

88087401

MORTGAGE

THIS MORTGAGE (the "Mortgage"), dated March 1, 1988, is from RIDGEWAY-KEENEY CORPORATION, an Illinois corporation ("Mortgagor"), having an address at 7721 N. Kostner, Skokie, Illinois 60076 to COLE TAYLOR BANK/SKOKIE, an Illinois banking corporation ("Lender"), having an address at 4400 Oakton Avenue, Skokie, Illinois 60076.

I

Recitals

2900

Oak 7145697

1.1 Description of "Land Parcel". The parcel of land (the "Land Parcel") mortgaged and conveyed by ARTICLE II of this Mortgage is commonly known as 4330-34 Oakton, Skokie, Illinois and is legally described on Exhibit A attached hereto and made a part hereof.

1.2. Description of Note. Mortgagor has executed and delivered to Lender two notes (collectively, the "Note") of even date herewith in the principal sums of \$3,800,000 ("Loan #1") and \$2,700,000 ("Loan #2"), respectively, evidencing a loan (the "Loan") from Lender to Mortgagor. The Loan will be disbursed pursuant to a loan agreement of even date herewith (the "Loan Agreement") among Lender and Mortgagor. In the Note, Mortgagor promises to pay to the order of Lender the principal amounts on or before February 28, 1993 in installments of principal and interest with regard to Loan #1 in the amount of \$37,938.44 and installments of principal and interest with regard to Loan #2 in the amount of \$29,847.66, on the twentieth day of April, 1988 and the twentieth day of each month thereafter. Interest shall be payable in arrears on the principal amount of Loan #1 from time to time disbursed and outstanding at an annual rate prior to maturity equal to the rate of interest announced or published publicly from time to time by Lender as its "prime" or equivalent rate of interest, and after maturity at an annual rate equal to two (2%) percent in excess of said "prime" or equivalent rate of interest announced or published publicly from time to time by Lender. Interest shall be payable in arrears on the principal amount of Loan #2 from time to time disbursed and outstanding at an annual rate prior to maturity equal to ten and one-quarter (10-1/4%) percent, and after maturity at an annual rate equal to twelve and one-quarter (12-1/4%) percent. The rate of interest applicable under Loan #1 shall change when and as the rate determined as aforesaid shall change.

1.3 Description of Other Lien Agreements and Loan Documents. The payment of the Note is secured by (a) this Mortgage; (b) first mortgages regarding other real estate (the "Other Real Estate"); (c) assignments of leases and rents regarding the Mortgaged Premises (as defined in Article II hereof) and the Other Real Estate; (d) the Loan Agreement; (e) a security agreement; (f) an assignment of interest in all

This instrument prepared by and after recording shall be returned to Marc S. Joseph, D'Ancona & Pflaum, 30 N. LaSalle St., Suite 3100, Chicago, Illinois 60602.

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licenses, permits and certificates relating to the Mortgaged Premises and the Other Real Estate; and (g) a pledge of all of the stock, common and preferred, of Mortgagor and certain other corporations (the "Stock"). Such security instruments are of even date herewith and, together with any amendments, modifications and replacements thereof and any and all other instruments now or hereafter given to secure the payment of the Note or otherwise executed in connection with the Note are collectively referred to as the "Other Lien Agreements" and together with the Note and any amendments, modifications and replacements thereof are collectively referred to as the "Loan Documents".

1.4 Title to Mortgaged Premises. Mortgagor represents and covenants that (i) Mortgagor is the holder of the fee simple title to the Mortgaged Premises free and clear of all liens and encumbrances, except such liens and encumbrances as shall have been expressly approved in writing by Lender ("Permitted Encumbrances"), and (ii) Mortgagor has legal power and authority to mortgage and convey the Mortgaged Premises.

II

Granting Clauses

To secure the payment of the Note and any and all renewals, extensions, modifications and replacements thereof, to secure the payment of all amounts payable by Mortgagor herein and the Other Lien Agreements and to assure performance of the agreements contained herein and in the Note (except that in no event shall this Mortgage secure a sum in excess of \$13,000,000.00), Mortgagor hereby conveys, mortgages, pledges and assigns to Lender and grants Lender a security interest in:

(a) The Land Parcel

(b) All buildings, improvements and fixtures (collectively referred to as the "Improvements") now or hereafter located on the Land Parcel;

(c) All easements and tenements appurtenant to the Land Parcel and the Improvements;

(d) Mortgagor's right, title and interest in all oral and written leases with, or other agreements for use and occupancy made or agreed to by, any person or entity pertaining to all or any part of the Land Parcel or Improvements, whether such leases have been heretofore or are hereafter made or agreed to and all rents, issues and profits of the Land Parcel and Improvements, the property described in this clause being hereby pledged primarily and on a parity with the Land Parcel and Improvements and not secondarily;

(e) Mortgagor's right, title and interest in the following, to the extent now or hereafter located in or on the Land Parcel or in or on the Improvements: All apparatus, equipment, articles and fixtures (including without limitation, fixtures which are a part of the Improvements), whether now owned or hereafter acquired, used or to be used in or on the Land Parcel or in or on the Improvements to provide or supply, or used or to be used in connection with the providing or supplying of, heat, gas, air conditioning, water, fire prevention, safety, cleaning, maintenance, other tenant services, if any, light, power, refrigeration, ventilation, transportation, moisture control and storage, including (without restric-

tion of the foregoing) partitions, air handling equipment and systems, utility lines, outlets and fixtures, cleaning and maintenance equipment and supplies, screens, window coverings, storm windows, floor coverings, carpets, awnings, water heaters, gas and electric equipment, elevators, pumps, motors, dynamos, cabinets and shelving, plumbing, heating and air conditioning units and equipment, replacements of any such articles and all property used for similar purposes now or hereafter in or on the Land Parcel or in or on the Improvements (all such apparatus, equipment, articles and fixtures being herein collectively referred to as "Apparatus");

(f) Mortgagor's right, title and interest in all other personal property now or hereafter located in or on the Land Parcel or in or on the Improvements, whether now owned or hereafter acquired, including (without limitations, all stoves, refrigerators, dishwashers, garbage disposers, clothes washers and dryers and other household appliances) (all such property being herein collectively referred to as "Personality"); and

(g) All proceeds from the sale, lease, transfer, pledge or other disposition of any or all of the foregoing property

The foregoing property described in this Article II is collectively referred to in this Mortgage as the "Mortgaged Premises".

III

Covenants

3.1 Covenants During Mortgage Term. At all times until the lien of this Mortgage is released, Mortgagor shall:

3.1(a) Pay when due all sums accruing under this Mortgage, under the Note or the Other Lien Agreements or any of them;

3.1(b) Keep the Mortgaged Premises and all components thereof in good and first class condition and repair, without waste;

3.1(c) Comply with all laws, ordinances, licenses and governmental rulings applicable to the Mortgaged Premises;

3.1(d) Not permit title to the Mortgaged Premises or any portion thereof to be conveyed, mortgaged, assigned or otherwise transferred, collaterally assigned or otherwise encumbered, voluntarily or involuntarily, directly or indirectly, without the prior written consent of Lender (which consent shall not be unreasonably withheld and shall not be required if the sales price for such Mortgaged Premises is equal to or greater than eighty percent (80%) of the appraised value of such Mortgaged Premises; in the event of such an approved sale, Lender shall remove its lien upon such Mortgaged Premises);

3.1(e) Not permit any mechanics' lien claims or other liens or encumbrances in an amount more than \$25,000 to attach to or remain on the Mortgaged Premises; and promptly, and in any event within 30 days after the filing of any such claim for lien or proceedings for the enforcement thereof, to discharge the same; provided, that

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Mortgagor may contest the same by appropriate legal proceedings diligently prosecuted, but only if Mortgagor furnishes to the title insurance company insuring Lender's interest under this Mortgage, or other insurer acceptable to Lender, such security or indemnity as such insurer requires to induce it to insure Lender against all such claims or liens and such insurer commits to Lender to issue such insurance. If Mortgagor (a) fails promptly to discharge any asserted lien or claim, (b) fails promptly to contest any asserted lien or claim and to give security or indemnity in the manner provided in this subsection, (c) having commenced to contest the same, and having given such security or indemnity, fails to prosecute such contest with diligence, (d) fails to maintain such indemnity or security so required by such insurer for its full amount, or (e) upon the adverse conclusion of any such contest, fails promptly to cause any judgment or decree to be satisfied and lien to be released, Lender may, at its election, procure the release and discharge of any such claim and any judgment or decree thereon and further may, in its sole discretion, effect any settlement or compromise of the same or may furnish such security or indemnity to such insurer, and any amounts so expended by Lender, including premiums paid or security furnished in connection with the issuance of any surety company bonds, will constitute disbursements or Advances (as hereinafter defined) of proceeds of the Loan under this Mortgage. In settling, compromising or discharging any claim for lien, Lender will not be required to inquire into the validity or amount of any such claim;

3.1(f) Not permit, without the prior written consent of Lender, any lien or encumbrance (including a junior lien or encumbrance) other than Permitted Encumbrances, mechanics' lien claims or liens or encumbrances in an amount less than \$25,000, to the limited extent hereinabove permitted, to attach to or remain on the Mortgaged Premises;

3.1(g) Not permit, without the prior written consent of Lender, a sale, transfer or other conveyance of any of the Stock, any of the stock in The Radler Group Ltd. or any interest therein; provided, however, that with respect to transfers of stock among the current owners of the stock in The Radler Group Ltd. or to their family members, Lender's consent shall not be unreasonably withheld;

3.1(h) Not permit any loans, distributions, dividends, salaries, director's fees, or management fees to or for the benefit of any shareholder, officer, director or employee of Mortgagor, except as expressly permitted in the Loan Agreement or other written consent of Lender;

3.1(i) Not enter into any management contract, license, concession or the like pertaining to the operation and management of the Mortgaged Premises, without the prior written consent of Lender as to the form and content thereof;

3.1(j) Maintain full title to the Apparatus and Personality and not permit any part of the Apparatus or Personality to be sold, transferred, conveyed, leased, subleased, encumbered or alienated in any way or removed from the Mortgaged Premises without the prior written consent of Lender, provided that Mortgagor shall have the right to replace any part of the Apparatus or Personality with similar items if (i) such replacement has value and

utility equivalent or superior to that of the article replaced as of the date when the lien hereof first attached thereto, and (ii) Lender obtains a first and paramount lien on or security interest in such replacement;

3.1(k) Cause Lender's first lien on the Mortgaged Premises and first security interest in the Collateral (as defined in the Security Agreement) and the Stock to be maintained, execute or cause to be executed and deliver or cause to be delivered to Lender on reasonable notice any further title commitments, title policies, later dated title policy endorsements, security agreements, financing statements, other agreements and assurances of title deemed necessary by Lender to effectuate and evidence a paramount lien on and a validly perfected paramount security interest in the Mortgaged Premises, the Collateral and the Stock, subject only to the Permitted Encumbrances;

3.1(l) Not permit any material alterations of or material improvements to the Mortgaged Premises to be made without the prior written consent of Lender;

3.1(m) Permit Lender and its agents to have access to the Mortgaged Premises at any and all reasonable times, including, without limitation, for purposes of inspecting, at Lender's expense, the Mortgaged Premises for violations of Environmental Laws (as hereinafter defined);

3.1(n) In the event of loss or damage to the Mortgaged Premises, promptly remedy such loss or repair such damage;

3.1(o) Deliver to Lender, within 45 days of each quarter, income and expense statements certified by the President of Mortgagor and within 90 days following each fiscal year applicable to Mortgagor and the operation of the Mortgaged Premises, income and expense statements and balance sheets reviewed by an independent certified public accountant pertaining to the operation of the Mortgaged Premises during such fiscal year and the financial condition of Mortgagor and the Mortgaged Premises at the end of such fiscal year, in form reasonably satisfactory to Lender and in sufficient detail to give Lender a clear understanding of all income producing activities conducted by Mortgagor pertaining to the Mortgaged Premises;

3.1(p) Provide to Lender such information concerning Mortgagor, the Mortgaged Premises and the operation of the Mortgage Premises as is reasonably required by Lender and provide Lender and its agents with reasonable access to Mortgagor's and its agents' books and records pertaining to the operation of the Mortgaged Premises; and

3.1(q) Punctually and fully keep, observe and perform each term and provision of the Loan Documents to be kept, observed or performed by Mortgagor.

3.2 Insurance. Mortgagor shall procure and maintain or shall cause to be procured and maintained continuously in effect until repayment of the Loan in full, including interest thereon, policies of insurance (other than rent loss insurance) in form and in amounts and issued by companies, associations or organizations satisfactory to Lender covering such casualties, risks, perils, liabilities and other hazards required by Lender. All original policies, endorsements and renewals thereof, shall be delivered to and retained by Lender unless Lender waives this requirement in writing. All policies shall expressly protect or recognize Lender's interest as required by Lender.

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3.2(a) All insurance policies shall be in form, content and amounts as approved by Lender and shall be carried in companies acceptable to the Lender, which companies shall have a rating in Best's Insurance Reports of at least A-XII, unless Lender approves an exception thereto, and all insurance policies shall be endorsed to provide at least 30 days prior written notice of cancellation, reduction in coverage or non-renewal affecting Lender's interest.

3.2(b) Additional insurance may be required from time to time in those cases where the Mortgaged Premises are exposed to hazards and risks with respect to which the existing insurance is inadequate to properly protect the interest of Lender.

3.2(c) Mortgagor agrees that Lender may procure property, liability or other forms of insurance in the event Mortgagor (i) fails to do so upon notice from Lender or (ii) any insurance required by Lender is cancelled, reduced or non-renewed. The cost thereof shall be additional indebtedness secured by this Mortgage.

3.2(d) The insurance coverages required by Lender are minimums and should be increased as Mortgagor deems prudent. Lender shall not be liable for the inadequacy or uncollectibility of any insurance or the insolvency of any insurer.

3.2(e) In case of loss or damage to any Mortgaged Premises the proceeds of claims under casualty policies pertaining thereto shall be paid to Lender for application, at the option of Lender (which option shall be reasonably exercised), either (i) to the indebtedness secured hereby (first to accrued interest and then to principal) with the balance of such proceeds, if any, paid to Mortgagor, or (ii) to the restoration of such loss or damage on such conditions and subject to such controls as Lender may impose in its absolute discretion, with the balance of such proceeds, if any, applied (first to accrued interest and then to principal) against the indebtedness secured hereby. Notwithstanding the foregoing, in the event of a total loss or damage to the Mortgaged Premises, one-half of the insurance proceeds shall be used to prepay the indebtedness secured hereby and the remaining insurance proceeds shall be given to Mortgagor; provided, however, that a larger percentage of such proceeds will be used to prepay the indebtedness secured hereby if necessary to maintain a loan to value ratio of at least 65%, as calculated pursuant to Paragraph 3 of the Loan Agreement. Lender is hereby authorized (but not obligated) to act as attorney-in-fact for Mortgagor in obtaining, adjusting, settling and cancelling all insurance on the Mortgaged Premises and in endorsing any checks or drafts drawn direct. Notwithstanding any other provision of this Mortgage or the Note, no application of insurance proceeds to the indebtedness shall have the effect of curing any Default (defined herein) or extending the time for making any payment due hereunder or under the Note. Lender shall not be held responsible for failure to collect any insurance proceeds due under the terms of any policy provided for herein regardless of the cause of such failure. Notwithstanding the foregoing provisions, Lender agrees that if the net insurance proceeds received are equal to or less than \$300,000 such proceeds shall be made available for the restoration of the portion of the Mortgaged Premises damaged or destroyed if written application for such use is made within 60 days of receipt of such

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proceeds and the following conditions are satisfied: (i) no Default (as hereinafter defined), or event which, with the lapse of time, the giving of notice, or both, would constitute an event of default, shall have occurred or be continuing (and if such an event shall occur during restoration Lender may, at its election, apply any insurance proceeds then remaining in its hands to the reduction of the indebtedness secured hereby), (ii) Mortgagor shall have submitted to Lender plans and specifications for the restoration which shall be satisfactory to it, (iii) Mortgagor shall have submitted to Lender fixed price contracts with good and responsible contractors and materialmen covering all work and materials necessary to complete restoration and providing for a total completion price not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, Mortgagor shall have deposited the amount of such deficiency with Lender, and (iv) Mortgagor shall have obtained a waiver of the right of subrogation from any insurer under such policies of insurance who at that time claim that no liability exists as to Mortgagor or the assured under such policies. Any insurance proceeds to be released pursuant to the foregoing provisions may at the option of Lender be disbursed from time to time as restoration progresses to pay for restoration work completed and in place and such disbursements may at Lender's option be made directly to Mortgagor or to or through any contractor or materialman to whom payment is due or to or through a construction escrow to be maintained by a title insurer acceptable to Lender. Lender may impose such further conditions upon the release of insurance proceeds (including the receipt of title insurance) as are customarily imposed by prudent construction lenders to insure the completion of the restoration work free and clear of all liens or claims for lien. All title insurance charges and other costs and expenses paid to or for the account of Lender in connection with the release of such insurance proceeds shall constitute so much additional indebtedness secured by this Mortgage to be payable upon demand with interest at the default rate. Lender may deduct any such costs and expenses from insurance proceeds at any time standing in its hands.

3.3 Real Estate Taxes.

3.3(a) Subject to Section 3.3(b) hereof, Mortgagor shall pay before the due date thereof and before any penalty or interest accrues all taxes, assessments and other charges involving the Mortgaged Premises or any property which has the same tax identification number as any portion of the Mortgaged Premises and deliver to Lender at least 10 days prior to the due date of such taxes, assessments and other charges, receipts evidencing payment thereof. If any law is enacted deducting mortgage liens from the value of Illinois land for the purpose of real estate taxation or requiring mortgagees to pay a portion of real estate taxes, or pay any tax levied in substitution (in whole or in part) therefor, which has the practical effect of requiring Lender to pay any real estate taxes or the equivalent thereof in respect of the Mortgaged Premises, or if there occurs a change in the taxation of mortgages so as to require the Lender to pay a tax by reason of its ownership of this Mortgage, then unless Mortgagor pays any such tax before the due date thereof or reimburse Lender for any payment it may make within 30 days following written request therefor from

Lender, a Default as defined herein shall have occurred. In the event any other property has the same tax identification number as any portion of the Mortgaged Premises, Mortgagor shall, within fifteen (15) days of the date hereof, apply for a tax division so that all portions of the Mortgaged Premises has its own tax identification number. Mortgagor shall deliver evidence of such tax division to Lender.

3.3(b) So long as there shall be no uncured default of Mortgagor under any Loan Document, Mortgagor desiring to withhold payment of part or all of any taxes, assessments or other charges described in Section 3.3(a) hereof in connection with contesting the amount thereof may do so provided (i) there is deposited with Lender such amount of money or other security as Lender shall reasonably require to assure payment of all such contested amounts together with all interest, penalties, costs and other charges thereupon, (ii) such contest is pursued diligently and (iii) the interests of Lender hereunder are not materially jeopardized in any way. Upon any one or more of the foregoing ceasing to be true, Lender may, upon not less than 10 days notice to Mortgagor, cause such contested amount to be paid and may utilize said deposited amount or other security therefor.

3.3(c) Mortgagor shall deposit at such place as Lender may from time to time in writing appoint, and in the absence of such appointment, then at the office of Lender in Skokie, Illinois, commencing on the twentieth day of April, 1988 and on the twentieth day of each month thereafter, until the indebtedness secured by this Mortgage is fully paid, a sum equal to one-twelfth of the last total annual taxes and assessments for the last ascertainable year (general and special) on the Mortgaged Premises. Such deposits are to be held in a money market account with all interest to accrue to Mortgagor and are to be used for the payment of taxes and assessments (general and special) on the Mortgaged Premises next due and payable when they become due. In the event of a Default, Lender may, at its option, apply any moneys at the time on deposit towards any of Mortgagor's obligations hereunder or under the Loan Documents, in such order and manner as Lender may elect. Such deposit is hereby pledged as additional security for the indebtedness hereunder. If the funds so deposited are insufficient to pay any such taxes or assessments for any year when the same shall become due and payable, Mortgagor shall, within 20 days after receipt of demand therefor, deposit such additional funds as may be necessary to pay such taxes and assessments in full. If the funds so deposited exceed the amount required to pay such taxes and assessments for any year, the excess shall be applied on a subsequent deposit or deposits. Notwithstanding the foregoing, Mortgagor shall pay the first installment of 1987 real estate taxes on or before its due date from its own funds (and not from such deposit) and deliver evidence of such payment to Lender.

3.4 Eminent Domain. In the event of the taking by eminent domain proceedings or the like of any part or all of the Mortgaged Premises by any federal, state, municipal or other governmental authority or agency thereof, all awards or other compensation for such taking shall be paid to Lender for application (first to accrued interest, then to principal) on the indebtedness secured hereby, provided that no such application shall result in a prepayment premium or have the

effect of curing any Default (defined herein) or extending the time for making any payment due hereunder or under the Note. Notwithstanding the foregoing, in the event of a total condemnation of the Mortgaged Premises, one-half of the insurance proceeds shall be used to prepay the indebtedness secured hereby and the remaining insurance proceeds shall be given to Mortgagor; provided, however, that a larger percentage of such proceeds will be used to prepay the indebtedness secured hereby if necessary to maintain a loan to value ratio of at least 65%, as calculated pursuant to Paragraph 3 of the Loan Agreement. Notwithstanding the foregoing provisions, Lender agrees that if any net condemnation proceeds received are equal to or less than \$300,000 such proceeds shall be made available for the restoration of the Mortgaged Premises on the same conditions as provided in the last five sentences of Paragraph 3.2(e) hereof.

3.5 Advances.

3.5(a) In the event Mortgagor fails to perform any act required of it by this Mortgage or the Note or if Mortgagor shall fail to pay when due any amount required to be paid or perform any act required to be performed by it in any Loan Document, Lender may make such payment or perform such act. Such payment or performance by Lender shall not have the effect of curing any Default. All moneys so advanced by Lender together with all expenses incurred in connection therewith shall be deemed advances ("Advances") under this Mortgage. Advances shall be immediately due and payable and shall be added to the principal amount of the Note. Advances shall bear interest from the date expended at the rate equal to two (2%) percent in excess of the rate announced or published publicly from time to time by Lender as its "prime" or equivalent rate of interest, and shall be secured by this Mortgage and the Other Lien Agreements as though originally a part of the Note. Notwithstanding any inconsistent provision contained in any Loan Document, payments received by Lender with respect to the indebtedness under the Note or Mortgage shall be first applied to outstanding Advances unless Lender elects otherwise. In no event shall the aggregate amount of the Advances secured by this Mortgage exceed 50% of the stated principal amount of the Note.

3.5(b) Mortgagor recognizes that, during the term of this Mortgage, Lender:

(i) May be involved in court or administrative proceedings, including, without restricting the foregoing, foreclosure, probate, bankruptcy, creditors' arrangements, insolvency, housing authority and pollution control proceedings of any kind, or other litigation to which Lender shall be a party by reason of this Mortgage or the Note or in which this Mortgage, the Note, the Other Lien Agreements or the Mortgaged Premises are involved directly or indirectly; or

(ii) May make preparations following a Default for the commencement of any suit for the foreclosure hereof, which may or may not be actually commenced; or

(iii) May make preparations following a Default for and do work in connection with Lender's taking possession of and managing the Mortgaged Premises, which event may or may not actually occur; or

(iv) May make preparations for and commence other private or public actions to remedy a Default, which other actions may or may not be actually commenced; or

(v) May enter into negotiations with Mortgagor or any of their respective agents, employees or attorneys in connection with the existence of or cure of any Default, the sale of the Mortgaged Premises, the assumption of liability for any of the indebtedness represented by the Note or the transfer of the Mortgaged Premises in lieu of foreclosure; or

(vi) May enter into negotiations with Mortgagor or any of their respective agents, employees or attorneys pertaining to Lender's approval of actions taken or proposed to be taken by Mortgagor, which approval is required by the terms of this Mortgage.

All reasonable expenditures (which may be estimated as to items to be expended after decree) made by Lender in connection with any of the foregoing, including attorneys', trustees' and appraisers' fees and expenses, cost of documentary and expert evidence, stenographers' charges, expenses of procuring title examinations, policies and certificates, court costs, and all other like and unlike costs which Lender deems to be reasonably necessary, shall be deemed to be Advances and shall be treated as such.

3.5(c) If Lender has control of the rents or the net rents from the Mortgaged Premises at any time, it may reimburse itself for previous or contemporaneous Advances plus interest thereon out of such rents or net rents.

3.5(d) Lender, in making any payment authorized in this Article III of taxes, assessments or other like charges involving the Mortgaged Premises, may do so according to any bill or estimate issued from the appropriate public office without inquiry into the accuracy of such bill or estimate or into the validity of any tax, assessment, sale or forfeiture.

3.6 Stamp Tax. If, by the laws of the United States of America, or of any state having jurisdiction over Mortgagor, any tax (other than federal, state or local income taxes) is due or becomes due in respect of the issuance of the Note, or recording of this 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 Lender, its successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Note or recording of this Mortgage.

3.7 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 Mortgaged Premises are located deducting from the value of land for the purpose of taxation any lien thereon, or imposing upon Lender 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 the debt secured hereby or Lender, then, and in any such event, Mortgagor, upon demand by Lender, shall pay such taxes or assessments, or reimburse Lender therefor; provided, however, that if in the opinion of counsel for Lender (a) it might be unlawful to require Mortgagor to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, Lender may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable 60 days from the giving of such notice.

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3.8 Hazardous Substances. As used below, "Hazardous Substances" shall mean and include all hazardous and toxic substances, wastes or materials, any pollutants or contaminants (including, without limitation, asbestos and raw materials which include hazardous constituents), petroleum products, or any other similar substances, or materials which are included under or regulated by any local, state or federal law, rule or regulation pertaining to environmental regulation, contamination or clean-up, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, or state lien or state superlien or environmental clean-up statutes (all such laws, rules and regulations being referred to collectively as "Environmental Laws"). Mortgagor warrants, represents and covenants as follows:

(a) Mortgagor has had performed such investigations, studies and tests as to any environmental contamination, liabilities or problems with respect to the Mortgaged Premises as Mortgagor believes to be commercially reasonable under the circumstances and Mortgagor has delivered copies of such investigations, studies and tests (the "Tests") to Lender.

(b) Neither the Mortgaged Premises nor any other personal or real property owned by Mortgagor is subject to any private or governmental lien or judicial or administrative notice or action relating to Hazardous Substances or environmental problems, impairments or liabilities with respect to the mortgaged Premises or such other property, or the direct or indirect violation of any Environmental Laws.

(c) To the best of Mortgagor's knowledge, no Hazardous Substances are located on or have been stored, processed or disposed of on or released or discharged from (including ground water contamination) the Mortgaged Premises and no above or underground storage tanks, exist on the Mortgaged Premises, except as indicated on the Tests and except for Hazardous Substances used and stored properly by certain tenants of the Mortgaged Premises. Mortgagor shall not allow any Hazardous Substances to be stored, located, discharged, possessed, managed, processed or otherwise handled on the Mortgaged Premises and shall comply with all Environmental Laws affecting the Mortgaged Premises.

(d) Mortgagor shall comply with any and all laws, regulations, or orders with respect to the discharge and removal of Hazardous Substances, shall pay promptly when due the costs of removal of any such Hazardous Substances and shall keep the Mortgaged Premises free of any lien imposed pursuant to such laws, regulations or orders.

Mortgagor agrees to indemnify and hold Lender harmless from and against, and shall reimburse Lender for, any and all loss, claim, liability, damages, injuries (to person, property or natural resources), cost, expense, action or cause of action, arising in connection with the release or presence of any Hazardous Substance at the Mortgaged Premises, whether foreseeable or unforeseeable, including, without limitation, all costs of removal and disposal of such Hazardous Substances, all costs of determining whether the Mortgaged Premises is in compliance and causing the Mortgaged Premises to be in compliance with all applicable Environmental Laws, all costs associated with claims for damages to persons or property, and Lender's attorneys' and consultants' fees and court costs. The

provisions of the foregoing shall survive foreclosure of this Mortgage and satisfaction of the Note, and shall be in addition to any other rights and remedies of Lender.

IV

Defaults and Remedies

4.1 Defaults. Each of the following events shall constitute a default ("Default") under this Mortgage:

4.1(a) Non-payment when due of any amount due under the Note, this Mortgage or any other Loan Document continuing for 5 days after written notice thereof;

4.1(b) The breach of any covenant of Mortgagor contained herein, or the failure of Mortgagor to keep, observe and perform in a full and timely manner each term and provision of the Note, this Mortgage or any other Loan Document to be kept, observed or performed by it, other than for the payment of money, continuing for 30 days after written notice thereof to Mortgagor,

4.1(c) The material untruth of any statement, warranty or representation made herein, or in any other Loan Document, or in any affidavit or certificate given by Mortgagor in connection with any disbursement of any part of the Loan;

4.1(d) An uninsured loss, damage or destruction resulting in a loss of more than ten percent (10%) of the then combined value of the Mortgaged Premises and the Other Real Estate; provided that such loss also results in the loan to value ratio of the Loan increasing above 60%;

4.1(e) The seizure, distraint or attachment of or a levy upon all or any part of the Mortgaged Premises;

4.1(f) The appointment of a receiver, trustee or conservator of Mortgagor all or any part of the Mortgaged Premises or Mortgagor's business involving the operation of the Mortgaged Premises;

4.1(g) The sale, assignment or other disposition of all or any portion of or interest in the Mortgaged Premises, any of the Stock or any of the stock in The Radler Group Ltd., except to the extent specifically provided herein or in the Loan Agreement; or

4.1(h) The occurrence of any of the following events:

(i) Any material adverse change in the financial condition of Mortgagor and its affiliated corporations or an admission in writing by Mortgagor of inability to pay debts as they become due;

(ii) The institution by Mortgagor of bankruptcy, reorganization, insolvency or arrangement proceedings of any kind under federal bankruptcy statutes or any similar law (state or federal) now or hereafter existing;

(iii) The institution against Mortgagor of bankruptcy, reorganization, insolvency or arrangement proceedings of any kind under federal bankruptcy statutes or any similar law (state or federal) now or hereafter existing which proceedings are not dismissed within 30

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days of the entry of a judgment or which is not satisfied within 30 days of the date on which such judgment shall have become final and all stays of execution pending appeal or otherwise shall have expired;

(iv) The making of a general assignment for the benefit of creditors by Mortgagor;

(v) The declaration of any court, government or governmental agency of the bankruptcy or insolvency of Mortgagor;

(vi) The entry of a final judgment against Mortgagor for money in excess of \$50,000, which is not satisfied within 30 days of the date on which such judgment shall have become final and all stays of execution pending appeal or otherwise shall have expired; or

(vii) The issuance of a writ or warrant of attachment or any similar process against Mortgagor or against more than ten percent (10%) of the combined value of the Mortgaged Premises and the Other Real Estate which is not stayed within 30 days of issuance or the lapse of any such stay.

4.2 Foreclosure.

4.2(a) In the event of a Default, Lender may, without further notice to or demand upon Mortgagor or any other party, (i) declare all indebtedness under the Note, including Advances, to be immediately due and payable or (ii) foreclose the Mortgage and exercise any rights and remedies available to Lender under the Uniform Commercial Code of Illinois or (iii) both accelerate such indebtedness and foreclose the Mortgage and exercise such rights and remedies.

4.2(b) In the event the right to exercise remedies under the Illinois Uniform Commercial Code accrues to Lender, Mortgagor shall, if Lender so requests, assemble all personal property included in the Mortgaged Premises, at Mortgagor's expense, at a convenient place designated by Lender. Mortgagor shall pay all expenses incurred by Lender in the collection of such indebtedness, including attorneys' fees and legal expenses, and in the repair of any real estate or other property to which any of the personal property may be affixed. If any notification of intended disposition of any of the personal property is required by law, such notification shall be deemed reasonable and proper if given at least 5 days before such disposition. Any proceeds of the disposition of any of the personal property may be applied by Lender to the payment of the expenses of retaking, holding, preparing for sale and selling the personal property, including attorneys' fees and legal expenses, and any balance of such proceeds may be applied by Lender toward the payment of such of the indebtedness, and in such order of application, as Lender may from time to time elect.

4.2(c) Either before or after a foreclosure sale of the Mortgaged Premises, a receiver may be appointed by the court with or without notice to Mortgagor without regard to the solvency or insolvency of Mortgagor, the then value of the Mortgaged Premises or whether they are then occupied as a homestead. The receiver shall have the power to collect the rents and income from the Mortgaged Premises during the pendency of the foreclosure suit and, in the case of a sale and a deficiency, during the full statutory

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period of redemption (if any), whether there be redemption or not. The receiver shall have the other powers for the protection, possession, management and operation of the Mortgaged Premises which an absolute owner would have, but the net rents in the hands of the receiver shall be applied to the debt hereby secured or to such expenses of the receivership or foreclosure suit as the court may direct.

4.2(d) The proceeds of any foreclosure sale of the Mortgaged Premises shall be distributed and applied in the following order of priority:

(i) Costs and expenses of the foreclosure proceeding;

(ii) Advances, all accrued and unpaid interest on the Note, all unpaid principal of the Note, in that order, unless the Lender, prior to the expiration of 60 days following the foreclosure sale, shall elect otherwise in a notice given to Mortgagor, and then in such order as Lender shall specify in such notice; and

(iii) The balance (if any) to discharge junior liens if the court so directs, and otherwise to Mortgagor.

4.3 Mortgagee in Possession.

4.3(a) In the event of any Default under this Mortgage and the right to foreclose this Mortgage has accrued to Lender, whether or not the entire debt has then been accelerated or foreclosure proceedings have been commenced, Lender may, without notice to or demand upon Mortgagor, take possession of the Mortgaged Premises. While in possession of the Mortgaged Premises, Lender shall have the following powers:

(i) To collect the rents and manage, lease, alter and repair the Mortgaged Premises, cancel or modify existing leases, obtain insurance and in general have all powers and rights customarily incident to absolute ownership;

(ii) To pay out of the rents so collected the management and repair charges, taxes, insurance, commissions, fees and all other expenses and, after creating reasonable reserves, apply the balance (if any) on account of the indebtedness secured hereby.

4.3(b) Lender may remain in possession of the Mortgaged Premises, in the event of a foreclosure, until the foreclosure sale and thereafter during the entire period of redemption (if any), if a deficiency exists. Lender shall incur no liability for, nor shall Mortgagor assert any claim or set-off as a result of, any action taken while Lender is in possession of the Mortgaged Premises, except only for Lender's own negligence or willful misconduct. In the event no foreclosure proceedings are commenced, Lender may remain in possession as long as there exists a Default.

4.3(c) Nothing herein shall be construed as constituting Lender a mortgagee in possession in the absence of the actual taking of possession of the Mortgaged Premises by Lender pursuant to this Mortgage.

4.4 Nature of Remedies. No delay or omission on the part of Lender in the exercise of any remedy for a Default shall operate as a waiver thereof. The remedies available to Lender under this Mortgage shall be exercisable in any combination whatsoever and shall be in addition to, and exercisable in any combination with, any and all remedies available by operation of law and under the Note and any other of the Loan Documents.

4.5 Waiver of Redemption. Mortgagor hereby waives all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on its own behalf and on behalf of each and every person, except decree or judgment creditors of Mortgagor who may acquire any interest in or title to the Mortgaged Premises subsequent to the date hereof.

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

4.7 Waiver of Rights. To the extent permitted by law, Mortgagor shall not and will not apply for or avail itself of any appraisal, 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 Mortgage, but hereby waives the benefit of all such laws. To the extent permitted by law, 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 Mortgaged Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Premises sold as an entirety.

Miscellaneous

5.1 Modification of Loan Terms. If the time of payment of all indebtedness secured hereby or any part thereof be extended at any time or times, if the Note be renewed, modified or replaced, or if any security for the Note be released, Mortgagor and any other parties now or hereafter liable for payment of such indebtedness in whole or in part or interested in the Mortgaged Premises shall be held to have consented to such extensions, renewals, modifications, replacements and releases, and their liability and the lien hereof and the Other Lien Agreements and the rights created hereby and thereby shall continue in full force, the right of recourse against all such parties being reserved by Lender.

5.2 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon the successors, legal representatives and assigns of the Mortgagor and Lender and all persons and entities (including owners and lessees) which may hereafter obtain any interest in the Mortgaged Premises, provided that this Section 5.2 shall not be construed to permit a transfer, conveyance, assignment or lease otherwise prohibited by this Mortgage.

5.3 Business Purpose. Mortgagor covenants that the proceeds of the loan evidenced by the Note and secured by this Mortgage will be used for the purposes specified in Section 4(1)(c) of Paragraph 6404 of Chapter 17 of the Illinois Revised Statutes, as amended, and that the principal obligation secured

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hereby constitutes a business loan which comes within the purview of such Section.

5.4 Statement of Indebtedness. Mortgagor, within 7 days after being so requested by Lender, shall furnish a duly acknowledged written statement setting forth the amount of the debt secured by this Mortgage and the date to which interest has been paid, and stating either that no offsets or defenses exist against the Mortgage debt or, if such offsets or defenses are alleged to exist, the nature thereof.

5.5 Use of Proceeds. Mortgagor warrants that the proceeds evidenced by the Note secured hereby will not be used for the purchase of registered equity securities within the purview of Regulation G issued by the Board of Governors of the Federal Reserve System.

5.6 Relationship of Lender and Mortgagor. Lender shall in no event be construed for any purpose to be a partner, joint venturer, agent or associate of Mortgagor or of any beneficiary, lessee, operator, concessionaire or licensee of Mortgagor in the conduct of their respective businesses.

5.7 Time of the Essence. Time is of the essence of the payment by Mortgagor of all amounts due and owing to Lender under the Note and the performance and observance by Mortgagor of all of the terms, conditions, obligations and agreements contained in this Mortgage.

5.8 Indemnity. Mortgagor shall indemnify and save Lender harmless from and against any and all liabilities, obligations, losses, damages, claims, costs and expenses (including reasonable attorneys' fees and court costs) of whatever kind or nature which may be imposed on, incurred by or asserted against Lender at any time which relate to or arise from: the making of the loan evidenced by the Note and secured by this Mortgage; any suit or other proceeding (including probate and bankruptcy proceedings), or the threat thereof, in or to which Lender may or does become a party, either as a plaintiff or as a defendant, by reason of this Mortgage, or for the purpose of protecting the lien of this Mortgage; and/or the ownership, use, operation and/or maintenance of the Mortgaged Premises. All costs provided for herein and paid for by Lender shall be deemed Advances secured hereby.

5.9 Captions. The captions and headings of various Sections of this 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.

5.10 Notices. Whenever Lender or Mortgagor desires to give any notice to the other it shall be sufficient for all purposes if such notice is personally delivered or sent by registered or certified United States mail, postage prepaid, addressed to the intended recipient at the last address theretofore specified by the addressee in a written notice given to the sender. In case no other address has been so specified, notices hereunder shall be delivered or mailed to the following addresses:

Lender: Cole Taylor Bank/Skokie
4400 Oakton Avenue
Skokie, Illinois 60076
Attn: Harold A. Chmiel

Mortgagor: c/o The Radler Group Ltd.
7721 N. Kostner
Skokie, Illinois 60076
Attn: David H. Radler, Sr.

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Any notice given in the manner specified herein shall be deemed to have been given on the day it is personally delivered or three business days after it is deposited in the United States mail.

5.11 Governing Law. This Mortgage is executed and delivered in Skokie, Illinois and shall be governed by and construed in accordance with the law of the State of Illinois.

5.12 Severability. If any term, restriction or covenant of this instrument is deemed illegal or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed illegal or unenforceable, the application of such term, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law. All agreements herein, in the Note and in the Loan Documents 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 Note, or otherwise, shall the amount paid or agreed to be paid by Mortgagor 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 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 the obligation to be fulfilled shall be reduced to the limit of such validity and if from any circumstances 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 Note and not to the payment of interest.

5.13 Release. Lender shall release its interest in the Mortgaged Premises upon the sale of the Mortgaged Premises in accordance with the terms and conditions of the Loan Agreement or when Mortgagor and the other entities executing the Loan Documents no longer have any duty or obligation (other than any continuing duty regarding hazardous waste, provided no default exists relating to such duty) to Lender under this Mortgage or the Loan Documents.

5.14 Singular and Plural; Etc. Whenever the context requires, the singular form of any word used herein shall include the plural form, and vice versa, and the neuter form of any word shall include the masculine and feminine forms, and vice versa.

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

RIDGEWAY-KEENEY CORPORATION

ATTEST: Michael J. Laska
Sec.

By [Signature]
VICE PRESIDENT

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EXHIBIT "A"

LEGAL DESCRIPTION:

LOTS 112 AND 113 (EXCEPT THE SOUTH 7 FEET THEREOF) IN KRENN AND DATO'S MAIN AND KUSTNER SUBDIVISION OF THE NORTH WEST 1/4 OF THE SOUTH EAST 1/4 AND THE WEST 1/2 OF THE WEST 1/2 OF THE SOUTH WEST 1/4 OF THE SOUTH EAST 1/4 OF SECTION 22, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Common Address: 4330-34 Oakton, Skokie, Illinois

Permanent Index Nos.: 10-22-424-047 ALL
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