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AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO
AS TRUSTEE UNDER TRUST NUMBER 104678-01

to

CHRYSLER CAPITAL REALTY INC.

MORTGAGE AND
SECURITY AGREEMENT

Dated ~~on~~ March 2, 1988

Street Address: Alsip Holiday Inn
5300 West 127th Street
Alsip, Illinois

RECORD AND RETURN TO:

Messrs. Thacher Proffitt & Wood
Two World Trade Center
New York, New York 10048

Attention: Paul A. Hughson
File No.: 16236-0049

Title No.: 71-10-420

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^{as of} THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage"), made ~~at~~ the 2nd day of March, 1988, by AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, not personally or individually, but as trustee under that certain trust agreement dated February 16, 1988 and known as Trust Number 104678-01 (the "Trust Agreement"), having its principal place of business at 33 North LaSalle Street, Chicago, Illinois 60690 ("Mortgagor") to CHRYSLER CAPITAL REALTY INC., a Delaware Corporation, having its principal place of business at 777 West Putnam Avenue, Greenwich, Connecticut 06836-6900 ("Mortgagee"),

W I T N E S S E T H :

To secure the payment of an indebtedness in the principal sum of NINE MILLION FIVE HUNDRED THOUSAND AND 00/100 Dollars (\$9,500,000.00), lawful money of the United States of America, or so much thereof as may have been advanced pursuant to that certain loan agreement dated the date hereof between Mortgagor and Mortgagee (the "Loan Agreement"), to be paid with interest according to a certain note dated the date hereof made by Mortgagor to Mortgagee (the note together with all extensions, renewals or modifications thereof being hereinafter collectively called the "Note") (said indebtedness, interest and all other sums due hereunder and under the Note being collectively called the "Debt"), Mortgagor has mortgaged, given, granted, bargained, sold, aliened, enfeoffed, conveyed, confirmed, pledged, assigned and hypothecated and by these presents does mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm, pledge, assign and hypothecate unto Mortgagee the real property described in Exhibit A attached hereto (the "Premises") and the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located thereon (the "Improvements");

TOGETHER WITH: all right, title, interest and estate of Mortgagor now owned, or hereafter acquired, in and to the following property, rights, interests and estates (the Premises, the Improvements together with the following property, rights, interests and estates being hereinafter collectively referred to as the "Mortgaged Property"):

(a) all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or

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pertaining to the Premises and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Premises and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(b) all machinery, equipment, fixtures (including but not limited to all heating, air conditioning, plumbing, lighting, communications and elevator fixtures), inventory and articles of personal property and accessions thereof and renewals, replacements thereof and substitutions therefor (including, but not limited to, beds, bureaus, chiffoniers, chests, chairs, desks, lamps, mirrors, bookcases, tables, rugs, carpeting, drapes, draperies, curtains, shades, venetian blinds, screens, paintings, hangings, pictures, divans, couches, luggage carts, luggage racks, stools, sofas, chinaware, linens, pillows, blankets, glassware, foodcarts, cookware, dry cleaning facilities, dining room wagons, keys or other entry systems, bars, bar fixtures, liquor and other drink dispensers, icemakers, radios, television sets, intercom and paging equipment, electric and electronic equipment, dictating equipment, private telephone systems, medical equipment, potted plants, heating, lighting and plumbing fixtures, fire prevention and extinguishing apparatus, cooling and air-conditioning systems, elevators, escalators, fittings, plants, apparatus, stoves, ranges, refrigerators, laundry machines, tools, machinery, engines, dynamos, motors, boilers, incinerators, switchboards, conduits, compressors, vacuum cleaning systems, floor cleaning, waxing and polishing equipment, call systems, brackets, electrical signs, bulbs, bells, ash and fuel, conveyors, cabinets, lockers, shelving, spotlighting equipment, dishwashers, garbage disposals, washers and dryers), other customary hotel equipment and other tangible property of every kind and nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property, or appurtenances thereto, or usable in connection with the present or future operation and occupancy of the Mortgaged Property and all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property, or appurtenances thereto, or

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usable in connection with the present or future operation and occupancy of the Mortgaged Property (hereinafter collectively called the "Equipment"), and the right, title and interest of Mortgagor in and to any of the Equipment which may be subject to any security agreements (as defined in the Uniform Commercial Code), superior in lien to this lien of the Mortgage;

(c) all awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Mortgaged Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of said right), or for a change of grade, or for any other injury to or decrease in the value of the Mortgaged Property;

(d) all leases and other agreements affecting the use, enjoyment or occupancy of the Premises and the Improvements heretofore or hereafter entered into (the "Leases") and all rents, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Premises and the Improvements (the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

(e) all proceeds of and any unearned premiums on any insurance policies covering the Mortgaged Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property;

(f) the right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property;

TO HAVE AND TO HOLD the above granted and described Mortgaged Property unto and to the use and benefit of Mortgagee, and the successors and assigns of Mortgagee, forever;

AND Mortgagor represents and warrants ^{Beneficiary} to and covenants and agrees with Mortgagee as follows:

1. Payment of Debt and Incorporation of Covenants, Conditions and Agreements. Mortgagor will pay the Debt at the time and in the manner provided in the Note and in this Mortgage. All the covenants, conditions and agreements contained in (a) the Note and (b) all and any of the documents other than the Note or

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this Mortgage now or hereafter executed by Mortgagor and/or others and by or in favor of Mortgagee, which wholly or partially secure or guaranty payment of the Note (the "Other Security Documents"), are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein.

2. Warranty of Title. Mortgagor ^{representative & beneficiary} warrants that Mortgagee has good title to the Mortgaged Property and has the right to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm, pledge, assign and hypothecate the same and that Mortgagor possesses an unencumbered fee estate in the Premises and the Improvements and that it owns the Mortgaged Property free and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Mortgage. Mortgagor shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same to Mortgagee against the claims of all persons whomsoever. *ANYB 4 AL*

3. Insurance. (a) Mortgagor shall keep the Mortgaged Property insured against loss or damage by fire, flood and such other risks and matters, including without limitation, business interruption, rental loss, public liability, and boiler damage and liability, as Mortgagee shall from time to time require and in amounts required by Mortgagee, and shall pay the premiums for such insurance (the "Insurance Premiums") as the same shall become due and payable. All policies of insurance (the "Policies") shall be issued by an insurer acceptable to Mortgagee and shall contain the standard New York mortgagee non-contribution clause naming Mortgagee as the person to which all payments made by such insurance company shall be paid. Mortgagor shall assign and deliver the Policies to Mortgagee. Not later than fifteen (15) days prior to the expiration date of each of the Policies, Mortgagor will deliver to Mortgagee satisfactory evidence of the renewal of each of the Policies.

(b) If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, Mortgagor shall give prompt notice thereof to Mortgagee. The net amount of all insurance proceeds received by Mortgagee with respect to such damage or destruction, after deduction of the reasonable costs and expenses incurred by Mortgagee in collecting the same (the "Net Proceeds") shall be disbursed by Mortgagee in accordance with the terms and conditions set forth herein to pay for the costs and expenses of the Restoration (hereinafter defined) provided (i) no Event of Default has occurred and remains uncured under this Mortgage, the Note or any of the Other Loan Documents, (ii) Mortgagor proceeds promptly after the insurance claims are settled with the restoration, replacement, rebuilding or repair of the Mortgaged Property as nearly as possible to the condition the Mortgaged Property was in

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immediately prior to such fire or other casualty (the "Restoration"), (iii) the Restoration shall be done in compliance with all applicable laws, rules and regulations, (iv) a set of the plans and specifications in connection with the Restoration shall be submitted to Mortgagee and shall be satisfactory to Mortgagee in all respects, (v) all costs and expenses incurred by Mortgagee in connection with making the Net Proceeds available for the Restoration of the Mortgaged Property including, without limitation, counsel fees and inspecting engineer fees incurred by Mortgagee, shall be paid by Mortgagor, and (vi) no Leases are terminated as a result of such fire or other casualty.

(c) The Net Proceeds shall be held in trust by Mortgagee without interest thereon and shall be paid by Mortgagee to, or as directed by, Mortgagor from time to time during the course of the Restoration, upon receipt of evidence, satisfactory to Mortgagee, that (i) all materials installed and work and labor performed (except to the extent they are to be paid for out of the requested payments) in connection with the Restoration have been paid for in full, (ii) no notices of intention, mechanics' or other liens or encumbrances on the Mortgaged Property arising out of the Restoration exist, and (iii) the balance of the Net Proceeds plus the balance of any deficiency deposits given by Mortgagor to Mortgagee pursuant to the provisions of this paragraph hereinafter set forth shall be sufficient to pay in full the balance of the cost of the Restoration.

(d) The excess, if any, of the Net Proceeds after payment to Mortgagor as provided herein shall be applied by Mortgagee in reduction of the Debt in such priority and proportions as Mortgagee in its discretion shall deem proper. Notwithstanding anything to the contrary contained herein, if the Net Proceeds shall be less than \$250,000.00, only one disbursement shall be required upon the completion of the Restoration to the satisfaction of Mortgagee. If at any time the Net Proceeds, or the undisbursed balance thereof, shall not in the opinion of Mortgagee be sufficient to pay in full the balance of the cost of the Restoration, Mortgagor shall deposit the deficiency with Mortgagee before any further disbursement of the Net Proceeds shall be made.

(e) Any amount of the Net Proceeds received by Mortgagee and not required to be disbursed for the Restoration pursuant to the provisions of this paragraph hereinabove set forth may, in Mortgagee's discretion, be either (i) retained and applied by Mortgagee toward the payment of the Debt whether or not then due and payable in such priority and proportions as Mortgagee in its discretion shall deem proper, or (ii) paid in whole or in part to Mortgagor for such purposes as Mortgagee shall designate. If Mortgagee shall receive and retain such insurance proceeds, the lien of this Mortgage shall be reduced

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only by the amount thereof received and retained by Mortgagee and actually applied by Mortgagee in reduction of the Debt.

4. Payment of Taxes, etc. Mortgagor shall pay all taxes, assessments, water rates and sewer rents, now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof (the "Taxes") and all ground rents, maintenance charges, other governmental impositions, and other charges, including without limitation vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises, now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof (the "Other Charges") as same become due and payable. Mortgagor will deliver to Mortgagee, promptly upon Mortgagee's request, evidence satisfactory to Mortgagee that the Taxes and Other Charges have been so paid or are not then delinquent. Mortgagor shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Mortgaged Property, and shall promptly pay for all utility services provided to the Mortgaged Property. Mortgagor shall furnish to Mortgagee receipts for the payment of the Taxes, Other Charges and said utility services prior to the date the same shall become delinquent.

5. Escrow Fund. Mortgagor shall, at the option of Mortgagee, pay to Mortgagee on the first day of each calendar month (a) one-twelfth of an amount which would be sufficient to pay the Taxes payable, or estimated by Mortgagee to be payable, during the next ensuing twelve (12) months and (b) one-twelfth of an amount which would be sufficient to pay the Insurance Premiums due for the renewal of the coverage afforded by the Policies upon the expiration thereof (said amounts in (a) and (b) above hereinafter called the "Escrow Fund"). The Escrow Fund and the payments of interest or principal or both, payable pursuant to the Note shall be added together and shall be paid as an aggregate sum by Mortgagor to Mortgagee. Mortgagor hereby pledges to Mortgagee any and all monies now or hereafter deposited in the Escrow Fund as additional security for the payment of the Debt. Mortgagee will apply the Escrow Fund to payments of Taxes and Insurance Premiums required to be made by Mortgagor pursuant to paragraphs 3 and 4 hereof. If the amount of the Escrow Fund shall exceed the amounts due for Taxes and Insurance Premiums pursuant to paragraphs 3 and 4 hereof, Mortgagee shall, in its discretion, return any excess to Mortgagor or credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Mortgagee may deal with the person shown on the records of Mortgagee to be the owner of the Mortgaged Property. If the Escrow Fund is not sufficient to pay the items set forth in (a) and (b) above, Mortgagor shall promptly pay to Mortgagee, upon demand, an amount which Mortgagee shall estimate as sufficient to make up the deficiency. Upon the occurrence of an Event of Default (hereinafter defined) Mortgagee may apply any

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sums then present in the Escrow Fund to the payment of the following items in any order in its uncontrolled discretion:

- (i) Taxes and Other Charges;
- (ii) Insurance Premiums;
- (iii) Interest on the unpaid principal balance of the Note;
- (iv) Amortization of the unpaid principal balance of the Note;
- (v) All other sums payable pursuant to the Note, this Mortgage and the Other Security Documents, including without limitation advances made by Mortgagee pursuant to the terms of this Mortgage.

Until expended or applied as above provided, any amounts in the Escrow Fund shall constitute additional security for the Debt. The Escrow Fund shall not constitute a trust fund and may be commingled with other monies held by Mortgagee. No earnings or interest on the Escrow Fund shall be payable to Mortgagor.

6. Condemnation. Mortgagor shall promptly give Mortgagee notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Mortgagee copies of any and all papers served in connection with such proceedings. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking) Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Mortgage and the Debt shall not be reduced until any award or payment therefor shall have been actually received and applied by Mortgagee, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Mortgagee shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein and in the Note. Mortgagee may apply any such award or payment to the reduction or discharge of the Debt whether or not then due and payable. Any reduction of the Debt pursuant to the terms of this paragraph 6 shall not be deemed a prepayment of the Debt and no prepayment consideration, if any, shall be due. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of such award or payment, Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive said award or payment, or a portion thereof sufficient to pay the Debt.

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7. Leases and Rents. (a) Mortgagee is hereby granted and assigned by Mortgagor the right to enter the Mortgaged Property for the purpose of enforcing its interest in the Leases and the Rents, this Mortgage constituting a present, absolute assignment of the Leases and the Rents. Nevertheless, subject to the terms of this paragraph 7, Mortgagee grants to Mortgagor a revocable license to operate and manage the Mortgaged Property and to collect the Rents. Mortgagor shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, for use in the payment of such sums. Upon or at any time after an Event of Default, the license granted to Mortgagor herein may be revoked by Mortgagee, and Mortgagee may enter upon the Mortgaged Property, and collect, retain and apply the Rents toward payment of the Debt in such priority and proportions as Mortgagee in its discretion shall deem proper.

(b) All future leases shall be written on the standard form of lease which has been approved by Mortgagee. Upon request, Mortgagor shall furnish Mortgagee with executed copies of all Leases. No material changes may be made to the Mortgagee-approved standard lease without the prior written consent of Mortgagee. In addition, all renewals of Leases and all proposed leases shall provide for rental rates comparable to existing local market rates and shall be arms-length transactions. All proposed leases shall be subject to the prior approval of the Mortgagee. All future leases shall provide that they are subordinate to this Mortgage and that the lessee agrees to attorn to Mortgagee. Mortgagor (i) shall observe and perform all the obligations imposed upon the lessor under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall promptly send copies to Mortgagee of all notices of default which Mortgagor shall send or receive thereunder; (iii) shall enforce all of the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed, short of termination thereof; (iv) shall not collect any of the Rents more than one (1) month in advance; (v) shall not execute any other assignment of lessor's interest in the Leases or the Rents; (vi) shall not alter, modify or change the terms of the Leases without the prior written consent of Mortgagee, or cancel or terminate the Leases or accept a surrender thereof or convey or transfer or suffer or permit a conveyance or transfer of the Premises or of any interest therein so as to effect a merger of the estates and rights of, or a termination or diminution of the obligations of, lessees thereunder; (vii) shall not alter, modify or change the terms of any guaranty of the Leases or cancel or terminate such guaranty without the prior written consent of Mortgagee; (viii) shall not consent to any assignment of or subletting under the Leases not in accordance with their terms, without the prior written consent of Mortgagee; and (ix) shall execute and deliver at the request of Mortgagee all such further assurances,

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confirmations and assignments in connection with the Mortgaged Property as Mortgagee shall from time to time require.

8. Maintenance of Mortgaged Property. Mortgagor shall cause the Mortgaged Property to be maintained in a good and safe condition and repair. The Improvements and the Equipment shall not be removed, demolished or materially altered (except for normal replacement of the Equipment) without the consent of Mortgagee. Mortgagor shall promptly comply with all laws, orders and ordinances affecting the Mortgaged Property, or the use thereof. Mortgagor shall promptly repair, replace or rebuild any part of the Mortgaged Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in paragraph 6 hereof and shall complete and pay for any structure at any time in the process of construction or repair on the Premises. Mortgagor shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Mortgaged Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Mortgaged Property is or shall become a nonconforming use, Mortgagor will not cause or permit such nonconforming use to be discontinued or abandoned without the express written consent of Mortgagee.

9. Transfer or Encumbrance of the Mortgaged Property.
(a) Mortgagor acknowledges that Mortgagee has examined and relied on the creditworthiness of Mortgagor and experience of Mortgagor and the beneficiary under the Trust Agreement (the "Beneficiary") in owning and operating properties such as the Mortgaged Property in agreeing to make the loan secured hereby, and that Mortgagee will continue to rely on Mortgagor's ownership of the Mortgaged Property as a means of maintaining the value of the Mortgaged Property as security for repayment of the Debt. Mortgagor acknowledges that Mortgagee has a valid interest in maintaining the value of the Mortgaged Property so as to ensure that, should Mortgagor default in the repayment of the Debt, Mortgagee can recover the Debt by a sale of the Mortgaged Property. Mortgagor shall not, without the prior written consent of Mortgagee, sell, convey, alien, mortgage, encumber, pledge or otherwise transfer the Mortgaged Property or any part thereof, or permit the Mortgaged Property or any part thereof to be sold, conveyed, aliened, mortgaged, encumbered, pledged or otherwise transferred by operation of law or otherwise.

(b) A sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer within the meaning of this paragraph 9 shall be deemed to include (i) an installment sales agreement wherein Mortgagor or Beneficiary agrees to sell the Mortgaged Property or any part thereof for a price to be paid in installments; (ii) an agreement by Mortgagor or Beneficiary leasing all

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or a substantial part of the Mortgaged Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Mortgagor's or Beneficiary's right, title and interest in and to any Leases or any Rents; (iii) if Mortgagor, Beneficiary any Guarantor (hereinafter defined), or any general partner of Mortgagor, Guarantor or Beneficiary is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock by which an aggregate of more than 10% of such corporation's stock shall be vested in a party or parties who are not now stockholders; (iv) if Mortgagor, any Guarantor or any general partner of Mortgagor or any Guarantor is a limited or general partnership or joint venture, the change, removal or resignation of a general partner or managing partner or the transfer of the partnership interest of any general partner or managing partner; (v) the removal or resignation of the managing agent for the Mortgaged Property or the transfer of ownership, management or control of such managing agent to a person or entity other than the general partner or managing partner of Mortgagor or Beneficiary; (vi) any transfer to an Illinois Land Trust or any other trust established for the purpose of holding title to the Mortgaged Property and (vii) any transfer of all or any part of Beneficiary's interest under the Trust Agreement.

(c) Mortgagee reserves the right to condition the consent required hereunder upon a modification of the terms hereof and on assumption of this Mortgage as so modified by the proposed transferee, payment of a transfer fee, or such other conditions as Mortgagee shall determine in its sole discretion to be in the interest of Mortgagee. Mortgagee shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon Mortgagor's or Beneficiary's sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property without Mortgagee's consent. This provision shall apply to every sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property regardless of whether voluntary or not, or whether or not Mortgagee has consented to any previous sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property.

Notwithstanding anything to the contrary contained in this paragraph 9 the following shall not constitute a sale, transfer or conveyance within the meaning of this paragraph 9: (1) provided Joseph H. Harman and/or Earl Briggs maintain a minimum of a 40% ownership interest of the equity interest in Beneficiary either directly or by virtue of their proportionate interest in Brighton Hotel Corporation and HK Associates, (a) the

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addition of limited or general partners, (b) the sale of a limited partnership interest as a result of the death of a limited partner; and (c) pledging of the Beneficiary's partnership interest to secure loans to Beneficiary, provided however, any reduction of Joseph H. Harman's and/or Earl Briggs' partnership interest in Beneficiary, by virtue of a foreclosure against such pledged partnership interest, or otherwise, which reduces their collective interest in Beneficiary to less than a 40% ownership interest, shall constitute a sale, transfer or conveyance within the meaning of this paragraph; (2) the transfer by a limited partner of his limited partnership interest in Beneficiary to his spouse or children; and (3) the sale, transfer and conveyance of partnership interests in Beneficiary, which result in the sale, transfer or conveyance of less than 35% in the aggregate of partnership interest in Beneficiary provided (a) such sale, transfer or conveyance occurs prior to sixty days of the date hereof, (b) such sale, transfer or conveyance is solely of partnership interest in First Equities Hospitality Associates ("First Equities") and (c) no greater than 70% in the aggregate of the partnership interest in First Equities shall be sold, transferred or conveyed.

10. Estoppel Certificates. (a) After request by Mortgagee, Mortgagor, within ten (10) days, shall furnish Mortgagee with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, if any, and (vi) that the Note and this Mortgage are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification.

(b) After request by Mortgagee, Mortgagor, within ten (10) days, will furnish Mortgagee with estoppel certificates from any lessees under the Leases as required by their respective Leases.

11. Changes in the Laws Regarding Taxation. If any law is enacted or adopted or amended after the date of this Mortgage which deducts the Debt from the value of the Mortgaged Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Mortgagee's interest in the Mortgaged Property, Mortgagor will pay such tax, with interest and penalties thereon, if any. In the event Mortgagee is advised by counsel chosen by it that the payment of such tax or interest and penalties by Mortgagor would be unlawful or taxable to Mortgagee or unenforceable or provide the basis for a defense of usury, then in any such event, Mortgagee shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

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12. No Credits on Account of the Debt. Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Mortgaged Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Mortgaged Property, or any part thereof, for real estate tax purposes by reason of this Mortgage or the Debt. In the event such claim, credit or deduction shall be required by law, Mortgagee shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

13. Documentary Stamps. If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note or this Mortgage, or impose any other tax or charge on the same, Mortgagor will pay for the same, with interest and penalties thereon, if any.

14. Usury Laws. This Mortgage and the Note are subject to the express condition that at no time shall Mortgagor be obligated or required to pay interest on the Debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate which Mortgagor is permitted by applicable law to contract or agree to pay. If by the terms of this Mortgage or the Note, Mortgagor is at any time required or obligated to pay interest on the Debt at a rate in excess of such maximum rate, the rate of interest under the same shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note.

15. Books and Records. Mortgagor and Guarantors (hereinafter defined), if any, shall keep adequate books and records of account in accordance with generally accepted accounting practices consistently applied and furnish to Mortgagee: (a) an annual certified occupancy statement identifying any and all tenants, occupants, licensees and concessionaries of the Mortgaged Property, or any portion thereof, in such detail as Mortgagee may reasonably require; (b) an annual audit of the operation of the Mortgaged Property detailing the total revenues received and total expenses incurred to be prepared and certified by Mortgagor; (c) an annual balance sheet and profit and loss statement of Mortgagor, prepared and certified by a nationally recognized firm of certified public accountants within ninety (90) days after the close of each fiscal year; and (d) such annual balance sheets and profit and loss statements and other financial statements as may, from time to time, be required by Mortgagee.

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16. Performance of Other Agreements. Mortgagor shall observe and perform each and every term to be observed or performed by Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

17. Further Acts, etc. Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Mortgagee shall, from time to time, require, for the better assuring, conveying, assigning, transferring, and confirming unto Mortgagee the property and rights hereby mortgaged, given, granted, bargained, sold, aliened, enfeoffed, conveyed, confirmed, pledged, assigned and hypothecated or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage. Mortgagor on demand, will execute and deliver and hereby authorizes Mortgagee to execute in the name of Mortgagor or without the signature of Mortgagor to the extent Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of Mortgagee in the Mortgaged Property. Mortgagor grants to Mortgagee an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Mortgagee at law and in equity, including without limitation such rights and remedies available to Mortgagee pursuant to this paragraph 17.

18. Recording of Mortgage, etc. Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage, and any security instrument creating a lien or security interest or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien or security interest hereof upon, and the interest of Mortgagee in, the Mortgaged Property. Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property and any instrument of further assurance, and all federal, state, county and municipal, taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance, except where prohibited by law so to do. Mortgagor

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shall hold harmless and indemnify Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

19. Prepayment. If permitted by the Note, the Debt may be prepaid in accordance with the terms thereof.

20. Events of Default. The Debt shall become immediately due and payable at the option of Mortgagee upon any one or more of the following events ("Event of Default"):

(a) if any portion of the Debt is not paid within ten (10) days after the same is due;

(b) if any of the Taxes or Other Charges is not paid when the same is due and payable;

(c) if the Policies are not kept in full force and effect, or if the Policies are not assigned and delivered to Mortgagee upon request;

(d) if Mortgagor or Beneficiary, violates or does not comply with any of the provisions of paragraphs 7, 9, 34 or 35;

(e) if any representation or warranty of Mortgagor, Beneficiary, or of any person guaranteeing payment of the Debt or any portion thereof or performance by Mortgagor of any of the terms of this Mortgage (a "Guarantor"), made herein or in any such guaranty, or in any certificate, report, financial statement or other instrument or document furnished to Mortgagee shall have been false or misleading in any material respect when made;

(f) if Mortgagor, Beneficiary, or any Guarantor shall make an assignment for the benefit of creditors or if Mortgagor or Beneficiary shall generally not be paying its debts as they become due;

(g) if a receiver, liquidator or trustee of Mortgagor, Beneficiary, or of any Guarantor shall be appointed or if Mortgagor, Beneficiary, or any Guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Mortgagor, Beneficiary or any Guarantor or if any proceeding for the dissolution or liquidation of Mortgagor, Beneficiary, or of any Guarantor shall be instituted; however, if such appointment, adjudication, petition or proceeding

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was involuntary and not consented to by Mortgagor, Beneficiary, or such Guarantor, upon the same not being discharged, stayed or dismissed within sixty (60) days;

(h) if Mortgagor shall be in default under any other mortgage or security agreement covering any part of the Mortgaged Property whether it be superior or junior in lien to this Mortgage;

(i) if the Mortgaged Property becomes subject to any mechanic's, materialman's or other lien other than a lien for local real estate taxes and assessments not then due and payable and such lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(j) if Mortgagor fails to cure promptly any violations of laws or ordinances affecting or which may be reasonably interpreted to affect the Mortgaged Property; or

(k) if an Event of Default shall have occurred under that certain Security Agreement and Assignment of the Beneficial Interest in Land Trust between Beneficiary and Mortgagee.

(l) if for more than ten (10) days after notice from Mortgagee, Mortgagor shall continue to be in default under any other term, covenant or condition of the Note, this Mortgage or the Other Security Documents.

21. Remedies of Mortgagee. Upon the occurrence of any Event of Default, (a) Mortgagor will pay, from the date of that Event of Default, interest on the unpaid principal balance of the Note at the rate of 18% per annum, or at the maximum interest rate which Mortgagor may by law pay, whichever is lower, (the "Default Rate") and (b) Mortgagee shall have the right to exercise any and all rights and remedies available at law and in equity.

22. Sale of Mortgaged Property. If this Mortgage is foreclosed, the Mortgaged Property, or any interest therein, may at the discretion of Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner.

23. Right to Cure Defaults. Upon the occurrence of any Event of Default or if Mortgagor fails to make any payment or to do any act as herein provided, Mortgagee may, but without any obligation to do so and without notice to or demand on Mortgagor and without releasing Mortgagor from any obligation hereunder, make or do the same in such manner and to such extent

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as Mortgagee may deem necessary to protect the security hereof. Mortgagee is authorized to enter upon the Mortgaged Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Mortgaged Property or to foreclose this Mortgage or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph 23, shall constitute a portion of the Debt and shall be due and payable to Mortgagee upon demand. All such costs and expenses incurred by Mortgagee in remedying such Event of Default or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from Mortgagee that such cost or expense was incurred to the date of payment to Mortgagee. All such costs and expenses incurred by Mortgagee together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Mortgage and the Other Security Documents and shall be immediately due and payable upon demand by Mortgagee therefor.

24. Late Payment Charge. If any portion of the Debt is not paid on or before the date on which it is due, Mortgagor shall pay to Mortgagee upon demand an amount equal to the lesser of five percent (5%) of such unpaid portion of the Debt or the maximum amount permitted by applicable law, to defray the expense incurred by Mortgagee in handling and processing such delinquent payment and to compensate Mortgagee for the loss of the use of such delinquent payment, and such amount shall be secured by this Mortgage and the Other Security Documents.

25. Prepayment After Event of Default. If following the occurrence of any Event of Default, Mortgagor shall tender payment of an amount sufficient to satisfy the Debt in whole or in part at any time prior to a foreclosure sale of the Mortgaged Property, such tender by Mortgagor shall be deemed to be a voluntary prepayment of the principal balance of the Note, and Mortgagor shall, in addition to the entire Debt, also pay to Mortgagee the applicable prepayment fee specified in the Note.

26. Right of Entry. Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times.

27. Appointment of Receiver. The holder of this Mortgage, upon the occurrence of an Event of Default or in any action to foreclose this Mortgage or upon the actual or threatened waste to any part of the Mortgaged Property, shall be entitled to the appointment of a receiver without notice and without regard to the value of the Mortgaged Property as security for the Debt, or the solvency or insolvency of any person liable for the payment of the Debt.

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28. Reasonable Use and Occupancy. In addition to the rights which Mortgagee may have herein, upon the occurrence of any Event of Default, Mortgagee, at its option, may require Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be occupied by Mortgagor or may require Mortgagor to vacate and surrender possession of the Mortgaged Property to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise.

29. Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Mortgaged Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Mortgaged Property. Mortgagor by executing and delivering this Mortgage has granted and hereby grants to Mortgagee, as security for the Debt, a security interest in the Mortgaged Property to the full extent that the Mortgaged Property may be subject to the Uniform Commercial Code (said portion of the Mortgaged Property so subject to the Uniform Commercial Code being called in this paragraph 29 the "Collateral"). If an Event of Default shall occur, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Collateral and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Collateral sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Mortgagor. The proceeds of any disposition of the Collateral, or any part thereof, may be applied by Mortgagee to the payment of the Debt in such priority and proportions as Mortgagee in its discretion shall deem proper.

30. Actions and Proceedings. Mortgagee has the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Mortgagor, which Mortgagee, in its discretion, decides should be brought to protect

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its interest in the Mortgaged Property. Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other security instrument discharged in whole or in part by the Debt, and any such subrogation rights shall constitute additional security for the payment of the Debt.

31. Waiver of Counterclaim. Mortgagor hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Mortgagee, and waives trial by jury in any action or proceeding brought by either party hereto against the other or in any counterclaim asserted by Mortgagee against Mortgagor, or in any matters whatsoever arising out of or in any way connected with this Mortgage, the Note, any of the Other Security Documents or the Debt.

32. Recovery of Sums Required To Be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

33. Marshalling and Other Matters. Mortgagor hereby waives, to the extent permitted by law, the benefit of all appraisement, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Mortgaged Property or any part thereof or any interest therein. Further, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by applicable law.

34. Hazardous Materials. Mortgagor represents and warrants that, to the best of Mortgagor's knowledge, after due inquiry and investigation, (a) there are no Hazardous Materials (hereinafter defined) on the Mortgaged Property, except those in compliance with all applicable federal, state and local laws, ordinances, rules and regulations, and (b) no owner or occupant nor any prior owner or occupant of the Mortgaged Property has received any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from or affecting the Mortgaged Property. Mortgagor covenants that the Mortgaged Property shall be kept free of Hazardous Materials, and neither Mortgagor nor any occupant of the Mortgaged Property shall use, transport, store, dispose of or in any manner deal with Hazardous Materials on the Mortgaged Property, except in

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compliance with all applicable federal, state and local laws, ordinances, rules and regulations. Mortgagor shall comply with, and ensure compliance by all occupants of the Mortgaged Property with, all applicable federal, state and local laws, ordinances, rules and regulations, and shall keep the Mortgaged Property free and clear of any liens imposed pursuant to such laws, ordinances, rules or regulations. In the event that Mortgagor or Beneficiary receives any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from or affecting the Mortgaged Property, Mortgagor shall immediately notify Mortgagee. Mortgagor shall conduct and complete all investigations, studies, sampling, and testing, and all remedial actions necessary to clean up and remove all Hazardous Materials from the mortgaged Property in accordance with all applicable federal, state, and local laws, ordinances, rules and regulations. The term "Hazardous Materials" as used in this Mortgage shall include, without limitation, gasoline, petroleum products, explosives, radioactive materials, polychlorinated biphenyls or related or similar materials, or any other substance or material defined as a hazardous or toxic substance or material by any federal, state or local law, ordinance, rule, or regulation, but excluding Asbestos, as defined in paragraph 35 hereof. The obligations and liabilities of Mortgagor under this paragraph 34 shall survive any entry of judgment of foreclosure or the delivery of a deed in lieu of foreclosure of this Mortgage.

35. Asbestos. Mortgagor represents and warrants that, to the best of Mortgagor's knowledge, after due inquiry and investigation, that there is no asbestos or material containing asbestos ("Asbestos") on the Mortgaged Property, and that no owner or occupant nor any prior owner or occupant of the Mortgaged Property has received any notice or advice from any governmental agency or any source whatsoever with respect to Asbestos on, affecting or installed on the Mortgaged Property. Mortgagor covenants that the Mortgaged Property shall be kept free of Asbestos, and neither Mortgagor nor any occupant of the Mortgaged Property shall install, or permit to be installed, Asbestos on the Mortgaged Property. Mortgagor shall comply with, and ensure compliance by all occupants of the Mortgaged Property with, all applicable federal, state and local laws, ordinances, rules and regulations with respect to Asbestos, and shall keep the Mortgaged Property free and clear of any liens imposed pursuant to such laws, ordinances, rules or regulations. In the event that Mortgagor or Beneficiary receives any notice or advice from any governmental agency or any source whatsoever with respect to Asbestos on, affecting or installed on the Mortgaged Property, Mortgagor shall immediately notify Mortgagee. Mortgagor shall conduct and complete all investigations, studies, sampling, and testing, and all remedial actions necessary to clean up and remove all Asbestos from the Mortgaged Property in accordance with all applicable federal, state and local laws, ordinances, rules and regulations. The obligations and liabilities of

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Mortgagor under this paragraph 35 shall survive any entry of a judgment of foreclosure or delivery of a deed in lieu of foreclosure of this Mortgage.

36. Indemnification. Mortgagor shall protect, defend, indemnify and save harmless Mortgagee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable attorneys' fees and expenses), imposed upon or incurred by or asserted against Mortgagee by reason of (a) ownership of this Mortgage, the Mortgaged Property or any interest therein or receipt of any Rents; (b) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) any use, nonuse or condition in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (d) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage; (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof; (f) the failure of any person to file timely with the Internal Revenue Service an accurate Form 1099-B, Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions, which may be required in connection with the Mortgage, or to supply a copy thereof in a timely fashion to the recipient of the proceeds of the transaction in connection with which this Mortgage is made; (g) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release, or threatened release of any Hazardous Materials on, from, or affecting the Mortgaged Property or any other property or the presence of Asbestos on the Mortgaged Property; (h) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials or Asbestos; (i) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials or Asbestos; or (j) any violation of laws, orders, regulations, requirements, or demands of government authorities, which are based upon or in any way related to such Hazardous Materials or Asbestos including, without limitation, the costs and expenses of any remedial action, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. Any amounts payable to Mortgagee by reason of the application of this paragraph 36 shall be secured by this Mortgage and shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Mortgagee until paid. The obligations and liabilities of Mortgagor under this paragraph 36 shall survive any termination, satisfaction, assignment, entry of a judgment of foreclosure or delivery of a deed in lieu of foreclosure of this Mortgage.

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37. Indemnification Against Broker's Fees. Mortgagor shall protect, indemnify and save harmless Mortgagee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable attorneys' fees and expenses), imposed upon or incurred by or asserted against Mortgagee by any broker, finder or person claiming a fee or commission in connection with the Mortgaged Property or this Mortgage. Any amounts payable to Mortgagee by reason of the application of this paragraph shall become immediately due and payable and shall bear interest at the rate of 18% per annum or at the maximum interest rate which Mortgagor may by law pay, whichever is lower, from the date loss or damage is sustained by Mortgagee until paid. The obligations of Mortgagor under this paragraph shall survive any termination or satisfaction of this Mortgage.

38. Management Agreements. The Improvements shall be operated under the terms and conditions of that certain management agreement dated MARCH 2, 1988 entered into between Brighton Hotel Corporation and Beneficiary (hereinafter, together with any renewals or replacements thereof, being referred to as the "Management Agreement"). Mortgagor shall (i) pay all sums required to be paid by Mortgagor under the Management Agreement, (ii) diligently perform and observe all of the terms, covenants and conditions of the Management Agreement on the part of Mortgagor to be performed and observed to the end that all things shall be done which are necessary to keep unimpaired the rights of Mortgagor under the Management Agreement, and (iii) promptly notify Mortgagee of the giving of any notice to Mortgagor of any default by Mortgagor in the performance or observance of any of the terms, covenants or conditions of the Management Agreement on the part of Mortgagor to be performed and observed and deliver to Mortgagee a true copy of each such notice. Mortgagor shall not, without the prior consent of the Mortgagee, surrender the Management Agreement or terminate or cancel the Management Agreement or modify, change, supplement, alter or amend the Management Agreement, in any respect, either orally or in writing, and Mortgagor hereby assigns to Mortgagee as further security for the payment of the Debt and for the performance and observance of the terms, covenants and conditions of this Mortgage, all the rights, privileges and prerogatives of Mortgagor to surrender the Management Agreement or to terminate, cancel, modify, change, supplement, alter or amend the Management Agreement in any respect, and any such surrender of the Management Agreement or termination, cancellation, modification, change, supplement, alteration or amendment of the Management Agreement without the prior consent of Mortgagee shall be void and of no force and effect. If Mortgagor shall default in the performance or observance of any material term, covenant or condition of the Management Agreement on the part of Mortgagor to be performed or observed, then, without limiting the generality of the other provisions of this Mortgage, and without waiving or

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releasing Mortgagor from any of its obligations hereunder, Mortgagee shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all the terms, covenants and conditions of the Management Agreement on the part of Mortgagor to be performed or observed to be promptly performed or observed on behalf of Mortgagor, to the end that the rights of Mortgagor in, to and under the Management Agreement shall be kept unimpaired and free from default. Mortgagee and any person designated by Mortgagee shall have, and are hereby granted, the right to enter upon the Mortgaged Property at any time and from time to time for the purpose of taking any such action. If the manager under the Management Agreement shall deliver to Mortgagee a copy of any notice sent to Mortgagor of default under the Management Agreement, such notice shall constitute full protection to Mortgagee for any action taken or omitted to be taken by Mortgagee in good faith, in reliance thereon. Mortgagor shall, from time to time, use its best efforts to obtain from the manager under the Management Agreement such certificates of estoppel with respect to compliance by Mortgagor with the terms of the Management Agreement as may be requested by Mortgagee. Mortgagor shall exercise each individual option, if any, to extend or renew the term of the Management Agreement upon demand by Mortgagee made at any time within one (1) year of the last day upon which any such option may be exercised, and Mortgagor hereby expressly authorizes and appoints Mortgagor its attorney-in-fact to exercise any such option in the name of and upon behalf of Mortgagor, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest.

39. Franchise Agreements. The improvements shall be operated under the terms and conditions of that certain license agreement (the "License Agreement") to be entered into between Beneficiary and Holiday Inns, Inc. upon the compliance of Beneficiary with the terms and conditions of that certain commitment agreement to issue a Holiday Inn License Agreement dated December 18, 1987 between Holiday Inns, Inc. and Beneficiary (the "Commitment") (the Commitment and the License Agreement, hereinafter, together with any renewals or replacements thereof, being referred to as the "Franchise Agreement"). Mortgagor shall (i) pay all sums required to be paid by Mortgagor under the Franchise Agreement, (ii) diligently perform and observe all of the terms, covenants and conditions of the Franchise Agreement on the part of Mortgagor to be performed and observed to the end that all things shall be done which are necessary to keep unimpaired the rights of Mortgagor under the Franchise Agreement, and (iii) promptly notify Mortgagee of the giving of any notice to Mortgagor of any default by Mortgagor in the performance or observance of any of the terms, covenants or conditions of the Franchise Agreement on the part of Mortgagor to be performed and observed and deliver to Mortgagee a true copy of each such notice. Mortgagor shall not, without the prior consent of the Mortgagee,

surrender the Franchise Agreement or terminate or cancel the Franchise Agreement or modify, change, supplement, alter or amend the Franchise Agreement, in any respect, either orally or in writing, and Mortgagor hereby assigns to Mortgagee as further security for the payment of the Debt and for the performance and observance of the terms, covenants and conditions of this Mortgage, all the rights, privileges and prerogatives of Mortgagor to surrender the Franchise Agreement or to terminate, cancel, modify, change, supplement, alter or amend the Franchise Agreement in any respect, and any such surrender of the Franchise Agreement or termination, cancellation, modification, change, supplement, alteration or amendment of the Franchise Agreement without the prior consent of Mortgagee shall be void and of no force and effect. If Mortgagor shall default in the performance or observance of any material term, covenant or condition of the Franchise Agreement on the part of Mortgagor to be performed or observed, then, without limiting the generality of the other provisions of this Mortgage, and without waiving or releasing Mortgagor from any of its obligations hereunder, Mortgagee shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all the terms, covenants and conditions of the Franchise Agreement on the part of Mortgagor to be performed or observed to be promptly performed or observed on behalf of Mortgagor, to the end that the rights of Mortgagor in, to and under the Franchise Agreement shall be kept unimpaired and free from default. Mortgagee and any person designated by Mortgagee shall have, and are hereby granted, the right to enter upon the Mortgaged Property at any time and from time to time for the purpose of taking any such action. If the franchisor under the Franchise Agreement shall deliver to Mortgagee a copy of any notice sent to Mortgagor of default under the Franchise Agreement, such notice shall constitute full protection to Mortgagee for any action taken or omitted to be taken by Mortgagee in good faith, in reliance thereon. Mortgagor shall, from time to time, use its best efforts to obtain from the franchisor under the Franchise Agreement such certificates of estoppel with respect to compliance by Mortgagor with the terms of the Franchise Agreement as may be requested by Mortgagee. Mortgagor shall exercise each individual option, if any, to extend or renew the term of the Franchise Agreement upon demand by Mortgagee made at any time within one (1) year of the last day upon which any such option may be exercised, and Mortgagor hereby expressly authorizes and appoints Mortgagor its attorney-in-fact to exercise any such option in the name of and upon behalf of Mortgagor, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest.

40. Reserve Fund. Mortgagor shall establish and maintain with Mortgagee a reserve for replacement fund (the "Fund"). The first payment into the Fund shall be made on April 1, 1989. Payments shall be paid monthly thereafter on the first day of each month during the term of the Note. Commencing April 1, 1989

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up to and including March 1, 1990 the amount of each monthly payment shall be two percent (2%) of the gross revenue from the room rentals of the month immediately preceding the month prior to the date on which payment is due. Commencing April 1, 1990 and throughout the remaining term of the Note the amount of each monthly payment due shall be equal to three percent (3%) of the gross revenue from the room rentals for the month immediately preceding the month prior to the date on which the payment is due. The monthly gross revenue shall be determined by a monthly operating statement submitted to Mortgagee by Mortgagor. Mortgagee shall have the right to annually adjust the Fund after receipt of the annual statements required in paragraph 17 hereof. Mortgagor, on a periodic basis (but not more often than monthly), may request disbursements from the Fund against invoices which are used for replacements of items of Equipment, which disbursements shall be made by Mortgagee within ten (10) days after receipt of Mortgagor's request. In addition, upon not less than thirty (30) days notice to Mortgagor and after pertinent discussions held between the parties in good faith, monies in the Fund may be drawn on and used or disbursed by the Mortgagee and provided no default has occurred under this Mortgage, such funds drawn on by the Mortgagee shall be used solely for replacements of items of Equipment. The Fund shall be held by the Mortgagee as additional and collateral security for the indebtedness secured by this Mortgage and if the Mortgagor breaches any term, covenant or provision of the Note or this Mortgage, the Mortgagee at the Mortgagee's option may apply the Fund to cure such default and the Mortgagor shall be obligated to reimburse the Fund for such amount. Upon payment in full of the Debt, Mortgagee shall promptly pay over the then remaining balance in the Fund to Mortgagor, including the interest accrued thereon.

41. Liability of Mortgagor. This Mortgage is executed by the undersigned, not personally or individually, but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee, and is payable only out of the assets of the trust estate held under the Trust Agreement. No personal liability shall be asserted or be enforceable against Mortgagor because or in respect of this Mortgage or the making, issue or transfer hereof, all such liability, if any, being expressly waived by each taker and holder hereof; provided, however, that nothing contained herein shall limit, modify or reduce any liability of any Guarantor or any other party under any document or instrument other than this Mortgage to pay any amounts due hereunder.

42. Exculpation. Mortgagee shall not enforce the liability and obligation of Mortgagor to perform and observe the obligations contained in the Note or this Mortgage by any action or proceeding wherein a money judgment shall be sought against Mortgagor or Beneficiary, or any partner thereof, except that Mortgagee may bring a foreclosure action, action for specific

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performance or other appropriate action or proceeding to enable Mortgagee to enforce and realize upon this Mortgage, the Other Security Documents, and the interest in the Mortgaged Property, the Rents and any other collateral given to Mortgagee created by this Mortgage and the Other Security Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Mortgagor or Beneficiary or any partner thereof, only to the extent of Mortgagor's or Beneficiary's interest in the Mortgaged Property, in the Rents and in any other collateral given to Mortgagee. Mortgagee, by accepting the Note and this Mortgage, agrees that it shall not sue for, seek or demand any deficiency judgment against Mortgagor or Beneficiary in any such action or proceeding, under or by reason of or under or in connection with the Note, the Other Security Documents or this Mortgage. The provisions of this paragraph shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by the Note, the Other Security Documents or this Mortgage; (ii) impair the right of Mortgagee to name Mortgagor or Beneficiary as a party defendant in any action or suit for judicial foreclosure and sale under this Mortgage; (iii) affect the validity or enforceability of any guaranty made in connection with the Note, this Mortgage, or the Other Security Documents; (iv) impair the right of Mortgagee to obtain the appointment of a receiver; (v) impair the enforcement of the Collateral Assignments of Leases and Rents executed in connection herewith; (vi) impair the right of Mortgagee to bring suit with respect to fraud or intentional misrepresentation by Beneficiary, or any other person or entity in connection with the Note, this Mortgage or the Other Security Documents; (vii) impair the right of Mortgagee to obtain the Rents received by Mortgagor or Beneficiary after the occurrence of an Event of Default; (viii) impair the right of Mortgagee to bring suit with respect to Mortgagor's or Beneficiary's misappropriation of tenant security deposits, Rents collected in advance, or negligent administration of Rents after the occurrence of an Event of Default; (ix) impair the right of Mortgagee to obtain insurance proceeds or condemnation awards due to Mortgagee under this Mortgage; or (x) impair the right of Mortgagee to enforce the provisions of paragraph 34 of this Mortgage.

43. Notices. Any notice, demand, statement, request or consent made hereunder shall be in writing and shall be deemed given when postmarked, addressed and mailed by first class mail to the address, as set forth above, of the party to whom such notice is to be given, or to such other address as Mortgagor or Mortgagee, as the case may be, shall in like manner designate in writing.

44. Authority. (a) Mortgagor (and the undersigned representative of Mortgagor, if any) has full power, authority and legal right to execute this Mortgage, and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm, pledge,

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hypothecate and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on Mortgagor's part to be performed. (b) Mortgagor represents ~~and warrants~~ that Mortgagor is not a "foreign person" within the meaning of §1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations, including temporary regulations.

45. Waiver of Notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor and except with respect to matters for which Mortgagee is required by applicable law to give notice, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to mortgagor.

46. Remedies of Mortgagor. In the event that a claim or adjudication is made that Mortgagee has acted unreasonably or unreasonably delayed acting in any case where by law or under the Note, this Mortgage or the Other Security Documents, it has an obligation to act reasonably or promptly, Mortgagee shall not be liable for any monetary damages, and Mortgagor's remedies shall be limited to injunctive relief or declaratory judgment.

47. Sole Discretion of Mortgagee. Wherever pursuant to this Mortgage, Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee, the decision of Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of Mortgagee and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

48. Non-Waiver. The failure of Mortgagee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. Mortgagor shall not be relieved of Mortgagor's obligations hereunder by reason of (a) the failure of Mortgagee to comply with any request of Mortgagor or Guarantors to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note or the Other Security Documents, (b) the release, regardless of consideration, of the whole or any part of the Mortgaged Property, or of any person liable for the Debt or any portion thereof, or (c) any agreement or stipulation by Mortgagee extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or the Other Security Documents. Mortgagee may resort for the payment of the Debt to any other security held by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to

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recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. The rights of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

49. No Oral Change. This Mortgage, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Mortgagor or Mortgagee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

50. Liability. If Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Mortgage shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns forever.

51. Inapplicable Provisions. If any term, covenant or condition of the Note or this Mortgage is held to be invalid, illegal or unenforceable in any respect, the Note and this Mortgage shall be construed without such provision.

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

53. Duplicate Originals. This Mortgage may be executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

54. Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage may be used interchangeably in singular or plural form and the word "Mortgagor" shall mean "each Mortgagor and any subsequent owner or owners of the Mortgaged Property or any part thereof or any interest therein," the word "Mortgagee" shall mean "Mortgagee and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Mortgage," the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, and any other entity, and the words "Mortgaged Property" shall include any portion of the Mortgaged Property and any

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interest therein. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

55. Maximum Amount. Notwithstanding anything to the contrary contained herein, the maximum amount of principal, interest, Additional Interest (as defined in the Note) and all other amounts secured hereby shall not exceed \$200,000,000.00.

56. Loan Agreement. This Mortgage is subject to all of the terms, covenants and conditions of a certain loan agreement dated the date hereof entered into between Mortgagee and Mortgagor (hereinafter referred to as the "Loan Agreement"), which Loan Agreement and all of the terms, covenants and conditions thereof are by this reference incorporated herein and made a part hereof with the same force and effect as if set forth at length herein. The proceeds of the loan secured hereby are to be advanced by Mortgagee to Mortgagor in accordance with the provisions of the Loan Agreement. Mortgagor shall observe and perform all of the terms, covenants and conditions of the Loan Agreement on Mortgagor's part to be observed or performed. All advances made and all indebtedness arising and accruing under the Loan Agreement from time to time shall be secured hereby. In the event of any conflict or ambiguity between the terms, covenants and conditions of this Mortgage and the Loan Agreement, the terms, covenants and conditions which shall enlarge the rights and remedies of Mortgagee and the interest of Mortgagee in the Mortgaged Property, afford Mortgagee greater financial security in the Mortgaged Property and/or better assure payment of the Debt in full, shall control.

IN WITNESS WHEREOF, this Mortgage has been executed by Mortgagor the day and year first above written.

AMERICAN NATIONAL BANK AND
TRUST COMPANY OF CHICAGO,
as Trustee under Trust No.
104678-01.

By: 

Name:
Title:

ATTEST:

By: 

Name:
Title:

[seal]

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EXHIBIT A

That part of the Southwest 1/4 of the Southeast 1/4 of Section 28, Township 37 North, Range 13, East of the third principal meridian, lying southerly of the southerly right-of-way line of Northern Illinois Toll Highway as occupied and monumented (except therefrom the West 865.89 feet and except the South 160 feet of the East 125 feet and except that part taken for 127th Street) all in Cook County, Illinois.

Also described as:

That part of the Southwest 1/4 of the Southeast 1/4 of Section 28, Township 37 North, range 13 East of the third principal meridian bounded and described as follows: Beginning at the point of intersection of the South line of the Southeast 1/4 of said Section 28 with the East line of the West 865.89 feet of the Southwest 1/4 of the Southeast 1/4 of said section 28; Thence North $00^{\circ}00'00''$ East on the last described line 1064.25 feet to the Southerly right-of-way line of Northern Illinois Toll Highway as occupied and monumented; Thence South $77^{\circ}04'45''$ East along said Southerly right-of-way line 495.92 feet to the East line of the Southwest 1/4 of the Southeast 1/4 of said section 28; Thence South $00^{\circ}05'10''$ East on the last described line 795.09 feet to the North line of the South 160.00 feet of the Southeast 1/4 of said Section 28; Thence North $89^{\circ}47'44''$ West on the last described line 125.00 feet to the West line of the East 125.00 feet of the Southwest 1/4 of the Southeast 1/4 of said Section 28; Thence South $00^{\circ}05'10''$ East on the last described line 160.00 feet to the South line of the Southeast 1/4 of said Section 28; Thence North $89^{\circ}47'44''$ West on said South line 359.80 feet to the point of beginning (except that part taken for 127th St.) in Cook County, Illinois.

2428-400-022 M

5000 W. 127th St.

Alsip, IL.

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ACKNOWLEDGEMENTS

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, LORETTA M. SOVIENSKI, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that SUZANNE G. BAKER ^{Second Vice} President of American National Bank and Trust Company of Chicago, and M. MICHAEL WISMAN, ^{ASSISTANT} Secretary who are personally known to me to be the same persons whose names are subscribed in the foregoing instrument as such ^{Second Vice} President and ^{ASSISTANT} Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act of said bank, as trustee as aforesaid, for the uses and purposes therein set forth; and said ^{ASSISTANT} Secretary then and there acknowledged that he, did affix the seal of said bank to said instrument as his ^{own} free and voluntary act and as the free and voluntary act of said bank, as trustee as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this _____ day of _____, 1987.

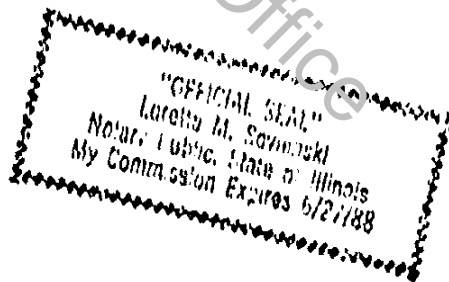
MAR 1 1988

Loretta M. Sovienki
Notary Public

(S E A L)

This document prepared by
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