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THIS IS A MORTGAGE OF BOTH REAL AND PERSONAL PROPERTY, AND IS, AMONG OTHER THINGS, A SECURITY AGREEMENT. THIS MORTGAGE CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS. THIS MORTGAGE IS A PURCHASE MONEY MORTGAGE.

71-49-666 D3

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MORTGAGE AND SECURITY AGREEMENT

DATED AS OF FEBRUARY 17, 1988

FROM

ESH CORP.

TO

ARMSTRONG-BLUM MANUFACTURING COMPANY

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This instrument was prepared by, and after recording return to:

Mary L. Milano  
Baker & McKenzie  
2800 Prudential Plaza  
Chicago, Illinois 60601

Address of property:

5800 West Bloomingdale Ave.  
Chicago, IL 60639

- P.I.N. 13-32-400-023
- 13-32-400-025
- 13-32-400-030
- 13-32-400-036

Box 333

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THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage") is made as of February \_\_\_\_\_, 1988, by and between BSN Corp., a Delaware corporation (the "Mortgagor"), whose mailing address is 5750 W. Bloomingdale Avenue, Chicago, Illinois 60639, to and for the benefit of Armstrong-Blum Manufacturing Company, an Illinois corporation (the "Mortgagee"), whose address is 3501 Marvel Drive, Oshkosh, Wisconsin 54901.

## W I T N E S S E T H:

WHEREAS, Mortgagee by deed executed and delivered and intended to be recorded simultaneously herewith, is conveying to Mortgagor the premises legally described on Exhibit "A" attached hereto and made a part hereof (the "Real Estate"); and

WHEREAS, a portion of the consideration for said conveyance is the execution and delivery by Mortgagor of two (2) certain promissory notes of even date herewith, one in the original principal amount of One million one hundred thousand and 00/100 Dollars (\$1,100,000.00) and one in the original principal amount of Four hundred thousand and 00/100 Dollars (\$400,000) (the "Notes");

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as security for the following, sometimes collectively referred to as the "Obligations Secured Hereby", (a) the payments to be made under the Notes, including without limitation, the payment of the principal of and interest on the Notes and costs and expenses incident thereto, (b) all amounts which Mortgagee in its sole discretion may advance and pay under the terms of this Mortgage, and (c) the faithful performance of the covenants and agreements of Mortgagor herein contained and contained in the Notes and any other securing agreement now or hereafter given by Mortgagee. Mortgagor does by these presents grant, warrant, mortgage and convey unto Mortgagee, its successors and assigns, the Real Estate, TOGETHER WITH:

(a) all and singular the easements, rights-of-way, licenses, privileges, tenements, appendages, hereditaments, waters, water courses, riparian rights, appurtenances, other rights, liberties and privileges at any time belonging or in any wise appertaining to the Premises (as hereinafter defined), or any part thereof, including, without limitation, any claim at law or in equity as well as any after-acquired title, franchise or license and the reversions and remainders thereof; and also all the rents, issues, proceeds and profits now or hereafter accruing therefrom;

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(b) all rights and benefits of whatsoever nature derived or to be derived by the Mortgagor under or by virtue of any part thereof, now or hereafter entered into by Mortgagor, its respective agents or employees, and the reversions and subreversions thereunder, and all rights and benefits to be derived by Mortgagor, therefrom; and all rents, issues, profits, revenues, royalties, bonuses, receipts, rights and benefits due, payable or accruing or to be accrued (including, without limitation, all deposits of money as advanced rent or for security) under any and all leases or subleases now or hereafter entered into and renewals thereof of, or under any contracts or options for the sale of all or any part of the Premises (including, without limitation, those accruing during any period allowed by law for the redemption of all or any part of the Premises after any foreclosure or other sale), together with the right, but not the obligation, to collect, receive, and receipt for all such rents and other sums and apply them to the obligations secured hereby and to demand, sue for the recover the same when due or payable; provided that the assignments made hereby shall not impair or diminish the obligations of Mortgagor or its agents or employees, under the provisions of such leases or subleases or other agreements nor shall such obligations be imposed upon Mortgagee;

(c) all the estate, right, title and interest, if any, of Mortgagor (including, without limitation, any after-acquired title, franchise or license and the reversions and remainders thereof) in and to the land lying within any alley, way, roadway, strips and gores, or bands adjoining the Real Estate;

(d) all property and rights of Mortgagor, if any, which are by the express provisions of this instrument required to be subject to the lien hereof and any additional property and rights that may from time to time hereafter, by installation or writing of any kind, be subject to the lien hereof by Mortgagor or by anyone in Mortgagor's behalf, and all proceeds of insurance;

(e) all rights of Mortgagor in and to common areas and access road on adjacent properties heretofore or hereafter granted to Mortgagor and any after-acquired title or reversions with respect thereto;

(f) all of the right, title and/or interest of Mortgagor and of any other person or entity, in all buildings, structures and improvements now or hereafter erected or placed on the Real Estate, and all materials intended for

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construction, reconstruction, alterations and repairs thereof, all of which materials shall be included within the Premises and subjected to the lien thereof immediately upon the delivery thereof to the Real Estate, and, also, together with all machinery, equipment, apparatus, goods, systems, fixtures and items of personal property of every kind and nature whatsoever (excluding inventory, now or hereafter located in or upon or affixed to the Real Estate or the building or improvements located thereon, or any part thereof, and used or usable in connection with any present or future operation of the Real Estate, including, without limitation, all heating, lighting, incinerating, refrigerating ventilating, air-conditioning, air-cooling, lifting, fire extinguishing, plumbing, cleaning, electrical, communications and power equipment, systems and apparatus; all gas, water and electrical equipment, systems, fixtures and apparatus; and all elevators, escalators, switchboards, computers, engines, motors, tanks, pumps, screens, storm doors, storm windows, shades, blinds, awnings, floor coverings, cabinets, partitions, conduits, ducts and compressors; and all renewals, additionals and accessories to and replacements of and substitutions for each and all of the foregoing [it being understood and agreed that all such machinery, equipment, accessories, replacements and substitutions are a part of the Premises and are declared to be a portion of the security for the Obligations Secured Hereby (whether in single units or centrally controlled, and whether physically attached to the Real Estate or the building thereon, or not) and that the enumeration of any specific items of property shall in no wise exclude or be held to exclude any items of property not specifically enumerated]; and all revenues, income and accounts now or hereafter acquired and arising from any or all of the foregoing; and the proceeds of any and all of the foregoing; and

(g) All judgments, settlements, awards and other compensation heretofore or hereafter to be made to the present and all subsequent owners of the Premises, or any part hereof, for any taking by eminent domain, either permanent or temporary, of all or any part of the Premises or any easement or appurtenance thereof, including without limitation, for severance and consequential damage therefor or for change in grade of streets;

the "Premises", as the term is used herein, shall include the Real Estate described on Exhibit "A" attached hereto together with the rights, properties and other things enumerated, with respect thereto, in foregoing subparagraphs (a) through (g).

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TO HAVE AND TO HOLD the Premises, together with the privileges, fixtures and appurtenances thereunto belonging, and all rents, issues, profits and proceeds therefrom, and the other properties, rights and privileges herein granted, unto Mortgagee, its successors and assigns forever, for the uses and purposes herein expressed. Mortgagor covenants that it is well seized for an indefeasible estate in fee simple in the Premises, and has good right and full power and authority to grant, warrant, mortgage and convey the Premises in manner and form herein provided, thereby creating a valid mortgage lien thereon, subject only to Permitted Encumbrances as set forth on Exhibit B hereof, as defined in the Notes; and that the Premises is free from the lien of all taxes due and payable; and that Mortgagor will warrant and defend the title to the Premises with the privileges and appurtenances thereunto belonging unto Mortgagee, its successors and assigns, forever, against all claims and demands whatsoever.

THIS MORTGAGE IS GIVEN TO SECURE PERFORMANCE OF EACH AND EVERY OF THE OBLIGATIONS SECURED HEREBY IN ACCORDANCE WITH THE TERMS AND PROVISIONS HEREOF.

Mortgagor hereby covenants with Mortgagee, its successors and assigns that to the extent permitted by law, Mortgagor agrees not to sell, encumber or otherwise transfer all or any part of the Premises or any interest therein except as expressly permitted in Section 3? hereof.

PROVIDED ALWAYS, that if the principal of and interest on the Notes shall be paid at the times and in the manner provided in the Notes and if all other sums and Obligations Secured Hereby and secured by the Notes, and any other securing and other agreements given by the Mortgagor shall be paid, and if Mortgagor shall cause to be kept, performed and observed all of their respective covenants and conditions pursuant to the terms of the Notes and this Mortgage and shall pay or cause to be paid to Mortgagee all sums of money due or to become due to it in accordance with the terms and provisions of the Notes and this Mortgage, then upon the final payment thereof the mortgage lien and security interest hereby granted shall cease, determine and be void and Mortgagee shall deliver a release of the lien of this Mortgage; otherwise this Mortgage shall be and remain in full force and effect.

MOREOVER, Mortgagor covenants and agrees with Mortgagee, its successors and assigns, as follows:

SECTION 1. Amounts Payable. Mortgagor hereby covenants and agrees to repay the loan as provided in the Notes. The

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obligations of Mortgagor to make the payments required in the Notes and to perform and observe the other agreements contained herein and in the Notes shall be absolute and unconditional and shall not be subject to any defense or any right of set-off (except as expressly provided in the Notes), counterclaim or recoupment arising out of any breach by Mortgagee of any obligation to Mortgagor, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to Mortgagor by Mortgagee and until such time as the principal of and interest on the Notes shall have been paid in full and as all other sums secured hereby and secured by the Notes or any securing agreement given by Mortgagee shall be paid.

SECTION 2. Maintenance and Modification of Premises by Mortgagor. Mortgagor agrees that it will, at its own expense, maintain, preserve and keep the Premises or cause the Premises to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition and that Mortgagor will from time to time make or cause to be made all necessary repairs, replacements and renewals therefor. Mortgagee shall have no responsibility in any of these matters or for the making of improvements or additions to the Premises.

In addition, Mortgagor shall have the privilege of remodeling the Premises or making substitutions, additions, modifications and improvements to the Premises from time to time as Mortgagor, in its reasonable judgment, may deem to be necessary or desirable for their preservation and operation the costs of which remodeling, substitutions, additions, modifications and improvements shall be paid by Mortgagor, and the same shall be included under the terms of this Mortgage as part of the Premises; provided, however, that after initial remodeling of the Premises has been completed as agreed upon by Mortgagor and Mortgagee, for an amount not to exceed Four hundred fifty thousand and 00/100 dollars (\$450,000.00) and to be completed by 10-1-88, 1988, such remodeling, substitutions, additions, modifications and improvements shall not cost more than \$100,000.00 in any calendar year and (whether part of initial remodeling or not) shall not in any way damage the Premises, or interfere with its intended use; and provided that any construction, remodeling, substitutions, additions, modifications and improvements of the Premises of any dollar amount shall not, upon completion of such remodeling, substitutions, additions, modifications and improvements, be of a value less than the value of the Premises immediately prior to the remodeling or the making of substitutions, additions, modifications and

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improvements. Any property for which a substitution or replacement is made pursuant to this Section 2 may be disposed of by Mortgagor in any manner and in the reasonable discretion of Mortgagor; and provided that no such substitution, modification or improvement shall be made to the Premises without the prior written consent of Mortgagee if the cost of such substitution, modification or improvement shall be \$100,000.00 or more or cause the aggregate amount of expenditure for remodeling, substitutions, modifications or improvements to exceed \$100,000.00 in any calendar year. Mortgagor will not permit any mechanic's or other lien to be established or remain against the Premises, or any part thereof, for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made by Mortgagor, provided that if Mortgagor shall first notify Mortgagee of Mortgagor's intention so to do, and upon depositing with Mortgagee an indemnity acceptable to Mortgagee in an amount sufficient in Mortgagee's judgment to cover the unpaid portion of any such lien, Mortgagor may in good faith contest any mechanic's or other lien filed or established against the Premises, or any part thereof, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Mortgagee determines in its sole judgment that by nonpayment of any such items, the lien of this Mortgage as to the Premises, or any part thereof, will be materially endangered or the Premises, or any part thereof, will be subject to loss or forfeiture, in which event Mortgagor shall pay promptly and cause to be satisfied and discharged all such unpaid items. Mortgagee will cooperate fully with Mortgagor in any such contest, upon the request and at the sole cost and expense of Mortgagor.

SECTION 3. Taxes, other Governmental Charges and Utility Charges. Mortgagor will pay as the same respectively become due, and provide satisfactory evidence of such payment to Mortgagee upon receipt by it of such evidence, all taxes and governmental charges of any kind whatsoever that may at any time be assessed or levied against or with respect to the Premises, or any part thereof, or any building, machinery, equipment or other property acquired by Mortgagor in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, the Premises, or any part thereof, including without limiting the generality of the foregoing, any taxes levied upon the Premises which, if not paid, will become a charge on the receipts from the Premises, or any part hereof, prior to or on the party with the charge of this Mortgage, or any interest therein or the revenues derived therefrom or hereunder; and all utility and other

charges incurred in the operation, maintenance, use, occupancy and upkeep of the Premises, or any part hereof, and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Premises, or any part hereof.

Mortgagor may, at Mortgagor's expense and in Mortgagor's name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest and any appeal therefrom unless Mortgagee determines in its sole judgment that by nonpayment of any such items the security afforded pursuant to the terms of this Mortgage will be materially endangered or the Premises, or any part hereof, will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith. In the event that Mortgagor shall fail to pay any of the foregoing items required by this Section 3 to be paid by Mortgagor, Mortgagee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by Mortgagee shall become an additional obligation of Mortgagor to the party making the advancement, and the Mortgagor agrees to pay such amounts, together with annual interest thereon at the greater of (i) the rate equal to four percent (4%) over the rate stated in the Notes, or (ii) the rate equal to four percent (4%) over the prime rate from time to time in effect and announced by First National Bank of Chicago (the greater of such rates hereinafter sometimes referred to as the "Additional Interest Rate") until paid and shall be secured by this Mortgage.

#### SECTION 4. Provisions Respecting Insurance and Condemnation.

(a) The Mortgagor will procure, deliver to and maintain, for the benefit of Mortgagee, a policy or policies of insurance insuring the buildings, structures and improvements now existing or hereafter erected which constitute part of the Premises against loss or damage by fire and against loss or damage by all risks embraced by coverage of a type now known as broad form of extended coverage, all risk, including, without limitations, riot and civil commotion, vandalism and malicious mischief and against such other insurable hazards as, under good insurance practices in the State of Illinois, from time to time are insured against for buildings, structures and improvements of like character. The amount of such insurance shall be the greater of One Hundred Percent (100%) of the full replacement cost of such buildings, structures and improvements without deduction for physical depreciation or the original principal balance of

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the Notes, provided this shall be increased to the extent required to avoid any co-insurance provisions from taking effect. The policy or policies shall contain a replacement cost endorsement. The Mortgagor shall procure and deliver to Mortgagee and maintain for the benefit of the Mortgagee liability insurance (including, without limitation, comprehensive public liability, workers' compensation and employer's liability) with such limits for personal injury and death and property damage as the Mortgagee may reasonably require and shall cause the Mortgagee to be named as an additional insured thereunder. The Mortgagor will procure, deliver to, and maintain for the benefit of the Mortgagee such other insurance in the Premises and in such amounts from time to time the Mortgagee may reasonably require against other casualties which at the time are commonly insured against in the case of premises similarly situated (including, without limitation, flood insurance), due regard being given to the height and type of improvements, their construction, location, use and occupancy. The Mortgagor will cause standard mortgage clauses to be attached to all such fire and extended coverage policies, modified as to be consistent with the provisions of paragraph (i) below. The Mortgagor will deliver such policy or policies to the Mortgagee at its principal office or at such other place as it may designate in writing; and likewise will deliver to the Mortgagee renewals of such policy or policies or a renewal binder or binders one week in advance of the expiration of same, stamped "Paid" by the agent or company issuing such policies or binders. Premiums on policies so furnished shall not be financed in any manner whereby any lender, upon default or otherwise, shall have the right or privilege of surrendering the policies for cancellation. All insurance furnished hereunder shall be subject to the reasonable approval of the Mortgagee as to insurance companies, amounts, contents, substance and forms of policies. All insurance required by this Section shall provide by endorsement or other manner that same may not be cancelled or amended without at least 30 days' prior written notice to the Mortgagee. If the Mortgagor fails to procure and maintain any insurance required under this Section, the Mortgagee may (but shall not be obligated to) procure and maintain such insurance in the amounts provided above or in such lesser amounts as the Mortgagee then deems appropriate and any amount paid by the Mortgagee for such insurance shall become immediately due and payable by the Mortgagor with interest at a rate per annum equal to the Additional Interest Rate until paid and shall be secured by this Mortgage. The Mortgagor shall not carry separate insurance concurrent in kind or form and contributing, in the event of loss, with any insurance required hereunder.

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Upon any loss or damage, the Mortgagor shall immediately notify the Mortgagee in writing, and (a) the loss, if any, under each insurance policy shall be adjusted with the insurance company by the Mortgagor, with the reasonable consent of the Mortgagee if such loss exceeds \$100,000.00, (b) if the loss is \$100,000.00 or less the loss may be adjusted with the insurance company without the consent of Mortgagee and all insurance proceeds shall be paid directly and solely to the Mortgagee and each insurance company is authorized and directed to make such payment directly and solely to the Mortgagee and the insurance policies shall so stipulate, and (d) with respect to any adjustment undertaken by the Mortgagor, the Mortgagor shall have the right to retain an independent public adjuster to make such adjustment, provided, however, that the Mortgagee shall have the right to object to such retainage and designate another independent public adjuster. The mortgagee shall not incur any liability in connection with the adjustment or collection of insurance claims and proceeds (or the failure thereof) regardless of the cause of such failure. If any sum or sums of money are received by the Mortgagee by reason of such insurance as aforesaid, then Mortgagee shall be deemed to have initially elected to apply such proceeds as provided in Section 11(b) (i) hereof, and, subject to the provisions herein, and if no Event of Default shall exist, the Mortgagor shall utilize such insurance proceeds in the repair, restoration and replacement of the damaged or destroyed property and the following paragraphs (1) to (v) inclusive shall apply:

(i) In the case of loss or damage to buildings, structures or improvements located on the Premises in an amount greater than \$100,000.00 (or, if emergency and temporary repairs, in any amount), the Mortgagor shall make emergency repairs or restore and replace the damaged or destroyed property in order to reduce or prevent further loss or so as not to impede or interfere with the normal operation of the Premises. If such emergency repairs, restoration or replacements are made, the Mortgagor shall be entitled to reimbursement out of the insurance proceeds received by the Mortgagee as the result of such loss or damage. In case it is necessary to proceed immediately with repairs, restoration or replacement of the damaged property for the reason in this paragraph (i) specified, the Mortgagor agrees that it will immediately notify the Mortgagee of its intention to do so and will later submit plans and specifications to the Mortgagee as in paragraph (ii), provided, except that such emergency work or repair, restoration or replacement already done and performed

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may be incorporated as part of such plans and specifications and such part thereof may not be disapproved by the Mortgagee.

(ii) If the estimated cost of any repair of damage or destruction exceeds \$100,000.00, the Mortgagor shall submit Plans and Specifications of an architect, engineer or building contractor to the Mortgagee for its approval, and shall comply with all of the provisions of the Notes, as the Mortgagee shall reasonably require, before proceeding with any work required as a result of such loss or damage, except as provided under paragraph (i) above. Upon the approval of the Plans and Specifications by the Mortgagee, and upon such compliance with the provisions of the Notes (but not prior thereto except to the limited extent provided for in paragraph (i) above), the Mortgagor shall proceed with the repair, restoration or replacement of the damaged or destroyed property in accordance with such Plans and Specifications.

(iii) All insurance proceeds paid to the Mortgagee on account of damage or destruction shall be held by the Mortgagee as a trust fund to be applied as hereinafter provided.

(iv) As soon as reasonably possible after any loss, damage or destruction, but in any event within 30 days after the Mortgagee shall have received any such insurance proceeds, the Mortgagor shall furnish the Mortgagee with an estimate of the cost of repairs, rebuilding and replacement (hereinafter called "restoration") prepared by an architect or other experienced construction cost estimator selected by the Mortgagor and approved by the Mortgagee, which approval shall not be unreasonably withheld or unduly delayed. If the insurance proceeds in the hands of the Mortgagee (after deducting all costs incurred by the Mortgagee in collecting said insurance proceeds) are not sufficient to pay for the cost of restoration as to the estimated cost, the Mortgagor, within ten (10) days after submission of such estimate, shall deposit with the Mortgagee the amount estimated to be necessary to complete restoration, taking into account the amount of the insurance proceeds held by the Mortgagee, and such amount deposited with the Mortgagee shall be similarly held in trust by the Mortgagee and disbursed as hereinafter provided. If the Mortgagor shall fail to deposit the estimated amount necessary to complete restoration as aforesaid, the Mortgagee, at its option, shall have the right, but

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not the obligation, to exercise its option to apply such proceeds to the prepayment of the Notes in accordance with its terms at the earliest possible date.

(v) If the insurance proceeds held by the Mortgagee are estimated to be sufficient to pay for the restoration or, if such proceeds are insufficient and the Mortgagor has deposited with the Mortgagee any additional amount necessary for such purpose, the Mortgagee shall pay out from time to time, but not more frequently than monthly, as restoration progresses, the cost of such restoration work which has been completed, upon the written request of the Mortgagor, and such compliance with the provisions of the Notes.

Nothing herein contained shall be deemed to excuse the Mortgagor from restoring all damage or destruction to the Premises regardless of whether or not there are insurance proceeds adequate for such purposes.

(b) If all or any part of the Premises is damaged, taken or acquired, either temporarily or permanently, as a result of any condemnation proceeding, or by exercise of the power of eminent domain, or by agreement among the Mortgagor, and those authorized to exercise such power (it being agreed that the Mortgagor will not enter into any agreement for the taking of the Premises, or any part thereof, with anyone authorized to acquire the same in or by condemnation proceedings or by exercise of any power of eminent domain unless and until the Mortgagee shall have consented thereto in writing), or by the alteration of the grade of any street affecting the Premises, the amount of any award or payment for such taking or damage made in consideration thereof, to the extent of the full amount of the then remaining unpaid indebtedness secured hereby, is hereby assigned to the Mortgagee, who is empowered to collect and receive the same and to give proper receipts therefor in the name of the Mortgagor and the Mortgagee, and the same shall be paid forthwith to the Mortgagee. If, in the reasonable judgment of the Mortgagee, all or substantially all of the Premises shall be so damaged, taken or acquired, then the Mortgagee shall be deemed to have exercised its option to cause the Notes to be prepaid and the entire amount of any such award or payment shall be applied to the prepayment of the Notes at the earliest possible time. If, in the reasonable judgment of the Mortgagee, less than substantially all of the Premises has been so damaged, taken or acquired, then, first, the amount of any such award or payment shall be released to the Mortgagor for the purpose of altering, restoring or rebuilding any part of the Premises which may have been altered, damaged or destroyed as a result

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of such damage or taking all in accordance with the requirements for repair, restoration and reconstruction set forth in Section 4(a) above, and, second, the Mortgagor shall be deemed to have exercised its option to prepay the Notes and the amount of any such award or payment remaining after the completion of such alteration, restoration or rebuilding shall be applied to the prepayment of the Notes at the earliest possible time. The Mortgagor further covenants and agrees to make, execute and deliver to the Mortgagee, at any time or times upon request, free, clear and discharged of any liens, claims or encumbrances of any kind whatsoever, any and all further assignments or instruments deemed reasonably necessary by the Mortgagee for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter to be made to the Mortgagee for any taking, either permanent or temporary, under any proceeding.

Notwithstanding anything in this Section 4 to the contrary, if at any time an Event of Default shall exist, then all insurance and/or condemnation proceeds shall be applied at the election of Mortgagee, in accordance with the provisions of Section 11(b)(ii).

SECTION 5. Intentionally Deleted.

SECTION 6. Modification of Rights. Without affecting the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of any indebtedness secured hereby or for performance of any obligation contained herein, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee may, at any time and from time to time, either before or after the maturity of the Notes, and without notice or consent: (a) release any person liable for the payment of all or any part of the indebtedness or for performance of any obligation; (b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness, or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof; (c) exercise or refrain from exercising or waive any right Mortgagee may have; (d) accept additional security of any kind; (e) release or otherwise deal with any right Mortgagee may have; or (f) release or otherwise deal with any property, real or personal, securing the indebtedness, including all or any part of the Premises.

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SECTION 7. Compliance With Law. Mortgagor shall comply at all times with all federal and state laws, all municipal ordinances and all rules and regulations of any governmental entity having jurisdiction over the Premises insofar as such laws, ordinances, rules and regulations pertain in any way to the acquisition, construction and use of the Premises.

SECTION 8. Lessees. Mortgagor hereby covenants that it will not assign, or attempt to assign, the rents, or any part thereof, from the Premises. Mortgagor will not, without the expressed written consent of the Mortgagee, terminate or consent to the cancellation or surrender of any lease of the Premises, or any part thereof, now existing or hereafter made, or modify any such lease so as to shorten the unexpired term thereof or so as to decrease the amount of rents payable thereunder or accept payments of any installments of rent to become due under such leases for a period of more than one month in advance. Mortgagor will not execute any lease of any portion of the Premises, except in the case of any lease to an entity controlling, controlled by or in common control with Mortgagor substantially for a similar use, without the written consent of Mortgagee. Mortgagee agrees not to unreasonably withhold its consent to any lease or leases up to an aggregate of 50,000 square feet, and will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Premises, now or hereafter existing, on the part of the lessor thereunder to be kept and performed. All leases of the Premises, or any part thereof, shall be expressly subject to and subordinated to the lien and security interest of the Mortgage.

## SECTION 9. Additional Securing Instruments.

(a) Mortgagor will execute and deliver to Mortgagee promptly upon demand such additional securing instruments, including, but not limited to, UCC continuation statements, as may be required by Mortgagee from time to time in form and substance satisfactory to Mortgagee covering any of the Premises conveyed by this Mortgage, which shall evidence a continuing first mortgage lien and security interest and shall be additional security for Mortgagor's performance of all of the terms, covenants and conditions of this Mortgage and the Notes secured hereby and any other securing agreements executed by the Mortgagee. Such instruments shall be recorded or filed and rerecorded or refiled at Mortgagor's expense. This Mortgage shall secure any further sums which may become due under any such additional securing instruments.

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(b) Mortgagor will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Premises or for carrying out the expressed intention of the Notes and this Mortgage.

SECTION 10. Inspection of the Premises. Mortgagor agrees that Mortgagee and its duly authorized agents shall have the right at all reasonable times to enter upon the Premises and to examine and inspect the Premises. Mortgagor further agrees that Mortgagee and its duly authorized agents shall have such rights of access to the Premises as may be reasonably necessary to cause to be completed the acquisition, construction, improving and equipping provided for in the Notes, and thereafter for the proper maintenance of the Premises in the event of failure by Mortgagor to perform its obligations under the Notes or this Mortgage. Mortgagee and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books and records of Mortgagor with respect to the Premises.

SECTION 11. Damage, Destruction and Condemnation; Use of Net Proceeds.

(a) If prior to full payment of the Notes (i) the Premises or any portion thereof is damaged or destroyed (in whole or in part) by fire or other casualty, or (ii) title to, or the temporary use of, the Premises or any part thereof shall be taken under the exercise of the power or eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Mortgagor shall continue to be obligated to continue to pay the amounts specified in the Notes.

(b) Mortgagor and Mortgagee will cause the net proceeds of any insurance proceeds or condemnation award resulting from any event described in Section 11(a) hereof to be deposited in a separate fund as provided in Sections 4(a)(iii) and 4(b) hereof to be held by Mortgagee. All net proceeds so deposited shall be applied in either or both of the following ways as shall be elected by Mortgagee, subject to the provisions of Section 4 hereof:

(i) to the prompt repair, restoration, modification or improvement of the Premises by Mortgagor, in such manner as shall be approved by Mortgagee, and in

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such event the provisions of Section 4(a)(i) through 4(a)(v) shall apply. Any balance of the net proceeds from any condemnation award or settlement in lieu thereof remaining after such work has been completed may be retained by Mortgagee to be applied to the payment of principal of and interest on the Notes, or if the Notes have been paid in full, any balance remaining in such separate fund shall be paid to Mortgagor; any balance of the net proceeds from any insurance policy shall be paid to Mortgagor.

(ii) to prepayment of the loan and other sums secured hereby and the redemption or prepayment of the Notes, in whole or in part, on the next succeeding interest payment date in inverse order of maturities of principal installments, provided that no such election to redeem or prepay by Mortgagee shall be deemed to excuse Mortgagor from repairing, restoring, modifying and improving the Premises upon such conditions as Mortgagee shall approve, provided that in the absence of an Event of Default, Mortgagee shall not elect to apply more than one-half (1/2) of such proceeds to prepayment of the loan and other sums secured hereby pursuant to this subparagraph 11(b)(ii).

(c) In the event Mortgagee has elected to apply the net proceeds in the manner set forth in Section 11(b)(i) above, and if the net proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 11(b)(i) hereof, Mortgagor will nonetheless complete the work and will comply with Section 4(a)(iv) hereof. Mortgagor agrees that if by reason of any such insufficiency of the net proceeds, Mortgagor shall make any payments pursuant to the provisions of this Section, Mortgagor shall not be entitled to any reimbursement therefor from Mortgagee, nor shall Mortgagor be entitled to any diminution of the amounts payable under the Notes.

(d) Mortgagee shall cooperate fully with Mortgagor at the expense of Mortgagor in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 11(a) hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Premises or any part thereof or any property of Mortgagor in connection with which the Premises is used. In no event will Mortgagee voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Premises, or any part thereof, without the written consent of Mortgagor. Mortgagee may

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adjust or settle any condemnation claim with the condemning authority.

SECTION 12. Event of Default. The term "Event of Default" shall mean, whenever they are used in this Mortgage, the occurrence of a default including, without limitation, (i) a default in the performance of any of the terms, conditions or provisions of any one or more of the Notes beyond any applicable grace period provided therein, (ii) a default in the performance of any one or more of the terms, conditions or provisions of any one or more of this Mortgage or any other securing agreement now or hereafter given by Mortgagor which might or could be cured by the payment of money and such default continues for three (3) days after the earlier of the date on which Mortgagor knew or should have known of the default or three (3) days after notice from Mortgagee to Mortgagor of such default, it being understood notice shall not be required more than two (2) times in any calendar year and after any such two (2) notices, then three (3) days after the occurrence of such default (without respect to notice or knowledge), or (iii) a default in the performance of any one or more of the terms, conditions or provisions of any one or more of this Mortgage or any securing agreement now or hereafter given by Mortgagor, which cannot be cured by the payment of money, and such default continues for thirty (30) days after the earlier of the date on which Mortgagor first knew or should have known of the default or thirty (30) days after the date Mortgagee gave notice of such default, provided that notice shall not be required in the event of a willful breach of one of the covenants of this Mortgage, and further provided that, except in the case of defaults arising from willful breach of covenant as aforesaid, if a default under this subparagraph (iii) cannot reasonably be cured within thirty (30) days, Mortgagor shall be allowed a period of time judged reasonably by Mortgagee thereafter to allow cure if Mortgagor has within said thirty (30) day period diligently commenced and continues to pursue cure.

SECTION 13. Remedies. Whenever any Event of Default referred to in Section 12 hereof shall have happened, Mortgagee shall have the right to exercise any one or more of the remedies granted in any one or more of the Notes, and/or any other document executed in connection herewith and/or any one or more of the following rights and remedies:

(a) Mortgagee shall be entitled to the immediate possession of the Premises, or any portion thereof, selected by it, together with all rents, issues and profits to be derived

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therefrom until the indebtedness secured by this Mortgage is paid in full; provided, however, that Mortgagee shall, in no event, be liable for the failure to procure tenants, to collect rents or to prosecute actions to recover possession of the Premises.

(b) Mortgagee shall be entitled to demand, and receive immediately from the Mortgagor, all leases or agreements for occupancy of the Premises, or any part thereof, together with a separate and specific assignment of each of them to Mortgagee in form approved by Mortgagee; and Mortgagee, with or without such specific assignment, may take immediate possession and assume the management of the Premises and have the right to and collect the rentals, issues, profits, and other income therefrom, execute all powers and authority reserved to the lessor under the lease terms, including any right or power therein to forfeit or cancel such lease, and modify the provisions of present leases and make new leases or rental contracts in the name of the owner of the Premises, or otherwise, all without waiving or curing any event of default; and the lessees and other occupants of the Premises are hereby authorized and directed, upon demand, to pay to Mortgagee, or any person designated by it for that purpose, all amounts due or to become due from them under the leases and any extensions or renewals thereof or by reason of such occupancy. Mortgagee shall be entitled to disaffirm and/or terminate any or all leases or subleases, including without limitation the Lease.

(c) Mortgagee may from time to time waive its right hereunder to collect rents and other income but any such waiver shall not prejudice Mortgagee's right to make such collections thereafter so long as and whenever an event of default exists. Mortgagee shall have the right, but shall not be required, to sue for collection of rents, possession of the Premises or other remedy, but shall not be liable for failure to collect rents or other income and shall be held accountable for only such amounts as are actually received. Funds received by Mortgagee shall be applied at its discretion to expenses of collection including reasonable attorney's fees, necessary repairs, taxes and insurance on the Premises, and on account of the indebtedness hereby secured.

(d) Mortgagee shall have the right to immediately foreclose this Mortgage. The acceptance of one or more payments on the indebtedness, or any other sums secured by this Mortgage prior to any foreclosure sale, shall not constitute a waiver by Mortgagee of its right to accelerate the maturity of the aforesaid indebtedness and all other sums secured hereby.

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(e) Mortgagee shall also have, without limitation, all of the rights and remedies provided by Section 17 hereof.

(f) Mortgagee shall be entitled to the appointment of a receiver for the Premises.

(g) Mortgagee shall have the right to assert and enforce any and all other rights and remedies that law and/or equity provide.

Taking of possession of the Premises or the foreclosure of this Mortgage shall not constitute a waiver by Mortgagee of any Event of Default hereunder or of its right to accelerate the maturity of the aforesaid indebtedness.

SECTION 14. Waiver. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither Mortgagor nor anyone claiming through or under them shall set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Mortgage, and Mortgagor, for itself and all who claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws. Without limiting the generality of the foregoing, Mortgagor hereby waives any and all rights of redemption from sale, any order, judgment, or decree of foreclosure of this Mortgage or under any sale pursuant to any statute, order, decree or judgment of any court, on its own behalf or on behalf of each and every person acquiring any interest in or title to the Premises, or any part thereof, subsequent to the date of this Mortgage.

## SECTION 15. No Remedy or Security Exclusive.

(a) No remedy conferred upon or reserved to Mortgagee in this Mortgage, the Notes or any other securing agreement or other agreement given by Mortgagee, is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other such remedy given hereunder, or now or hereafter existing, at law or in equity. Each and every such remedy granted to Mortgagee shall be exercisable by Mortgagee at its option without any obligation of Mortgagee to give notice to any party except as may be expressly required and without regard to the adequacy or inadequacy of any security for the mortgage indebtedness, or the solvency or insolvency of Mortgagor. No delay or omission of Mortgagee to exercise any right or power accruing upon any Event of Default shall

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impair any such right and power, or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein. Each power and remedy given by this Mortgage may be exercised, independently and/or concurrently, from time to time, as often as may be deemed expedient to Mortgagee.

(b) If the sums, or obligations, secured by this Mortgage are now or hereafter further secured by security agreements, pledges, contracts of guaranty or other security, Mortgagee may, at its option, exhaust any one or more of such securities and/or the security hereunder, either concurrently or independently, and in such order as Mortgagee shall determine.

SECTION 16. Update of Evidence of Title. In the event of any Event of Default herein by Mortgagor, Mortgagee may, at the expense of Mortgagor, procure title insurance or other evidence of title to the Premises with interest upon such expense at the Additional Interest Rate.

SECTION 17. Security Interest. This Mortgage shall cover all property now or hereafter affixed to or located upon the Real Estate, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the Real Estate and any other personal property now or hereafter owned by the Mortgagor, or either of them, and located at the Real Estate (such fixtures and other personal property, and the personal property described in f. of the granting clause of this Mortgage, collectively referred to herein as "Collateral"). To the extent any property covered by this Mortgage consists of rights in action of personal property covered by the Illinois Uniform Commercial Code, such rights are considered part of the Collateral, this Mortgage constitutes a Security Agreement and is intended to create and Mortgagor does hereby grant to Mortgagee a security interest in the Collateral in favor of Mortgagee. This Mortgage shall be self-operative with respect to such property, but Mortgagor agrees to execute and deliver on demand such security agreement, financing statement and other instruments as Mortgagee may request in order to impose the lien hereof more specifically upon any of such property. This Mortgage shall be filed and recorded where records concerning real estate are filed and recorded. The following provisions of this paragraph shall not limit the generality or applicability of any other provision of this Mortgage but shall be in addition to:

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(a) Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof and other than the Permitted Encumbrances;

(b) The Collateral is to be used by the Mortgagor solely for business purposes, and has been or is being installed upon the Premises for Mortgagor's own use or as the equipment and furnishings furnished by Mortgagor, as landlord, or sublandlord, to tenants or subtenants of the Premises.

(c) The Collateral will be kept at the Premises and will not be removed therefrom without the consent of the Mortgagee (being the Secured Party as that term is used in the Code) and the Collateral may be affixed to the Project Site but will not be affixed to any other real estate.

(d) Mortgagor represents and warrants that only persons having any interest in the Premises are the Mortgagor and the Mortgagee.

(e) Mortgagor represents and warrants that no Financing Statements encumbering any of the Collateral or any proceeds thereof are on file in any public office except pursuant hereto.

(f) Upon the occurrence of any Event of Default hereunder (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted) and at any time thereafter (such Event of Default not having previously been cured), Mortgagee at its option may declare the obligations secured hereby immediately due and payable, and thereupon Mortgagee shall have the remedies of a secured party under the Code, including without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose so far as Mortgagor can give authority therefor, with or without judicial process, may enter (if this can be done without breach of the peace), upon any place which the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code); Mortgagee shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Mortgagor's right of redemption in satisfaction of Mortgagor's obligations, as provided in the Code. If the Mortgagee should elect to proceed separately as to any such Collateral, the Mortgagor agrees upon Mortgagee's request to make avail-

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able such Collateral to Mortgagee for its possession at a place to be designated by Mortgagee which is reasonably convenient to Mortgagee and Mortgagor. Notification of the time and place of any public sale or of the time after which any private sale or other disposition is to be made shall be deemed reasonable and properly given if mailed at least ten (10) calendar days before such public sale, private sale or other disposition in the manner provided in Section 20 hereof. Mortgagor shall not be entitled to redeem any Collateral held or obtained by the Mortgagee hereunder unless it tenders fulfillment of all obligations secured by this Mortgage as well as an amount sufficient to reimburse Mortgagee for all expenses reasonably incurred by Mortgagor in retaking, holding and preparing the Collateral for disposition, and in arranging for any public or private sale or other disposition, including, without limitations, Mortgagee's reasonable attorney fees and legal expenses. Mortgagee without removal may render the Collateral unusable and dispose of the Collateral and the Premises. Mortgagee may require the Mortgagor to assemble the Collateral and make it available to Mortgagee for its possession at a place to be designated by Mortgagee which is reasonably convenient to both parties. Mortgagee will give Mortgagor at least ten (10) calendar days notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified mail or equivalent, postage pre-paid, to the address of Mortgagor shown in Section 20 hereof, at least ten (10) calendar days before the time of the sale or disposition. Mortgagee may buy any Collateral put up at any public sale if the requirements of the Code are satisfied and may sell any Collateral at private sale if the above notice requirement is satisfied. Any such sale or sales may occur from time to time and each such sale may include all or any part of the Collateral, and at any such time or times may be held as part of and in conjunction with any foreclosure sale of all or any part of the Premises to be sold as one lot if Mortgagee so elects. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorney's fees and legal expenses incurred by Mortgagee, shall be applied in satisfaction of the obligations secured hereby. Mortgagee will account to Mortgagor for any surplus realized on such disposition.

(g) The remedies of Mortgagee hereunder are cumulative. The exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Mortgagee, including

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having the Collateral deemed part of the Premises upon any foreclosure thereof, so long as any part of the obligations secured hereby remains unsatisfied.

(h) The terms and provisions contained in this paragraph, unless the context otherwise requires, shall have the meanings and be construed as provided in the Code.

SECTION 18. Uniform Commercial Code Security Interest and Financing Statement. This Mortgage or a reproduction hereof, is sufficient as a financing statement and, as a financing statement, it covers goods which are or are to become fixtures within the Premises. In addition, Mortgagor will execute and deliver to the Mortgagee, upon Mortgagee's request, any financing statements or amendments thereof or continuation statements thereto that the Mortgagee may require to perfect a security interest in the Collateral. The Mortgagor shall pay all costs of filing such instruments.

SECTION 19. Business Loan. Mortgagor represents and agrees that the proceeds of the Notes shall be used for purposes specified in Paragraph 6404(1)(a) and (c) of Chapter 17 of the Illinois Revised Statutes and the principal obligation secured hereby constitutes a business loan as the term is used in such paragraph.

SECTION 20. Notices. All notices, demands or other communications which are required or permitted to be given or served by either party hereunder shall be deemed given when deposited in the United States mail, registered or certified mail, postage prepaid, addressed as follows:

If to Mortgagor:

BSN Corp.  
5750 W. Bloomingdale  
Chicago, IL 60639

Attention: Frank W. Gordon

with copy to:

Peter A. Levy, Esq. and  
David L. Kirshenbaum, Esq.  
Rudnick & Wolfe  
203 North LaSalle Street  
Suite 1800  
Chicago, IL 60601-1293

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If to Mortgagee:

Armstrong-Blum Manufacturing Company  
3501 Marvel Drive  
Oshkosh, Wisconsin 54901

Attention: Stanley A. Woleben

with copy to:

Mary L. Milano, Esq.  
Baker & McKenzie  
2800 Prudential Plaza  
Chicago, IL 60601

Such addresses may be changed from time to time by any party by written notice given to each of the other parties.

SECTION 21. Late Payment Charges. Should any payment secured hereby be not paid after the same becomes due and payable, it is recognized by Mortgagor that the Mortgagee will incur extra expenses for both the administrative cost of handling delinquent payments and the cost of funds incurred by Mortgagee after such due date as a result of not having received such payment when due. Because the exact amount of such extra expenses is impossible to ascertain, it is agreed that a charge of one percent (1%) of the amount of the delinquent payment would be a fair approximation of the administrative expense so incurred by Mortgagee.

SECTION 22. Nonwaiver. The acceptance by Mortgagee of any sum after the same is due shall not constitute a waiver of the right, either to require prompt payment, when due, of all other sums hereby secured or to declare a default as herein provided. The acceptance by Mortgagee of any sum in an amount less than the sum then due shall be deemed an acceptance on account only and upon condition that it shall not constitute a waiver of the obligation of Mortgagor to pay the entire sum then due, and Mortgagor's failure to pay the entire sum then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid, and Mortgagee shall be at all times thereafter and until the entire sum then due shall have been paid, and notwithstanding the acceptance by Mortgagee thereafter of further sums on account, or otherwise, entitled to exercise all rights in this instrument conferred upon the Mortgagor, or either of them, upon the occurrence of a default, and the

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right to proceed with a foreclosure of this Mortgage, shall in no way be impaired, whether any such amounts are received prior or subsequent to the commencement of a foreclosure proceeding or to such notice.

## SECTION 23. INTENTIONALLY DELETED.

SECTION 24. Attorneys' Fees. In the case of any action or any proceedings to collect any sums payable under the Notes, this Mortgage and any other securing agreement given by Mortgagee, or to protect the lien of Mortgagee, or in any other case permitted by law in which attorneys' fees may be collected from Mortgagor or charged upon the Premises, Mortgagor agrees to pay reasonable attorney's fees.

SECTION 25. Time of Essence. Time is of the essence of the performance by Mortgagor of its obligations hereunder.

SECTION 26. Invalidity. Nothing herein or in the Notes contained nor any transaction related thereto shall be construed or shall so operate, either presently or prospectively, (a) to require Mortgagor to pay interest at a rate greater than is at any time lawful or such case to contract for but shall require payment of interest only to the extent of such lawful rate, or (b) to require Mortgagor to make any payment or do any act contrary to law. Any provision or provisions of this Mortgage which are unenforceable, invalid or contrary to law, or the inclusion of which would affect the validity or enforceability of this Mortgage, shall be of no force or effect, and in such event each and all of the remaining provisions of this Mortgage shall subsist and remain and be fully effective according to the tenor of this Mortgage the same as though any such invalid, unenforceable or unlawful provision or provisions had never been included in this Mortgage. If it should be held that the interest payable under the Notes or otherwise is in excess of the maximum permitted by law, the interest chargeable thereunder (whether included in the face amount or otherwise) shall be reduced to the maximum amount permitted by law, and any excess of the maximum amount permitted by law shall be cancelled automatically and, at the option of Mortgagee, if theretofore or thereafter paid, shall be either refunded to the Mortgagor (without interest accruing with respect thereto from the date of payment to the date of refund), or credited against any disbursement of Notes proceeds theretofore made by Mortgagee and unpaid by Mortgagor, or credited against other of the obligations secured hereby, then due and payable

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or unperformable but unpaid or unperformed, or credited against unpaid interest (including default interest) theretofore accrued under the Notes and then due and payable or credited to the principal balance of the Notes and applied to the payment of the last maturing installment or installments of the Notes (whether or not then due and payable) and not to the payment of interest not then due and payable.

SECTION 27. Waiver of Defense. No action for the enforcement of the lien hereof or of any provision hereof shall be subject to any defense which would not be good and valid to the party interposing the same in an action at law upon the Notes.

SECTION 28. Subrogation. If the proceeds of the Notes, or any part thereof, or any amount paid out or advanced by the Mortgagee, be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Premises, or any part thereof, then the Mortgagee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of same.

SECTION 29. Controlling Law. This Mortgage, the rights of Mortgagee hereunder and under the Notes shall be construed and enforced according to the laws of the State of Illinois.

SECTION 30. Definition of Terms. Unless otherwise expressly stated, the word "Mortgagor" as used herein includes successors in interest of each Mortgagor, and the word "Mortgagee" as used herein includes successors in interest of Mortgagee, including any assigns of the Notes. Whenever used herein, the singular number shall include the plural, the plural shall include the singular, any gender used shall be applicable to all genders and the term "Mortgagee" shall include the payee of the Notes hereby secured and any holder, transferee or endorsee thereof, whether by operation of law or otherwise.

SECTION 31. Prepayment. The Mortgagor or any owner of the Premises shall have the right at any time or from time to time to repay all or any portion of the indebtedness secured hereby, without premium or penalty of any kind or nature.

SECTION 32. Due on Transfer. The Mortgagor covenants and agrees not to alienate or to encumber the premises (except as hereinafter expressly permitted), nor to commit,

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permit or suffer any waste, impairment or depreciation of the Premises and, in the event of (i) any sale or transfer of title (or beneficial interest) in all or part of the Premises other than a sale or transfer to a corporation (hereinafter called "New Corp.") which is a subsidiary of the Mortgagor where New Corp. becomes a co-obligor of the Notes secured hereby and the combined net worth of the Mortgagor and New Corp. is not less than the product of the then principal amount of Indebtedness Secured Hereby multiplied by ten (10); (ii) any sale or transfer of the voting control of the Mortgagor (being defined as the sale of the voting shares of stock of Mortgagor which results in a change in the identity of the individuals constituting a majority of the board of directors of the Mortgagor); or (iii) sale or transfer of twenty percent (20%) or more of the book value of the assets of the Mortgagor (whether voluntarily or by operation of law) during any one calendar year and at the end of the fiscal year during which sale occurs, the combined/aggregate net worth of the Mortgagor and all other parties who are then obligated for the Indebtedness Secured Hereby is less than the product of the then principal amount of the Indebtedness Secured Hereby multiplied by ten (10), the Mortgagee may, at its option, declare all of the remainder of the Indebtedness Secured Hereby immediately due and collectible, whether or not any default exists under the terms of this Mortgage, this covenant shall run with the Real Estate and remain in full force and effect until all Indebtedness Secured by this Mortgage is liquidated and the Mortgagee may, without notice to the Mortgagor, without in any way altering or discharging the Mortgagor's liability hereunder upon the Indebtedness Secured Hereby, deal with such new owner or owners with reference to the Indebtedness Secured Hereby in the same manner as with the Mortgagor.

SECTION 33. Compliance with Environmental Laws. In addition to all other provisions of this Mortgage, the parties agree that the Mortgagor, at its sole cost and expense, shall comply with all laws, statutes, ordinances, rules and regulations of any governmental authority ("Agency") having jurisdiction thereof concerning environmental matters, including, but not limited to, any discharge into the air, waterways, sewers, soil or ground water of any substance or "pollutant". Mortgagee and its agents and representatives shall have access to the Premises and to the books and records of the Mortgagor and any tenant or occupant of the Premises for the purpose of ascertaining the nature of the activities being conducted thereon to determine the type, kind and quantity of all products, materials and substances brought onto the Premises or made or produced thereon, and

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Mortgagee agrees not to disclose to any third party any information of proprietary nature gained by such inspection (except pursuant to an order of a court of competent jurisdiction). Mortgagor and all occupants of the Premises claiming under Mortgagor shall provide to the Mortgagee copies of all manifests, schedules, correspondence and other documents of all types and kinds when filed or provided to an Agency or otherwise required to be maintained by an Agency or as such are received from any Agency. Mortgagee and its agents and representatives shall have the right to take samples in quantity sufficient for scientific analysis of all products, materials and substances brought onto or made or produced on the Premises by the Mortgagor or any occupant or tenant otherwise present on the Premises. Mortgagee has no notice or knowledge of any use of the land which would give rise to liability because of or under environmental laws, rules, or regulations. Mortgagor agrees to indemnify and hold harmless Mortgagee and any transferee pursuant to a power of sale or any parent or affiliate of Mortgagee against any costs, expense and liability of any nature, arising or occurring by reason of or because of the activities, use or occupancy of the Premises by Mortgagor or any prior occupant or owner other than Mortgagee, and arising out of a claimed violation or duty under any environmental laws, rules or regulations.

IN WITNESS WHEREOF, Mortgagor and Mortgagee have caused this instrument to be duly executed and attested in their corporate names by their duly authorized officers and Mortgagee and Mortgagor have evidenced their acceptance of this instrument by having caused this instrument to be duly executed in their corporate names and attested, all by its duly authorized officers, all as of the date first above written.

MORTGAGEE:

MORTGAGOR:

ARMSTRONG-BLUM MANUFACTURING  
COMPANY

BSN CORP.

By: Donald R. [Signature]

By: [Signature]

Its: President

Its: V-P

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STATE OF Illinois )  
COUNTY OF Cook ) SS.

On this 17th day of February, 1988, before me, a Notary Public in and for said County and State, personally appeared Frank W. Goodwin, who, being known to me to be the Vice-President of BSN Corp. (the "Mortgagor") executed the within and foregoing instrument and who, being duly sworn, did depose, acknowledge and say: that he is the officer of the Mortgagor described in and which executed the foregoing instrument; that the instrument was executed and attested on behalf of the corporation and that he acknowledges the execution of the instrument to be the voluntary act and deed of the Mortgagor.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 17th day of February, 1988.

Patricia Marshall Anderson  
Notary Public

My Commission Expires May 29, 1990

My Commission expires: \_\_\_\_\_

Cook County Clerk's Office

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STATE OF Illinois )  
 )  
COUNTY OF Cott ) SS.

On this 17th day of February, 1988, before me, a Notary Public in and for said County and State, personally appeared Donald L. Armstrong, who, being known to me to be the President of Armstrong-Blum Manufacturing Company (the "Mortgagee") executed the within and foregoing instrument and who, being duly sworn, did depose, acknowledge and say: that he is the officer of the Mortgagor described in and which executed the foregoing instrument; that the instrument was executed and attested on behalf of the corporation and that he acknowledges the execution of the instrument to be the voluntary act and deed of the Mortgagor.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 17th day of February, 1988.

Loretta Marshall Anderson  
Notary Public

My Commission Expires May 20, 1990

My Commission expires: \_\_\_\_\_

Clerk's Office

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## EXHIBIT A

Legal Description

Property of Cook County Clerk's Office

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THE LAND REFERRED TO IN THIS COMMITMENT IS DESCRIBED AS FOLLOWS:

PARCEL A:

SUB-PARCEL A1:

THE SOUTH 165.78 FEET OF LOT 4 (EXCEPT THE WEST 350 FEET) IN KEENEY INDUSTRIAL DISTRICT, BEING AN OWNERS DIVISION IN THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO PLAT THEREOF DATED DECEMBER 26, 1924 AND RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS JANUARY 8, 1925 AS DOCUMENT 8732302 AND FILED IN THE OFFICE OF THE REGISTRAR OF TITLES OF COOK COUNTY, ILLINOIS JANUARY 9, 1925 AS DOCUMENT LR241222;

ALSO

SUB-PARCEL A2:

THAT PART OF THE SOUTH 165.78 FEET OF LOT 2 LYING EAST OF THE EAST LINE OF LOT 4 AND WEST OF THE CENTER LINE OF A 50 FOOT PRIVATE STREET BEING DRAWN PARALLEL WITH AND 932.24 FEET EAST OF THE WEST LINE OF SAID LOT 4 IN KEENEY'S INDUSTRIAL DISTRICT AFORESAID;

PARCEL B:

THE SOUTH 165.78 FEET OF THE WEST 337 FEET OF LOT 4 IN KEENEY INDUSTRIAL DISTRICT, BEING AN OWNERS DIVISION IN THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF MADE UNDER DATE OF DECEMBER 26, 1924, BY CHICAGO GUARANTEE SURVEY COMPANY AND FILED FOR RECORD IN THE OFFICE OF THE REGISTRAR OF TITLE OF COOK COUNTY, ILLINOIS ON JANUARY 3, 1925 AS DOCUMENT LR241222;

PARCEL C:

THE EAST 13 FEET OF THE WEST 350 FEET OF THE SOUTH 165.78 FEET OF LOT 4 IN KEENEY INDUSTRIAL DISTRICT, BEING AN OWNER'S DIVISION IN THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL D:

A STRIP OF LAND IN THAT PART OF LOT 4 AND LOT 2 IN KEENEY INDUSTRIAL DISTRICT AN OWNER'S DIVISION IN THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE WEST LINE OF SAID LOT 4, SAID KEENEY INDUSTRIAL DISTRICT, 165.78 FEET NORTH OF THE SOUTH WEST CORNER OF SAID LOT 4 IN SAID KEENEY INDUSTRIAL DISTRICT, RUNNING THENCE EAST PARALLEL WITH THE SOUTH LINE OF SAID LOT 4 (SAID SOUTH LINE BEING ALSO THE NORTH LINE OF BLOOMINGDALE AVENUE), A DISTANCE OF 826.08 FEET TO ITS INTERSECTION WITH THE SOUTH LINE OF THE RIGHT OF WAY (AT POINT OF TANGENCY) CONVEYED TO CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY ON OCTOBER 4, 1932 BY DEED RECORDED NOVEMBER 9, 1932 AS DOCUMENT 11162537 AND FILED DECEMBER 27, 1932 AS DOCUMENT LR599299; THENCE NORTHWESTERLY ALONG THE SOUTHERLY LINE OF SAID RIGHT OF WAY, BEING A CURVED LINE CONVEXED SOUTHWESTERLY, THE LAST DESCRIBED COURSE

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# UNOFFICIAL COPY

BEING TANGENT THERETO AND HAVING A RADIUS OF 487.6 FEET A DISTANCE OF 132.9 FEET; THENCE WEST ON A LINE PARALLEL WITH AND 183.78 FEET NORTH OF THE SOUTH LINE OF LOT 4 AFORESAID, A DISTANCE OF 694.98 FEET TO ITS INTERSECTION WITH THE WEST LINE OF SAID LOT 4; THENCE SOUTH ON SAID WEST LINE 18 FEET TO THE POINT OF BEGINNING;

PARCEL E:

THAT PART OF LOTS 2, 3 AND 4 IN KEENEY INDUSTRIAL DISTRICT, BEING AN OWNER'S DIVISION IN THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE WEST LINE OF LOT 4, IN SAID KEENEY INDUSTRIAL DISTRICT, BEING THE EAST LINE OF NORTH MONITOR AVENUE, 183.78 FEET NORTH OF THE SOUTH LINE OF SAID LOT 4; THENCE NORTH ALONG THE EAST LINE OF THE NORTH MONITOR AVENUE, A DISTANCE OF 160 FEET; THENCE EAST ALONG A LINE DRAWN PARALLEL WITH AND 349.78 FEET NORTH OF THE SOUTH LINE OF SAID LOT 4, A DISTANCE OF 450.99 FEET TO ITS INTERSECTION WITH THE SOUTHERLY RIGHT OF WAY LINE OF THE LAND CONVEYED TO CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY BY DEED DATED OCTOBER 4, 1932 AND RECORDED NOVEMBER 9, 1932, AS DOCUMENT 11162537 AND FILED DECEMBER 27, 1932 AS DOCUMENT LR599299; THENCE SOUTH EASTERLY ALONG SAID RIGHT OF WAY LINE BEING A CURVED LINE CONVEYED SOUTH WESTERLY AND HAVING A RADIUS OF 487.60 FEET, A DISTANCE OF 297.58 FEET (ARC), TO ITS INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND 183.78 FEET NORTH OF THE SOUTH LINE OF SAID LOT 4, BEING THE NORTH LINE OF RIGHT OF WAY CONVEYED TO THE TRUSTEES OF THE PROPERTY OF THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY BY DEED DATED AUGUST 2, 1940 AND FILED JUNE 5, 1941 AS DOCUMENT LR 899490; THENCE WEST ALONG SAID RIGHT OF WAY LINE, A DISTANCE OF 694.98 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

COOK COUNTY RECORDER  
#6413 # 2 \* 88-074204  
1#1111 TRAN 2661 08/19/88 16:02:00

DEPT-01 RECORDING \$43.00

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Clerk's Office

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