

UNOFFICIAL COPY

8 3 0 3 5 9 7 2

2

7122009D3

85085092

FIRST MORTGAGE

Given by

AMERICAN NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee under Trust Agreement
dated February 8, 1988 and
known as Trust No. 100053-04
("Mortgagor")

to

BARCLAYS BANK PLC,
a banking corporation organized
under the laws of England,
acting through its New York branch,
a branch of Barclays Bank PLC,
licensed to do business in the
State of New York, and its successors
and assigns ("Mortgagee")

on

16th day of February, 1988.

Property of Cook County Clerk's Office

85085092

UNOFFICIAL COPY

3 3 0 3 5 3 2

FINAL
48111

INDEX TO FIRST MORTGAGE

<u>SECTION</u>		<u>PAGE</u>
1.	Definitions.	5
2.	Obligations Secured.	6
3.	Maintenance, Repair and Restoration of Improvements, Payment of Liens, Etc.	6
4.	Payment of Taxes	9
5.	Insurance.	9
6.	Adjustment of Losses with Insurer and Application of Proceeds of Insurance	10
7.	Furnishing Information and Audits.	15
8.	Stamp Tax.	17
9.	No Prepayment Privilege.	17
10.	Effect of Extensions of Time	17
11.	Effect of Changes in Laws Regarding Taxation	18
12.	Mortgagee's Performance of Defaulted Acts; Subrogation.	18
13.	Mortgagee's Reliance on Tax Bills, Etc.	19
14.	Default.	19
15.	Foreclosure; Expense of Litigation	21
16.	Application of Proceeds of Foreclosure Sale.	23
17.	Appointment of Receiver.	23
18.	Assignment of Rents and Leases	24
19.	Mortgagee's Right of Possession in Case of Default	26
20.	Application of Income Received by Mortgagee.	27
21.	Mortgagee's Right of Inspection.	28
22.	Condemnation	28

PROPERTY
CLERK'S
OFFICE

UNOFFICIAL COPY

8 3 0 3 5 9 2

<u>SECTION</u>		<u>PAGE</u>
23.	Release upon Payment and Discharge of Mortgagor's Obligations.	29
24.	Giving of Notice	29
25.	Waiver of Defenses; Remedies Not Exclusive; Time is of the Essence	31
26.	Waiver of Statutory Rights	32
27.	Default Rate	32
28.	Binding on Successors and Assigns.	32
29.	Definitions of "Mortgagor," and "Mortgagee".	32
30.	Captions	33
31.	Business Loan Recital.	33
32.	Filing and Recording Fees.	33
33.	Execution of Separate Security Agreement, Financing Statements Etc.	33
34.	Partial Invalidity; Maximum Allowable Rate of Interest.	34
35.	Loan Agreement	34
36.	Mortgagee's Lien for Service Charges and Expenses	35
37.	Applicable Law	35
38.	No Offsets	35
39.	Future Advances.	36
40.	Tax and Insurance Escrow	36
41.	No Merger of Senior and Junior Loan Documents.	37
42.	Construction Mortgage.	37
43.	Notice of Conversion	38

260250000

UNOFFICIAL COPY

8 3 0 8 5 0 7 2

<u>SECTION</u>		<u>PAGE</u>
44.	Fees and Expenses of Mortgagee's Participant.	38
45.	Trustee's Exculpation.	38

EXHIBITS

A Legal Description

Property of Cook County Clerk's Office

260-15022

FINAL
46481

FIRST MORTGAGE

Property Address: 505 North Michigan
Chicago, Illinois
P.I.N. 17-10-126-001, 17-10-126-002,
17-10-126-003, 17-10-126-005 ~~17-10-126-004~~

THIS FIRST MORTGAGE ("First Mortgage") is made as of the 16th day of February, 1988, by and between AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association ("Trustee" or "Mortgagor"), not personally, but as Trustee under a Trust Agreement dated February 8, 1988, and known as Trust No. 120053-04 ("Land Trust"), and BARCLAYS BANK PLC, a banking corporation organized under the laws of England, acting through its New York Branch, a branch of Barclays Bank PLC licensed to do business in the State of New York, and its successors and assigns ("Lender" or "Mortgagee").

RECITALS

- A. Mortgagee, Mortgagor and CIMS Limited Partnership, an Illinois limited partnership ("Beneficiary" — Land Trust and Beneficiary being collectively hereinafter called "Borrower"), have entered into a Construction Loan Agreement ("Loan Agreement") of even date herewith, whereby Lender has agreed to make an acquisition and construction loan to Borrower (the "Loan");
- B. Beneficiary is the sole beneficiary of and holder of the power of direction with respect to the Land Trust.
- C. Pursuant to the terms of the Loan Agreement, Borrower executed and delivered to Mortgagee a promissory note of even date herewith (the "Senior Note") payable to the order

This instrument was prepared by
and after recording return to:

Laurel L. Kroack
Hopkins & Sutter
Three First National Plaza
Suite 4300
Chicago, Illinois 60602

By 333

200-0034

UNOFFICIAL COPY

3 3 0 3 5 0 9 2

of Mortgagee in the principal amount of NINETY MILLION U.S. DOLLARS (U.S. \$90,000,000) to evidence a portion of the Loan. Under the terms and provisions of the Senior Note, Borrower promises to pay said principal and interest at the rate and in the installments as provided in the Senior Note (which interest rate shall change from time to time as provided in the Senior Note); the unpaid principal balance together with all interest accrued thereunder and all other sums evidenced thereby, if not sooner paid, shall be due and payable in full on February 26, 1990 (the "Original Maturity Date"), which date may be extended (a) for a period of six months to August 26, 1990, if Borrower complies with and satisfies all of the applicable requirements of Section 4.4 of the Loan Agreement and (b) to February 26, 1998 in the event of Conversion (as hereinafter defined). The "Maturity Date" shall mean the Original Maturity Date or the Original Maturity Date as so extended, as appropriate. All of said principal and interest is payable at the addresses specified in the Senior Note or at such place as Mortgagee may from time to time designate in writing by notice to Mortgagor.

D. Pursuant to the terms of the Loan Agreement, Borrower executed and delivered to Mortgagee a promissory note of even date herewith (the "Junior Note") payable to the order of Mortgagee in the principal amount of up to Twenty-one Million U.S. Dollars (U.S. \$21,000,000), to evidence the balance of the Loan to Borrower, secured by a second mortgage on the Premises (as hereinafter defined) of even date herewith from Mortgagor in favor of Mortgagee (the "Second Mortgage").

E. Subject to the provisions of a buy/sell agreement dated February 16, 1988, among Borrower, the New York State Common Retirement Fund ("NYSCR" or "Permanent Lender") and Mortgagee (the "Permanent Lender Buy-Sell Agreement"), Mortgagee has agreed to sell, and NYSCR has agreed to purchase, the Senior Note and the Senior Loan Documents (as hereinafter defined) for a purchase price of up to Ninety Million U.S. Dollars (U.S. \$90,000,000).

F. Chrysler Capital Realty Inc. ("Chrysler Capital"), a Delaware corporation, pursuant to the terms of a participation agreement dated February 16, 1988, between Chrysler Capital and Mortgagee (the "Chrysler Participation Commitment"), has agreed, in the event of a Conversion, to purchase a fifty percent (50%) participation interest in the Senior Note and the Senior Loan Documents for a purchase price of up to Forty-five Million U.S. Dollars (U.S. \$45,000,000).

G. Chrysler Capital Realty II Inc. ("CRI"), a Delaware corporation, pursuant to a buy/sell agreement dated February 16, 1988, among Borrower, Mortgagee and CRI (the "CRI Buy/Sell Agreement"), has agreed to purchase the Junior Note

201-551-1000

UNOFFICIAL COPY

0 3 0 8 5 3 2

and the Second Mortgage and the other documents securing the Junior Note (collectively, the "Junior Loan Documents") for a purchase price of up to Twenty-One Million U.S. Dollars (U.S. \$21,000,000).

H. Inter-Continental Hotels Corporation, a Delaware corporation ("Inter-Continental"), pursuant to an Operating and Management Agreement dated February 16, 1988, (the "Operating Agreement") between Borrower and Inter-Continental, has agreed to supervise, direct and control the operation and management of the Premises as the 517 room "Forum Hotel Chicago" and the 349 room "Chicago Inter-Continental Hotel" and ancillary restaurants, lounges and meeting and banquet facilities (the "Project").

I. Pursuant to the terms of the Loan Agreement, Mortgagee has issued a letter of credit dated the date hereof in the amount of Nine Hundred Thousand U.S. Dollars (U.S. \$900,000) naming Permanent Lender as Beneficiary ("Permanent Lender Letter of Credit").

NOW, THEREFORE, (x) for and in consideration of: (i) the making of the Loan by Mortgagee, (ii) other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and (iii) the recitals set forth above (such recitals being incorporated herein and made a part hereof by this reference), and (y) to secure the indebtedness evidenced by the Senior Note and all other indebtedness presently or in the future owed by Mortgagor to Mortgagee under the Senior Loan Documents, and also to secure the performance by Mortgagor and Beneficiary of all of their respective other covenants, agreements and obligations under this First Mortgage, the Loan Agreement, the Senior Note, or any other document or instrument evidencing, securing or relating to the indebtedness evidenced by the Senior Note (collectively the "Senior Loan Documents"), Mortgagor does, by these presents, GRANT, REMISE, RELEASE, ALIEN AND CONVEY unto Mortgagee, its successors and assigns, certain real estate legally described in Exhibit A attached hereto and made a part hereof and all of Mortgagor's estate, right, title and interest therein, situate, lying and being in the City of Chicago, County of Cook and the State of Illinois which, with the property hereinafter described, is hereinafter referred to as the "Premises."

TOGETHER with all of Mortgagor's right, title and interest in and to: (a) all improvements, tenements, easements, fixtures, and appurtenances thereto pertaining or belonging, whether now held or hereafter acquired, (b) all leases, lettings, agreements for use and occupancy, concessions and licenses of or with respect to any or all of the Premises,

UNOFFICIAL COPY

3 3 0 6 5 3 7 2

and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily), and (c) all fixtures, apparatus, equipment or articles now or hereafter in or on the Premises or improvements thereon, used to supply heat, gas, air cooling, air conditioning, water, light, power, sanitation, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, all other fixtures, apparatus, equipment, furniture, furnishings, and articles used or useful in connection with the operation of the Project, and all related facilities now or hereafter located upon said Premises, all shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, curtain fixtures, partitions, and attached floor coverings, now or hereafter therein or thereon whether now held or hereafter acquired -- it being understood that the enumeration of any specific articles of property shall in no way result in or be held to exclude any items of property not specifically mentioned (the items in this clause (c) being sometimes collectively called the "Personal Property").

TOGETHER with all estates, interests, rights, titles, claims or demands which Mortgagor now has or may hereinafter acquire in the Premises, including, but not limited to, claims or demands with respect to the proceeds of insurance in effect with respect thereto, as more specifically set forth in this First Mortgage, and any and all awards made for the taking by eminent domain, or by any proceedings or purchase in lieu thereof, as more specifically set forth in this First Mortgage.

All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed or annexed or not, and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared to form a part and parcel of the real estate mortgaged hereby and to be appropriated to the use of the real estate, and shall, for the purposes of this First Mortgage, be deemed to be real estate and conveyed and mortgaged hereby. As to any of the property aforesaid which (notwithstanding the aforesaid declaration and agreement) does not so form a part and parcel of said real estate, this First Mortgage is hereby deemed to be, as well, a Security Agreement under the Illinois Uniform Commercial Code, Ch. 26, Illinois Revised Statutes, in effect or as amended from time to time or under similar or replacement statutes hereafter enacted (collectively, the "UCC") for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to Mortgagee as a Secured Party (as said term is defined in the UCC), securing said indebtedness and obligations described in this First

100-1092

UNOFFICIAL COPY

8 3 0 3 3 1 7 2

Mortgage, and Mortgagee shall have in addition to its rights and remedies hereunder all rights and remedies of a Secured Party under the UCC. As to the above personal property which the UCC classifies as fixtures, this instrument shall constitute a fixture filing and financing statement under the UCC.

Mortgagor covenants (i) that it is lawfully seized of the Premises, (ii) that the Premises are unencumbered, except for the liens, encumbrances, conditions, restrictions, easements, leases, and other matters, rights or interests disclosed in Schedule B (or the equivalent section or portion) of the MTA Loan Policy delivered to and accepted by Mortgagee contemporaneously with the execution and delivery of this Mortgage (herein called "Permitted Encumbrances"), and (iii) that Mortgagor has good right, full power and lawful authority to convey and mortgage the same; and further, Mortgagor shall forever defend the Premises and the quiet and peaceful possession of the same against the lawful claims of all persons whomsoever.

TO HAVE AND TO HOLD the Premises unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Definitions

The following terms have the following meanings in this First Mortgage:

Affiliated Parties: Each of Beneficiary and Inter-Continental and, for so long as either of them has any outstanding obligations under any of the Senior Loan Documents, Chrysler Financial Corporation ("Chrysler Financial") and Melvin Simon.

CIMS Partners: RAE Hotel Corporation ("RAE"), a Delaware corporation, Michigan/Illinois Development Partnership ("Michigan Illinois"), an Illinois partnership and InterContinental Chicago Operating Corp., a Delaware corporation.

Conversion: The conversion of the Senior Loan to a "Term Loan" as defined in Article 18 of the Loan Agreement.

Material Adverse Financial Change: In Lender's reasonable judgment, an adverse financial change has occurred that could prevent, in any material respect, timely performance under any guaranty or other contract or commitment given to Lender as security for the Senior Note.

26050092

2. Obligations Secured

This First Mortgage is to secure:

(a) all indebtedness evidenced by the Senior Note, including any future advances, the aggregate principal amount of which shall not exceed NINETY MILLION U.S. DOLLARS (U.S. \$90,000,000), plus all interest accruing thereon, and fees due and payable in connection therewith, and all other amounts due hereunder and otherwise secured hereby under law;

(b) commencing as of the third anniversary of a Conversion so called "Contingent Interest" equal to two percent (2%) of the "Gross Revenues" of the "Project" (as those terms are defined in the Senior Note) payable in installments as provided in the Senior Note (which rate shall increase to two and one-half percent (2 1/2%) on the fifth anniversary of a Conversion);

(c) all sums drawn under the Permanent Lender Letter of Credit;

(d) all other sums advanced pursuant to the provisions of the Loan Agreement (except any sums secured by the Junior Loan Documents) and any of the Senior Loan Documents;

(e) the performance by Mortgagor and Beneficiary of all other covenants, agreements and obligations on the part of either or both contained in the Senior Loan Documents; and

(f) any renewals, extensions, amendments or modifications hereto or of the Loan Agreement or any other Senior Loan Documents.

The foregoing items set forth in subsections (a) through (f) of Section 2 of this First Mortgage are hereinafter collectively called the "Obligations." Notwithstanding anything to the contrary set forth in this Section 2, in no event shall the maximum amount to be secured hereunder be greater than the principal amount of NINETY MILLION U.S. DOLLARS (U.S. \$90,000,000) plus all accrued interest thereon, together with unpaid fees (including, but not limited to, attorneys' fees), costs of enforcement hereof and all other amounts due hereunder and otherwise secured hereby under law.

3. Maintenance, Repair and Restoration of Improvements, Payment of Liens, Etc.

(a) Mortgagor shall (i) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the

2011/11/14

Premises which may become damaged or be destroyed; (ii) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien of any kind or nature whatsoever except Permitted Encumbrances (collectively, "Liens"); (iii) pay when due any indebtedness which may be secured by a mortgage on the Premises, whether senior or junior to this First Mortgage and whether permitted by the terms hereof or otherwise, and comply with all requirements of all loan documents evidencing or securing such indebtedness, and upon request, exhibit satisfactory evidence of the discharge of any such mortgage to Mortgagee; (iv) complete within the time required under the Loan Agreement any building or buildings or any improvements, repairs or renovations at any time in the process of erection or construction upon the Premises; (v) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to the Premises and the use thereof (collectively, "Laws"); (vi) make no material alterations in the Premises, except in accordance with the Loan Agreement or as required by law or municipal ordinance; (vii) suffer or permit no change in the general nature of the occupancy or use of the Premises except as contemplated in connection with the Project; (viii) initiate or acquiesce in no zoning variation or reclassification without Mortgagee's prior written consent; and (ix) pay each item of indebtedness secured by this First Mortgage when due according to the terms hereof, and pay, perform, satisfy and discharge each of the Obligations when required to do so under the terms of this First Mortgage, the Senior Note and the other Senior Loan Documents.

(b) Notwithstanding anything in Section 3(a)(ii) of this First Mortgage to the contrary, Mortgagor may, in good faith and with due diligence, contest the validity or amount of any Lien, and defer payment and discharge thereof during the pendency of such contest, provided: (i) that such contest shall have the effect of preventing the sale or forfeiture of the Premises or any part thereof, or any interest therein, to satisfy such Lien; (ii) that, within ten (10) days after Mortgagor has first learned of the assertion of such Lien, Mortgagor shall have notified Mortgagee in writing of Mortgagor's intention to contest such Lien; and (iii) that Mortgagor shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, a sum of money which shall be sufficient, in the sole judgment of Mortgagee, to pay in full such Lien and all interest which might become due thereon, and Mortgagor shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional interest whenever, in the sole judgment of Mortgagee, such increase is advisable. If Mortgagor shall: (x) fail to prosecute such contest with reasonable diligence,

or (y) fail to maintain sufficient funds on deposit as hereinabove provided, then Mortgagee may, at its option, apply the money so deposited in payment of or on account of such Lien, or that part thereof then unpaid, together with all interest thereon. If the amount of money so deposited shall be insufficient for the payment in full of such Lien, together with all interest thereon, Mortgagor shall forthwith, upon demand, deposit with Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make such payment in full. Mortgagee shall, upon the final disposition of such contest, apply the money so deposited in full payment of such Lien or that part thereof then unpaid, together with all interest thereon (provided that no Default (as defined in Section 14) exists hereunder) when so requested in writing by Mortgagor and when furnished by Mortgagor with sufficient funds to make such payment in full and with evidence satisfactory to Mortgagee of the amount of payment to be made. In lieu of the cash deposit described above, Mortgagor may deliver to Mortgagee either an amendment to or endorsement of the ALTA Loan Policy provided to Mortgagee at the time this First Mortgage is executed or a payment bond from a surety satisfactory to Mortgagee; provided that such amendment, endorsement or bond shall insure over, or indemnify Mortgagee against, the Lien which Mortgagor is contesting as aforesaid, and shall otherwise be in form and substance satisfactory to Mortgagee.

(c) Notwithstanding anything in Section 3(a)(v) of this First Mortgage to the contrary, in the event of a Conversion, Mortgagor may in good faith and with due diligence contest the applicability of any Law; provided, that: (i) such contest shall have the effect of preventing the appointment of a receiver for the Premises or the sale, demolition or forfeiture of the Premises or any part thereof, or any interest therein; (ii) within ten (10) days after Mortgagor first learns of the assertion of such Law, Mortgagor shall have notified Mortgagee in writing of Mortgagee's intention to contest such Law; and (iii) Mortgagor shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint a sum of money which shall be sufficient, in the sole judgment of Mortgagee, to pay all fines and penalties for noncompliance with such Law and to pay any expense to be incurred by Mortgagor to cause the Premises to comply with any such Law, and Mortgagor shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional fines, penalties and expenses whenever, in the sole judgment of Mortgagee, such increase is advisable. If Mortgagor shall: (x) fail to prosecute such contest with reasonable diligence, or (y) fail to maintain sufficient funds on deposit as hereinabove provided, then Mortgagee may, at its

260-120-1092

option, apply the money so deposited in payment of any such fines, penalties or expenses, or any part thereof then unpaid. If the amount of money so deposited shall be insufficient for the payment in full of such fines, penalties and expenses, Mortgagor shall forthwith, upon demand, deposit with Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make such payment in full. Mortgagee shall, upon the final disposition of such contest, apply the money so deposited in full payment of any such fines, penalties or expenses or that part thereof then unpaid (provided that no Default exists hereunder) when so requested in writing by Mortgagor and when furnished by Mortgagor with sufficient funds to make such payment in full and with evidence satisfactory to Mortgagee of the amount of payment to be made.

4. Payment of Taxes

Mortgagor shall pay or cause to be paid, before the due date thereof, all general real estate taxes, special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises, and shall, upon written request, promptly furnish to Mortgagee duplicate receipts evidencing such payment. If Mortgagor wishes to contest any such taxes or assessments, Mortgagor may do so only by paying such taxes or assessments in full under protest in the manner provided under applicable law.

5. Insurance

Mortgagor shall at all times maintain or caused to be maintained insurance policies in forms, companies and amounts satisfactory to Mortgagee, with mortgagee clauses attached to all casualty policies in favor of and in form satisfactory to Mortgagee naming Mortgagee as loss payee, and all policies shall include a provision requiring that the coverage evidenced thereby shall not be terminated or modified without thirty (30) days prior written notice to Mortgagee, which policies under subsection (a) hereof shall be delivered to Mortgagee on the date hereof and the policies under subsection (b) hereof shall be delivered to Mortgagee in the event of a Conversion. Without limiting the generality of the foregoing, Mortgagor shall maintain:

(a) during construction to the Premises: (i) all risks form of builder's risk insurance, (ii) owner's liability insurance, (iii) contractor's liability insurance, workmen's compensation and employer's liability insurance, (v) professional liability insurance, (vi) public liability insurance, (vii) boiler and machinery insurance, and

268-100-1

UNOFFICIAL COPY

3 1 0 3 5 1 1 2

(viii) flood insurance if the Premises are located in a designated flood plain.

(b) after construction to the Premises is complete:
(i) all-risks form of property insurance covering real and personal property, (ii) rents, earnings and extra expense insurance, (iii) owner's liability insurance, (iv) worker's compensation and employer's liability insurance, (v) automobile insurance, (vi) fidelity insurance, (vii) contractual liability insurance, (viii) dram shop insurance, and (ix) flood insurance if the Premises are located in a designated flood plain.

Mortgagor shall deliver copies of all policies and duplicate original certificates evidencing such insurance, including copies of additional and renewal policies and duplicate original certificates, together with evidence of full payment of premiums thereon, to Mortgagee, and, in the case of insurance about to expire, shall deliver duplicate original certificates and copies of each renewal policy, together with evidence of full payment of premiums thereon, not less than thirty (30) days prior to their respective dates of expiration. Mortgagor will not permit any condition to exist at the Premises which would wholly or partially invalidate any insurance thereon. Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon under a mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

6. Adjustment of Losses with Insurer and Application of Proceeds of Insurance

(a) In case of fire or other casualty, Mortgagee (or after entry of decree of foreclosure, the purchaser at the sale, or the decree creditor, as the case may be) shall have the sole right and discretion to (x) settle and adjust any claim under such insurance policies or (y) allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss; provided, however, that in case of fire or casualty after the Conversion which results in Restoration (as hereinafter defined) costs equal to or less than \$200,000, Mortgagor shall have the right to settle and adjust such claim. In either case, Mortgagee is authorized and shall have the right (but not the obligation) to collect and receipt for any such insurance proceeds. Such insurance proceeds shall be held by Mortgagee and applied, prior to Conversion, in accordance with Article 14 of the Loan Agreement, or in event of a

UNOFFICIAL COPY

3 3 0 3 5 1 2

Conversion, to reimburse Mortgagor for the cost of rebuilding or restoration of the buildings or improvements on the Premises; provided however, that: (i) no Default exists hereunder and is then continuing, (ii) the Premises may, in the reasonable judgment of Mortgagee, be restored to a viable economic unit having a fair market value at least equal to its fair market value immediately prior to the occurrence of such fire or casualty, and, if the cost of such Restoration is greater than U.S. \$1,000,000, such fair market value shall be equal to or greater than ONE HUNDRED THIRTY-EIGHT MILLION U.S. DOLLARS (U.S. \$138,000,000), (iii) the Operating Agreement will be in full force and effect upon completion of the restoration of the Premises, and (iv) the Restoration of the Premises, in the reasonable judgment of Mortgagee, can be completed on or before the date which is six (6) months prior to the Maturity Date of the Senior Note;

(b) If the insurance proceeds are to be applied to the Restoration of the Premises, then all insurance proceeds remaining after deducting costs and expenses incurred by Mortgagee to collect the insurance proceeds (the "Net Insurance Proceeds") shall be paid by Mortgagee to Mortgagor for the Restoration of the Premises pursuant to subsection (d) of this Section. Any Net Insurance Proceeds not so applied or that remain unexpended after the Restoration may be applied by Mortgagee to the repayment of the Obligations, in any manner that Mortgagee shall designate, whether or not then due and payable. If Mortgagee shall receive and retain such insurance money, the lien of this First Mortgage shall be reduced only by the amount of Net Insurance Proceeds actually applied by Mortgagee in reduction of the Obligations.

(c) Mortgagor, at its own expense, will restore, repair, replace or rebuild the Premises or cause the same to be restored, repaired, replaced or rebuilt (provided that any Net Insurance Proceeds are permitted to be applied to such costs, as herein provided) as nearly as possible to its value, condition, character, bulk, floor area and height immediately prior to such damage or destruction, with such changes as may be consented to by Mortgagee in writing. Such a restoration, repair, replacement or rebuilding (hereinafter collectively called the "Restoration") shall be commenced promptly and completed with all reasonable diligence and continuity by Mortgagor, in a good and workmanlike manner, complying with all application requirements of all Federal, State, County or City governments, any political subdivision thereof, and any agency, department, court, board or instrumentality of any of them (the "Governmental Authorities"). If requested by Mortgagee and, after the Conversion, the cost of the Restoration exceeds U.S. \$200,000, all work shall be performed by a general

contractor pursuant to a written construction contract with Mortgagor, and the general contractor shall obtain and deliver a performance bond and a labor and material payment bond in the amount of the contract, written by a surety satisfactory to Mortgagee and which shall name Mortgagee as an additional obligee.

(d) All Net Insurance Proceeds and all Net Condemnation Proceeds as defined in Section 22 hereof (collectively, "Net Proceeds") available to reimburse Mortgagor for the Restoration of the Premises shall be paid out by Mortgagee (or, at Mortgagee's option, a bank or trust company designated by Mortgagee (a "Depository"), whose fees and expenses shall be paid by Mortgagor) from time to time to persons furnishing labor or materials or both, including architects' fees and contractors' compensation, with respect to the Restoration, upon receipt by Mortgagee or any Depository of:

(i) The certificate of Mortgagor dated not more than five (5) days prior to the date of the proposed draw (A) requesting the payment of a specified amount of such insurance monies; (B) describing in reasonable detail the work (including all architects, engineers' and builders' fees and expenses and other similar fees and expenses in connection with such work) and materials applied to the Restoration (or materials delivered to and safely stored on the Premises, the ownership of which has passed to Mortgagor and which is fully insured for loss or damage including coverage for theft and malicious mischief) since the date of the last certificate of Mortgagor; (C) stating that such specified amount does not exceed the cost of such work and materials; (D) stating that Mortgagee has approved the plans and specifications with respect to such work and materials if required; (E) stating that such work and materials have not previously been made the basis of any request for any withdrawal of money; and (F) stating that as of the date of such draw no Default hereunder shall have occurred and is continuing;

(ii) (a) The certificate of an independent engineer or an independent architect designated by Mortgagor, who in either case shall be approved by Mortgagee, stating (1) that the work (including all architects', engineers' and builders' fees and expenses and other similar fees and expenses in connection with such work) and materials described in the accompanying certificates of Mortgagor were satisfactorily performed or furnished and were necessary, appropriate or

260-250-002

UNOFFICIAL COPY

3 1 0 0 5 0 2

desirable to the Restoration of the Premises in accordance with plans and specifications therefor approved by Mortgagee; (2) that the amount specified in such certificate of Mortgagee is not in excess of the cost of such work and materials; and (3) the balance of the funds being held by Mortgagee or the Depository equals or exceeds the additional amount, if any, required to complete the Restoration of the Premises, or (b) if the cost of the Restoration does not exceed \$200,000, such evidence of satisfactory performance of the Restoration as Lender may deem necessary in its sole discretion;

(iii) The certification of a title company or an endorsement to Mortgagee's original title insurance policy satisfactory to Mortgagee, dated the date of the draw, that, except for Permitted Encumbrances, Mortgagor continues to have good and marketable title to the Premises; and

(iv) In connection with the final request for payment of Net Proceeds held by Mortgagee or the Depository, the certificate of Inter-Continental approving the Restoration of the Premises and affirming that the Operating Agreement is still in full force and effect with no existing default by Borrower thereunder; and

(v) Such other evidence of cost and of payment, including, but not limited to, contractor's and sub-contractor's affidavits and lien waivers as Mortgagee may deem prudent and necessary.

Upon the satisfaction of such conditions, Mortgagee or the Depository shall pay to Mortgagor (or if required by Mortgagee, by check payable jointly to Mortgagor and the contractor or subcontractor who performed the work for which payment is requested or directly to such contractor or subcontractor) the amount specified in the certificate required under clause (i) above. Such payment shall not reduce the balance of monies deposited with the Depository below the amount specified in such certificate of the independent engineer or the independent architect as the amount required to complete the Restoration of the Premises. Mortgagee may, or may direct the Depository to, withhold from each amount paid out ten percent (10%) thereof until all of the Restoration is completed and proof has been furnished to Mortgagee that all required certificates of occupancy or equivalent under applicable law have been issued with respect to the Restoration in question, that the Operating Agreement is in full force and effect, that, except as provided

260-100-2

UNOFFICIAL COPY

8 3 0 3 5 0 9 2

in Section 3(b) above, no Lien or liability has attached or will attach to the Premises or to Mortgagor in connection with such Restoration and the Premises are free and clear of Liens or security interests of every kind. Before beginning such Restoration, or entering into any contracts in connection therewith, Mortgagor shall submit for Mortgagee's approval complete and detailed plans and specifications thereof unless, after the Conversion, the cost of such Restoration is equal to or less than U.S. \$200,000. In any case, before beginning such Restoration, Mortgagor shall provide Mortgagee with a consent and approval of Inter-Continental and any other person or entity whose approval thereof may be required. Promptly after receiving said written approval of said plans and specifications (if required), Mortgagor shall begin and prosecute such Restoration to completion with diligence. Insofar as any permits or certificates of any Governmental Authority, including a new certificate of occupancy, may be necessary, Mortgagor shall obtain and deliver to Mortgagee such permits or certificates before the Premises shall be reoccupied for any purpose. Except as provided in Section 3(b) above, the Restoration shall be completed free and clear of mechanic's, materialmen's or similar liens, the possibility of such liens, and security interests of every kind.

(e) In the event that the Net Proceeds are at any time deemed by Mortgagee, in its sole discretion, to be insufficient to pay the cost of the Restoration, Mortgagor shall deposit, within thirty (30) days of the date such request is made by Mortgagee, a sum, in cash, in an amount equal to the amount of such deficiency with Mortgagee (or any Depository); provided, however, that if a Default shall occur hereunder or under any of the Senior Loan Documents, Mortgagee shall be entitled to draw, in whole or in part, upon any such sum for any purpose permitted hereunder. The initial sum to be so deposited with Mortgagee according to this subsection, if any, or any additional amounts as Mortgagee may from time to time, in its sole discretion, deem necessary for such Restoration, shall be in an amount which, when added to the Net Proceeds, shall, in Mortgagee's sole discretion, be adequate to complete the Restoration. Any surplus of funds so deposited by Mortgagor shall be returned to Mortgagor after the Restoration is completed, so long as no Default hereunder or under any of the Senior Loan Documents exists.

(f) In case of loss after a foreclosure by judicial proceeding has been instituted, the proceeds of any such insurance policy or policies, if not applied as aforesaid in rebuilding or restoring the buildings or improvements, shall be applied in payment or reduction of the Obligations or in payment or reduction of the amount due in accordance with any order of

88085092

foreclosure that may be entered in any such proceeding, and the balance, if any, shall be paid to the owner of the equity of redemption if it shall then be entitled to the same or as the court may direct. In case of the foreclosure of this First Mortgage by judicial proceeding, the court in its order and upon notice to the insurer may provide that the mortgagee's clause attached to each of said insurance policies may be cancelled and that the purchaser at the foreclosure sale held in accordance with such judicial proceeding may cause a new loss clause to be attached to each of said policies making the loss thereunder payable to said purchaser; and any such foreclosure order may further provide that in case of one or more redemptions under said order, pursuant to the statute in such case made and provided, then, and in every such case, each successive redeemer may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such redeemer. In the event of such foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

7. Furnishing Information and Audits

(a) Borrower shall deliver or cause to be delivered to Lender quarterly and annual financial statements of the Beneficiary, Inter-Continental, Chrysler Financial and annual financial statements of Melvin Simon as soon as available and in any event no later than ninety (90) days after the close of each fiscal year for annual statements and thirty (30) days after the close of each quarter for quarterly statements. Each shall be prepared in accordance with generally accepted accounting principles consistently applied with adequate disclosure or otherwise shall be in form and scope satisfactory to Lender. Each of the annual and quarterly statements shall be certified as true and correct by an authorized financial officer of the entity for which such statements are issued. Borrower shall promptly supply Lender with such additional information concerning Borrower, the other Affiliated Parties or the Project as Lender may request from time to time.

(b) In the event of a Conversion, Borrower shall thereafter provide Mortgagee with monthly financial reports with respect to the operation of the Project; such reports shall be satisfactory in form, content and detail to Mortgagee, shall be certified by the managing general partner of Beneficiary, and shall include a profit and loss statement

H8085092

showing the results of the operation of the Project for such month, together with the results of operations from October 1 through the end of such month, a statement of operations, balance sheet, cash transactions statement, and such supporting evidence as Mortgagee may reasonably require. Such monthly statements shall be delivered to Mortgagee not later than the thirtieth (30th) day of the month following the month to which the same pertain. All such statements shall be derived from the books and records for the Project maintained on a regular basis by Borrower or by Inter-Continental, and shall be prepared in accordance with the terms and provisions of the Operating Agreement. Not later than December 31 of each year, Borrower shall provide Mortgagee with annual financial statements for the most recent twelve month period commencing October 1 and ending September 30 ("Fiscal Year"). Such annual statements shall be satisfactory in form, content and detail to Mortgagee, shall be prepared in accordance with generally accepted accounting and hotel management principles applied on a consistent basis, shall set forth the financial position, results of operation, and changes in financial position with respect to the operation of the Project for such Fiscal Year and shall show the aggregate amount of Contingent Interest (as defined in the Senior Note) payable in respect of such Fiscal Year. Any difference between the amount of Contingent Interest actually payable for such period, as indicated by such annual statements, and the aggregate amount theretofore paid for such period by Borrower in monthly installments shall be paid to Mortgagee concurrently with the delivery of such annual statements without interest; provided that any such amount not paid when due shall bear interest at the Default Rate (as provided in the Senior Note) until paid. If such annual statements shall reveal that Borrower shall have overpaid Contingent Interest for the period covered by such statements, the amount of the surplus shall be credited against ensuing monthly installments of Contingent Interest. All such annual statements shall be certified by an independent certified public accounting firm to be retained and paid by Borrower but acceptable to Mortgagee and shall be accompanied by such further certifications by or on behalf of Borrower and Beneficiary as Mortgagee may reasonably require.

(c) Mortgagee shall have the right from time to time and at all reasonable times after reasonable prior notice to Borrower to audit the books and records of Borrower and any manager or management firm retained by Borrower with respect to the operation of the Project. In the event any such audit shall reveal an underpayment of Contingent Interest, Borrower shall immediately pay the amount of any such underpayment (together with interest thereon at the annual rate of interest then payable upon the principal balance of the Loan, calculated

H8085092

from the date on which the amount underpaid first became due and payable), and if such audit reveals an underpayment of U.S. \$25,000 or more in any consecutive 12 month period, Borrower shall pay all of the costs and expenses of such audit. If any such audit shall reveal no underpayment of Contingent Interest of U.S. \$25,000 or more in any such 12-month period, Mortgagee shall bear the cost of such audit. An estimate of Contingent Interest for the final month shall be paid by Borrower together with the outstanding principal balance of the Loan and all accrued but unpaid interest thereon, on the Maturity Date. Such estimate shall be adjusted promptly in accordance with the actual results for such month. Borrower's obligation for the payment of Contingent Interest as set forth in the Senior Note shall survive any acceleration of the Maturity Date and shall continue until such time as the entire principal balance of the Senior Note and all accrued but unpaid interest thereon shall have been paid in full.

8. Stamp Tax

If, by the laws of the United States of America, or of any state having jurisdiction over Mortgagor, any stamp tax or similar tax is due or becomes due in respect of any of the Obligations or the recording of this First Mortgage, Mortgagor covenants and agrees to pay such tax in the manner required by any such law. Mortgagor further covenants to hold harmless and agrees to indemnify Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any stamp tax or similar tax on the issuance of the Obligations or the recording of this First Mortgage.

9. No Prepayment Privilege

Mortgagor shall have no right or privilege to make prepayments on the principal of the Senior Note Obligations, except when permitted in accordance with the terms and conditions set forth in the Senior Note.

10. Effect of Extensions of Time

If the payment of any of the Obligations or any part thereof is extended or varied or if any part of the security is released, all persons or entities now or at any time hereafter liable therefor, or interested in the 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.

UNOFFICIAL COPY

3 3 0 3 5 0 9 2

11 Effect of Changes in Laws Regarding Taxation

In the event of the enactment after this date of any law of the state in which the Premises are located deducting from the value of land for the purpose of taxation any lien thereon, and imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the mortgagee's interest in the property, or the manner of collection of taxes so as to affect this Mortgage or any of the Obligations, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee therefor; provided, however, that if in the opinion of counsel for Mortgagee (a) it shall be unlawful to require Mortgagor to make such payment, or (b) the making of such payment shall result in the imposition of interest beyond the maximum amount permitted by law, then, and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of the Obligations to be and become due and payable sixty (60) days from the giving of such notice.

12. Mortgagee's Performance of Defaulted Acts; Subrogation

In case of Default on the part of Mortgagor under this First Mortgage and the failure of Mortgagor to cure such Default within the applicable cure period, if any, Mortgagee shall have the right, but not the obligation, to make any payment or perform any act herein or in or with respect to any of the Obligations 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 on title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment. Anything to the contrary notwithstanding, Mortgagee, after giving prior notice to Mortgagor, may immediately take action to cure any default in the payment of taxes or insurance premiums or any other defaults that create an emergency regarding the priority or validity of the lien of this First Mortgage or the physical condition of the Premises without regard to the Mortgagor's cure rights, if any. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including but not limited to attorneys' fees and expenses, 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

28085092

immediately due and payable without notice and with interest thereon at the Default Rate as hereinafter defined in Section 27. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor under this First Mortgage. Should the proceeds of the Obligations or any part thereof, or any amount paid out or advanced hereunder by Mortgagee, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any lien or encumbrance upon the Premises or any part thereof on a parity with or prior or superior to the lien hereof, then as additional security hereunder, the Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote, regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment.

13. Mortgagee's Reliance on Tax Bills, Etc.

Mortgagee in making any payment hereby authorized: (a) relating to taxes and 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; or (b) for the purchase, discharge, compromise or settlement of any Lien, may do so without inquiry as to the validity or amount of such Lien or any claim for Lien which may be asserted.

14. Default

The following shall be a default ("Default") hereunder: if (a) any payment of principal or interest due under or with respect to any of the Obligations, or any other payment due in accordance with the terms of this First Mortgage, the Senior Note or any of the other Senior Loan Documents is not paid when due and payable and such nonpayment continues for three (3) days; (b) any of the other covenants, agreements or conditions, hereinbefore or hereinafter contained, required to be kept or performed or observed by Mortgagor in this First Mortgage, the Senior Note or any of the other Senior Loan Documents are not observed or performed (and such nonperformance or non-observance does not otherwise constitute a default under any other provision of this First Mortgage) and such nonperformance or non-observance is not remedied by Mortgagor within thirty (30) days after notice thereof from Mortgagee to Mortgagor; provided, however, that if the default is of such a nature that it cannot be cured during such thirty (30) day period and Borrower

88085092

UNOFFICIAL COPY

3 3 0 3 5 3 2

commences and diligently proceeds to cure such default, such cure period shall be extended for such period of time as is required to cure the default, but in no event for more than sixty (60) additional days; (c) prior to any Conversion, any "Event of Default" shall have occurred under Article 16 of the Loan Agreement ("Loan Agreement Default"); or (d) any default not otherwise described in this Section 14, shall have occurred under or with respect to any of the Senior Loan Documents, and such default shall not have been cured within the applicable grace period provided therefor, if any; or (e) Borrower or any of the Affiliated Parties shall file a petition in voluntary bankruptcy or insolvency or under any provision of the Federal Bankruptcy Act or any similar law, state or Federal, as now or hereafter constituted, or an answer admitting insolvency or inability to pay its debts, or fail to obtain a vacation or stay of involuntary proceedings within thirty (30) days after commencement of such involuntary proceedings; or (f) Borrower or any of the Affiliated Parties shall be adjudicated a bankrupt, or a trustee or a receiver shall be appointed for the Borrower or any of the Affiliated Parties or for all of the property of Borrower or any of the Affiliated Parties or the major part thereof in any involuntary proceeding or any court shall have taken jurisdiction of the property of the Borrower or any of the Affiliated Parties or the major part thereof in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Borrower or any of the Affiliated Parties, and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within thirty (30) days after the same shall have first occurred; (g) Borrower or any of the Affiliated Parties shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; (h) if at any time or times after a Conversion any representation, warranty, statement, report or certification now or hereafter made by or on behalf of Borrower or any of the Affiliated Parties is not true and correct in any material respect and if susceptible to being cured, is not cured within thirty (30) days after notice from Mortgagee to Mortgagor thereof; (i) if any Material Adverse Financial Change occurs with respect to (1) any of Inter-Continental, Chrysler Financial or Melvin Simon at any time for so long as any of them has any outstanding obligations under any of the Loan Documents, unless within five (5) business days after Mortgagee gives Borrower notice thereof another entity acceptable to Mortgagee in its sole discretion shall assume or guaranty the obligations of such person or entity under the Senior Loan Documents; (j) any sale, assignment, transfer, conveyance, mortgage, or encumbrance of the

48085092

UNOFFICIAL COPY

8 3 0 3 5 0 2

Premises or the Project or any portion thereof; (k) any sale, assignment, transfer, conveyance, pledge or encumbrance of any partnership interest in Beneficiary or the sale or creation of any additional partnership interest in Beneficiary, or any change in the structure of Beneficiary or the modification, amendment or restatement of the limited partnership agreement of Beneficiary which results in (1) a statutory dissolution of Beneficiary (except for any temporary dissolution which does not result in a liquidation of Beneficiary and arises due to a permitted transfer of ownership or effective control of Beneficiary), or (2) prior to Conversion, the transfer of ownership or effective control of Beneficiary to any entity other than any of the CIMS Partners, and upon Conversion, RAE's ceasing to act as the managing general partner of Beneficiary or failing to maintain ownership of at least 10% of the interest in Beneficiary as a general partner or RAE's or an affiliate's failing to maintain ownership of at least 20% of the interest in Beneficiary as a limited partner; (l) the termination of the Operating Agreement unless a new manager satisfactory to Mortgagee has agreed to manage the Project under a new operating agreement satisfactory to Mortgagee; (m) the sale, assignment, pledge or hypothecation of all or any portion of the beneficial interest in the Land Trust to any party other than Mortgagee or, in the event of Conversion, to any party other than Mortgagee and CRI; (n) any transaction which, prior to Conversion, would result in a change in the effective control of any of the CIMS Partners or in the event of a Conversion, any transaction which would result in a change in the effective control of RAE; or (o) any contract to effectuate any of the foregoing in subsections (j), (k), (l), (m), or (n). All cure periods under this Section 14 shall run concurrently with any cure period allowed with respect to any default under the Loan Agreement, the Senior Note or any of the other Senior Loan Documents.

15. Foreclosure; Expense of Litigation

When a Default shall have occurred (whether listed in Section 14 hereof or described elsewhere in this First Mortgage), Mortgagee shall have the right to accelerate the Maturity Date of the Obligations, and when the Obligations secured hereby or any part thereof shall become due, whether by lapse of time, acceleration or otherwise, then Mortgagee shall have the right to foreclose the lien hereof by judicial action. In any suit to foreclose the lien hereof or in any other action to enforce any other remedy of Mortgagee under this First Mortgage or with respect to any of the other Obligations, there shall be allowed and included as additional indebtedness in the decree for sale, judgment of foreclosure or other judgment or decree all expenditures and expenses which

K8085092

UNOFFICIAL COPY

8 3 0 8 5 3 7 2

may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, paralegals' 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 or effecting abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, Torrens office searches and filings and similar data and assurances with respect to title and value as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale 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 Section 15 mentioned and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this First Mortgage, including, but not limited to, the fees of any attorney employed by Mortgagee in any litigation proceeding affecting this First Mortgage, the Obligations or the Premises, including bankruptcy proceedings, or in the preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate, and shall be secured by this First Mortgage.

Upon any sale made under or by virtue of this Section 15 or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Mortgagee may bid for and acquire the Premises or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting the sale price against the Obligations, after deducting therefrom the expenses of the sale and the cost of the action and any other sums which Mortgagor is required to pay or that Mortgagee is authorized to deduct under this First Mortgage.

Mortgagor understands and agrees that in the event of a Default hereunder, Mortgagee, to the extent this First Mortgage constitutes a security agreement under the UCC, may exercise any and all rights and remedies of a Secured Party under the UCC, including, but not limited to, the taking possession of any personal property covered by this First Mortgage and disposing of the same by sale or otherwise; provided that at least five (5) days prior notice of such disposition must be given to the Mortgagor, all as provided for by the UCC, it being agreed that such five (5) days notice shall constitute fair and reasonable notice to Mortgagor of such disposition.

88185092

16. Application of Proceeds of Foreclosure Sale

The proceeds of any foreclosure sale of the Premises (or the sale of property under the last unnumbered paragraph of Section 15 hereof) shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings (or sale, as the case may be), including all such items as are mentioned in the preceding Section 15 hereof; second, to the repayment of the Obligations and all other items which under the terms hereof constitute secured indebtedness additional to that constituting the Obligations, with interest thereon as herein provided; third, to the repayment of any junior lien secured by the Premises, and fourth, any overplus to Mortgagor, its successors or assigns, or any other party who may be legally entitled thereto, as their rights may appear.

17. Appointment of Receiver

Upon, or at any time after, the filing of a complaint to foreclose this First Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice if permitted by law, 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, and Mortgagee hereunder may be appointed as such receiver. Such receiver shall have power: (a) to collect the rents, issues and profits of the 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; (b) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renewal terms to expire, beyond the Maturity Date and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from any judgment or decree of foreclosure, satisfaction of the Obligations, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and (c) all other powers which may be necessary or are usual in such cases for the protection, possession, control,

68185092

UNOFFICIAL COPY

3 3 0 8 5 0 9 2

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 to: (x) the Obligations 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 any foreclosure sale; and (y) the deficiency in case of a sale and deficiency.

18. Assignment of Rents and Leases

To further secure the Obligations, Mortgagor hereby sells, assigns and transfers unto Mortgagee all leases, lettings and agreements for use and occupancy, concessions and licenses for or with respect to the Premises and all the rents, issues and profits now due and which may hereafter become due (whether before or after foreclosure or during the period of redemption) under or by virtue of, and to the extent payable pursuant to, any lease, whether written or verbal, or any letting of, or of any agreement for, the use or occupancy of the Premises or any part thereof, which may have been heretofore or may be hereafter made or agreed to or which may be made or agreed to by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all such leases, lettings and agreements and all the avails thereunder to Mortgagee. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney in its name and stead (with or without taking possession of the Premises as provided in Section 19 hereof) to rent, lease or let all or any portion of the Premises to any party or parties at such rental and upon such terms as Mortgagee shall, in its discretion, determine, and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter, and all now due or that may hereafter become due under each and every of the leases, lettings and agreements, written or verbal, or other tenancy existing, or which may hereafter exist on the Premises, with the same rights and powers and subject to the same immunities, exonerations of liability and rights of recourse and indemnity as Mortgagee would have upon taking possession pursuant to the provisions of Section 19 hereof.

Mortgagor agrees that no rent will hereafter be paid by any person in possession of any portion of the Premises for more than one month in advance, and Mortgagor further agrees that the payment of the rents to accrue for any portion of the Premises will not be waived, released, reduced, discounted or otherwise discharged or compromised by Mortgagor. Mortgagor agrees that hereafter it will not assign any of the rents or profits of the Premises, except to a purchaser or grantee of

48085092

UNOFFICIAL COPY

8 1 0 8 5 0 9 2

the Premises permitted under the provisions of this First Mortgage.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession of the Premises in the absence of the taking of actual possession of the Premises by Mortgagee pursuant to Section 19 hereof. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagor.

Mortgagor further agrees to assign and transfer to Mortgagee all future leases upon all or any part of the Premises and to execute and deliver, at the request of Mortgagee, all such further assurances and assignments in the Premises as Mortgagee shall from time to time require.

Although it is the intention of the parties that the assignment contained in this Section 18 shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this Section until a Default occurs and Mortgagor shall retain such rights and powers until such time. The rights of Mortgagee under this Section 18 shall continue and remain in full force and effect both before and after commencement of any action or proceeding to foreclose this First Mortgage, after the foreclosure sale in connection with the foreclosure of this First Mortgage, and until expiration of the period of redemption from any such foreclosure sale, whether or not any deficiency from the unpaid balance of the Obligations exists after such foreclosure sale.

Mortgagor covenants and agrees that if Mortgagor, as lessor therein, shall fail to perform and fulfill any material term, covenant, condition or provision in any lease or leases entered into by Mortgagor or to which the Premises is subject, on its part to be performed or fulfilled, at the times and in the manner in such lease or leases provided, or if Mortgagor shall suffer or permit to occur any material breach or default under the provisions of any such lease or leases, then, and in any such event, such material breach or default shall, if uncured for thirty (30) days after notice thereof to Mortgagor, constitute a Default hereunder; provided, however, that if Mortgagor in good faith contests such material breach or default and shall thereafter continuously and diligently, in Mortgagee's sole discretion, prosecute the same to completion, such contest shall not be deemed a Default hereunder. Mortgagee may require Mortgagor to deposit with Mortgagee an amount which Mortgagee, in its sole judgment, deems sufficient

88185092

to cover any expected loss, cost, or expense in connection with the prosecution of or loss of such contest.

19. Mortgagee's Right of Possession in Case of Default

In any case in which under the provisions of this First Mortgage, Mortgagee has a right to foreclose the lien hereof, Mortgagor shall, forthwith, upon demand by Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take actual possession of, the Premises or any part thereof personally, or by its agent or attorneys, in the manner permitted by law. In such event, Mortgagee in its discretion may, in accordance with law, enter upon and take and maintain possession of all or any part of the Premises together with all documents, books, records, papers and accruals of Mortgagor or the then owner of the Premises relating thereto and may exclude Mortgagor its agents or servants wholly therefrom and may, as attorney in fact, as agent for Mortgagor or in its own name as Mortgagee, and under the powers herein granted, hold, operate, manage and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns, may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (b) to elect to disaffirm any lease or sublease which is then subordinate to the lien hereof; (c) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the Maturity Date and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, satisfaction of the Obligations, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Premises as to it may seem judicious; (e) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; (f) to enter into, renew, extend, modify,

26095092

cancel and terminate any and all contracts necessary or desirable, in Mortgagee's judgment, for the management and operation of the Premises; and (g) to receive all of such avails, rents, issues and profits, revenues, receipts and income from the Premises and its operations; Mortgagor hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagor.

Mortgagor shall be deemed to have constituted and appointed Mortgagee its true and lawful attorney-in-fact with full power of substitution either in the name of Mortgagee or in the name of Mortgagor, to exercise any of the powers granted to Mortgagee pursuant to this Section 19. Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage (except for any such liability, loss or damage which may be caused by the willful misconduct or gross negligence of Mortgagee) which Mortgagee may or might incur by reason of its performance of any action authorized under this Section 19 and of and from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements of Mortgagor.

20. Application of Income Received by Mortgagee

Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it by Section 18 and Section 19 hereof, shall have full power to use and apply the avails, rents, issues and profits, revenues, receipts and income of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(a) to the payment of the operating expenses of the Premises, including, but not limited to, the cost of the management and leasing thereof, established claims for damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises;

(c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements to the Premises and of

68085092

placing the Premises in such condition as which, in the judgment of Mortgagee, make it readily rentable;

(d) to the satisfaction of any of the Obligations or any deficiency which may result from any foreclosure sale.

21. Mortgagee's Right of Inspection

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

22. Condemnation

Mortgagor shall give Mortgagee immediate notice of any actual or threatened condemnation or eminent domain proceeding affecting the Premises and shall deliver copies of any and all papers or notices received in connection with such actual or threatened condemnation or eminent domain proceeding to Mortgagee. Mortgagor hereby assigns, transfers and sets over unto Mortgagee the entire proceeds of any award or any claim for damages to any of the Premises (or any interest therein) taken or damaged by the power of eminent domain or by condemnation. Mortgagee shall be entitled (but shall not be obligated) to participate in the collection of such proceeds and any such proceeds shall be first applied to reimburse Mortgagee for all costs and expenses, including, but not limited to, attorneys' fees and expenses, incurred in connection with the collection of such proceeds (hereinafter the "Net Condemnation Proceeds"). Mortgagor or Mortgagee may, but neither shall be under any obligation to, contest the amount of any such award or compensation; however Mortgagor shall not, without Mortgagee's prior written consent, accept in full satisfaction for such taking any such award or compensation.

Prior to a Conversion, the Net Condemnation Proceeds shall be applied by Mortgagee in accordance with Article 11 of the Loan Agreement. In the event of a Conversion, Mortgagee shall hold the Net Condemnation Proceeds and permit the same to be used to reimburse Mortgagor for the cost of the rebuilding or restoration of the buildings or improvements on the Premises, in accordance with plans and specifications to be submitted to and approved by Mortgagee; provided however, that: (i) no Default exists hereunder, (ii) the covenants and conditions set forth in subsections (c), (d) and (e) of Section 6 hereof are satisfied, (iii) no material portion of the Premises or the improvements thereon are taken, and (iv) permanent access to the Premises is not materially interfered with. If the Net Condemnation Proceeds are to be used to reimburse Mortgagor for

88085092

UNOFFICIAL COPY

8 1 0 3 5 1 1 2

rebuilding or restoration, the Net Condemnation Proceeds shall be paid out in the same manner as is provided in Section 6 hereof for the payment of Net Insurance Proceeds toward the cost of rebuilding or restoration. If the amount of such Net Condemnation Proceeds is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the amount of the Net Condemnation Proceeds before it receives any reimbursement out of the Net Condemnation Proceeds. Any surplus which may remain out of said Net Condemnation Proceeds after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the Obligations or be paid to Mortgagor or any other party entitled thereto.

If Mortgagor shall not be entitled to receive and apply the Net Condemnation Proceeds to the Restoration of the Premises, Mortgagee may retain the award and apply it in payment or reduction of the Obligations, whether or not then due and payable.

23. Release upon Payment and Discharge of Mortgagor's Obligations

If Mortgagor shall fully pay all principal, interest, and such other sums secured hereby and fully comply with, satisfy and discharge all of the other terms and provisions hereof and all other Obligations to be paid, performed and complied with by Mortgagor, then Mortgagee shall execute and deliver to Mortgagor a release of this First Mortgage in recordable form.

24. Giving of Notice

Any notice which either party hereto may desire or be required to give to the other party shall be in writing and shall be deemed sufficiently given when personally delivered or if mailed (effective upon mailing) by United States registered or certified mail, postage prepaid, return receipt requested to the addresses and addressees provided below:

If to Borrower:

Lester Mehlman
David Kantorczyk
CIMS Limited Partnership
c/o MAT Associates Incorporated
505 North Michigan Avenue
Chicago, Illinois 60611

88085092

UNOFFICIAL COPY

8 3 0 8 5 0 7 2

with copies to:

Robert H. Goldman
Rudnick & Wolfe
Suite 1800
203 North LaSalle Street
Chicago, Illinois 60601-1293

David E. DuVernay
Charles H. Cross
c/o Chrysler Capital Realty Inc.
777 West Putnam Avenue
Greenwich, Connecticut 06830

Andrew J. Weiner
Gordon, Hurwitz, Butowsky, Weitzen,
Shalov & Wein
101 Park Avenue
New York, New York 10178

Inter-Continental Hotel Corporation
Prior to April 1, 1988:
1120 Avenue of the Americas
New York, New York 10036
Attention: President
On or after April 1, 1988:
100 Paragon Drive
Montvale, New Jersey 07645
Attention: President

Joseph Shenker
Sullivan & Cromwell
250 Park Avenue
New York, New York 10177

Philip D. Pecar
Dann, Pecar, Newman,
Talesnick & Kleiman
One American Square
Suite 2300
Indianapolis, Indiana 46282

If to Lender:

Diane Netzel
Richard Kincaid
Barclays Bank PLC
Suite 3700
200 West Madison Street
Chicago, Illinois 60606

88185092

UNOFFICIAL COPY

8 1 0 0 5 0 7 2

with copies to:

Grady Thurman
Vice President/Manager
Real Estate Group
Barclays Bank PLC
75 Wall Street
New York, New York 10265

Douglas H. McNaughton
Scott A. Drane
Hopkins & Sutter
Three First National Plaza
Suite 4200
Chicago, Illinois 60602

25. Waiver of Defenses; Remedies Not Exclusive; Time is of the Essence.

No action for the enforcement of the lien hereof shall be subject to any defense which would not be good and available to the party interposing the same in an action at law upon the Obligations. Mortgagee shall be entitled to enforce payment and performance of any of the Obligations and to exercise all rights and powers under this First Mortgage or under or with respect to any other obligations or any laws now or hereafter in force, notwithstanding that some or all of the of the Obligations may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this First Mortgage nor its enforcement, whether by court action or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this First Mortgage and any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given hereby to Mortgagee or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time, and as often as it may be deemed expedient by Mortgagee, and Mortgagee may pursue inconsistent remedies. No waiver of any Default shall be implied from any omission by the Mortgagee to take any action on account of such Default if such Default persists or be repeated, and no express waiver shall affect any such Default other than the Default specified in the express waiver and that only for the time and to the extent therein stated. No acceptance of any payment of any one or more delinquent installments which does not include interest at the

88085092

UNOFFICIAL COPY

8 3 0 0 5 0 9 2

Default Rate from the date of delinquency, together with any required late charge, shall constitute a waiver of the right of Mortgagee at any time thereafter to demand and collect payment of interest at such Default Rate or of late charges, if any. Time is of the essence in this First Mortgage and each of the covenants and provisions hereof.

26. Waiver of Statutory Rights

To the fullest extent permitted under applicable law, Mortgagor shall not and will not apply for or avail itself of any appraisement, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this First Mortgage, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this First Mortgage on its behalf and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date of this First Mortgage. The foregoing waiver of the right of redemption is made pursuant to Ill. Rev. Stat. Ch. 110, § 15-1601(b).

27. Default Rate

"Default Rate" as used herein shall have the same meaning as in Senior Note.

28. Binding on Successors and Assigns

This First Mortgage and all provisions hereof shall be binding upon Mortgagor and all persons claiming under or through Mortgagor and shall inure to the benefit of Mortgagee and its successors and assigns.

29. Definitions of "Mortgagor," and "Mortgagee"

The word "Mortgagor" when used herein shall include: (a) the original Mortgagor named in the preambles hereof; (b) said original Mortgagor's successors and assigns; and (c) all owners from time to time of the Premises. The word "Mortgagee" when used herein shall include all successors and assigns of the Mortgagee identified in the preambles hereof.

88185092

UNOFFICIAL COPY

30. Captions

The captions and headings of various paragraphs of this First Mortgage are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

31. Business Loan Recital

Mortgagor agrees that the Obligations: (a) constitute a business loan which comes within the purview of subparagraph (1)(c) of Section 4 of "An Act in relation to the rate of interest and other charges in connection with sales on credit and the lending of money," approved May 24, 1879, as amended (Ill. Rev. Stats. 1985 ed., Ch. 17, Sec. 6404(1)(c)); and (b) are exempted transactions under the Truth-in-Lending Act, 15 U.S.C. Sec. 1601 et seq.

32. Filing and Recording Fees

Mortgagor shall pay all title insurance premiums, Torrens premiums or charges, escrow charges, filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this First Mortgage and all federal, state, county and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this First Mortgage and the Obligations.

33. Execution of Separate Security Agreement, Financing Statements, Etc.

Mortgagor, upon request by Mortgagee from time to time, shall execute, acknowledge and deliver to Mortgagee, a security agreement, financing statement or other similar security instruments, in form reasonably satisfactory to Mortgagee, covering all property of any kind whatsoever which Mortgagor may hereafter acquire, which in the opinion of Mortgagee is essential to the operation of the Premises and which constitutes goods within the meaning of the UCC, and Mortgagor will further execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any financing statement, affidavit, continuation statement or certificate or other document as Mortgagee may reasonably request in order to perfect, preserve, maintain, continue and extend the security interest under and the priority of this First Mortgage and such security instrument. Mortgagor further agrees to pay to Mortgagee on demand all costs and expenses incurred by Mortgagee in connection with the preparation, execution, recording, filing and re-filing of any such document.

88185092

11 Partial Invalidity; Maximum Allowable Rate of Interest

Mortgagor and Mortgagee intend and believe that each provision in this First Mortgage comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this First Mortgage are found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decisions, or public policy, and if such court should declare such portion, provision or provisions of this First Mortgage to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent both of Mortgagor and Mortgagee that such portion, provision or provisions shall be given force to the fullest possible extent that it or they are legal, valid and enforceable, that the remainder of this First Mortgage shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interests of Mortgagor and Mortgagee under the remainder of this First Mortgage shall continue in full force and effect. All agreements herein and in the Senior Note are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of maturity of the unpaid principal balance of the Senior Note, or otherwise, shall the amount paid or agreed to be paid to the Lender for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Senior Note or any other agreement referred to herein, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity and if from any circumstance the Lender shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due under the Senior Note and to the payment of interest.

12 Loan Agreement

The Senior Note and Loan Agreement and all provisions thereof are incorporated herein by express reference; provided, however, that upon Conversion, the Loan Agreement shall terminate and shall no longer be incorporated herein. All advances and indebtedness arising and accruing under the Loan Agreement

88055092

from time to time shall be secured hereby to the full extent of the amount stated to be secured hereby and according to law. Prior to Conversion or the sale of the Senior Loan Documents by Mortgagee, the occurrence of any Loan Agreement Default (defined in Section 4 hereof) shall constitute a Default under this First Mortgage entitling Mortgagee to all of the rights and remedies conferred upon Mortgagee by the terms of this First Mortgage. Except as otherwise specifically provided herein, prior to Conversion, in the event of any conflict or inconsistency between the terms and provisions of this First Mortgage and those of the Loan Agreement or any other Senior Loan Documents, the terms and provisions of the Loan Agreement shall in each instance govern and control to the extent of such conflict or inconsistency. At any time prior to or after Conversion, in the event of any conflict or inconsistency between the terms and conditions of this First Mortgage and any of the Senior Loan Documents (other than the Loan Agreement), the terms and provisions of the First Mortgage shall in each instance govern and control to the extent of such conflict or inconsistency.

36. Mortgagee's Lien for Service Charges and Expenses

At all times, regardless of whether any loan proceeds have been disbursed, this First Mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all expenses and advances due to or incurred by Mortgagee in connection with the Obligations and which are to be reimbursed by Mortgagor under the terms of this First Mortgage or the Loan Agreement; provided, however, that in no event shall the total amount of loan proceeds disbursed plus such additional amounts exceed 200% of the original principal amount of the Senior Note.

37. Applicable Law

This First Mortgage, the Senior Note and the other Senior Loan Documents shall be construed, interpreted and governed by the internal laws and decisions of the State of Illinois (without giving effect to Illinois choice of law principles).

38. No Offsets

No right of offset or claim that Mortgagor now has or may have in the future against Mortgagee shall relieve Mortgagor from paying any amounts due under or with respect to the Obligations or from performing any other duties contained herein or secured hereby.

26058092

39 Future Advances

Subject to Section 2 hereof, this First Mortgage also secures all future advances made or to be made under the Loan Agreement and the Permanent Lender Letter of Credit, which future advances shall have the same priority as if all such future advances were made on the date of execution hereof. Nothing in this Section 39 or in any other provision of this First Mortgage shall be deemed either (a) an obligation on the part of Mortgagee to make any future advances other than in accordance with the terms and provisions of the Loan Agreement, or (b) an agreement on the part of Mortgagee to increase the portion of the Loan secured by the Senior Note to any amount in excess of NINETY MILLION U.S. DOLLARS (\$90,000,000).

40. Tax and Insurance Escrow

In the event of a Conversion, Mortgagor shall pay to Mortgagee contemporaneously with each monthly payment of interest, principal or principal and interest a sum equal to one-twelfth (1/12th) of the amount estimated by Mortgagee to be necessary to pay the annual real estate taxes described in Section 4 and annual premiums for insurance required by Section 5 hereof so as to enable Mortgagee to pay the same at least thirty (30) days before they become due. In the event that Mortgagor shall pay and shall continue to pay the insurance premiums on a monthly basis, Mortgagor shall not be required to escrow such insurance premiums with Mortgagee but shall be required to provide to Mortgagee each month evidence of such payment satisfactory to Mortgagee. Amounts so paid shall be deemed not to be trust funds but may, at the option of Mortgagee, be commingled with general funds of Mortgagee. Any amounts so held in escrow by Mortgagee shall not bear interest. If, pursuant to any provision of this First Mortgage, the whole amount of the principal debt remaining or any installment of interest, principal or principal and interest becomes due and payable prior to the Term Loan Maturity Date (as defined in the Senior Note), Mortgagee shall have the right, at its election, to apply any amounts paid to Mortgagee under this Section 40 against all or any part of the Obligations, including any interest thereon, or in payment of the premiums or payments for which the amounts were paid. If the real estate taxes and insurance premiums required to be escrowed pursuant to this Section 40 shall exceed the estimate therefore and the amounts paid into escrow under this Section 40, Mortgagor shall on demand forthwith pay Mortgagee the amount of such deficiency. Mortgagor will furnish to Mortgagee tax and insurance bills in sufficient time to enable Mortgagee to pay such taxes and premiums from such escrowed funds, before interest and penalties accrue thereon.

68185092

UNOFFICIAL COPY

3 3 0 3 5 1 7 2

41. No Merger of Senior and Junior Loan Documents

Mortgagor acknowledges that Mortgagee is the holder of this First Mortgage, the Senior Note, and the Senior Loan Documents, as well as the holder of the Second Mortgage, the Junior Note and the Junior Loan Documents; and that it is the express intent of Borrower and Mortgagee that this First Mortgage and the Second Mortgage and the Senior and Junior Loan Documents shall not be merged, but shall constitute separate obligations of Borrower, unless and until Mortgagee, at its sole option, declares such merger and records a declaration of such merger in the Office of the Cook County Recorder of Deeds.

42. Construction Mortgage

This is a "Construction Mortgage", as said term is defined in section 9-313(1)(c) of the UCC. Mortgagor further covenants and agrees that the Loan is a construction loan and that:

(a) The Construction shall be completed in accordance with the plans and specifications to be furnished to and approved by Mortgagee in accordance with the Loan Agreement;

(b) The Construction shall be completed within the time required under the Loan Agreement;

(c) Upon Mortgagor's failure to comply with any of the covenants in (a) or (b) hereunder or upon the occurrence of any Default, Mortgagee may (but need not):

(1) Declare the principal indebtedness and interest thereon due and payable; and

(2) Complete the construction, alteration, or remodeling of the Premises and enter into the necessary contracts therefor. All money so expended shall be so much additional indebtedness secured by this Mortgage and any monies expended in excess of the Senior and Junior Notes shall be payable on demand with interest at the Default Rate.

Mortgagee may exercise either or both of said remedies, as well as any other right or remedy available to Mortgagee under this First Mortgage and any of the other Senior Loan Documents or at law or in equity;

(d) The proceeds of the Loan secured by this First Mortgage will be disbursed to Mortgagor strictly in accordance

88085092

UNOFFICIAL COPY

8 3 0 3 5 1 9 2

with the provisions of the Loan Agreement. All advances and indebtedness arising and accruing under the Loan Agreement from time to time, whether or not the total amount thereafter may exceed the aggregate face amounts of both the Senior Note and the Junior Note, shall be secured hereby to the same extent as though said Loan Agreement were fully incorporated in this First Mortgage; and

(e) Upon Conversion, this Section 42 shall no longer be applicable.

43. Notice of Conversion

The recording of a notice with the Office of the Recorder of Deeds of Cook County that a Conversion has occurred shall be deemed to be constructive notice as to all third parties, and prima facie evidence as to Mortgagor, that such Conversion has occurred.

44. Fees and Expenses of Mortgagee's Participant

After Conversion, Mortgagor shall pay to Mortgagee all fees and expenses, including, without limitation, attorneys' fees, if any, paid or incurred by Chrysler Capital Realty Inc., its successors and assigns (to whom Mortgagee intends to sell an undivided interest in the Obligations) whenever Mortgagor is obligated to pay Mortgagee's fees and expenses hereunder; and such fees and expenses shall be secured by this First Mortgage.

45. Trustee's Exculpation

This First Mortgage is executed by American National Bank and Trust Company of Chicago, a national banking association, not personally, but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said association hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein or in the Loan Agreement or the Senior Note shall be construed as creating any liability on said Trustee or on said association personally to pay the Senior Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as said Trustee and said association personally are concerned, the legal holder or holders of the Senior Note and the owner or owners of any indebtedness accruing hereunder shall look to the Premises hereby conveyed for the payment thereof, by the

88185092

UNOFFICIAL COPY

8 8 0 3 5 0 9 2

enforcement of the lien hereby created in the manner herein and in said Senior Note provided, to the Beneficiary subject to the express limitations on personal liability contained in the Senior Note to each and every guarantor of any of the Obligations, and to any and all other security given to secure the payment of the Obligations and each of them from time to time.

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

AMERICAN NATIONAL BANK & TRUST
COMPANY OF CHICAGO, not personally,
but as Trustee as aforesaid

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

Property of Cook County Clerk's Office

88085092

UNOFFICIAL COPY

0 1 0 3 5 1 7 2

EXHIBIT A

Premises

PARCEL 1:

THAT PART OF LOT 2 LYING WEST OF A STRAIGHT LINE DRAWN IN A SOUTHERLY DIRECTION FROM A POINT ON THE NORTH LINE OF LOT 2, 11 3/4 INCHES EAST OF THE NORTH WEST CORNER OF SAID LOT 2 TO A POINT IN THE SOUTH LINE OF LOT 2, 9 5/8 INCHES EAST OF THE SOUTH WEST CORNER OF SAID LOT 2, ALL OF LOT 3 AND LOT 4 (EXCEPT THE WEST 18 FEET OF THE EAST 19 FEET) ALL OF LOTS 5, 6, 7, 8, 9 AND THE WEST 1/2 OF LOT 10 IN BLOCK 18 IN KINZIE'S ADDITION TO CHICAGO IN SECTION 10, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

ALL THAT PART OF THE VACATED EAST AND WEST 18 FOOT PUBLIC ALLEY SOUTH OF AND ADJOINING THE SOUTH LINE OF LOTS 4 TO 6 BOTH INCLUSIVE LYING NORTH OF AND ADJOINING THE NORTH LINE OF LOTS 7 TO 9 INCLUSIVE AND LYING WEST OF AND ADJOINING A LINE 19 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SAID LOT 4 PRODUCED SOUTH 18 FEET IN THE SUBDIVISION OF BLOCK 18 OF KINZIE'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE NORTH FRACTION OF SECTION 10, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

20058088

P.I.N. 17-10-126-001-0000⁶ 17-10-126-005-0000
 17-10-126-002-0000⁴⁺⁵
 17-10-126-003-0000³

Street Address: 505 N. Michigan Ave.
 Chicago, Illinois 60611

DEPT. OF RECORDING
 CHICAGO, ILLINOIS
 26085092

7 TO 10
 C20

5300

88085092