and such fees shall be a part of the indebtedness.

MISCELLANEOUS

ARTICLE 6

Mortgagor will not, without the prior written consent of Mortgagor, grant any lien, security interest, or other encumbrance affecting any of the Mortgaged Property ("Additional Lien"). If Mortgagor consents to an Additional Lien or if the foregoing prohibition is determined by a court or competent jurisdiction to be unenforceable, any such Additional Lien shall contain express covenants to the effect that the Additional Lien is unconditionally subordinate to this Mortgage and all modifications, renewals, extensions, or increases thereof. Any default under an Additional Lien shall be an Event of Default hereunder.

ADDITIONAL LIENS

ARTICLE 5

4.17 Modification by Subsequent Orders: Each Mortgagor agrees that it shall be bound by any modification of this Mortgage or any of the other Loan Instruments made by Mortgagor and any subsequent owner of the Mortgaged Property, with or without notice to such Mortgagor, and no such modifications shall impair the obligations of such Mortgagor under this Mortgage or any other of the Loan Instruments. Nothing in this Section shall be construed as permitting any transfer of the Mortgaged Property which would constitute an Event of Default under other provisions of this Mortgage.

4.16 Income, Expense and Financial Statements. (a) Within thirty (30) days following Mortgagor's request, Mortgagor shall deliver to Mortgagor then current financial statements, in form and content satisfactory to Mortgagor, following the end of its fiscal year. Mortgagor shall deliver to Mortgagor then current financial statements of Mortgagor, in form and content satisfactory to Mortgagor, and (c) within thirty (30) days following Mortgagor's request, Mortgagor shall cause any other party liable on the indebtedness (or on any part thereof) to deliver to Mortgagor then current financial statements of such party, in form and content satisfactory to Mortgagor, and if requested by Mortgagor, such financial statements in (b) and (c) hereof shall be audited by an independent certified public accountant.

4.15 Payment of Debts: Mortgagor shall promptly pay when due all obligations regarding the ownership and operation of the Mortgaged Property except any such obligations which are being diligently contested in good faith by appropriate proceedings and as to which Mortgagor, if requested by Mortgagor, shall have furnished to Mortgagor security satisfactory to Mortgagor.

4.14 Further Assurances: Mortgagor, upon the request of Mortgagor, will execute, acknowledge, deliver, and record such further instruments and do such further acts as may be necessary, desirable or proper to carry out the purposes of the Loan Instruments and to subject to the liens and security interests created thereby any property intended by the terms thereof to be covered thereby, including or appurtenances to the Mortgaged Property.

4.13 Hold Harmless: Mortgagor will defend, at its own cost and expense, and hold Mortgagor harmless from, any proceeding or claim affecting the Mortgaged Property or the Loan Instruments. All costs and expenses incurred by Mortgagor in protecting its interests hereunder, including all court costs and reasonable attorneys' fees, shall be borne by Mortgagor. The provisions of this Section shall survive the payment in full of the indebtedness and the release of this Mortgage as to events occurring and causes of action arising before such payment and release.

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6.10 Severability: If any provision of this Mortgage is held to be illegal, invalid, or unenforceable under present or future laws effective while this Mortgage is in effect, the legality, validity and enforceability of the remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision which is legal, valid and enforceable and as similar in terms to such illegal, invalid or unenforceable provision as may be possible. If any of the indebtedness should be unsecured, the unsecured portion of the indebtedness shall be completely paid prior to the payment of

6.9 Mortgagee's Consent: Except as otherwise provided herein, in any instance hereunder where Mortgagee's approval or consent is required or the exercise of Mortgagee's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Mortgagee, and Mortgagee shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner regardless of the reasonableness of either the request or Mortgagee's judgment.

6.8 Successors and Assigns, Use of Terms: The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, personal representatives, successors, and assigns of the parties hereto, whenever used, the singular number shall include the plural and the plural the singular, and the use of any gender shall be applicable to all genders. The term "Mortgagor" shall include in their individual capacities and jointly all parties hereinabove named a Mortgagor. The term "Mortgagee" shall include any lawful owner, holder, pledgee, or assignee of any of the indebtedness. The duties, covenants, conditions, obligations, and warranties of Mortgagor in this Mortgage shall be joint and several obligations of Mortgagor and each Mortgagor, if more than one, and Mortgagor's heirs, executors, administrators, personal representatives, successors and assigns. Each party who executes this Mortgage and each subsequent owner of the Mortgaged Property, or any part thereof (other than Mortgagee), covenants and agrees that it will perform or cause to be performed, each term and covenant of this Mortgage.

6.7 Limitation on Interest: All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether written or oral, are hereby limited in accordance with the Note and the other Loan Instruments, so that in no contingency, whether by reason of acceleration of the maturity of any of the indebtedness or otherwise, shall the interest contracted for, charged or received by Mortgagee exceed the maximum amount permissible under applicable law.

6.6 No Waiver: No waiver of any default on the part of Mortgagor or breach of any of the provisions of this Mortgage or of any other instrument executed in connection with the indebtedness shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. Acceptance by Mortgagee of partial payments shall not constitute a waiver of the default by failure to make full payments.

6.5 Waiver of Marshalling, Redemption and Certain Rights: To the extent that Mortgagor may lawfully do so, Mortgagor hereby expressly waives any right pertaining to the marshalling of assets, any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage Deed (for itself and on behalf of each and every person and entity, except decree or judgment creditors of the Mortgagor, a continuing or title to the Mortgaged Property subsequent to the oath hereof), the exemption of homestead, the administration of estates of decedents, or other matter to defeat, reduce or affect the right of Mortgagee to sell the Mortgaged Property for the collection of the indebtedness (without any prior or different resort for collection), or the right of Mortgagee to the payment of the indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other person and claimant.

6.4 Partial Release of Lien, Extension, etc: Any part of the Mortgaged Property may be released by Mortgagee without affecting the lien, security interest and assignment hereof against the remainder. The lien, security interest and other rights granted hereby shall not affect or be affected by any other security taken for the indebtedness. The taking of additional security, or the extension or renewal of the indebtedness or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser or guarantor or improve the right of any permitted junior lienholder; and this Mortgage, as well as any instrument given to secure any renewal or extension of the indebtedness, or any part thereof, shall be and remain a first and prior lien, except as otherwise provided herein, on all of the Mortgaged Property not expressly released until the indebtedness is paid.

6.3 Release of Lien: If Mortgagor shall perform each of the covenants and agreements herein contained, then this conveyance shall become null and void and shall be released at Mortgagor's written request and expense; otherwise, it shall remain in full force and effect. No release or modification of this conveyance, or of the lien, security interest or assignment created and evidenced hereby, shall be valid unless executed by Mortgagee.

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7.5 Transfer of the Mortgaged Property: Title to all or any part of the Mortgaged Property (other than obsolete or worn Personal Property replaced by adequate substitutes of equal or greater value than the replaced items when new) shall become vested in any party other than Mortgagor, whether by operation of law or otherwise.

7.4 Bankruptcy or Insolvency: If the owner of the Mortgaged Property or any of the Special Guarantors as such term is defined in Section 1 of the Loan Agreement: (a) does not pay its debts as they become due or admits in writing its inability to pay (its debts or makes a general assignment for the benefit of creditors); or (b) commences any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; or (c) has a trustee, receiver, custodian or other similar official appointed for or take possession of all or any part of the Mortgaged Property or any other of its property or has any court take jurisdiction of any other of its property which remains undissipated for a period of sixty (60) days.

7.3 False Representation: If any statement, representation or warranty in the Loan Instruments, any financial statement or any other writing delivered to Mortgagor in connection with the indebtedness is false, misleading or erroneous in any material respect.

7.2 Non-Performance of Covenants: If any of the covenants in the Loan Instruments are not fully and timely performed.

7.1 Failure to Pay Indebtedness: If any of the indebtedness is not paid when due, whether by acceleration or otherwise.

The occurrence of any one of the following shall be a default hereunder ("Event of Default"):

EVENTS OF DEFAULT

ARTICLE 7

6.18 Maximum Indebtedness. Notwithstanding anything to the contrary herein contained, in no event shall the indebtedness hereby secured exceed the sum of ONE MILLION SEVEN HUNDRED FIFTY THREE THOUSAND SEVEN HUNDRED FIVE AND NO/100 DOLLARS (\$1,753,705.00)

6.17 Business Loan. Mortgagor hereby represents, warrants, and covenants that the indebtedness constitutes and qualifies as a "business loan" within the meaning, purview, and intent of Chapter 17, 56404(1)(c) of the Illinois Revised Statutes.

6.16 Entire Agreement. The Loan Instruments constitute the entire understanding and agreement between Mortgagor and Mortgagor with respect to the transactions arising in connection with the indebtedness and supersede all prior written or oral understandings and agreements between Mortgagor and Mortgagor in connection therewith.

6.15 Construction Mortgage. This Mortgage constitutes a "construction mortgage" as defined in Section 9-313(1)(c) of the C.O.D. and secures an obligation incurred for the construction of the improvements, including the acquisition cost of the land.

6.14 Headings. The Article, Paragraph and Subparagraph headings hereof are inserted for convenience of reference only and shall not alter, define, or be used in construing the text of such Articles, Paragraphs or Subparagraphs.

6.13 No Homestead. With respect to each Mortgagor who is an individual, no part of the Mortgaged Property constitutes any part of his business or residential homestead.

6.12 No Partnerships. Nothing contained in the Loan Instruments is intended to create any partnership, joint venture or association between Mortgagor and Mortgagor, or in any way make Mortgagor a co-principal with Mortgagor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

6.11 Modification or Termination. The Loan Instruments may only be modified or terminated by a written instrument or instruments executed by the party against which enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party.

the secured portion of such indebtedness, and all payments made on account of the indebtedness shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the indebtedness.

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8.3 Receiver. Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the Court in which such complaint is filed may appoint a receiver of the Mortgaged Property. Such appointment may be made either before or after sale, without regard to solvency or insolvency of the Mortgagor at the time of application for such receiver, and without regard to the then value of the

8.2 Enforcement of Lien. When the indebtedness on any part thereof, shall become due, whether by acceleration or otherwise, or upon the occurrence of an event of default, Mortgagee shall have the right (a) to foreclose the lien hereof for such indebtedness, or (b) to take such other action to protect and enforce Mortgagee's rights hereunder and the lien hereof, as Mortgagee deems advisable, including but not limited to the right, if permitted by applicable law, to sell the Mortgaged Property or any part thereof at public auction, in such manner, at such time and place, upon such terms and conditions, and upon such public notice (consisting of at least an advertisement in a newspaper of general circulation in the county or city in which the Mortgaged Property is located, for not less than once a week for two successive weeks, or such period as the applicable law may then require) and, in case of default of any purchase, resale) with postponement of sale or resale, and upon such public notice thereof, as Mortgagee may determine, and upon judicial approval if then required by law, convey the Mortgaged Property in fee simple and without liability of any purchaser to see to the application of purchase money. In any suit to foreclose the lien hereof, or in the event of any public auction sale, there shall be allowed and included as additional indebtedness in the decree of sale or otherwise, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorney's fees, appraisers' fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title, as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales, the true conditions of the title to or the value of the Mortgaged Property. All expenditures and expenses of the nature mentioned in this Paragraph, and such other expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation, proceedings or sale affecting this Mortgage, the Note or the Mortgaged Property, including probate and bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, shall be so much additional indebtedness and shall be immediately due and payable by Mortgagor, with interest thereon at the lesser of the highest lawful rate per annum or the default rate specified in this Note until paid.

(iv) require Mortgagor to transfer all security deposits and records thereof to Mortgagee, together with all original counterparts of the Leases.

(iii) apply the Rents so collected to the operation and management of the Mortgaged Property, including the payment of reasonable management, brokerage and attorneys' fees, and/or or to the indebtedness; and

(ii) make, modify, enforce, cancel, terminate or accept surrender of any Leases, evict tenants, adjust the Rents, maintain, decorate, refurbish, repair, clean, and make space ready for renting, and otherwise do anything Mortgagee deems advisable in connection with the Mortgaged Property;

(i) terminate the license granted to Mortgagor to collect the Rents, collect and sue for the Rents in Mortgagee's own name, give receipts and releases therefor, and after deducting all expense of collection, including reasonable attorneys' fees, apply the net proceeds thereof to any indebtedness as Mortgagee may elect;

(c) Enforcement of Assignment of Rents and Leases: Mortgagee may to the extent permitted by applicable law:

(a) Acceleration: Mortgagee may declare the indebtedness immediately due and payable, without notice, whereupon the same shall become immediately due and payable. Mortgagee hereby waives notice of intent to accelerate and notice of acceleration.

8.1 Exercise of Specific Remedies: If an Event of Default shall occur, Mortgagee may exercise any one or more of the following remedies, without notice:

REMEDIES

ARTICLE 8

7.7 Foreclosure of Other Liens: If the holder of any lien, security interest or assignment on the Mortgaged Property institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

7.6 Abandonment: If Mortgagor abandons any of the Mortgaged Property.

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8.11 Remedies. Cumulative, Concurrent and Nonexclusive. Mortgagee shall have all rights, remedies and recourses granted in the Loan Instruments and available at law or equity (including, without limitation, those granted by the Code and applicable to the Mortgaged Property, or any portion thereof) and same (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or

8.10 Other: Mortgagee may exercise any and all other rights, remedies and recourses granted under the Loan Instruments now or hereafter existing in equity or at law for the protection and preservation of the Mortgaged Property.

8.9 Reimbursement of Expenditure: If Mortgagee shall expend any money chargeable to Mortgagee or subject to reimbursement by Mortgagee under the terms of the Loan Instruments, Mortgagee will repay the same to Mortgagee immediately at the place where the Note is payable, together with interest thereon at the highest rate permitted by applicable law from and after the date of each such expenditure by Mortgagee.

8.8 Mortgagee's Right to Perform: Upon Mortgagee's failure to make any payment or perform any act required by the Loan Instruments, then at any time thereafter, and without notice to or demand upon Mortgagee and without waiting or releasing any other right, remedy or recourse, Mortgagee may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Mortgagee, and shall have the right to enter the Mortgaged Property for such purpose and to take all such action thereon as it may deem necessary or appropriate.

8.7 Entry on Mortgaged Property: Upon occurrence of an event of default hereunder, Mortgagee may, if and to the extent permitted by applicable law, enter into and upon and take possession of all or any part of the Mortgaged Property, and may exclude Mortgagee, and all persons claiming under Mortgagee, and its or their agents or servants, wholly or partly therefrom; and, holding the same, Mortgagee may use, administer, manage, operate, and control the Mortgaged Property and may exercise all rights and powers and in the exercise of any of the foregoing rights and powers Mortgagee shall not be liable to Mortgagee for any loss or damage thereby sustained unless due solely to the willful misconduct or gross negligence of Mortgagee. The taking of possession under this paragraph shall not prevent concurrent or later proceedings for the foreclosure sale of the Mortgaged Property as provided elsewhere herein.

8.6 LawSuits: Mortgagee may proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction.

8.5 Tenancy at Will: In the event of a foreclosure sale hereunder, (a) at the time of such sale Mortgagee occupies the portion of the Mortgaged Property so sold or any part thereof, Mortgagee shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Mortgaged Property so occupied, such rental to be due and payable daily to the purchaser. An action of forcible detainer shall lie if the tenant holds over after a demand in writing for possession of such Mortgaged Property.

8.4 Proceeds of Foreclosure Sale. The proceeds of any foreclosure or public auction sale of the Mortgaged Property shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings or public auction; second, all other items which under the terms hereof, constitute indebtedness additional to that evidenced by the Note, with interest on such items as herein provided; third, to interest remaining unpaid upon the Note; fourth, to the principal remaining unpaid upon the Note; and lastly, any overplus to Mortgagee, and its successors or assigns, as their rights may appear.

(b) The deficiency in case of a sale and deficiency. (a) The indebtedness or the indebtedness secured by a decree foreclosing this Mortgage, or any tax, special assessment, or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to the foreclosure sale; or

any employee or agent thereof may be appointed as such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Mortgaged Property during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any further times when Mortgagee, except for the intervention of such receiver, would be entitled to collection of such rents, issues and profits and all other powers which may be necessary or warranted in such cases for the protection, preservation, and control, management and operation of the Mortgaged Property during the whole or part of the time, from time to time, authorized the receiver to apply the net income from the mortgaged property in his hands in payment in whole or in part of:

091005-88-500160

ATTENTION: RONALD L. COWAN
OAKBROOK TERRACE, ID: 60181
17W755 BUTTERFIELD ROAD
LOWAS MANAGEMENT

This Document Prepared By (and
after recording should be
returned to):



HAVERFORD AT SCHAUMBURG LIMITED
PARTNERSHIP, a ILLINOIS LIMITED
PARTNERSHIP

By: *[Signature]*
Dated: *[Date]*, President

DATED AND DELIVERED by the Mortgagor as of the date first set forth above.

9.4 Mortgagor's Right to Remove Hazardous Materials. Mortgagor shall have the right but not the obligation, without in any way limiting Mortgagor's other rights and remedies under this Deed of Trust, to enter onto the Mortgaged Property or to take such other actions as it deems necessary or advisable to clean up, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Materials or person or entity asserting the existence of any Hazardous Materials or Hazardous Materials contamination pertaining to the Mortgaged Property. All reasonable costs and expenses paid or incurred by Mortgagor in the exercise of any such rights shall be secured by this Deed of Trust and shall be payable by Mortgagor to Mortgagor upon demand.

9.3 Indemnification. Mortgagor shall defend, indemnify and hold harmless Mortgagor and the Trustee from any and all liabilities (including strict liability), actions, demands, penalties, losses, costs or expenses (including, without limitation, reasonable attorneys' fees and remedial costs), in the future (whether before or after the release of this Deed of Trust) be paid, incurred or suffered by or asserted against, Mortgagor or Trustee, any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharge, or release from the Mortgaged Property of any Hazardous Materials or any Hazardous Materials contamination or which arise out of or result from the environmental condition of the Mortgaged Property or the applicability of any governmental requirement relating to Hazardous Materials, regardless of whether or not caused by or within the control of Mortgagor or Trustee. The representations, covenants and warranties contained in this Article 9 shall survive the release of this Deed of Trust.

9.2 Mortgagor's Covenants. Mortgagor agrees to (a) give notice to the Mortgagor immediately upon Mortgagor's acquiring knowledge of the presence of any Hazardous Materials on the Mortgaged Property or of any Hazardous Materials contamination with a full description thereof; (b) promptly comply with any governmental requirement relating to the removal, treatment or disposal of such Hazardous Materials or Hazardous Materials contamination and provide the Mortgagor with satisfactory evidence of such compliance; and (c) provide the Mortgagor, within thirty (30) days after demand by the Mortgagor, with a bond, letter of credit or similar financial assurance evidencing to the Mortgagor's satisfaction that the necessary funds are available to pay the cost of removing, treating and disposing of such Hazardous Materials or Hazardous Materials contamination and discharging any assessments which may be established on the Mortgaged Property as a result thereof.

9.1 Mortgagor's Warranties. Mortgagor hereby represents and warrants that no hazardous waste (as defined in 42 U.S.C. §6901, et seq.) or hazardous substance (as defined in 42 U.S.C. §9601, et seq.), or other prohibited materials (together "Hazardous Materials") are now located on the Mortgaged Property and that neither Mortgagor or any other person has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, under or at the Mortgaged Property or any part thereof. No part of the Mortgaged Property has ever been used as a manufacturing, storage or dump site for Hazardous Materials. Nor is any part of the Mortgaged Property affected by any Hazardous Materials ("Hazardous Materials contamination"). To the best of the Mortgagor's knowledge and belief, no property adjoining the Mortgaged Property has ever been used as a manufacturing, storage or dump site for Hazardous Materials, nor is any other property adjoining the Mortgaged Property affected by Hazardous Materials contamination.

HAZARDOUS MATERIALS

ARTICLE 9

concurrently against Mortgagor or others obligated for the indebtedness, or any part thereof or against any one or more of them, or against the Mortgaged Property, at the sole discretion of Mortgagor, (c) may be exercised as often as occasion therefor shall arise, it being agreed by Mortgagor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive.

55-550130

UNOFFICIAL COPY

53-530160

My Commission Expires: 12-9-88

Notary Public in and for
COOK COUNTY, ILL.

Maxine D. Parsons

Given under my hand and notarial seal this 5TH day
Dec. 19 88.

I, Maxine D. Parsons, a notary public, in and for said
 County, in the State aforesaid, DO HEREBY CERTIFY that DAVID K.
HILL, JR., President of Kimball Hill, Inc., the Sole General
 Partnership of Haverford at Schaumburg Limited Partnership, an Illinois
 Limited Partnership, personally known to me to be the same person whose name
 is subscribed to the foregoing instrument as such President, appeared before
 me this day in person and acknowledge that he signed and delivered said
 instrument as his own free and voluntary act and as the free and voluntary
 act of said Corporation, and as the free and voluntary act of said limited
 partnership for the use and purposes set forth.

STATE OF ILLINOIS
)
) COUNTY OF COOK
)
) SS.

UNOFFICIAL COPY

John [Signature]

88580130

Property of Cook County Clerk's Office

LOTS 37, 38 AND 47 IN HAVERFORD AT SCHAMBURG, BEING A SUBDIVISION IN THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 41 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DEPT-01
#11111 FROM 7:35 12/14/88 09:20:00
#1581 # 1-08-880120
COOK COUNTY RECORDER

PROPERTY LEGAL DESCRIPTION

TO LOAN AGREEMENT, DATED December 5th, 1988,
BETWEEN HAVERFORD AT SCHAMBURG LIMITED PARTNERSHIP, AS BORROWER,
AND LOMAS MORTGAGE USA, INC., AS LENDER

EXHIBIT A