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SECOND AMENDED AND RESTATED
REAL ESTATE MORTGAGE
AND
SECURITY AGREEMENT

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THIS INSTRUMENT (hereinafter called the "Mortgage") made this 11th day of April, 1988, by and among MORTON HOTEL PARTNERS, an Illinois limited partnership, having offices located at 218 North Jefferson Street, Chicago, Illinois 60606 (hereinafter called "Mortgagor"), and THE INDIANA NATIONAL BANK, a national banking association having its main banking office at One Indiana Square, Indianapolis, Indiana 46266 (hereinafter called "Indiana"), for itself and as agent for its participant, LaSalle National Bank, a national banking association having its main banking office at 135 South LaSalle Street, Chicago, Illinois 60690 ("LaSalle"), and LASALLE, for itself and as agent for Indiana (Indiana and LaSalle are hereinafter collectively referred as "Mortgagees");

WITNESSETH:

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited, the receipt of which is hereby acknowledged, Mortgagor hereby mortgages and warrants to Mortgagees, their successors and assigns, and grants it and them a security interest in and lien upon, the following property, to-wit:

The parcel of real estate located in Cook County, Illinois, which is described on Exhibit A attached hereto and incorporated herein by reference as though set forth herein in full ("Property"); and

The personal property described on Exhibit B attached hereto and incorporated herein by reference as though set forth herein in full;

TOGETHER WITH, all rents, issues, profits, royalties, income and other benefits derived from the Property (collectively the "rents"), subject to the right, power, and authority hereinafter given to Mortgagor to collect and apply such rents;

TOGETHER WITH, all leasehold estate, right, title and interest of Mortgagor in and to all leases or subleases covering the Property or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Mortgagor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature.

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TOGETHER WITH, all right, title and interest of Mortgagor in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property owned or hereafter acquired;

TOGETHER WITH, all interests, estate or other claims, both in law and in equity, which Mortgagor now has or may hereafter acquire in the Property;

TOGETHER WITH, all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same;

TOGETHER WITH, all rights, title and interests of Mortgagor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Property;

TOGETHER WITH, any and all buildings and improvements now or hereafter erected thereon, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery and other articles attached to said buildings and improvements (the "Improvements");

TOGETHER WITH, all right, title and interest of Mortgagor in and to all tangible personal property (the "Personal Property") owned by Mortgagor and now or at any time hereafter located on or at the Property or used in connection therewith, including, but not limited to: all goods, machinery, tools, insurance proceeds, equipment (including fire sprinklers and alarm systems, office air conditioning, heating, refrigerating, electronic monitoring, entertainment, recreational, window or structural cleaning rigs, maintenance, exclusion of vermin or insects, removal of dust, refuse or garbage and all other equipment of every kind), lobby and all other indoor and outdoor furniture (including tables, chairs, planters, desks, sofas, shelves, lockers and cabinets), wall beds, wall safes, furnishings, appliances (including ice boxes, refrigerators, fans, heaters, stoves, water heaters and incinerators), inventory, rugs, carpets and other floor coverings, draperies and drapery rods and brackets, awnings, window shades, venetian blinds, curtains, lamps, chandeliers and other lighting fixtures and office maintenance and other supplies; and

TOGETHER WITH, all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Mortgagor now has or may hereafter acquire in the Property, and any and all awards made for the taking of eminent domain, or by any proceedings or purchase in lieu thereof, of

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the County of Cook, Illinois, this _____ day of _____, 20__.

Clerk of Cook County

Notary Public

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the whole or any part of the Mortgaged Property, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

The property and interest hereby mortgaged to Mortgagor may hereafter be referred to as the "Mortgaged Property".

The Mortgagor covenants that it is lawfully seized of the Mortgaged Property in fee simple to the Property subject to and together with the easements described in Exhibit A attached hereto; that it has a good right to mortgage the same; that the Mortgaged Property is free from all liens and encumbrances except as to those matters described in Exhibit C (the "Permitted Encumbrances"); and that the Mortgagor will warrant and defend the title to the Mortgaged Property against all claims made thereon.

FOR THE PURPOSE OF SECURING:

a. Payment of indebtedness in the total principal amount of Ten Million Eight Hundred Thousand and No/100 Dollars (\$10,800,000.00) with interest thereon, evidenced by that certain Second Amended and Restated Mortgage Note in the original principal amount of Ten Million Eight Hundred Thousand and No/100 Dollars (\$10,800,000.00) (the "Note"), having a maturity date of November 20, 1988, subject to Mortgagor's right to extend the maturity date to May 20, 1989, executed by Mortgagor, which has been delivered to and is payable to the order of Indiana and which by this reference is hereby made a part hereof, and any and all modifications, extensions and renewals thereof;

b. Payment of indebtedness in the total principal amount of One Million Six Hundred Thirty-Three Thousand Dollars (\$1,633,000) with interest thereon, evidenced by that certain Bridge Note in the original principal amount of One Million Six Hundred Thirty-Three Thousand Dollars (\$1,633,000) (the "Bridge Note") dated May 20, 1986 and having a maturity date of April 15, 1989, executed by Mortgagor, delivered to and payable to the order of LaSalle and which by this reference is hereby made a part hereof, and any and all modifications, extensions and renewals thereof;

c. Performance of all obligations of Mortgagor under that certain Second Amended and Restated Construction Loan Agreement, of even date herewith (the "Loan Agreement") by and between Mortgagor and Indiana relating to construction of improvements on the Property or otherwise related to the use of the loan proceeds evidenced by the Note, and each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein;

d. Performance of all obligations of Mortgagor under that certain Bridge Loan Agreement, dated May 20, 1986, as amended by a certain Bridge Loan Modification Agreement dated as of April 9,

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1987 and as further amended by a certain Bridge Loan Second Modification Agreement date on even date herewith, ("Bridge Loan Agreement") by and between Mortgagor and LaSalle relating to a three year term loan used to fund Mortgagor's equity in the Property or otherwise related to the use of loan proceeds evidenced by the Bridge Note, and each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein;

e. Payment of all sums advanced by Mortgagees to protect the Mortgaged Property, with interest thereon at the Default Rate provided in the Note;

f. Performance of all obligations of any guarantor of any of the obligations of Mortgagor contained in this Mortgage, the Note, the Loan Agreement, the Bridge Note, the Bridge Loan Agreement, or any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby;

g. Payment of all other sums, with interest thereon, which may hereafter be loaned to Mortgagor, or its successors or assigns, by Mortgagees, when evidenced by a promissory note or notes reciting that they are secured by this Mortgage;

h. Performance of Mortgagor's obligations and agreements contained in Mortgagor's loan application and Mortgagees' loan commitment, and any such application and commitment between Mortgagor and any assignee of Mortgagees, which loan is secured hereby, and any modification or amendment thereof;

This Mortgage, the Note, the Loan Agreement, the Bridge Note, the Bridge Loan Agreement, the Assignment of Rents and Leases, any guaranty thereof and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to as the "Loan Instruments."

MORTGAGOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE I

COVENANTS AND AGREEMENTS OF MORTGAGOR

Mortgagor hereby covenants and agrees:

1.01 Payment of Secured Obligations. To pay when due the principal of, and the interest on, the indebtedness evidenced by the Note, the Bridge Note, charges, fees and all other sums as provided in the Loan Instruments, and the principal of, and interest on, any future advances secured by this Mortgage.

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1.02 Maintenance, Repair, Alterations. Subject to Mortgagees' understanding that the Property is 100 years old or close thereto in age and construction of Improvements requires rehabilitation of existing structures, to keep the Mortgaged Property in good condition and repair; not to remove, except as herein provided, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations) any of the Improvements without the prior written consent of the Mortgagees; to complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Property and promptly restore in like manner any Improvement which may be damaged or destroyed thereon, and to pay when due, all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Mortgaged Property or any part thereof or requiring any alterations or improvements; not to commit or permit any waste or deterioration of the Mortgaged Property, to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; to comply with the provisions of any lease, if this Mortgage is on a leasehold; not to commit, suffer or permit any act to be done in or upon the Mortgaged Property in violation of any law, ordinance or regulation.

1.03 Required Insurance. Mortgagor agrees, at Mortgagor's sole cost and expense, to keep the buildings, structures, improvements and Personal Property included in the Mortgaged Property insured at all times throughout the term of this Mortgage (including any period or periods of time during which any such buildings, structures, improvements or Personal Property are in the course of remodeling or construction) and to furnish the following to Mortgagees:

A. During the course of any construction or repair of Improvements on the Mortgaged Property, builder's completed value risk insurance against "all risks of physical loss", including collapse and transit coverage, during construction of such Improvements, with deductibles not to exceed \$10,000, in non-reporting form, covering the total value of work performed and equipment, supplies and materials furnished.

B. After completion of initial construction of each Improvement, policies of insurance against loss or damage by fire, lightning, windstorm, explosion, riot, riot attending a strike, civil commotion, damage from aircraft and vehicles, and smoke damage and loss or damage from such hazards as are presently included in so-called "extended coverage" and against vandalism and malicious mischief and against such other insurable hazards, including but not limited to flood, as, under good insurance practices, from time to time are insured against for improvements having similar functions and uses in

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the area where the Mortgaged Property is located. The amount of such insurance shall be not less than the greater of (1) 100% of the "Full Replacement Cost" of such buildings, structures, improvements and Fixtures without deduction for depreciation; (2) an amount sufficient to prevent Mortgagees and/or Mortgagor from becoming a co-insurer within the terms of the applicable policies; or (3) the original principal amount of this Mortgage. "Full Replacement Cost," as used herein, means the cost of replacing all such buildings, structures, improvements and Fixtures, exclusive of the cost of excavations, foundations and footings below the lowest basement floor. Such Full Replacement Cost shall be determined from time to time (but not more frequently than once in any 24 calendar months) at the request of Mortgagees by an insurer or by an appraiser, engineer, architect or contractor designated by Mortgagor and approved in writing by Mortgagees and paid by Mortgagor. No omission on the part of Mortgagees to request any such determination shall relieve Mortgagor of any of its obligations under this Article 3. Each policy shall contain a "Replacement Cost Endorsement."

C. If required by Mortgagees, policies of insurance against loss or damage to the major components of the air conditioning and/or heating system, fly-wheels, steam pipes, steam turbines, steam engines, steam boilers, other pressure vessels, high pressure piping and machinery, if any, such as are installed in the buildings and improvements for an amount not less than their replacement cost. Such policies shall also insure against physical damage to the Mortgaged Property arising out of an accident covered thereunder.

D. Policies of comprehensive general liability insurance on an occurrence basis against claims for bodily injury, including personal injury or death occurring upon or in the Mortgaged Property or the elevators therein and on or in the streets adjoining the Mortgaged Property to afford protection to the limit of not less than \$3,000,000 in the event of bodily injury, personal injury, or death of any number of persons or of damage to property arising out of one occurrence. Mortgagor and Mortgagees shall be named insureds under such policies, as their interests may appear.

E. If the Improvements or any part thereof are situate in an area designated by the Federal Emergency Management Agency (or any successor thereto) as an area of special flood hazard for purposes of the National Flood Insurance Program, such policies of flood insurance as Mortgagees shall request, so as to enable Mortgagees to be in compliance with all regulatory requirements with respect to flood insurance coverage for the Mortgaged Property from time to time applicable to Mortgagees.

F. Business interruption insurance and/or loss of "rental value" insurance for a period of 12 months in such amounts as are satisfactory to Mortgagees.

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G. Such other insurance on the Mortgaged Property or any replacements or substitutions therefor, or additions thereto, and in such amounts as may from time to time be reasonably required by Mortgagees against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated due regard being given to the height and type of buildings and improvements, their construction, location, use and occupancy.

H. At Borrower's option, any insurance required hereunder may contain deductibles of up to \$10,000 or less.

1.04 Delivery of Policies, Payment of Premiums. That all policies of insurance shall be issued by companies and in amounts in each company satisfactory to Mortgagees. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Mortgagees in form satisfactory to Mortgagees. Mortgagor shall furnish Mortgagees with an original policy of all policies of required insurance. If Mortgagees consent to Mortgagor providing any of the required insurance through blanket policies carried by Mortgagor and covering more than one location, then Mortgagor shall furnish Mortgagees with a certificate of insurance for each such policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number, and the expiration date. At least thirty (30) days prior to the expiration of each such policy, Mortgagor shall furnish Mortgagees with evidence satisfactory to Mortgagees of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Mortgage. All such policies shall contain a provision that such policies will not be cancelled, amended, altered, changed or modified, nor shall any coverage therein be reduced, deleted, amended, modified, changed or cancelled by either the party named as the insured, or the insurance company issuing the policy without at least thirty (30) days prior written notice to Mortgagees. In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagees the policies of insurance required by this Section, Mortgagees may procure such insurance or single-interest insurance for such risks covering Mortgagees' interest, and Mortgagor will pay all premiums thereon promptly upon demand by Mortgagees, and until such payment is made by Mortgagor the amount of all such premiums together with interest thereon at the rate provided in the Note, shall be secured by this Mortgage. If no allocation for insurance remains in the category for insurance premiums on the Cost Certificate delivered to Indiana under the Loan Agreement, at the request of Mortgagees, Mortgagor shall deposit with Mortgagees in monthly installments, an amount equal to one-twelfth (1/12) of the estimated aggregate annual insurance premiums on all policies of insurance required by this Mortgage. Mortgagor further agrees, upon Mortgagees' request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly

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to Mortgagees. Upon receipt of such bills, statements or other documents, and providing Mortgagor has deposited sufficient funds with Mortgagees pursuant to this Section 1.04, Mortgagees shall pay such amounts as may be due thereunder out of the funds so deposited with Mortgagees. If at any time and for any reason the funds deposited with Mortgagees are or will be insufficient to pay such amounts as may then or subsequently be due, Mortgagees shall notify Mortgagor and Mortgagor shall immediately deposit an amount equal to such deficiency with Mortgagees. Notwithstanding the foregoing, nothing contained herein shall cause Mortgagees to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Mortgagees pursuant to this Section 1.04. Mortgagees may commingle said reserve with their own funds and Mortgagor shall be entitled to no interest thereon.

All notices, policies, and payments required to be delivered to Mortgagees pursuant to this paragraph shall be delivered to Indiana until the payment in full of all principal, interest, and other fees due under the Note, and, thereafter to LaSalle.

1.05 Insurance Proceeds. That after the happening of any casualty to the Mortgaged Property or any part thereof, Mortgagor shall give prompt written notice thereof to Mortgagees.

a. In the event of any damage or destruction of the Improvements, Mortgagees shall apply all or part of the insurance proceeds to the restoration of the Improvements, and the balance thereof, if any is remaining, shall be paid to the Mortgagor to the extent that it is entitled to the same; provided, however, in the event that: (i) such restoration cannot reasonably be expected to be completed on or before the Completion Date, as defined in the Loan Agreement; (ii) an Event of Default or a Conditional Default exists under the terms of the Loan Agreement; or (iii) the proceeds of such insurance are inadequate to complete the restoration of the Improvements and the Mortgagor fails to deposit with Mortgagees sufficient additional funds, in cash or cash equivalents (acceptable to Mortgagees), to complete such restoration of the Improvements, such proceeds may be applied by Mortgagees to reduce the outstanding indebtedness evidenced by the Note and the Bridge Note, in such order of application as provided hereunder;

b. In the event of such loss or damage, all proceeds of insurance shall be payable to Mortgagees, and Mortgagor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Mortgagees. At any time that the amount of the insurance proceeds initially offered in

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settlement by the affected insurance company exceeds the aggregate amount outstanding under the Note and Bridge Note, Mortgagor may settle, adjust or compromise any claims for loans or destruction under any policy or policies of insurance provided that such settlement, adjustment or compromise is finally determined and payment by the insurer is made within sixty (60) days after the occurrence of such loss or damage, and provided further, that the insurance proceeds are applied to pay in full all amounts outstanding under the Note and Bridge Note. Under all other circumstances, Mortgagees are hereby authorized and empowered by Mortgagor, after consultation with Mortgagor, to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance;

c. Nothing herein contained shall be deemed to excuse Mortgagor from repairing or maintaining the Mortgaged Property as provided in Section 1.02 hereof or restoring all damage or destruction to the Mortgaged Property, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount, and the application or release by Mortgagees of any insurance proceeds shall not cure or waive any default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

1.06 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Mortgage or other transfer of title or assignment of the Mortgaged Property in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of Mortgagor in and to all policies of insurance required by this Section shall inure to the benefit of and pass to the successor in interest to Mortgagor or the purchaser or grantee of the Mortgaged Property.

1.07 Indemnification; Subrogation; Waiver of Offset.

a. If Mortgagees are made a party defendant to any litigation concerning this Mortgage or the Mortgaged Property or any part thereof or interest therein, or the occupancy thereof by Mortgagor, then Mortgagor shall indemnify, defend and hold Mortgagees harmless from all liability by reason of said litigation, including reasonable attorneys' fees and expenses incurred by Mortgagees in any such litigation, whether or not any such litigation is prosecuted to judgment. If Mortgagees commence an action against Mortgagor to enforce any of the terms hereof or because of the breach by Mortgagor of any of the terms hereof, or for the recovery of any sum secured hereby, Mortgagor shall pay to Mortgagees reasonable attorneys' fees and expenses, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Mortgagor breaches any

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term of this Mortgage, Mortgagees may employ an attorney or attorneys to protect their rights hereunder, and in the event of such employment following any breach by Mortgagor, Mortgagor shall pay Mortgagees reasonable attorneys' fees and expenses incurred by Mortgagees, whether or not an action is actually commenced against Mortgagor by reason of breach;

b. Mortgagor waives any and all right to claim or recover against Mortgagees, their officers, employees, agents and representatives, for loss of or damage to Mortgagor, the Mortgaged Property, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage;

c. All sums payable by Mortgagor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagor, or any action taken with respect to this Mortgage by any trustee or receiver of Mortgagor, or by any court, in any such proceeding; (v) any claim which Mortgagor has or might have against Mortgagees; (vi) any default or failure on the part of Mortgagees to perform or comply with any of the terms hereof or of any other agreement with Mortgagor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Mortgagor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Mortgagor.

1.08 Taxes and Impositions.

a. Mortgagor agrees to pay, at least ten (10) days prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including without limitation, nongovernmental levys or assessments such as maintenance charges, owner association dues or charges or fees, levys or

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charges resulting from covenants, conditions and restrictions affecting the Mortgaged Property, which are assessed or imposed upon the Mortgaged Property, or become due and payable, and which create a lien upon the Mortgaged Property, or any part thereof, or upon any Personal Property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental charges of like nature are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest;

b. If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Mortgaged Property in lieu of or in addition to the Impositions payable by Mortgagor pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Mortgagees and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and Mortgagor shall pay and discharge the same as herein provided with respect to the payment of Impositions or, at the option of Mortgagees, all obligations secured hereby together with all accrued interest thereon, shall immediately become due and payable. Anything to the contrary herein notwithstanding, Mortgagor shall have no obligation to pay any franchise, estate, inheritance, income, excess profits or similar tax levied on Mortgagees or on the obligations secured hereby;

c. Subject to the provisions of subparagraph (d) of this Section 1.08, Mortgagor covenants to furnish Mortgagees within thirty (30) days after the date upon which any such Imposition is due and payable by Mortgagor, official receipts of the appropriate taxing authority, or other proof satisfactory to Mortgagees, evidencing the payments thereof;

d. Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.08, unless Mortgagor has given prior written notice to Mortgagees of Mortgagor's intent to so contest or object to an Imposition, and unless, at Mortgagees' sole option, (i) Mortgagor shall demonstrate to Mortgagees' satisfaction that the legal proceedings shall conclusively operate to prevent the

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sale of the Mortgaged Property, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; or (ii) Mortgagor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Mortgagees; or (iii) Mortgagor shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings;

e. If no allocation for taxes remains in the category for taxes on the Cost Certificate delivered to Indiana under the Loan Agreement, then at the request of Mortgagees, Mortgagor shall pay to Mortgagees, on the day monthly installments of principal and interest are payable under the Note, until the Note is paid in full, an amount equal to one-twelfth (1/12) of the annual Impositions reasonably estimated by Mortgagees to pay the installment of taxes next due on the Mortgaged Property. In such event, Mortgagor further agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to Mortgagees. Upon receipt of such bills, statements or other documents, and providing Mortgagor has deposited sufficient funds with Mortgagees pursuant to this Section 1.08, Mortgagees shall pay such amounts as may be due thereunder out of the funds so deposited with Mortgagees. If at any time and for any reason the funds deposited with Mortgagees are or will be insufficient to pay such amounts as may then or subsequently be due, Mortgagees shall notify Mortgagor and Mortgagor shall immediately deposit an amount equal to such deficiency with Mortgagees. Notwithstanding the foregoing, nothing contained herein shall cause Mortgagees to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Mortgagees pursuant to this Section 1.08. Mortgagees shall not be obliged to pay or allow any interest on any sums held by Mortgagees pending disbursement or application hereunder, and Mortgagees may impound or reserve for future payment of Impositions such portion of such payments as Mortgagees may in their absolute discretion deem proper, applying the balance on the principal of or interest on the obligations secured hereby. Should Mortgagor fail to deposit with Mortgagees (exclusive of that portion of said payments which has been applied by Mortgagees on the principal of or interest on the indebtedness secured by the Loan Instruments) sums sufficient to fully pay such Impositions at least thirty (30) days before delinquency thereof, Mortgagees may, at Mortgagees' election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Mortgagees as herein elsewhere provided, or at the option of Mortgagees the latter may, without making any advance whatever, apply any sums held by it upon any obligation of the Mortgagor secured hereby. Should any default occur or exist on the part of the Mortgagor in the payment or performance of any of Mortgagor's

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and/or any guarantor's obligations under the terms of the Loan Instruments, Mortgagees may, at any time at Mortgagees' option, apply any sums or amounts in their hands received pursuant hereto, or as rents or income of the Mortgaged Property or otherwise, upon any indebtedness or obligation of the Mortgagor secured hereby in such manner and order as Mortgagees may elect. The receipt, use or application of any such sums paid by Mortgagor to Mortgagees hereunder shall not be construed to affect the maturity of any indebtedness secured by this Mortgage or any of the rights or powers of Mortgagees under the terms of the Loan Instruments or any of the obligations of Mortgagor and/or any guarantor under this Loan Instrument. All notices, payments, bills, statements, other documents and payments required under this Section 1.08 shall be delivered to Indiana until the payment in full of all principal, interest, and other fees due under the Loan Agreement and Note, and, thereafter, to LaSalle.

1.09 Utilities. To pay when due all utility charges which are incurred by Mortgagor for the benefit of the Mortgaged Property or which may become a charge or lien against the Mortgaged Property for gas, electricity, water or sewer services furnished to the Mortgaged Property and all other assessments or charges of a similar nature, whether public or private, affecting the Mortgaged Property or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

1.10 Actions Affecting Mortgaged Property. To appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagees; and to pay all costs and expenses, including costs of evidence of title and attorney's fees, in any such action or proceeding in which Mortgagees may appear.

1.11 Actions by Mortgagees to Preserve Mortgaged Property. That should Mortgagor fail to make any payment or to do any act as and in the manner provided in any of the Loan Instruments, Mortgagees in their own discretion, without obligation so to do and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation, may make or do the same in such manner and to such extent as may be deemed necessary to protect the security hereof. In connection therewith (without limiting its general powers), Mortgagees shall have and is hereby given the right, but not the obligation, (i) to enter upon and take possession of the Mortgaged Property, (ii) to make additions, alterations, repairs and improvements to the Mortgaged Property which it may consider necessary or proper to keep the Mortgaged Property in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Mortgagees; (iv) to

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pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of it may affect or appears to affect the security of this Mortgage or be prior or superior hereto; and (v) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Mortgagor shall, immediately upon demand therefor by Mortgagees, pay all costs and expenses incurred by Mortgagees in connection with the exercise by Mortgagees of the foregoing rights, including, without limitation, costs of evidence of title, court costs, appraisals, surveys and attorneys' fees.

1.11 Survival of Warranties. To fully and faithfully satisfy and perform the obligations of Mortgagor contained in the Mortgagor's loan application and Mortgagees' loan commitment, and any such application and commitment between Mortgagor and any assignee of Mortgagees, and each agreement of Mortgagor incorporated by reference therein or herein, and any modification or amendment thereof. All representations, warranties and covenants of Mortgagor contained therein or incorporated by reference shall survive the funding of the loan evidenced by the Note and the Bridge Note and shall remain continuing obligations, warranties and representations of Mortgagor during any time when any portion of the obligations secured by this Mortgage remain outstanding.

1.13 Eminent Domain. That should the Mortgaged Property, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Mortgagor receive any notice or other information regarding such proceeding, Mortgagor shall give prompt written notice thereof to Mortgagees.

a. Mortgagees shall be entitled to all compensation, awards and other payments or relief therefor and shall be entitled at their option to commence, appear in and prosecute in either or both names any action or proceedings. Mortgagees shall also be entitled to make any compromise or settlement after consultation with Mortgagor in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds awarded to Mortgagor (the "Proceeds") are hereby assigned to Mortgagees and Mortgagor agrees to execute such further assignments of the Proceeds as Mortgagees may require;

b. In the event any portion of the Mortgaged Property is so taken or damaged, and provided that no Event of Default or Conditional Default has occurred under the Loan Agreement, and provided further, that restoration of the Mortgaged Property is reasonably practical and can be effectuated prior to the Completion Date, Mortgagees shall apply all such Proceeds,

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after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorneys' fees, incurred by it in connection with such Proceeds, to the restoration of the Mortgaged Property, with the balance of such Proceeds applied to reduce the outstanding principal and interest evidenced by the Note and Bridge Note. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

c. In the event that (i) all or substantially all of the Mortgaged Property is so taken or damaged; (ii) an Event of Default or Conditional Default has occurred under the Loan; or (iii) the Mortgaged Property cannot be restored prior to the Completion Date, Mortgagees may apply such Proceeds to the reduction of the outstanding principal and interest evidenced by the Note and Bridge Note in the order of application set forth hereunder, and, with respect to c(ii) and c(iii) above, Mortgagor shall pay the balance of the Note and Bridge Note within ten (10) days after such taking or damage, and with respect to c(i) above, Mortgagor shall pay the balance of the Note and Bridge Note within ten (10) days after the application of such Proceeds to the outstanding balances of the Note and Bridge Note pursuant hereto.

1.14 Additional Security. That in the event Mortgagees at any time hold additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

1.15 Successors and Assigns. That this Mortgage applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

1.16 Inspections. That Mortgagees, or their agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Mortgaged Property for the purpose of inspecting the same and for the purpose of performing any of the acts they are authorized to perform under the terms of any of the Loan Instruments.

1.17 Liens. To pay and promptly discharge, at Mortgagor's cost and expense, all liens except for the lien of taxes not yet due and payable, and the lien of the Junior Mortgage permitted by this Paragraph 1.17, encumbrances and charges upon the Mortgaged Property, or any part thereof or interest therein; provided that the existence of any mechanic's, laborer's, materialman's, supplier's, or vendor's lien or right thereto shall not constitute a violation of this Section if payment is not yet due under the contract which is

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the foundation thereof and if such contract does not postpone payment for more than fifty-five (55) days after the performance thereof. Mortgagor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge not permitted hereby, provided Mortgagor shall first deposit with Mortgagees a bond or other security satisfactory to Mortgagees in such amounts as Mortgagees shall reasonably require, and provided further, that Mortgagor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Mortgagor shall fail to discharge any such lien, encumbrance or charge not permitted hereby, then, in addition to any other right or remedy of Mortgagees, Mortgagees may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law. Notwithstanding anything to the contrary contained herein, Mortgagees hereby consent to (a) the conveyance by Mortgagor of a junior mortgage lien ("Junior Mortgage") on the Mortgaged Property in favor of LaSalle National Bank, a national banking association ("LaSalle") as security for the repayment of an Investor Note Loan in the original principal amount of Two Million Six Hundred Twenty-Five Thousand Dollars (\$2,625,000) made by LaSalle to Morton Hotel Joint Venture ("Joint Venture"), a joint venture established under the laws of the State of Illinois whose joint venture partners are Mortgagor and Morton Hotel Partners-II, an Illinois limited partnership, pursuant to the terms of that certain Investor Note Loan Agreement of even date herewith; and (b) the contribution of an economic interest in, but not title to, the Mortgaged Property, to the Joint Venture.

1.18 Mortgagees' Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Mortgage upon any portion of the Property not then or theretofore released as security for the full amount of all unpaid obligations, Mortgagees may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Mortgagees' option any parcel, portion or all of the Mortgaged Property, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto.

1.19 Tradenames. At the request of Mortgagees, Mortgagor

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shall execute a certificate in form satisfactory to Mortgagees listing the tradenames under which Mortgagor intends to operate the Mortgaged Property, and representing and warranting that Mortgagor does business under no other tradenames with respect to the Mortgaged Property. Mortgagor shall immediately notify Mortgagees in writing of any change in said tradenames, and will, upon request of Mortgagees, execute any additional financing statements and other certificates revised to reflect the change in tradename.

ARTICLE II

SECURITY AGREEMENT

2.01 Creation of Security Interest. Mortgagor hereby grants to Mortgagees a security interest in the Personal Property located on or at the Property, including without limitation, any and all property of similar type or kind hereafter located on or at the Property for the purpose of securing all obligations of Mortgagor contained in any of the Loan Instruments.

2.02 Warranties, Representations and Covenants of Mortgagor. Mortgagor hereby warrants, represents and covenants as follows:

a. Except for the security interest granted hereby and items of personal property leased by Mortgagor permitted under the Loan Agreement and the Bridge Loan Agreement ("Leased Property"), Mortgagor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole owner of the Personal Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever, except for the Junior Mortgage. Mortgagor will notify Mortgagees of, and will defend the Personal Property against, all claims and demands of all persons at any time claiming the same or any interest therein, except for the interest of LaSalle as mortgagee under the Junior Mortgage;

b. Except in the ordinary course of Mortgagor's business, other than with respect to the Leased Property, Mortgagor will not lease, sell, convey or in any manner transfer the Personal Property without the prior written consent of Mortgagees;

c. The Personal Property is not used or bought for personal, family or household purposes;

d. The Personal Property will be kept on or at the Property and Mortgagor will not remove the Personal Property from the Property without the prior written consent of Mortgagees, except such portions or items of Personal Property which are consumed, replaced or worn out in ordinary usage, all

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of which shall be promptly replaced by Mortgagor;

e. Mortgagor maintains a place of business in the State of Illinois and Mortgagor will immediately notify Mortgagees in writing of any change in its place of business as set forth in the beginning of this Mortgage;

f. At the request of Mortgagees, Mortgagor will join Mortgagees in executing one or more financing statements and renewals and amendments thereof pursuant to the Uniform Commercial Code of Illinois in form satisfactory to Mortgagees, and will pay the cost of filing the same in all public offices wherever filing is deemed by Mortgagees to be necessary or desirable;

g. All covenants and obligations of Mortgagor contained herein relating to the Mortgaged Property shall be deemed to apply to the Personal Property whether or not expressly referred to herein;

h. This Mortgage constitutes a Security Agreement as that term is used in the Uniform Commercial Code of Illinois.

ARTICLE III

REMEDIES UPON DEFAULT

3.01 Events of Default. Any of the following events shall be deemed an event of default hereunder:

a. Default shall be made in the payment of any installment of principal or interest on the Note or Bridge Note within ten (10) days after the same is due and payable, or shall fail to pay any other sum secured hereby when due; or

b. Mortgagor breaches any of the terms or provisions of this Mortgage;

c. Mortgagor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor or of all or any part of the Mortgaged Property, or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

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d. A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Mortgagor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency, or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Mortgagor or of all or any part of the Mortgaged Property, or of any or all of the royalties, revenues, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Mortgagor and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

e. A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Mortgaged Property, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on the Mortgaged Property or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within sixty (60) days after its entry or levy; or

f. Any change in the beneficial ownership of Mortgagor not permitted under the terms of the Loan Agreement or in Paragraph 1.17 herein; or

g. The occurrence of an Event of Default under the Loan Agreement or Bridge Loan Agreement.

3.02 Acceleration Upon Default, Additional Remedies. In the event of any event of default, either or both Mortgagees may declare all indebtedness secured hereby to be due and payable and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind. Thereafter, Mortgagees may:

i. Either in person or by agent, with or without bringing any action or proceeding, enter upon and take possession of the Mortgaged Property, or any part thereof, in their own names, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Mortgaged Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same in accordance with the Assignment of Rents. The entering upon and taking possession of the Mortgaged Property, the collection of such rents, issues and profits and the

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application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of rents, issues or profits, Mortgagees shall be entitled to exercise every right provided for in any of the Loan Instruments or by law upon occurrence of any event of default, including the right to exercise the power of sale;

ii. Commence an action to foreclose this Mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

iii. Exercise any or all of the remedies available to a secured party under the Illinois Uniform Commercial Code, including, but not limited to:

1. Either personally or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Mortgagor and all others claiming under Mortgagor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Mortgagor in respect to the Personal Property or any part thereof. In the event Mortgagees demand or attempt to take possession of the Personal Property in the exercise of any rights under any of the Loan Instruments, Mortgagor promises and agrees to promptly turn over and deliver complete possession thereof to Mortgagees;

2. Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagees may deem necessary to protect their security interest in the Personal Property, including without limitation, paying, purchasing, contesting, or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;

3. Require Mortgagor to assemble the Personal Property or any portion thereof, at a place designated by Mortgagees and reasonably convenient to both parties, and promptly to deliver such Personal Property to Mortgagees, or an agent or representative designated by them. Mortgagees, and their agents and representatives shall have the right to enter upon any or all of Mortgagor's premises and property to exercise Mortgagees' rights hereunder;

4. Sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal

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Property at the place of sale, and upon such terms and in such manner as Mortgagees may determine. Either of Mortgagees may be a purchaser at any such sale;

5. Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagees shall give Mortgagor at least ten (10) days prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof. Such notice may be mailed to Mortgagor at the address set forth at the beginning of this Mortgage.

3.03 Foreclosure; Expense of Litigation. When the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagees shall have the right to foreclose the lien hereof for such indebtedness or part thereof. In any suit to foreclose the lien hereof or enforce any other remedy of Mortgagees under this Mortgage or the Note and Bridge Note, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagees for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Towns certificates, and similar data and assurances with respect to title as Mortgagees may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Mortgaged Property. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagees in any litigation or proceeding affecting this Mortgage, the Note, the Bridge Note or the Mortgaged Property, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the post maturity rate and shall be secured by this Mortgage.

3.04 Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are

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mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note and Bridge Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; fourth, all principal and interest remaining unpaid on the Bridge Note; fifth, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

3.05 Appointment of Receiver. Upon, or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Mortgaged Property. Such appointment may be made either before or after sale without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Mortgaged Property or whether the same shall be then occupied as a homestead or not and Mortgagees hereunder or any Holders may be appointed as such receiver. Such receiver shall have power: (a) to collect the rents, issues and profits of the Mortgaged Property during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there by redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits; (b) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and (c) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management, and operation of the premises during the whole of said period.

3.06 Remedies Not Exclusive. Mortgagees shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Mortgage or under any Loan Instrument or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said indebtedness and

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obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Mortgagees' right to realize upon or enforce any other security now or hereafter held by Mortgagees, it being agreed that Mortgagees shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagees in such order and manner as Mortgagees may, in their unanimous and absolute discretion, determine. No remedy herein conferred upon or reserved to Mortgagees is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Instruments to Mortgagees may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the unanimous decision of the Mortgagees and Mortgagees may together pursue inconsistent remedies.

ARTICLE IV

MISCELLANEOUS

4.01 Governing Law. This Mortgage shall be governed by the laws of the State of Illinois. In the event that any provision or clause of any of the Loan Instruments conflicts with applicable laws, such conflicts shall not affect other provisions of such Loan Instruments which can be given effect without the conflicting provision, and to this end the provisions of the Loan Instruments are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

4.02 Mortgagor Waiver of Rights. Mortgagor waives the benefit of all laws now existing or that hereafter may be enacted providing for (i) any appraisal before sale of any portion of the Mortgaged Property, and (ii) the benefit of all laws that may be hereafter enacted in any way extending the time for the enforcement of the collection of the Note or Bridge Note or the debt evidenced thereby or creating or extending a period of redemption from any sale made in collecting said debt. To the full extent Mortgagor may do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisalment,

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valuation, stay, extension or redemption, and Mortgagor, for Mortgagor, Mortgagor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshaling in the event of foreclosure of the liens hereby created. If any law referred to in this Section and now in force, of which Mortgagor, Mortgagor's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Mortgagor expressly waives and relinquishes any and all rights and remedies which Mortgagor may have or be able to assert by reason of the laws of the State of Illinois pertaining to the rights and remedies of sureties.

4.03 Statements by Mortgagor. Mortgagor, within ten (10) days after being given notice by mail, will furnish to Mortgagees a written statement stating the unpaid principal of and interest on the Note and Bridge Note and any other amounts secured by this Mortgage and stating whether any offset or defense exists against such principal and interest.

4.04 Notices. Whenever Mortgagees or Mortgagor shall desire to give or serve any notice, demand, request or other communication with respect to this Mortgage, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered mail, postage prepaid, return receipt requested, addressed to the address set forth at the beginning of this Mortgage. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

4.05 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Mortgage.

4.06 Invalidity of Certain Provisions. If the lien of this Mortgage is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Mortgaged Property, the unsecured or partially secured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and

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applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Mortgage.

4.07 Subrogation. To the extent that proceeds of the Note or Bridge Note are owed to pay any outstanding lien, charge or prior encumbrance against the Mortgaged Property, such proceeds have been or will be advanced by Mortgagees at Mortgagor's request and Mortgagees shall be subrogated to any and all rights and liens owed by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

4.08 Construction Mortgage. This Mortgage is a construction mortgage and secures a loan incurred to finance the construction of Improvements on the Property and certain costs incurred in planning, architectural and engineering studies, zoning and similar expenses. It is understood and agreed that funds to be advanced upon the Note and Bridge Note are to be used in the construction of such Improvements on the Property in accordance with the Loan Agreement and Bridge Loan Agreement, which Loan Agreement and Bridge Loan Agreement are incorporated herein by reference to the same extent as if fully set forth herein and made a part of this Mortgage. This Mortgage secures the payment of all sums and the performance of all covenants required by Mortgagor by said Loan Agreement and Bridge Loan Agreement. Upon the payment in full by Mortgagor of all amounts payable under the Note, the Loan Agreement, and all agreements delivered by Mortgagor pursuant thereto, Mortgagees shall release the lien of this Mortgage and execute and deliver, upon request of Mortgagor, all documents and agreements necessary to accomplish such release.

4.09. Non-Recourse to the Management Group, Inc. Notwithstanding that The Management Group, Inc. had become a general, rather than a limited partner in Morton Hotel Associates, the general partner of the Mortgagor, nothing contained in this Mortgage shall cause The Management Group, Inc. to be personally liable to perform any of the obligations imposed upon the Mortgagor or Morton Hotel Associates under the terms of this Mortgage, and neither Mortgagee shall sue for or obtain a judgment of liability of any kind against The Management Group, Inc. under the terms of this Mortgage.

4.10 Supersedeas. This Second Amended and Restated Real Estate Mortgage and Security Agreement completely amends, restates and supersedes, in its entirety, that certain Amended and Restated Real Estate Mortgage and Security Agreement, dated April 9, 1987, executed by and between Mortgagor and Mortgagee, and recorded April 10, 1987 in the Office of the Recorder of Cook County, Illinois, as Document No. 87190735.

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

MORTON HOTEL PARTNERS,
an Illinois limited partnership

By Its General Partner
MORTON HOTEL ASSOCIATES,
an Illinois limited partnership

By: S.A., INC., a Nevada corporation,
A General Partner

By: Paul H. Stepan
Richard Cohler, President, by
Paul H. Stepan, attorney-in-
fact for Richard Cohler

ACKNOWLEDGEMENT

STATE OF ILLINOIS)
)SS:
COUNTY OF COOK) Paul H. Stepan, attorney-in-fact for

Before me, a Notary Public in and for said County and State, personally appeared Richard Kohler, known to me to be the President of S.A., Inc., a General Partner of Morton Hotel Associates, the General Partner of Mortgagor, and acknowledged the execution of the foregoing Second Amended and Restated Real Estate Mortgage and Security Agreement for and on behalf of said Mortgagor.

WITNESS my hand and Notarial Seal this 11th day of April, 1988.

Lillian I. Lespier
Notary Public-Signature
LILLIAN I. LESPIER
Notary Public-Printed Name

County of Residence:
Cook

My Commission Expires
NOTARIAL SEAL
LILLIAN IVETTE LESPIER
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 12/29/91

This instrument prepared by Richard L. Johnson, attorney-at-law, JOHNSON; GROSS, DENSBORN & WRIGHT, 1000 Market Square Center, 151 N. Delaware Street, Indianapolis, Indiana 46204.

COOK COUNTY, ILLINOIS
FILED FOR RECORD

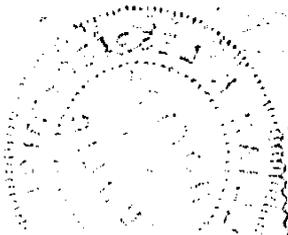
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LILLIAN LYETTE LESPIER
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES 1/31/2011

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EXHIBIT A

***PARCEL 1:

The North half of Lot 27 (except that part taken for street) in Block 124 in the School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 2:

The South half of Lot 27 and all of Lot 28 and the North 10 feet of Lot 29 in subdivision of Block 124 in School Section Addition to Chicago in Section 16, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 3:

Lot 6 in Knights Subdivision of Lots 30, 31 and 32 in Ogden's Subdivision of Block 124 in School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 4:

The South 30 feet of Lot 29 in Ogden's Subdivision of Block 124 aforesaid (except parts from both tracts taken for opening Dearborn Street) in Cook County, Illinois.***

Tax ID #S
17-16-245-010
17-16-245-011
17-16-245-012

Mail To: Diane Kortzenbert
Johnson, Smith, Densbarn, Wright & Heath
151 N. Delaware Street
Indianapolis, IN 46204

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EXHIBIT B

All property owned by Debtor consisting of:

All Accounts, Accounts Receivable, Contract Rights, instruments, chattel paper, invoices, contracts, claims, leases, agreements, policy or certificates of insurance, deposits, documents, documents of title whether now owned or hereafter arising and all General Intangibles, now owned or hereafter arising including, but not limited to, all inventions, processes, formulae, licenses, patents, patent rights, copyrights, copyright rights, trademarks, trademark rights, tax refunds (federal, state or local), service marks, service mark rights, trade names, trade name rights, customer lists, franchises, franchise rights, drawings, designs, marketing rights and other like business property rights and all applications to acquire such rights, for which application may at any time be made by the Debtor and the products and proceeds of all the foregoing and all of the rights and remedies under any of the foregoing.

All Inventory now existing or hereafter arising as hereafter acquired wherever located including, without limitation, all merchandise, personal property, raw materials, goods in process, finished goods, materials and supplies of every nature, and usable or useful in connection with the manufacture, packing, shipping, advertising, selling, leasing or furnishing of any of such inventory, and the products and proceeds of all of the foregoing.

All goods, machinery, Equipment, trucks, boats, barges, on and off the road vehicles of any kind or nature, forklifts, tools, dies, jigs, presses, appliances, implements, and all other tangible or personal property of every kind and nature used, usable or useful in the business of the Debtor wherever located and all accessions thereto, and all goods of like kind or type hereafter acquired by the Debtor in substitution or replacement thereof and all additions and accessions thereto and the products and proceeds, including insurance proceeds therefrom.

All improvements, fixtures and all other improvements of every kind or nature now owned or hereafter acquired by the Debtor attached to, located on, or forming a part of the real estate owned or leased by the Debtor, more particularly described on Annex I hereto and accessions thereto, and all property whether considered real or personal of like kind or type hereafter acquired by the Debtor in substitution or replacement thereof.

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11/17/2011