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THIS MORTGAGE IS A JUNIOR MORTGAGE
JUNIOR MORTGAGE

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THIS INDENTURE (herein referred to as "Mortgage"), is made January 7, 1988, by LEYDEN COMMUNITY HOSPITAL, INC., an Illinois corporation (herein referred to as "Mortgagor") to ST. ANNE'S HOSPITAL WEST, INCORPORATED an Illinois not for profit corporation (herein referred to as "Mortgagee").

RECITALS

A. Credit Agreement. Mortgagor and Mortgagee have entered into a Credit Agreement of even date herewith (as it may from time to time be amended, supplemented or modified, herein referred to as the "Credit Agreement") pursuant to which Mortgagee will extend credit to Mortgagor in the aggregate principal amount of Three Million Two Hundred Twenty-Five Thousand and 00/100 Dollars (\$3,225,000.00), pursuant to the terms and conditions set forth therein, all in connection with the purchase by Mortgagor of certain assets, including but not limited to the Premises mortgaged hereby (collectively, the "Purchased Assets"), from Mortgagee pursuant to an Agreement of Purchase and Sale of Assets dated October 24, 1987 by and between Mortgagee and Mortgagor (the "Purchase Agreement").

B. Note, Principal and Interest. Mortgagor has executed and delivered to Mortgagee a certain Secured Promissory Note of even date herewith in the principal amount of Three Million Two Hundred Twenty-Five Thousand and 00/100 Dollars (\$3,225,000.00) payable to the order of Mortgagee at the office of Mortgagee in Elk Grove Village, Illinois and due and payable in full, if not sooner paid, on or before the dates indicated in such Secured Promissory Note, subject to acceleration as provided in such Secured Promissory Note or in the Credit Agreement (such Secured Promissory Note, together with any and all amendments or supplements thereto, modifications, extensions or refinancings thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof or which may evidence any of the Obligations (as hereinafter defined), are herein sometimes collectively referred to as the "Note").

The Note bears interest as provided therein on the principal amount thereof from time to time outstanding; all principal and interest on the Note are payable in lawful money of the United States of America at the office of Mortgagee in Elk Grove Village, Illinois, or at such place as the holder(s) thereof may from time to time appoint in writing.

C. Mortgagor's Security Documents. Mortgagor has executed and delivered to Mortgagee this Mortgage and certain other

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security documents which include: (i) a Security Agreement-Inventory, Fixtures, Equipment and General Intangibles of even date herewith by which Mortgagor has assigned and granted to Mortgagee a continuing security interest in, among other things, certain of Borrower's presently existing and after-acquired inventory, chattel paper, general intangibles, machinery, equipment, fixtures, and other real and personal property used or useful in connection with Mortgagor's operation of a hospital facility in Northlake, Illinois, all additions and accessions thereto and all proceeds and products thereof, as more fully set forth therein and (ii) an Assignment of Rents and Leases, of even date herewith, from Mortgagor to Mortgagee assigning as collateral Mortgagor's right, title and interest in, to and under any rents or leases pertaining to the premises commonly known as 365 East North Avenue, and 311, 313, 315 and 317 East North Avenue, all in Northlake, Cook County, Illinois, as amended from time to time. Churchill, Sterling & Stewart, Ltd., an Illinois corporation ("CS&S"), has executed and delivered to Mortgagee a Pledge Agreement of even date herewith (the "Pledge Agreement") by which CS&S has pledged certain marketable securities to Mortgagee as additional security for the performance of the Obligations (unless otherwise provided in this Mortgage, the documents identified in (i) and (ii) in this Recital and the Pledge Agreement are herein collectively referred to as the "Security Document(s)" and the Security Documents together with the Purchase Agreement, the Note, the Credit Agreement and each and every and all documents or instruments executed, granted and delivered by Mortgagor to Mortgagee to evidence and/or to secure the Obligations, as hereinafter defined, are, as they may from time to time be amended, supplemented or modified, herein collectively referred to as the "Loan Documents").

D. Subordination of Mortgage. This Mortgage is subordinate to the rights of the Federal Savings and Loan Insurance Corporation ("FSLIC") under a Mortgage dated October 13, 1964 and recorded October 14, 1964 as Document 19272742 made by Northlake Realty Corporation to Apollo Savings to secure a note for \$1,200,000.00 and modified by Agreement made by and between Northlake Realty Corporation, the N.C.H. Partnership, Cannaven-Doyle Associates, Richard J. Osborn, Laura E. Baker, Thomas E. Doyle, Vinscn W. Kreimeier, John Cannaven, Charles L. Little and Charles Kaufman and Federal Savings and Loan Insurance Corporation, as receiver for Apollo Savings by Document Number 21107932 and supplemented by Mortgage recorded March 11, 1970 as Document Number 21107933 by the N.C.H. Partnership to Federal Savings and Loan Insurance Corporation, as receiver for Apollo Savings and Assigned to Federal Savings and Loan Insurance Corporation by Instrument dated October 25, 1978 and recorded as Document Number 24694579, which mortgage (the "Existing Mortgage") is superior to this Mortgage.

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E. The Obligations. As used herein, the term "Obligations" means and includes all of the following:

Any and all indebtedness, obligation or liability of every kind and nature of Mortgagor to Mortgagee, however evidenced, whether now existing or hereafter created or arising, direct or indirect, primary or secondary, absolute or contingent, due or to become due, joint or several, and however owned, held or acquired, whether through discount, overdraft, purchase, direct loan or as collateral, or otherwise including, without limitation, all indebtedness of Mortgagor under the Loan Documents and any extensions, renewals and modifications thereof; the prompt, full and faithful performance by Mortgagor of all of the covenants, obligations and agreements (and the truth of all representations and warranties) on the part of Mortgagor contained in this Mortgage and the other Loan Documents; all advances, costs, or expenses paid or incurred by Mortgagee to protect or preserve any or all of the Premises, (as hereinafter defined), or to perform any responsibility of Mortgagor hereunder or under the other Loan Documents (provided, however, that the maximum amount included within the Obligations on account of principal shall not exceed the sum of an amount equal to Three Million One Hundred Thousand Dollars (\$3,100,000) plus the total amount of all advances made by Mortgagee to protect or preserve the Premises and the security interest and lien created hereby); interest on all of the foregoing; and, in the event of any proceeding to enforce the collection of the Obligations or any of them, the reasonable expenses of collecting or enforcing payment of the Obligations or of Mortgagee retaking, holding, preparing for sale, selling, or otherwise disposing of any or all of the Premises upon exercise by Mortgagee of its rights hereunder, including reasonable attorneys' fees and court costs relating to any of the foregoing.

GRANT

NOW, THEREFORE, Mortgagor, in order to induce Mortgagee to sell and convey the Purchased Assets to Mortgagor pursuant to the terms of the Purchase Agreement and to extend credit to Mortgagor pursuant to the Credit Agreement and the Note and as a condition precedent thereto and to secure the payment and performance of the said Obligations in accordance with the terms, provisions and limitations of the Loan Documents and any extensions, renewals or modifications of any thereof, and also in consideration of the sum of One Dollar in hand paid, the receipt of which is hereby acknowledged, does by these presents MORTGAGE and WARRANT unto Mortgagee and Mortgagee's successors and assigns, the following described Real Estate and all of its estate, right, title and interest therein, situate, lying and being in the City of Northlake, COUNTY OF COOK AND STATE OF ILLINOIS, to wit:

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PARCEL 1:

LOTS 6, 7, 8 (EXCEPT THE EAST 26 FEET THERE-OF) IN BLOCK 1; ALSO LOTS 1, 2, 3, 4, AND 15 IN BLOCK 2, IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 2:

EASEMENT FOR INGRESS AND EGRESS, CREATED BY DEED RECORDED 1-13-88 AS DOCUMENT 88019557 OVER THE FOLLOWING:

A STRIP OF LAND OF VARIOUS WIDTHS OVER THAT PART OF LOT 14 IN BLOCK 2 IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH WEST CORNER OF SAID LOT 14; THENCE NORTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID LOT 133.57 FEET TO THE NORTH WEST CORNER OF SAID LOT; THENCE NORTH 88 DEGREES 15 MINUTES 38 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 42.02 FEET TO A LINE 42.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT; THENCE SOUTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG SAID PARALLEL LINE A DISTANCE OF 32.00 FEET; THENCE SOUTH 35 DEGREES 19 MINUTES 49 SECONDS WEST 20.76 FEET TO A POINT ON A LINE 30.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT; THENCE SOUTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG SAID PARALLEL LINE A DISTANCE OF 85.00 FEET TO THE POINT OF INTERSECTION WITH THE SOUTH LINE OF SAID LOT; THENCE SOUTH 88 DEGREES 15 MINUTES 37 SECONDS WEST ALONG THE SOUTH LINE OF SAID LOT 30.01 FEET TO THE POINT OF BEGINNING OF THE STRIP OF LAND HEREIN DESCRIBED, IN COOK COUNTY, ILLINOIS

PARCEL 3:

EASEMENT FOR INGRESS AND EGRESS CREATED BY DEED RECORDED 1-13-88 AS DOCUMENT 88019557 OVER THE FOLLOWING:

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THE MORTGAGOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Mortgagor shall pay when due the Obligations and any other indebtedness secured hereunder and shall duly and punctually perform and observe all of the terms, provisions, conditions, covenants and agreements on the Mortgagor's part to be performed or observed, all as provided herein, in the Note, the Credit Agreement and the other Loan Documents, and this Mortgage shall secure such payment, performance and observance.

2. Mortgagor shall (a) promptly repair, restore or rebuild (unless otherwise prohibited by applicable laws or ordinances) any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep said Premises in good condition and repair, without waste, and free from mechanic's or other liens or claims for lien (except for the Existing Mortgage and this Mortgage) (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises (no such lien or charge being permitted except for the Existing Mortgage and this Mortgage); (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said Premises; (e) comply with all requirements of law or municipal ordinances with respect to the Premises and the use thereof; (f) make no material alterations in said Premises except as required by law or municipal ordinance or except for improvements and additions to the Premises consistent with their use as a hospital facility; and (g) comply in all respects with the terms and conditions of the Credit Agreement and the other Loan Documents.

3. Mortgagor shall pay before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises when due, and shall, upon written request, furnish to Mortgagee proof of payment therefor. To prevent default hereunder, Mortgagor shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagor may desire to contest.

4. Mortgagor shall obtain and maintain insurance coverage against such risks and in such amounts as Mortgagee shall from time to time request, assuming such coverages are available in the commercial markets, and in the absence of a request from Mortgagee, shall obtain and maintain the following coverages:

(a) Property. An "all-risk" property insurance policy with a replacement cost endorsement covering the improvements now existing or hereafter erected on the Premises to their full replacement value;

(b) Liability. A comprehensive general liability insurance policy with a combined single limit of liability of

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not less than One Million and 00/100 Dollars (\$1,000,000.00), together with an excess policy with Five Million and 00/100 Dollars (\$5,000,000.00) in excess coverage; and

(c) Business Interruption. A business interruption insurance policy in an amount sufficient to pay for a period of at least one (1) year (i) all amounts becoming due under the Note and (ii) all real estate taxes, assessments and insurance premiums due or becoming due with respect to the Premises.

All policies of insurance required to be maintained under this Mortgage shall be in a form and with companies reasonably satisfactory to Mortgagee, and the proceeds thereof shall be payable, in case of loss or damage, to Mortgagee and Mortgagor as their interests shall appear, to be evidenced by the standard mortgage clause to be attached to each policy (providing that the same shall not be terminated except upon thirty (30) days prior written notice to Mortgagee) and Mortgagor shall deliver all policies, including additional and renewal policies, to the Mortgagee, and in case of insurance about to expire, shall deliver renewal policies not less than thirty (30) days prior to the respective dates of expiration.

5. In case of default thereof by Mortgagor, Mortgagee may, but need not, make any payment or perform any act hereinbefore required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said premises or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other moneys advanced by Mortgagee to protect the Premises and the lien hereof, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the rate applicable to the Note. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to Mortgagee on account of any default hereunder on the part of Mortgagor.

6. Mortgagee making any payment hereby authorized, relating to taxes or assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.

7. Mortgagor shall pay each of the Obligations secured hereunder, both principal and interest, when due according to the

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terms hereof and of the Note, the Credit Agreement, and the other Loan Documents. At the option of Mortgagee and without notice, demand or presentment to Mortgagor, all unpaid indebtedness secured by this Mortgage shall, notwithstanding anything in the Notes, the Credit Agreement, the other Loan Documents or in this Mortgage to the contrary, become due and payable immediately (a) if there shall occur a default in payment of any installment of principal or interest under the Note; or (b) if a material breach of any representation or warranty of Mortgagor herein contained shall occur; or (c) if a default shall occur and continue for thirty (30) days in the performance of any other covenant or agreement of Mortgagor herein contained; or (d) if there shall occur an "Event of Default" as defined in the Note, the Credit Agreement, or any of the other Loan Documents; or (e) if Mortgagor shall default in any of its obligations under the Purchase Agreement.

8. When the indebtedness hereby secured shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' 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, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the rate applicable to the Note, when paid or incurred by Mortgagee in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which the Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured; or (b) preparation for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any actual or threatened suit or proceeding which might affect the Premises or the security hereof.

9. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, on account of

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the indebtedness represented by the Existing Mortgage; third, on account of all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; fourth, on account of all principal and interest remaining unpaid on the Note; and fifth, any overplus to Mortgagor or its assigns, as their rights may appear.

10. 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 said Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the premises or whether the same shall be then occupied as a homestead or not, and Mortgagee may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, if any, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The Court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any 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 foreclosure sale; and (b) the deficiency in case of a sale and deficiency.

11. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

12. Mortgagee shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

13. If the payment of the indebtedness secured hereby or any part thereof be extended or varied or if any part of the security be released, all persons now or at any time hereafter liable therefor, or interested in said Premises, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release.

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14. Mortgagor agrees that it shall not cause, suffer or allow the conveyance, sale, lease, exchange, mortgage (other than the Existing Mortgage and this Mortgage) encumbrance (including, without limitation, mechanic's liens), attachment or other transfer or disposition of the Premises or any part thereof, whether voluntary or involuntary by operation of law, without the prior written consent of Mortgagee and any such unpermitted transfer or other disposition shall constitute a default hereunder and, as provided herein, Mortgagee may thereupon without notice, demand or presentment to Mortgagor declare all indebtedness secured hereunder to be immediately due and payable and may foreclose the lien hereof.

15. It is mutually intended, agreed and declared that all personal property adapted or affixed to the Premises ("Fixtures"), shall, to the fullest extent permitted by law, be deemed to form a part of the Real Estate and for the purposes of this Mortgage to be considered real estate, and as such, secured by this Mortgage. If a separate fixture filing is necessary or appropriate regarding any such Fixture, then this Mortgage shall constitute a security agreement with respect to such Fixtures to be perfected by filing this Mortgage or Financing Statement(s), if required, in the appropriate records of the Recorder of Deeds of COOK County, Illinois.

16. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note, the Credit Agreement or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein and the holder or holders, from time to time, of the Notes secured hereby.

17. Mortgagor agrees, represents and warrants that (a) it is a corporation duly organized and existing under the laws of Illinois, is duly qualified and in good standing in every other state in which the nature of its business may require such qualification and is duly authorized to make and perform its obligations under this Mortgage and the other Loan Documents and (b) neither the making of this Mortgage nor the performance of its obligations hereunder will violate any provision of law or any agreement, indenture, or note or other instrument binding upon Mortgagor.

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18. Any subsequent Mortgagor agrees to lease the Premises to the original mortgagor, Leyden Community Hospital, Incl., or its successors and assigns during the entire term of this Mortgage upon terms and conditions acceptable to Mortgagee.

IN WITNESS WHEREOF, Mortgagor has duly executed and delivered this Mortgage as of the day first above written.

LEYDEN COMMUNITY HOSPITAL, INC.

By: *[Signature]*
Its *[Signature]* V.P.

ATTEST:

[Signature]
Asst. Secretary

Property of Cook County Clerk's Office

1988 JAN 12 PM 3:35

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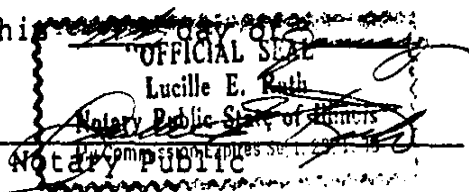
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STATE OF ILLINOIS)
) SS.
COUNTY OF)

I, Lucille E. Fath, a Notary Public in and for said County in the State aforesaid, do hereby certify that Phil? Mazzuca, personally known to me to be the Executive V.P. of Leyden Community Hospital, Inc., an Illinois corporation and Ann Lasley personally known to me to be the Asst. Secretary of Leyden Community Hospital, Inc., an Illinois corporation personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day and acknowledged that, they signed and delivered the said instrument as their own free and voluntary act for the uses and purposes therein set forth.

Given under my hand and official seal this 23 day of 1988.

Commission expires: 23 1988



This instrument was prepared by: Richard H. Sanders, Esq.
(NAME)

115 South LaSalle Street, Suite 3000, Chicago, Illinois 60603
(CITY) (STATE) (ZIP CODE)

Mail this instrument to: Richard H. Sanders, Esq.
(NAME)

115 South LaSalle St., Suite 3000, Chicago, Illinois 60603
(CITY) (STATE) (ZIP CODE)

OR RECORDER'S OFFICE BOX NO. BOX 333-GC

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