

71-64-002-D3

\$4,251,000

MORTGAGE

Among

LaSALLE NATIONAL BANK, a
National Banking Association,
not personally, but as Trustee
under Trust Number 112654

and

VMS/MCL VENTURE, an
Illinois general partnership

(MORTGAGOR)

and

VMS MORTGAGE INVESTORS L.P. III, a
a Delaware limited partnership

(MORTGAGEE)

Dated as of May 9, 1988

88206588

This document was prepared by
and should be returned to

Steven E. Silverman, Esq.
Shefsky, Saitlin & Froelich, Ltd.
Suite 2300
444 North Michigan Avenue
Chicago, Illinois 60611

1305891

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MORTGAGE

This MORTGAGE (the "Mortgage") is executed and delivered as of the 9th day of May, 1988, by LaSalle National Bank, a National Banking Association, of Chicago, Illinois, not personally but as Trustee under the provisions of a Deed or Deeds in Trust recorded and delivered to said Bank in pursuance of a Trust Agreement dated September 22, 1987 and known as its trust number 112654 and VMS/MCL Venture, an Illinois general partnership, having an address at 8700 West Bryn Mawr Avenue, Chicago, Illinois 60631 (hereinafter collectively referred to as the "Mortgagor"), to VMS Mortgage Investors L.P. III, a Delaware limited partnership, having an address at 8700 West Bryn Mawr Avenue, Chicago, Illinois (the "Mortgagee").

W I T N E S S E T H:

A. Mortgagor is justly indebted to Mortgagee, as evidenced by that certain note (the "Note") of even date herewith, made by Mortgagor and payable to the order of Mortgagee in the original principal amount of Four Million Two Hundred Fifty-One Thousand and No/100 Dollars (\$4,251,000), plus interest, pursuant to the Note, bearing interest and being payable as to principal and interest as described therein, with a final maturity date of May 5, 1991, unless extended pursuant to the provisions of the Note.

B. This Mortgage secures the Mortgagor's obligations under the Note (including, without limitation, Mortgagor's obligation to pay Additional Interest as defined in the Note).

C. Mortgagor is the owner and holder of fee simple title in and to all of the real estate legally described on Exhibit A attached hereto and by this reference made a part hereof.

THIS DOCUMENT WAS PREPARED BY
AND AFTER RECORDING SHOULD BE MAILED TO:

Steven E. Silverman, Esq.
Shefsky, Saitlin & Froelich, Ltd.
444 North Michigan Avenue
Suite 2300
Chicago, Illinois 60611
(312) 527-4000

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D. Mortgagor intends by the execution and delivery of this Mortgage to secure the payment by Mortgagor of all of its obligations, debts and liabilities under or pursuant to the Note.

E. Mortgagor represents to Mortgagee that all acts and things necessary to make the Indebtedness (as defined hereinafter) the valid obligation of Mortgagor and, to Mortgagor's best knowledge and belief, to constitute this Mortgage a valid mortgage for the security of the Indebtedness, have been done.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) in hand paid by Mortgagee to Mortgagor, the receipt and sufficiency of which are hereby acknowledged and confessed, and to secure the payment of the Note, including all indebtedness arising under the Note and the due performance of the covenants, agreements and provisions contained herein, Mortgagor does hereby GRANT, ~~ASSIGN~~, SELL, ASSIGN, MORTGAGE and CONVEY unto Mortgagee, and unto its successors and assigns forever, all and singular, for the equal and ratable benefit and security of the present and future holders of all the Indebtedness for the payment thereof and the performance of and compliance with the covenants and conditions of this Mortgage, the following described properties (collectively the "Property or Mortgaged Property"), to wit:

(a) The real property situated in the County of Cook and State of Illinois, being more particularly described on Exhibit A, together with all and singular the rights, benefits, privileges, easements, tenements, hereditaments and appurtenances thereon or in any way appertaining thereto, together with any right, title and interest of Mortgagor in and to adjacent streets, alleys and rights-of-way.

(b) All improvements (the "Improvements") existing and to exist at any time hereafter upon the above-described real property, and all fixtures, materials, equipment, apparatus, furnishings, chattels, and other property, real and personal, tangible or intangible (excluding cash), now or hereafter installed, attached or used on said real property or the Improvements, and which are owned by Mortgagor and used in the operation and enjoyment of said real property and Improvements or otherwise furnished to the tenants thereon or therein (and not owned by such tenants), including, but not limited to, all heating, lighting, refrigeration, cooking, laundry, plumbing, ventilating, incinerating, water heating, cooling and air-conditioning equipment, fixtures and appurtenances, all engines, machines, boilers, dynamos, elevators, tanks, awnings, screens, cabinets, shades, blinds, carpets,

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draperies, furniture, floor covering and other goods, chattels and personal property as are ever used or furnished in connection with the operation, use and employment of the real property and the Improvements or the activities conducted therein, and all renewals, replacements and substitutions therefor and additions thereto. It is hereby agreed that, to the extent permitted by law, all of the foregoing properties and fixtures are to be deemed and held to be a part of and affixed to the said real property or the Improvements.

(c) Together with (i) all of the estate, right, title and interest of Mortgagor in and to all judgments, insurance proceeds, awards of damages and settlements which may result from any damage to those portions of the Property described in subparagraphs (a) and (b) above, or any part thereof, or to any rights appurtenant thereto, or which may result from condemnation proceedings or the taking of those portions of the Property described in said subparagraphs (a) and (b), or any part thereof, under the power of eminent domain and, to the extent of the Indebtedness, all proceeds of any sale or other disposition of those portions of the Property described in said subparagraphs (a) and (b), or any part thereof; and except as otherwise provided herein, Mortgagee is hereby authorized to collect and receive said proceeds and awards and to give proper receipts therefor, and if Mortgagee so elects in accordance with the provisions of Section 3.04 hereinafter set forth, to apply the same against the Indebtedness, notwithstanding that the amount owing thereon may not be then due and payable; (ii) all contract rights, general intangibles, actions and rights in action including without limitation all rights to insurance proceeds and unearned premiums arising from or relating to damage to those portions of the Property described in said subparagraphs (a) and (b); and (iii) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to those portions of the Property described in said Paragraphs (a) and (b) (all of such Property, subject as aforesaid, being hereafter called the "Mortgaged Property").

SUBJECT, HOWEVER, to the liens, encumbrances, restrictions, exceptions, reservations, easements and other matters set forth or referred to on Exhibit B attached hereto and by this reference made a part hereof.

TO HAVE AND TO HOLD the Mortgaged Property unto the Mortgagee, and unto its successors and assigns forever, and for the uses and purposes hereinafter set forth forever, Mortgagor does hereby bind itself and its successors and assigns to WARRANT AND FOREVER DEFEND the Mortgaged Property unto the Mortgagee and unto its successors and assigns

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against any and every person whomsoever lawfully claiming or intending to claim the same or any part thereof by, from, under or through Mortgagor.

PROVIDED, HOWEVER, and these presents are on the express condition that if Mortgagor shall pay or cause to be paid the principal of, interest upon, and all other amounts payable under and with respect to the Indebtedness and shall also pay, or cause to be paid, all other sums otherwise payable hereunder by Mortgagor, then these presents and the estate and rights hereby granted shall cease, terminate and be void, and hereupon Mortgagee shall deliver to Mortgagor the cancelled Note, and, upon the request of Mortgagor, Mortgagee shall duly execute, acknowledge and deliver to Mortgagor such instruments of satisfaction or release in respect of the Mortgaged Property and all other rights and interests covered hereby, as may be necessary or proper to discharge this Mortgage of record and, if necessary, shall grant, reassign and deliver to Mortgagor, its successors or assigns, all the Mortgaged Property and all additions thereto and substitutions therefor, and the said rights and interests then subject to the lien of this Mortgage; otherwise, this Mortgage shall be and remain in full force and effect.

THIS MORTGAGE FURTHER WITNESSETH that Mortgagor has agreed and covenanted, and does hereby agree and covenant with Mortgagee and with the holders from time to time of all of the Indebtedness secured hereby, as follows:

ARTICLE I

Indebtedness Secured

Section 1.01. The Indebtedness. This Mortgage is executed and delivered by Mortgagor to secure and enforce each of the items of indebtedness or obligations (collectively, the "Indebtedness") described below:

(a) The payment of principal and interest (including, without limitation, Additional Interest) upon the Note, and all debts, obligations and liabilities of Mortgagor thereunder as Maker thereof, including all interest accruals made pursuant to the Note (including Basic Interest and Additional Interest [as defined in the Note] payable upon a prepayment of the Note, the Maturity Date or the Extended Maturity Date [both as defined in the Note] or such earlier date as the principal balance and all accrued interest shall become due and payable under the Note by reason of the acceleration of the maturity thereof, such calculation of Additional

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Interest to be based on the appreciation, if any, in the value of the Mortgaged Property as calculated as provided in the Note).

(b) All indebtedness of Mortgagor arising pursuant to the provisions of this instrument.

(c) All renewals and extensions, in whole or in part, of any of the Indebtedness described in this Section.

(d) All funds advanced by Mortgagee to or for the benefit of Mortgagor, as contemplated by any covenant or provision herein contained.

(e) The payment of Additional Interest.

Section 1.02. Payment of the Indebtedness. The Indebtedness shall be payable to Mortgagee at Mortgagee's address set forth in Section 6.04 hereof, or at such other place as Mortgagee may, by notice given in accordance with the notice provisions hereof, direct. If any of the Indebtedness shall be collected by legal proceedings or through bankruptcy court, or shall be placed in the hands of an attorney for collection after maturity, whether matured by the expiration of time or by any option given to Mortgagee to mature same, Mortgagor agrees that a reasonable sum shall be paid by Mortgagor as attorneys' fees (including attorneys' fees for any appeal in which Mortgagee is the prevailing party) or collection fees, and shall be a part of the Indebtedness.

ARTICLE II

Covenants of Mortgagor and Mortgagee.

Section 2.01. Further Assurances. At any and all times Mortgagor will do, execute, acknowledge, deliver, file and/or record, and will cause to be done, executed, acknowledged, delivered, filed and/or recorded all and every such further acts, deeds, conveyances, mortgages, transfers and assurances in law as the holder of the Indebtedness shall reasonably require for the better assuring, conveying, transferring, mortgaging, assigning and confirming unto the Mortgagee of all and singular the hereditaments, premises, estates and property hereby or by subsequent instruments conveyed, transferred, mortgaged, assigned or confirmed unto Mortgagor, or intended so to be.

Section 2.02. Payment of the Note. Mortgagor will duly and punctually pay the principal of and interest on the Note

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and will pay, comply with and/or perform (as the case may be) all other amounts or obligations constituting a part of the Indebtedness, and will not suffer or permit an Event of Default to occur under this Mortgage, but will faithfully observe and perform all of the conditions, covenants and requirements hereof in accordance with the terms of this Mortgage.

Section 2.03. Notice of Legal Proceedings. Mortgagor and Mortgagee agree, each to the other, that each party will promptly notify the other party or any holder or holders of the Indebtedness, in writing, of the commencement of any legal proceedings affecting the Mortgaged Property or any part thereof and Mortgagee may take such action as will be necessary to preserve its and such holders' rights affected thereby; and Mortgagee or any such holder or holders may, at his or their election, take such action on behalf of and in the name of Mortgagor and at Mortgagor's expense, and any such expense paid by Mortgagee shall be part of the Indebtedness.

Section 2.04. Recordation. Mortgagor will cause this Mortgage and every additional instrument, if any, which shall be executed supplemental or amendatory hereto or pursuant to the provisions hereof, forthwith upon execution, to be filed and recorded as a mortgage in such manner and in such place as may, in the opinion of the holder of the Indebtedness, be required by law in order fully to preserve and protect the lien of this Mortgage, and will punctually and fully comply with the recording and re-recording and filing and re-filing of this Mortgage any of such additional instruments in such manner as may be necessary fully to preserve, continue and protect the security and validity of the Note and the Indebtedness, the lien of this Mortgage on the Mortgaged Property, and the rights and remedies of the Mortgagee, its successors and assigns. All costs incurred by Mortgagor pursuant to this Section shall be paid by Mortgagor and any such costs paid by Mortgagee shall be and become part of the Indebtedness.

Section 2.05. Maintenance and Protection of the Mortgaged Property. Mortgagor covenants that so long as any of the Indebtedness remains outstanding, Mortgagor (i) will not commit or permit any waste on the Mortgaged Property; (ii) will maintain, preserve and keep the Mortgaged Property in good repair and condition, normal wear and tear and damage from the elements and fire and other casualty excepted; and (iii) will, from time to time, make all needful and proper repairs and renewals, replacements and substitutions, so that at all times the efficiency and utility of the Mortgaged Property shall be fully preserved and maintained.

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Section 2.06. Entry and Inspection. Mortgagor agrees that Mortgagee and its agents may, at any time and from time to time, enter upon the Mortgaged Property at all reasonable times to inspect the same, provided that Mortgagee will not unreasonably interfere with tenants of the Mortgaged Property.

Section 2.07. Sale or Further Encumbrance of Mortgaged Property.

(a) Except as and to the extent hereinafter otherwise provided, Mortgagor shall not either voluntarily or involuntarily, directly or indirectly, sell, transfer, mortgage, pledge, convey, encumber, assign or otherwise dispose of the Mortgaged Property, or any portion thereof (all of the foregoing hereinafter collectively referred to as "Prohibited Transfer"), without the prior written consent of Mortgagee at any time before this Mortgage is fully released and discharged. Mortgagor shall have been considered to have sold, transferred, conveyed or disposed of the Mortgaged Property if either of the following events shall occur:

(i) Transfer of title of the Mortgaged Property or assignment of the beneficial interest in the land trust holding title to the Mortgaged Property to any entity other than that of the Mortgagor.

(ii) Transfer of any interest of the general partners of the Mortgagor or of the shareholders of a corporate general partner of the Mortgagor, to persons or entities other than the general partners of the Mortgagor or the shareholders of a corporate general partner of the Mortgagor on the date of execution of this Mortgage, provided, however, that VMS Realty Partners, an Illinois general partnership ("VMS") or any entity owned or controlled by VMS shall own at least a 50% general partnership interest in the Mortgagor at all times during the life of this mortgage.

(iii) Any controlling shares of capital stock of a corporation which is a shareholder of Mortgagor or a corporation which is a general partner of Mortgagor are transferred subsequent to the date hereof.

(iv) Distribution of any Sales Proceeds other than Project Costs (as defined hereinafter) to Mortgagor, the partners of Mortgagor, the shareholders of any corporate general partner of Mortgagor or any other persons or entities other than the holder of the Senior Mortgage (as hereinafter defined) prior to the repayment in full of all indebtedness evidenced by the Note and secured by this Mortgage.

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(b) Mortgagor shall not have the right to place further mortgages or other encumbrances on the Mortgaged Property without first obtaining the written consent of the Mortgagee.

(c) Notwithstanding anything contained above or in this Mortgage to the contrary and provided that an uncured Event of Default has not occurred, Mortgagor shall have the right to sell and convey fee simple title to the various individual homes, home sites, townhomes and condominium units (collectively, the "Units") to be constructed on the Mortgaged Property. Mortgagee agrees to execute and deliver to Mortgagor partial releases of the lien of this Mortgage upon the sale and conveyance of the Units provided that Mortgagee is satisfied, within its sole and reasonable discretion, that the proceeds from the sales of the Units (the "Sales Proceeds") shall be applied, paid and distributed in the following order of priority:

(i) first, ninety-five percent (95%) of the Sales Proceeds to the payment of all outstanding principal, interest and other amounts due and payable to the holder of the Senior Mortgage (as hereinafter defined) by Mortgagor with respect to the Senior Loan Documents (as hereinafter defined);

(ii) second, five percent (5%) of the Sale Proceeds to the repayment of all indebtedness evidenced by the Note and secured by this Mortgage;

(iii) third, after the repayment in full of all sums secured by the Senior Mortgage, at Mortgagor's election, to the payment of Project Costs provided that, Mortgagee in its sole and absolute discretion is reasonably satisfied that the projected Sales Proceeds from the remaining Units will be sufficient to repay the Note secured by this Mortgage. Project Costs as used herein shall mean Mortgagor's costs with respect to the Mortgaged Property (including the cost of construction as specified in Exhibit F to the loan submission package dated March 24, 1988 submitted by Mortgagor to Mortgagee) and such additional costs as may be approved by Mortgagee; and

(iv) fourth, to the repayment of all indebtedness evidenced by the Note and secured by this Mortgage.

Provided further, that until the holder of the Senior Loan Documents has been paid in full, Mortgagee hereby agrees not to exercise its discretion but to automatically execute and deliver partial releases of the lien of this Mortgage upon the sale and conveyance of Units simultaneously, with the execution and delivery of partial releases of the Senior Mortgage for the same Units.

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Section 2.08. General Covenants and Representations. Mortgagor covenants and represents that as of the date hereof and at all times during the term hereof, (i) Mortgagor is and shall be seized of an indefeasible estate in fee simple in the Mortgaged Property and has good and absolute title to it and has the right, full power and lawful authority to grant, sell, convey and pledge the same as provided herein, (ii) Mortgagee may at all times peaceably and quietly enter upon, hold, occupy and enjoy the Mortgaged Property in accordance with the terms hereof, (iii) Mortgagor will maintain and preserve the lien hereof, unless released by Mortgagee until the Indebtedness has been paid in full (iv) Mortgagor's execution of this Mortgage does not constitute a default under any obligation of Mortgagor under any agreement or prior mortgage, (v) Mortgagor through its duly authorized officer or agent is duly authorized to execute the Note and this Mortgage, (vi) the Note and this Mortgage is the valid, legal, and binding obligation of the Mortgagor, and (vii) Mortgagor shall maintain its existences as a partnership in compliance with all applicable local, state, and federal laws or regulations.

Section 2.09. Compliance with Laws. Mortgagor warrants and represents that the Mortgaged Property, to Mortgagor's knowledge, except as otherwise disclosed to the Mortgagee on or before the date hereof, presently complies with, and will continue to comply with, all applicable restrictive covenants, zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations. If any federal, state or other governmental body issues any notice that the Mortgaged Property is not in compliance with any such covenant, ordinance, code, law or regulation, Mortgagor will promptly provide Mortgagee with a copy of such notice and will immediately commence such actions as are necessary to comply therewith and will diligently and promptly comply therewith (unless and for so long as Mortgagor contests the same in good faith and by appropriate proceedings).

Section 2.10. Mechanic's and Other Liens. Mortgagor shall not permit or suffer any notice of mechanic's, laborer's, materialman's, statutory or other liens (other than any lien for taxes and other sums not yet due) to be recorded against the Mortgaged Property; provided, however, that Mortgagor may, in good faith, by appropriate proceeding, contest the validity, applicability or amount of any asserted lien, and pending final adjudication of such contest, Mortgagor shall not be deemed to be in default hereunder if Mortgagor,

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promptly upon the request of Mortgagee, establishes an escrow or posts other security acceptable to Mortgagee in an amount estimated by Mortgagee to be adequate to cover the payment of such lien and a reasonable additional sum to cover possible interest, costs and penalties, and, if the amount of such escrow is insufficient to pay any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon, Mortgagor shall pay to Mortgagee such deficiency no later than the date such adjudication becomes final, whereupon Mortgagee shall, upon its receipt of said additional sum, pay the amount determined to be due and payable.

Section 2.11. Taxes Affecting Mortgagee's Interest. If any federal, state, municipal or other governmental law, order, rule or regulation passed, enacted or promulgated subsequent to the date hereof in any manner changes or modifies existing laws governing the taxation of mortgages or deeds of trust or debts secured by mortgages or deeds of trust or the manner of collecting taxes so as to materially and adversely affect the rights of Mortgagee, the Indebtedness and all interest accrued thereon shall become due and payable upon sixty (60) days prior written demand from Mortgagee to Mortgagor whether or not there shall have occurred an Event of Default; provided, however, that if Mortgagor may, without violating or causing a violation of such law, order, rule or regulation, pay such taxes or other sums as necessary to eliminate such adverse effect upon the rights of Mortgagee and does pay such taxes or other sums when due, Mortgagee may not elect to declare due the Indebtedness by reason of the provisions of this Section.

Section 2.12. After-Acquired Property. To the extent permitted by and subject to applicable law, the lien hereof shall automatically attach without further act to all personal property, fixtures and proceeds thereof hereafter acquired by Mortgagor which is located in, or attached to, or used or intended to be used in connection with, or with the operation of, all or any part of the Mortgaged Property, all intangible property, and all proceeds generated therefrom.

Section 2.13. Leases Affecting Property. Mortgagor shall comply with and observe its obligations as landlord under all leases affecting all or any part of the Mortgaged Property. If required by Mortgagee, Mortgagor shall promptly furnish to Mortgagee certified copies of all such leases now existing or hereafter executed. Mortgagor shall not accept payment of rent more than one (1) month in advance without the prior written consent of Mortgagee.

Section 2.14. Expenses. Mortgagor shall pay when due all appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title insurance fees, escrow

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fees, reasonable attorneys' fees, fees of inspecting architects and engineers, and all other costs and expenses of every character and nature which have been incurred or which may hereafter be incurred by Mortgagee in connection with the Indebtedness, the preparation and execution of the Loan Documents, the funding of any of the Indebtedness, any modification of the Note and this Mortgage, any foreclosure proceedings or any other actions resulting from an Event of Default hereunder. In addition, Mortgagor shall, upon written demand of Mortgagee, reimburse Mortgagee for all such expenses which have been or shall be paid by Mortgagee, such demand to be accompanied by copies of all applicable invoices and bills. To the extent permitted by law, Mortgagor hereby indemnifies and agrees to hold Mortgagee harmless from and against and reimburse Mortgagee for, all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees, which may be imposed upon, asserted against or incurred or paid by Mortgagee by reason of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Mortgaged Property through any cause whatsoever, or asserted against it on account of any act performed or omitted to be performed hereunder, or on account of any transaction arising out of or in any way connected with the Mortgaged Property, this Mortgage, any of the indebtedness evidenced by the Note or the Indebtedness.

Section 2.15. Mortgagee's Performance upon Mortgagor's Defaults. If Mortgagor fails to (i) pay any tax, assessment, encumbrance or other imposition; (ii) furnish the insurance hereunder required; (iii) perform, observe and comply with all non-monetary obligations imposed upon the mortgagor of the Senior Loan Documents in a timely manner pursuant to the terms and conditions thereof; or (iv) perform or observe any other covenant, condition or term contained in this Mortgage, the Note, the Senior Loan Documents or any other instrument evidencing or securing the Indebtedness after any cure or grace period for such payment, performance or observance shall have elapsed or Mortgagee shall have determined that a delay in such payment, performance or observance until such cure or grace period shall have elapsed may adversely affect Mortgagee's security for the payment of the Indebtedness or its ability to realize on such security, then Mortgagee may, to preserve its interest in the Mortgaged Property, pay, perform or observe the same, and all payments made, whether such payments are regular or accelerated payments, and costs and expenses incurred or paid by Mortgagee in connection therewith, shall become due and payable immediately by Mortgagor to Mortgagee. The expense so incurred or amounts so paid by

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Mortgagee, together with interest thereon at the Default Rate (as hereinafter defined) from the date incurred until paid by Mortgagor, shall be added to the Indebtedness and secured by the lien hereof. Mortgagee shall furnish Mortgagor with written notice of the amounts so incurred or paid by Mortgagee within a reasonable time after the expenditure of same, but Mortgagee's failure to give such written notice shall not relieve Mortgagor of its obligation to pay such amounts with interest thereon as aforesaid. Mortgagee is hereby empowered to enter upon and to authorize others to enter upon the Mortgaged Property for the purpose of performing or observing any covenant, condition or obligation that Mortgagor has failed to perform or observe without thereby becoming liable to Mortgagor or to any person in possession holding under Mortgagor.

Section 2.16. Estoppel Affidavits. Within fifteen (15) days after written request from Mortgagee, Mortgagor shall furnish a written statement, duly acknowledged by an officer of Mortgagor, confirming or contesting Mortgagee's statement of the unpaid principal balance of and any and all interest accrued upon the Note and any other unpaid sums secured hereby, and whether or not any rights of set-off or defense are claimed to exist against such principal and interest or other sums and, if such rights of set-off or defense are claimed, the specific basis and amount of each such right of set-off or defense. Within fifteen (15) days after written request from Mortgagor, Mortgagee shall furnish a written statement, duly acknowledged, setting forth the unpaid principal balance of and any and all interest accrued upon the Note, and any other unpaid sums secured hereby, and whether or not there exists, to Mortgagee's knowledge, any uncured Event of Default.

Section 2.17. Use of the Mortgaged Property. Mortgagor shall not suffer or permit any portion of the Mortgaged Property to be used by the public without restriction or in such manner as might reasonably tend to impair Mortgagor's title thereto, or in such manner as might reasonably make possible a claim or claims of easement by prescription or adverse possession by the public or of implied dedication of any portion thereof. Mortgagor shall not use or permit the use of the Mortgaged Property for any unlawful purpose.

Section 2.18. Alterations of Mortgaged Property. Mortgagor shall have the right to demolish and/or renovate the existing structures on the Mortgaged Property and to construct townhouses, condominiums, improved homesites and single family houses on the Mortgaged Property. The Mortgagor shall have the right, without such consent, to

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remove and dispose of free from the lien of this Mortgage any part of the Mortgaged Property as from time to time may become worn out or obsolete provided that either simultaneously with or prior to such removal, any such property shall be replaced with other property of equal utility and of a value at least equal to that of the replaced equipment when first acquired and free from any security interest of any other person and by such removal and replacement the Mortgagor shall be deemed to have subjected such replacement property to the lien of this Mortgage.

Section 2.19. Failure of Mortgagor to Perform Covenants. If Mortgagor shall fail to perform any of the covenants contained in this Mortgage, the holder of the Indebtedness may make advances to perform the same on behalf of Mortgagor, but shall be under no obligation to do so; and all sums so advanced hereunder shall be at once repayable by Mortgagor, and shall bear interest at the highest rate permitted by applicable law, and if none, then at a rate of eight percentage points in excess of the Basic Rate or Adjusted Basic Rate bonus from time to time on the unpaid principal balance of the Note as described in the Note (the "Default Rate") and shall be and become part of the Indebtedness, but no such advance shall release Mortgagor from any default hereunder. The maker of any such advance shall be subrogated to all the rights of the party or entity receiving such payment.

Section 2.20. Financial Statements and Books and Records. If required by Mortgagee, Mortgagor will, within sixty (60) days after each quarter and one hundred twenty (120) days after the end of each fiscal year of Mortgagor, furnish to Mortgagee audited annual and unaudited quarterly financial and operating statements of the Property for each quarter or fiscal year, including, but without limitation, a balance sheet and supporting schedules, detailed statement of income and expenditures and supporting schedules, all prepared in accordance with generally accepted principles of accounting consistently applied and all showing year-to-date information. Such financial and operating statements shall be prepared and certified as true by the chief financial officer of Mortgagor in such manner as may be acceptable to Mortgagee, and Mortgagee may, by notice in writing to Mortgagor, require that the same be certified and prepared pursuant to audit, by a firm of independent certified public accountants satisfactory to Mortgagee, in which case such accountants shall state whether during the course of their audit, they discovered or became aware of any information which would lead them to believe that an Event of Default exists. Mortgagor shall give Mortgagee such financial

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statements, reports, lists of accounts, debtors and other data concerning its accounts and the collateral which Mortgagee may from time to time specify.

Section 2.21. Hazardous Waste Materials.

(a) Mortgagor shall keep and maintain the Property, including, without limitation, the groundwater on or under the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations, now or hereafter in effect, relating to environmental conditions, industrial hygiene or Hazardous Materials, as hereinafter defined, on, under or about the Property, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et sec., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et sec., the Hazardous Materials Transportation Act, 49 U.S.C. Section 6901, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Clean Air Act, 42 U.S.C. Section 7401, et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 through 2629, the Safe Drinking Water Act, 42 U.S.C. Sections 300f through 300j, the Illinois Environmental Protection Act, 111 1/2 Ill. Rev. Stat. Ann. §1001, et seq., any similar state and local laws and ordinances and the regulations now or hereafter adopted, published and/or promulgated pursuant thereto (collectively, the Hazardous Material Laws").

(b) Mortgagor shall not use, generate, manufacture, treat, handle, refine, produce, process, store, discharge, release, dispose of or allow to exist on, under or about the Property any flammable explosives, radioactive materials, asbestos, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," or "toxic substances" under the Hazardous Material Laws (collectively, "Hazardous Materials"), except for asbestos located at the Property which has been disclosed in writing to Mortgagee. Furthermore, Mortgagor shall not allow to exist on, under or about the Property, any underground storage tanks or underground deposits.

(c) Mortgagor shall immediately advise Mortgagee in writing of: (i) any and all enforcement, clean up, removal, mitigation or other governmental or regulatory actions, instituted, contemplated or threatened pursuant to any

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Hazardous Materials Laws affecting the Property, (ii) all claims made or threatened by any third party against Mortgagor or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"), (iii) Mortgagor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under the provisions of California Health and Safety Code Section 25220, et seq., or any regulation adopted in accordance therewith or which may support a similar claim or cause of action under the Hazardous Materials Laws, and (iv) Mortgagor's discovery of any occurrence or condition on the Property or any real property adjoining or in the vicinity of the Property which could subject the Mortgagor or the Property to any restrictions on ownership, occupancy, transferability or use of the Property under any Hazardous Materials Laws.

(d) Mortgagee shall have the right to join and participate in, as a part if it so elects, any settlements, remedial actions, legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by Mortgagor. Mortgagor shall be solely responsible for, and shall indemnify and hold harmless Mortgagee, its directors, officers, employees, agents, successors and assigns from and against, any claim, demand, judgment, penalty, loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, manufacture, treatment, handling, refinancing, production, processing, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under or about the Property, including, without limitation: (i) all foreseeable and unforeseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup or detoxification of the Property, and the preparation and implementation of any closure, remedial or other required plans; and (iii) all reasonable costs and expenses incurred by Mortgagee in connection with clauses (i) and (ii), including without limitation, reasonable attorneys' fees.

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ARTICLE III

Insurance, Taxes and Restoration of the Mortgaged Property

Section 3.01. Hazard Insurance.

(a) Mortgagor shall, at its sole cost and expense, obtain and maintain insurance policies in such amounts as Mortgagee may require, but in no event shall the amount of any insurance be less than the amount necessary to prevent any co-insurance requirements, insuring the Mortgaged Property against such insurable hazards, casualties and contingencies as Mortgagee may reasonably require, including without limitation loss of rentals or business interruption insurance and flood insurance (if all or any part of the Property is located within an area identified by the government of the United States or any agency thereof as having special flood hazards and for which flood insurance is available), and shall pay promptly when due any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing same shall be reasonably acceptable to Mortgagee. All such policies and renewals thereof shall be assigned to and held by Mortgagee and shall contain a noncontributory standard mortgagee's endorsement making losses payable to Mortgagee as its interest may appear. At least thirty (30) days prior to the expiration date of all such insurance policies, evidence of renewals thereof reasonably satisfactory to Mortgagee shall be delivered to Mortgagee. Not less than twenty-one (21) days prior to the anniversary or effective date of such policy, Mortgagor shall deliver to Mortgagee receipts or other evidence of the payment of any premiums then due on such insurance policies and renewals. In the event of any loss, Mortgagee may make proof of loss if not made promptly by Mortgagor. In the event of the sale of all or any portion of the Mortgaged Property pursuant to this Mortgage or any other transfer of title to the Mortgaged Property in extinguishment of the Indebtedness, all right, title and interest of Mortgagee in and to all insurance policies and renewals thereof then in force shall pass to the Mortgagor. All such policies shall provide that they shall not be modified, cancelled or terminated without at least thirty (30) days prior written notice to Mortgagee.

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(b) Other Insurance. Mortgagor shall, at its sole cost and expense, obtain and maintain liability insurance policies and such other insurance policies relating to the Mortgaged Property and the use and operation thereof in such amounts as shall be reasonably required by Mortgagee and with such companies and in such form as shall be reasonably acceptable to Mortgagee. By written demand upon Mortgagor, Mortgagee may require such policies to contain an endorsement, in form satisfactory to Mortgagee, naming Mortgagee as an additional insured thereunder. Mortgagor shall pay promptly when due any premiums on such insurance policies and renewals thereof and any such premiums paid by the Mortgagee shall become part of the Indebtedness.

(c) Adjustment of Loss. (i) Pursuant to its rights granted hereunder in all proceeds from any insurance policies, Mortgagee is hereby authorized and empowered, at its option, but subject to the provisions of subparagraph (ii) below, to adjust or compromise any loss under any insurance policies covering or relating to the Mortgaged Property and to collect and receive the proceeds from any such policy or policies [and deposit such proceeds as provided in Section 3.04]. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Mortgagee.

less, and (y) Mortgagor and Mortgagee shall jointly adjust and compromise losses in excess of Fifty Thousand Dollars (\$50,000).

Section 3.02. Payment of Taxes and Assessments by Mortgagor.

(a) Mortgagor shall pay or cause to be paid, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes, assessments (including, but not limited to, all assessments for public improvement or benefit), water and sewer rents, rates and charges, charges for public utilities, excises, levies, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which at any time during the term of this Mortgage may have been or may be assessed, levied, confirmed, imposed upon or become due or payable out of or in respect of, or become a lien on, the Mortgaged Property or any part thereof, or any appurtenance thereto (all such taxes, assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, license and permit fees and other governmental charges being hereinafter referred to as "Impositions," and



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any of the same being hereinafter referred to as an "Imposition"); provided, however, that if, by law, any imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Mortgagor may, so long as no Event of Default shall exist under this Mortgage, exercise the option to pay the same (and any accrued interest on the unpaid balance of such Impositions) in installments and, in such event, shall pay such installments as may become due during the term of this Mortgage as the same respectively become due and before any fine, penalty, further interest or cost may be added thereto.

(b) Nothing herein contained shall require Mortgagor to pay income taxes assessed against Mortgagee, or any capital, levy, corporation franchise, excess profits, estate, succession, inheritance or transfer taxes of Mortgagee.

(c) Mortgagor shall furnish to Mortgagee, prior to the date on which any Imposition would become delinquent, official receipt of the appropriate taxing authority, or other evidence satisfactory to Mortgagee, evidencing the full payment thereof.

(d) Mortgagor shall have the right to contest the amount or validity, in whole or in part, of any Imposition, or to seek a reduction in the valuation of the Mortgaged Property or any personal property located thereon as assessed for real estate or personal property tax purposes by appropriate proceedings diligently conducted in good faith, provided that such contest will not place the Mortgaged Property in jeopardy of foreclosure of any lien resulting from any Imposition.

Section 3.03. Deposits for Impositions and Insurance Premiums. In order to assure the payment of Impositions and premiums payable with respect to all Insurance Policies ("Premiums") as and when the same shall become due and payable, if required by Mortgagee:

(a) Mortgagor shall deposit with Mortgagee on the first business day of each and every month, an amount equal to one-twelfth (1/12) of the Impositions and Premiums thereof to become due upon the Mortgaged Property between one and thirteen months after the date of such deposit; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly deposits to be made hereunder with respect to Impositions and Premiums to become due and payable within thirteen months after such first deposit, will provide (with-

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out interest) a sufficient fund to pay such Impositions and Premiums one month prior to the date when they are due and payable. The amounts of such deposits (herein generally called "Tax and Insurance Deposits") shall be based upon Mortgagee's reasonable estimate as to the amount of Impositions and Premiums. Mortgagor shall promptly upon the demand of Mortgagee make additional Tax and Insurance Deposits as Mortgagee may from time to time require due to (i) failure of Mortgagee to require, or failure of Mortgagor to make, Tax and Insurance Deposits in previous months, (ii) underestimation of the amounts of Impositions and/or Premiums, (iii) the particular due dates and amounts of Impositions and/or Premiums, or (iv) application of the Tax and Insurance Deposits pursuant to Section 3.03(c) hereof. Additionally, upon the execution hereof, Mortgagor shall deposit with Mortgagee, as a Tax and Insurance Deposit, the amount of all Impositions and Premiums to become due and payable prior to the first monthly Tax and Insurance Deposit or within one month hereafter. All Tax and Insurance Deposits shall be held by Mortgagee without any allowance of interest thereon.

(b) Subject to Section 3.03(a) hereof, Mortgagee will, out of the Tax and Insurance Deposits, upon the presentation to Mortgagee by Mortgagor of the bills therefor, pay the Impositions and Premiums or will upon the presentation of receipted bills therefor, reimburse Mortgagor for such payments made by Mortgagor. If the total Tax and Insurance Deposits on hand shall not be sufficient to pay all of the Impositions and Premiums when the same shall become due, then Mortgagor shall pay to Mortgagee on demand the amount necessary to make up the deficiency.

(c) Upon the occurrence of a Default under this Mortgage, Mortgagee may, at its option, without being required so to do, apply any Tax and Insurance Deposits on hand to any of the Indebtedness in such order and manner as Mortgagee may elect. When the Indebtedness has been fully paid, any remaining Tax and Insurance Deposits shall be paid to Mortgagor. All Tax and Insurance Deposits are hereby pledged as additional security for the Indebtedness, and shall be held by Mortgagee irrevocably to be applied for the purposes for which made as herein provided, and shall not be subject to the direction or control of Mortgagor.

(d) Notwithstanding anything herein contained to the contrary, Mortgagee, or its successors and assigns, shall not be liable for any failure to apply the Tax and Insurance Deposits unless Mortgagor, while no Default exists hereunder, shall have requested Mortgagee in writing to make application of such Tax and Insurance Deposits on hand to the payment of

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the Impositions or Premiums for the payment of which such Tax and Insurance Deposits were made, accompanied by the bills therefor.

(e) The provisions of this Mortgage are for the benefit of Mortgagor and Mortgagee alone. No provision of this Mortgage shall be construed as creating in any party other than Mortgagor and Mortgagee any rights in and to the Tax and Insurance Deposits or any rights to have the Tax and Insurance Deposits applied to payment of Impositions and Premiums. Mortgagee shall have no obligation or duty to any third party to collect Tax and Insurance Deposits.

(f) Notwithstanding anything to the contrary herein contained, Mortgagor shall not be required to make Tax and Insurance Deposits with Mortgagee so long as it is timely paying sufficient Tax and Insurance Deposits to the holder of the Senior Mortgage, and furnishes to Mortgagee evidence of such timely payment as and when made, without demand therefor.

Section 3.04. Damage or Destruction by Fire or Other Casualty.

(a) In the event of any partial or total damage or loss by fire or other casualty whatsoever to the Improvements, Mortgagor, with reasonable diligence (subject to unavoidable delays), shall repair, restore or reconstruct the Improvements, or the portion thereof so damaged, as nearly as possible to the condition the same were in immediately prior to such damage.

(b) If by reason of any damage or destruction mentioned in (a) above, any sums are paid under any insurance policy mentioned in Section 3.01 hereof, and provided that Mortgagor is not then in default under the terms of the Note or this Mortgage and subject to the terms and conditions of the Senior Loan Documents, such sums shall be held by Mortgagee and disbursed as follows: Insurance proceeds held by Mortgagee for restoration, repairing, replacement or rebuilding of the Mortgaged Property shall be disbursed from time to time upon Mortgagee being furnished with (i) evidence satisfactory to it of the estimated cost of the restoration, repair, replacement and rebuilding, (ii) funds (or assurances satisfactory to Mortgagee that such funds are available) sufficient in addition to the proceeds of insurance, to complete and fully pay for the restoration, repair, replacement and rebuilding, and (iii) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, plats of survey and such other evidences of cost,

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payment and performance as Mortgagee may require and approve. No payment made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety percent (90%) of the value of the work performed from time to time, as such value shall be determined by Mortgagee in its sole and exclusive judgment; funds other than proceeds of insurance shall be disbursed prior to disbursement of such proceeds, and at all times the undisbursed balance of such proceeds remaining in the hands of Mortgagee, together with funds deposited or irrevocably committed to the satisfaction of Mortgagee by or on behalf of Mortgagor to pay the cost of such repair, restoration, replacement or rebuilding, shall be at least sufficient in the reasonable judgement of Mortgagee to pay the entire unpaid cost of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien. Any surplus which may remain out of insurance proceeds held by Mortgagee after payment of such costs of restoration, repair, replacement or rebuilding shall be paid to Mortgagor. Interest shall be allowed to Mortgagor on account of any proceeds of insurance or other funds held by Mortgagee.

ARTICLE IV

Events of Default and Remedies

Section 4.01. Events of Default. The happening of any of the following events shall be a default under the Mortgage (each herein called a "Default" or an "Event of Default"):

(a) If any default be made in the due and punctual payment of monies required under the Note or under this Mortgage, as and when the same is due and payable and any applicable period of grace expressly allowed for the cure of such default in such document shall have expired;

(b) If any default shall exist under any other document entered into by and between Mortgagor and Mortgagee or instrument regulating, evidencing or securing any of the Indebtedness in each case after the expiration of any period of grace expressly allowed for the cure of such default in such other document or instrument;

(c) The occurrence of a Prohibited Transfer;

(d) If default shall continue for thirty (30) days after written notice thereof by Mortgagee to Mortgagor in the due and punctual performance or observance of any other

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agreement or condition herein contained; provided, however, that if such default by its nature cannot be cured within said thirty (30) day period, then Mortgagor shall not be in default so long as Mortgagor commences to cure said default within said thirty (30) day period and diligently and in good faith pursues said cure to completion;

(e) If (and for the purpose of this Paragraph (e) only), the term Mortgagor shall mean and include not only Mortgagor, but also any successor in interest who pursuant to the terms hereof has acquired the Mortgaged Property [or the beneficial interest in any trust holding title thereto] subject to the terms of this Mortgage:

(i) Mortgagor or any general partner of Mortgagor shall file a voluntary petition in bankruptcy or for arrangement, reorganization or other relief under any Chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter in effect.

(ii) Mortgagor or any general partner of Mortgagor shall file an answer or other pleading in any proceeding admitting insolvency, bankruptcy, or inability to pay its debts as they mature;

(iii) Within thirty (30) days after the filing against Mortgagor or any general partner of Mortgagor of any involuntary proceeding under the Federal Bankruptcy Code or similar law, state or federal, now or hereafter in effect, such proceedings shall not have been dismissed;

(iv) All or a substantial part of the assets of Mortgagor or any general partner of Mortgagor are attached, seized, subjected to a writ or distress warrant, or are levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days.

(v) Mortgagor or any general partner of Mortgagor shall be adjudicated a bankrupt or shall have an order for relief entered in respect of such party by any bankruptcy court;

(vi) Mortgagor or any general partner of Mortgagor shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a custodian, receiver or trustee or liquidator of all or the major part of its property, or the Mortgaged Property; or

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(vii) Any order appointing a custodian, receiver, trustee or liquidator of Mortgagor or any general partner of Mortgagor or all or a major part of such party's property or the Mortgaged Property is not vacated within thirty (30) days following the entry thereof.

(viii) Distribution of any Sales Proceeds other than Project Costs to Mortgagor, the partners of Mortgagor, the shareholders of any corporate general partner of Mortgagor or any other persons or entities other than the Holder of the Senior Mortgage prior to the repayment in full of the indebtedness evidenced by the Note and secured by this Mortgage.

Section 4.02. Remedies upon Default. In case of the happening of any Event of Default, then, and in every such case, any or all of the following remedies may be availed of, to wit:

(a) The holder or holders of the Note and any other Indebtedness may at its or their election declare the unpaid balance of the Indebtedness immediately due and payable and proceed by suit or suits at law or in equity to enforce the payment of the Note or other such Indebtedness in accordance with the terms thereof and hereof, including the right to have a receiver appointed by a court of competent jurisdiction, to foreclose the lien of this Mortgage as against all or any portion of the Mortgaged Property, and to have said Mortgaged Property sold under the judgment or decree of a court of competent jurisdiction, all in accordance with the provisions of Illinois law applicable to the foreclosure of mortgages.

(b) The proceeds of any foreclosure sale of the Mortgaged Property shall be applied by Mortgagee, (i) first, to the payment of all advances made for the account of Mortgagor by the holders of any of the Indebtedness for the protection of the Mortgaged Property, with interest upon such advances as herein provided, without preference to one type of claim over another but in the proportion that the unpaid balance due each such holder bears to the unpaid balance of all such advances; (ii) second, to the payment of attorneys' fees and collection costs; (iii) third, to the payment of Additional Interest as defined in the Note; (iv) fourth, to the payment of accrued but unpaid interest; (v) fifth, to the retirement of the then outstanding balance of principal of the Note and all other Indebtedness including Additional Interest pari passu; and (v) the remainder, if any, shall be paid to Mortgagor or such other person or persons entitled thereto by law. The holder or holders of any of the Indebt-

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edness shall have equal rights to become the purchaser at any such sale, being the highest bidder, and shall have the right to credit against the portion of the Indebtedness held by such holder or holders the amount of any successful bid. Nothing shall preclude such holder from supplementing its allowable credit bid with such amount of additional cash as such holder may deem appropriate.

(c) In addition to the giving of all notices of the foreclosure sale in accordance with applicable law (the "Legal Notice"), Mortgagee shall attempt to, at least twenty-one (21) days preceding the date specified in the Legal Notice as the date upon which the Mortgaged Property will be sold as aforesaid, serve written notice of the proposed sale by certified mail, return receipt requested, on Mortgagor in accordance with the notice provisions of this Mortgage. Failure of Mortgagee to give the notice set forth in this subsection shall not prejudice any of Mortgagee's rights hereunder.

(d) The sale of a part of the Mortgaged Property by foreclosure shall not exhaust the rights of Mortgagee under this Mortgage, but foreclosures may be made successively until the entire Mortgaged Property shall be sold or all the Indebtedness shall be fully paid.

Section 4.03. Mortgagee's Right to Possession of the Mortgaged Property. Upon the happening of any Event of Default, whether or not the Note or the other Indebtedness shall have been declared due and payable, and in addition to the other rights and remedies hereunder and without in any way affecting the lien hereof or the priority of the lien hereof, or any other right of such holder or holders hereunder, such holder or holders by his or their agents or attorneys may, but shall not be obligated to, (i) enter into and upon all or any part of the Mortgaged Property and exclude Mortgagor, Mortgagor's agents, servants and lessees wholly therefrom and, having and holding the same, (ii) use, operate, manage and control the Mortgaged Property or any part thereof. In any such case, the holder or holders of the Indebtedness shall have the right to manage the Mortgaged Property, to carry on the business thereof, to lease all or any part thereof and to exercise all rights and powers of Mortgagor with respect to the same, in such manner as such holder or holders may deem proper, and such holder or holders shall be entitled to collect and receive all earnings, income, rents, issues and profits of the same and every part thereof, applying the net proceeds so derived, first, to the cost of maintenance and operation of the Mortgaged Property and second, to the payment of all of the Indebtedness, prin-

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cipal and interest, application to be made first to interest, then to principal, and the balance thereof, if any, shall be paid to the Mortgagor. Upon the payment of the aforesaid costs and Indebtedness, the Mortgaged Property shall be returned to Mortgagor in its then condition and such holder or holders shall not be liable to Mortgagor for any damage to or injury of the Mortgaged Property, except such as may be caused through his or their willful misconduct. If Mortgagor shall, for any reason, fail to surrender or deliver the Mortgaged Property after Mortgagee's demand, Mortgagee may obtain a judgment or decree conferring unto Mortgagee the right of immediate possession of the Mortgaged Property from Mortgagor, to the entry of which judgment or decree Mortgagor hereby specifically consents. Mortgagor shall pay to Mortgagee all costs and expenses of obtaining such judgment or decree and reasonable compensation to Mortgagee, its attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien hereof. Upon every such entering upon or taking of possession of the Mortgaged Property, Mortgagee, to the extent permitted by law, may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time:

(a) perform such rehabilitation, make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures and personal property;

(b) insure or keep the Mortgaged Property insured;

(c) manage and operate the Mortgaged Property and exercise all rights and powers of Mortgagor, on its behalf or otherwise, with respect to the same;

(d) enter into agreements with others to exercise the powers herein granted Mortgagee, all as Mortgagee from time to time may determine in its sole discretion; and

(e) exercise such remedies as are available to Mortgagee at law or in equity.

Mortgagee shall surrender possession of the Mortgaged Property to Mortgagor only when all amounts then due under the Note or this Mortgage shall have been paid and all other defaults shall have been cured; provided, however, the same right to take possession shall exist if any subsequent Event of Default shall occur.

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Section 4.04. Remedies Not Exclusive.

(a) Subject to the limitations set forth in Section 6.09 hereof, no remedy herein conferred upon or reserved to Mortgagee or the holder or holders of the Indebtedness is intended to be exclusive of any other remedy or remedies; but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon the occurrences of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. Every right, power and remedy given to the Mortgagee may be exercised from time to time and as often as may be deemed expedient by the Mortgagee. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or other Event of Default then existing or impair any rights, powers or remedies consequent thereto. If Mortgagee (i) grants forbearance or an extension of time for the payment of any sums secured hereby; (ii) takes other or additional security for the payment thereof; (iii) waives or does not exercise any right granted in the Note or this Mortgage; (iv) releases any part of the Mortgaged Property from the lien of this Mortgage, (v) consents to the filing of any map, plat or replat of the Mortgaged Property; (vi) consents to the granting of any easement burdening the Mortgaged Property or (vii) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under the Note or this Mortgage or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor, except as otherwise expressly provided in an instrument executed by Mortgagee. Except as otherwise expressly provided in an instrument executed by Mortgagee, no such act or omission shall preclude Mortgagee from exercising any right, power or remedy granted herein or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default, nor shall the lien of this Mortgage be altered thereby.

(b) The holders of the Indebtedness may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of any of the Indebtedness, in whole or in part, and in such portions and in such order as may seem best to such holders in their sole and uncontrolled discretion, and any such action

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shall not in anywise be considered as a waiver of any of the rights, benefits or liens created hereby.

Section 4.05. Leases. Mortgagee is authorized to foreclose this Mortgage subject to the rights, if any, of any tenants of the Property, or Mortgagee may elect which tenants Mortgagee desires to name as parties defendant in such foreclosure, and the failure to make any such tenant a party defendant to any foreclosure proceedings and to foreclose its rights will not be, nor are asserted by Mortgagor to be, a defense to any proceedings instituted by Mortgagee to collect the sums secured hereby.

Mortgagee may elect to furnish all tenants with a non-disturbance letter or require that all leases entered into subsequent to the date hereof shall provide that Mortgagee may elect to give the tenant thereunder priority over the lien of this Mortgage; that upon notification by Mortgagee to that effect, the rights and interests of such tenant shall be deemed to have priority over the lien of this Mortgage; and that such tenant shall execute and deliver whatever instruments may be required for such purposes, and Mortgagee shall be made, constituted and irrevocably appointed as such tenant's attorney-in-fact so to do in the event that tenants shall fail to do so within ten (10) days after written demand from Mortgagee.

Section 4.06. Mortgagor as Tenant-at-Will After Sale. Mortgagor agrees that after any sale hereunder, Mortgagor and/or all parties occupying the Mortgaged Property, or any part thereof, shall, at the option of the purchaser at such sale, be mere tenants at the will and sufferance of the purchaser(s) at such sale or sales, and that such purchaser(s) shall be entitled to immediate possession thereof, and that if Mortgagor or any such tenant or tenants fail to vacate the Mortgaged Property, or any part thereof, immediately at such purchaser's request, such purchaser(s) may, and shall have the right to, file or institute an action in forcible entry and detainer or institute or maintain any other action or suit or exercise any other rights or remedies given landlords under any statute or law. Notwithstanding the above, however, at the option of any purchaser at such sale, any tenant leases covering the Mortgaged Property or any part thereof in effect at the time of such sale shall remain in full force and effect and such purchaser shall automatically become the "landlord" thereunder with all rights and obligations accruing to the landlord thereunder.

Section 4.07. Discontinuance of Proceedings; Positions of Parties Restored. If Mortgagee shall have proceeded to

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enforce any right or remedy hereunder by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or such proceedings shall have resulted in a final determination adverse to Mortgagee, then and in every such case, Mortgagor and Mortgagee shall be restored to their former positions and rights hereunder and all rights, powers and remedies of the Mortgagee shall continue as if no such proceedings had occurred.

Section 4.08. Interest After Event of Default. If an Event of Default shall have occurred, all Indebtedness, to the full extent permitted by applicable law, shall bear interest from the occurrence of such Event of Default until cured at the Default Rate (as such term is defined in the Note secured by this Mortgage).

Section 4.09. Waiver of Right of Redemption and Other Rights. To the full extent permitted by law, Mortgagor hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner whatsoever claim to take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to any decree, judgment or order of any court of competent jurisdiction; or, after such sale or sales, claim or exercise any rights under any statute now or hereafter in force to redeem the Mortgaged Property so sold, or any part thereof, or relating to the marshaling thereof, upon foreclosure sale or other enforcement, thereof. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Mortgagor or title to the Mortgaged Property subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and of all other persons are and shall be deemed to have hereby been waived to the full extent permitted by applicable law. To the full extent permitted by law, Mortgagor agrees that it will not, by invoking or utilizing any applicable law or laws or otherwise, hinder, delay or impede the exercise of any right, power or remedy herein or otherwise granted or delegated to Mortgagee, but will suffer and permit the exercise of every such right, power and remedy as though no such law or laws have been or will have been made or enacted. To the full extent permitted by law, Mortgagor hereby agrees that no

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action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid in an action at law upon the Loan Documents.

ARTICLE V

Security Agreement

Section 5.01. Grant of Security Interest. Without limiting any of the provisions of this Mortgage, Mortgagor, as debtor, and referred to as "Debtor" in this Article, does hereby grant unto Mortgagee, its successors and assigns, as secured party (hereinafter in this Article called "Secured Party"), a security interest in all goods, trade names, warranties, guarantees, contract rights, furniture and furnishings, equipment, inventory, materials, apparatus, property and fixtures owned by Debtor and located on the Mortgaged Property and used in the operation and enjoyment of the Mortgaged Property, or otherwise furnished to the tenants, including both those now and those hereafter existing, whether tangible or intangible (excluding cash) (herein called the "Collateral") to the full extent that such properties may be subject to the Uniform Commercial Code (herein called the "Code") of the state in which the Mortgaged Property is located. In such regard, Mortgagor shall have the right to substitute Collateral with collateral of like kind and utility.

Section 5.02. Rights in Event of Default.

(a) Upon the occurrence of an Event of Default and at any time thereafter, in addition to all other rights and remedies which the Secured Party may then have hereunder and under the Code, or otherwise, but subject to the limitations set forth in Section 6.09 hereof, Secured Party at its option may:

(i) Reduce its claim to judgment, or foreclose or otherwise enforce its security interest in all or any part of the Collateral by any available judicial procedure;

(ii) After notification as hereinafter provided, sell or otherwise dispose of, at its office or elsewhere as chosen by Secured Party, all or any part of the Collateral. Any such sale or other disposition may be as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust Secured Party's

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power of sale, but sales may be made from time to time until all of the Collateral has been sold or until the Indebtedness has been paid in full), and at each or any such sale it shall not be necessary to exhibit the Collateral;

(iii) At its discretion, retain the Collateral in satisfaction of the Indebtedness whenever the circumstances are such that Secured Party is entitled to do so under the Code;

(iv) Apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof, and Debtor hereby consents to any such appointment;

(v) Buy the Collateral at any public sale;
or

(vi) Buy the Collateral at any private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations.

(b) Secured Party shall be entitled to apply the proceeds of any sale or other disposition of the Collateral in the same order as set forth in Subsection 4.02(b) hereof. Secured Party shall account to Debtor for any surplus. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other person entitled to notice under the Code. It is agreed that notice sent or given not less than twenty-one (21) calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purpose of this paragraph.

Section 5.03. Right to Take Possession. Among the rights of Secured Party in the event an Event of Default occurs, and without limitation, the Secured Party shall have the right to take possession of the Collateral and to enter upon any premises where same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned, and to take any action deemed necessary or appropriate or desirable by Secured Party, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition as herein authorized.

Section 5.04. Recitals in Instrument of Sale. All recitals in any instrument of assignment or any other instru-

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ment executed by Secured Party incident to sale, transfer, assignment, lease or other disposition or utilization of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein; no other proof shall be requisite to establish full legal propriety of the sale or other action or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action and of any fact, condition or thing incident thereto shall be presumed to have been performed or to have occurred.

Section 5.05. Assembling of Collateral. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at the Mortgaged Property. All expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Collateral and the like which are incurred or paid by Secured Party as authorized or permitted hereunder, including also all attorneys' fees, legal expenses, and costs, shall be added to the Indebtedness and Debtor shall be liable therefor.

Section 5.06. Financing Statements. Debtor hereby agrees, if requested to do so by the Secured Party, to execute from time to time any and all Financing Statements which may be filed in any proper filing offices in the county and state in which the Mortgaged Property is located. Upon the full payment of the Indebtedness, Secured Party shall deliver, in recordable form, appropriate Termination Statements.

Section 5.07. Other Remedies of Secured Party. The Secured Party may, at its option, dispose of or have disposed of the Collateral in accordance with Secured Party's rights and remedies in respect of the Mortgaged Property as elsewhere set forth in this Mortgage, without limiting any rights and/or privileges herein granted to Secured Party.

ARTICLE VI

Miscellaneous

Section 6.01. Condemnation.

(a) If at any time during the term hereof any portion of the Mortgaged Property shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation, then as and among Mortgagee, Mortgagor and those authorized to exercise such right, all awards payable as a result thereof (after de-

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duction of reasonable fees and expenses of collection, including, but not limited to, reasonable attorneys' and experts' fees) shall be paid to Mortgagee. Upon any such taking, and if Mortgagee reasonably determines that the remainder of the Mortgaged Property can feasibly be restored to a functional unit, Mortgagor shall proceed with reasonable diligence to perform any repairs, restorations, alterations or replacements made necessary by such taking to restore the Mortgaged Property to a functional unit. Provided that Mortgagor is not then in default under the terms of the Note or this Mortgage, and further provided that Mortgagee has received reasonable assurances that Mortgagor has sufficient funds available (either from condemnation awards or other sources) to complete restoration of the Mortgaged Property to a functional unit, Mortgagee shall release to Mortgagor funds from the condemnation award for such purpose in the same manner as set forth in Subsection 4.03(b) hereof. Upon completion of such restoration any remaining proceeds shall be applied to the payment of the Indebtedness.

(b) Notwithstanding anything contained in this Section 6.01, (i) so long as any Event of Default shall exist hereunder and remain uncured, Mortgagor shall not be entitled to receive any sum of money which it otherwise would have been entitled to receive pursuant to this Section were it not for such uncured Event of Default until all Events of Default have been cured and all sums to which Mortgagee may be entitled hereunder have been received by Mortgagee; and (ii) if this Mortgage shall be foreclosed upon by reason of any such Event of Default prior to the payment to Mortgagor of any sum which it would otherwise have been entitled to receive hereunder, then Mortgagor shall in no event be entitled to receive any such sum.

Section 6.02. Successors and Assigns. Whenever in this Mortgage any of the parties hereto are named or referred to, this shall be deemed to include the successors or assigns of such parties, and all the covenants and agreements in this Mortgage contained by or on behalf of Mortgagor or Mortgagee shall be binding upon and inure to the benefit of the successors and assigns of Mortgagor and Mortgagee, whether so expressed or not.

Section 6.03. Partial Invalidity. The invalidity or unenforceability in particular circumstances of any portion of this Mortgage shall not extend beyond such provision or such circumstances and no other provision hereof shall be affected thereby. If, from any circumstances whatever, fulfillment of any provision of this Mortgage, the Note or any other instrument, or the exercise of any right or option

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whatsoever contained in the Note, this Mortgage or any other instrument, shall involve transcending the limit of validity prescribed by the applicable usury statute or any other law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity so that in no event shall Mortgagor or any of the successors in title or assigns of Mortgagor be obligated in any respect to pay interest on the principal of any of the Indebtedness at a higher rate than is permitted by law to be charged, it being the intention of the parties to conform strictly to the applicable usury laws of the state in which the Mortgaged Property is located.

Section 6.04. Notices. Any notice to be given or to be served upon any party hereto, in connection with this Mortgage, must be in writing and may be given by certified or registered mail, return receipt requested, and shall be deemed to have been given and received when a certified or registered letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail, and if given otherwise than by certified or registered mail, it shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notices shall be given to the parties hereto at the addresses set forth below. Any party hereto may, at any time by giving five (5) days written notice to the other party hereto, designate any other address in substitution of the following address to which such notice shall be given:

If to Mortgagee:

VMS Mortgage Investors L.P. III
8700 West Bryn Mawr Avenue
Chicago, Illinois 60631
Attention: Manager/Mortgage Services Department

With a copy to:

Shesky, Saitlin & Froelich, Ltd.
444 North Michigan Avenue
Suite 2300
Chicago, Illinois 60611
Attention: Steven E. Silverman

If to Mortgagor:

VMS/MCL Venture, an Illinois general partnership
8700 West Bryn Mawr Avenue
Chicago, Illinois 60631
Attention: Mr. Richard A. Berman, Vice President

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- and -

Embassy Club Development Corporation
1337 West Fullerton Avenue
Chicago, Illinois 60614
Attention: Mr. Daniel E. McLean

With copies to:

Mr. Norman L. Silverman
Senior Vice-President
VMS Realty Partners
8700 West Bryn Mawr Avenue
Chicago, Illinois 60631

- and -

Mr. David A. Grossberg
D'Ancona & Pflaum
30 North LaSalle Street
Suite 3100
Chicago, Illinois 60602

- and -

American National Bank and Trust Company
of Chicago
One North LaSalle Street
Chicago, Illinois 60602
Attn: Ms. Mary Brown

Section 6.05. Amendments. This Mortgage cannot be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any such change, modification or discharge is sought.

Section 6.06. Counterparts. This Mortgage may be executed in several counterparts, all or any of which may be treated for all purposes as an original and shall constitute and be one and the same instrument.

Section 6.07. Governing Law. This Mortgage shall be construed, interpreted, enforced and governed by and in accordance with the laws and decisions of the State of Illinois.

Section 6.08. Required Notices. Mortgagor shall notify Mortgagee promptly of the occurrence of any of the following: (i) receipt of notice from any governmental authority relating to the violation of any rule, regulation, law or ordi-

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nance, the enforcement of which would materially and adversely affect the Mortgaged Property; (ii) receipt of any notice of default from any tenant leasing all or any portion of the Mortgaged Property; (iii) commencement of any judicial or administrative proceedings by or against or otherwise adversely affecting Mortgagor or the Mortgaged Property; and (iv) the occurrence of any Event of Default under the Mortgage or under any of the Senior Loan Documents; and (v) any notices or communications received from any holder of any Senior Loan Documents.

Section 6.09 Senior Loan. This Mortgage is and shall be in all respects absolutely and unconditionally junior and subordinate to the Mortgage listed and described on Exhibit C attached hereto and by this reference made a part hereof including without limitation, with respect to amounts required to be advanced thereunder. The Mortgage ("Senior Mortgage") and note ("Senior Note") secured thereby together with all documents securing said notes are heretofore referred to as "Senior Loan Documents".

(a) The Mortgagor agrees to comply strictly with all of the terms and conditions of the Senior Loan Documents. Mortgagor shall not suffer or permit any default or breach to occur under the Senior Loan Documents; Mortgagor shall deliver to Mortgagee notices of any default or alleged default under or breach of any of the provisions of the Senior Loan Documents. The Mortgagor's agreement to comply with the aforesaid terms and conditions of the Senior Loan Documents and not to suffer or permit any default or breach to occur thereunder is made solely for the benefit of the Mortgagee and not for the benefit of the holder of the Senior Note or any other parties, and under no circumstances shall such language be deemed to create any individual liability of the Mortgagor under any of the Senior Loan Documents;

(b) The Mortgagor hereby authorizes the Mortgagee, at its option, to perform any covenants, do any acts, and make any payments required under the Senior Loan Documents that have not been performed, done, or paid by the Trustor when required thereunder. All expenses incurred and sums paid (other than payments of principal and interest as provided hereinbelow) pursuant to the foregoing authority, with interest thereon at the Default Rate (as such term is defined in this Mortgage), shall be secured by this Mortgage and shall be payable to the Mortgagee on demand. The Mortgagee may exercise its option to perform any of such covenants, do any of such acts, or make any of such payments as aforesaid prior to, simultaneously with, or subsequent to any exercise by the Mortgagee for the curing of the resulting default

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RIDER ATTACHED TO AND MADE A PART OF THE TRUST DEED OR MORTGAGE
DATED 2-9-88 UNDER TRUST NO. 112654

This Mortgage or Trust Deed in the nature of a mortgage is executed by LA SALLE NATIONAL BANK, not personally but as trustee under Trust No. 112654 in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said LA SALLE NATIONAL BANK hereby warrants that it possesses full power and authority to execute the instrument) and it is expressly understood and agreed that nothing contained herein or in the note, or in any other instrument given in evidence of the indebtedness secured hereby shall be construed as creating any liability on the part of said mortgagor or grantor, or on said LA SALLE NATIONAL BANK personally to pay said note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant, either express or implied, herein contained, all such liability, if any, being hereby expressly waived by the mortgagee or Trustee under said Trust Deed, the legal owners or holders of the note, and by every person now or hereafter claiming any right or security hereunder; and that so far as the mortgagor or grantor and said LA SALLE NATIONAL BANK personally are concerned, the legal holders of the note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises hereby mortgaged or conveyed for the payment thereof, by the enforcement of the lien created in the manner herein and in said note provided or by action to enforce the personal liability of the guarantor or guarantors, if any.

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under this Mortgagee, and in such event the Mortgagee shall be entitled to pursue its remedies hereunder as in the case of any other default, whether or not any default then still exists under the Senior Loan Documents;

(c) The lien of the Senior Mortgage with respect to amounts required to be advanced thereunder are and shall unconditionally be and remain at all times liens or charges on the Property prior and superior to the lien or charge of this Mortgage.

(d) Prior to the indefeasible payment in full of the indebtedness secured by the Senior Mortgage, under no circumstances or events whatsoever shall the lien of this Mortgage become prior or superior in any respect to the liens of the Senior Mortgage.

Section 6.10. Headings, Underlinings. The headings of the Sections of this Mortgage and the underlining of certain cross references herein are inserted for convenience only and shall not affect the meaning or interpretation hereof.

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

MORTGAGOR:

VMS/MCL Venture, an
Illinois general partnership

By: VMS Embassy Club, Inc.,
an Illinois corporation, A
General Partner

By: [Signature]
Name: Robert O. Brown
Title: Authorized Signatory

- and -

By: Embassy Club Development
Corporation, an Illinois
corporation, A General
Partner

By: [Signature]
Name: Daniel E. McLean
Title: President

- and -

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LaSalle National Bank, a
National Banking Association,
as Trustee as aforesaid and
not personally

By: 

Name: Corinne Bek
Title: ASSISTANT VICE PRESIDENT

Attest:

③

By: 

Its: ASSISTANT SECRETARY

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2007/03/20

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STATE OF ILLINOIS)
)ss.
COUNTY OF COOK)

I, Marla Framarin, a Notary Public in and for said County, in the state aforesaid, DO HEREBY CERTIFY THAT Corinne Bek ~~Assistant~~ Vice President of LaSALLE NATIONAL BANK, and Clifford Scott-Rudnick Assistant Secretary of said Bank, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such ~~Assistant~~ Vice President and Assistant Secretary respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said Bank, for the uses and purposes therein set forth; and the Said Assistant Secretary did also then and there acknowledge that he, as custodian of the corporate seal of said Bank, did affix the said corporate seal of said Bank to said instrument as his own free and voluntary act, and as the free and voluntary act of said Bank for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 9 day of May, 1988.

Marla Framarin
Notary Public

My commission expires:

4-28-90

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STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

I, the undersigned, a NOTARY PUBLIC, in and for the County and State aforesaid, DO HEREBY CERTIFY, that Robert BYRON personally known to me to be the Authorized Signatory of VMS Embassy Club, Inc., an Illinois corporation which is a general partner of VMS/MCL Venture, an Illinois general partnership (the "Mortgagor") personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that as such AUTHORIZED SIGNATORY he signed and delivered the foregoing instrument pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act, and as the free and voluntary act and deed of said corporation on behalf of the Mortgagor, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 2th day of May, 1988.

Clayton D. Miller
Notary Public

My commission expires:

5/26/88

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STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

I, the undersigned, a NOTARY PUBLIC, in and for the County and State aforesaid, DO HEREBY CERTIFY, that DANIEL MCLEAN personally known to me to be the PRESIDENT of Embassy Club Development Corporation, an Illinois corporation which is a general partner of VMS/MCL Venture, an Illinois general partnership (the "Mortgagor") personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that as such PRESIDENT, he signed and delivered the foregoing instrument pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act, and as the free and voluntary act and deed of said corporation on behalf of the Mortgagor, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 9th day of May, 1988.

Clayton Miller
Notary Public

My commission expires:

5-26-88

Notary Public of Cook County Clerk's Office

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Property of Cook County Clerk's Office

8/20/2018

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

LOTS 1 TO 11, BOTH INCLUSIVE, AND THE EAST 1/2 OF THE NORTH AND SOUTH ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 TO 11, BOTH INCLUSIVE, IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 12 TO 21, BOTH INCLUSIVE, AND ALL THE NORTH AND SOUTH 16 FOOT ALLEY LYING WEST OF SAID LOTS 12 TO 16, BOTH INCLUSIVE, AND EAST OF SAID LOT 17, VACATED BY ORDINANCES RECORDED AS DOCUMENTS 6443641 AND 10186377 AND THE NORTH 1/2 OF THE EAST AND WEST 16 FOOT ALLEY LYING SOUTH OF SAID LOTS 16 TO 21, BOTH INCLUSIVE, AND THE SOUTH LINE OF SAID LOT 16, EXTENDED WEST TO THE SOUTHEAST CORNER OF SAID LOT 17 IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOT 2 AND THE WEST 1/2 OF THE NORTH AND SOUTH 16 FOOT ALLEY LYING EAST AND ADJOINING LOT 2 AFORESAID, ALL IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOT 5 AND 6 AND THE SOUTH 1/2 OF THE EAST AND WEST 16 FOOT ALLEY LYING NORTH AND ADJOINING SAID LOTS 5 AND 6 ALSO THE SOUTH 553 FEET OF LOT 7 (EXCEPTING THEREFROM THE NORTH 159 FEET OF THE WEST 212 FEET OF SAID SOUTH 553 FEET OF LOT 7) IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 IN SHEFFIELD'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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EXHIBIT A
(cont.)

PARCEL 5:

ALL THAT PART OF DRUMMOND PLACE LYING SOUTH OF LOT 11 IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45, AFORESAID, AND LOT 2 IN THE SUBDIVISION OF LOT 1 IN JOSEPH E. SHEFFIELD'S SUBDIVISION OF BLOCK 45 AFORESAID, AND THE SOUTH LINE OF SAID LOT 11, EXTENDED WEST TO THE SOUTHEAST CORNER OF SAID LOT 2 AND NORTH OF LOTS 12 AND 17 TO 21, BOTH INCLUSIVE, IN THE SUBDIVISION OF LOTS 1, 3 AND 4 IN THE SUBDIVISION OF LOT 1 IN BLOCK 45 AFORESAID, AND THE NORTH LINE OF SAID LOT 12 EXTENDED WEST TO THE NORTHEAST CORNER OF SAID LOT 17, AS VACATED BY ORDINANCE RECORDED AS DOCUMENT 10832010, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN COOK COUNTY, ILLINOIS.

1430 W. Wroughtwood

Chicago, Ill. 60604

*14-29-302-043, 044, 045, 046, 047, 048, 049, 050,
062, 065, 067, 070, 072, 073 & 074*

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1/1/2014

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EXHIBIT B

LIENS, ENCUMBRANCES, RESTRICTIONS, EXCEPTIONS, RESERVATIONS AND EASEMENTS AFFECTING THE PROPERTY

Those matters described in Schedule B of Chicago Title Insurance Company Commitment for Title Insurance Number 71 25 866 bearing effective date of April 11, 1988.

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EXHIBIT C

SENIOR LOAN DOCUMENTS

1. ASSIGNMENT OF LEASE AND RENTS, SALES CONTRACTS AND PROCEEDS MADE BY LASALLE NATIONAL BANK, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE UNDER TRUST AGREEMENT DATED SEPTEMBER 22, 1987 AND KNOWN AS TRUST NUMBER 112654 AND VMS/MCL VENTURE, AN ILLINOIS GENERAL PARTNERSHIP TO AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, A NATIONAL BANKING ASSOCIATION RECORDED OCTOBER 30, 1987 AS DOCUMENT 87588146 AND RECORDED OCTOBER 30, 1987 AS DOCUMENT LR3663826.
2. SECURITY INTEREST OF AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT EXECUTED BY LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST AGREEMENT DATED SEPTEMBER 22, 1987 AND KNOWN AS TRUST NUMBER 112654, DEBTOR, AND FILED ON OCTOBER 30, 1987 AS NO. LR3663827.
3. SECURITY INTEREST OF AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT EXECUTED BY VMS/MCL VENTURE, AN ILLINOIS GENERAL PARTNERSHIP, DEBTOR, AND FILED ON NOVEMBER 3, 1987 AS NO. 87U28278.
4. MORTGAGE AND SECURITY AGREEMENT DATED OCTOBER 29, 1987 AND FILED OCTOBER 30, 1987 AS DOCUMENT LR3663825 AND RECORDED AS DOCUMENT NUMBER 87-588145 MADE BY LASALLE NATIONAL BANK, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE UNDER TRUST AGREEMENT DATED SEPTEMBER 22, 1987 AND KNOWN AS TRUST NUMBER 112654 TO AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, A NATIONAL BANKING ASSOCIATION TO SECURE THREE NOTES TOTALLING \$15,000,000.00.

DEPT-01 RECORDING
TR#2222 TRN 2704 05/13/88 15:49:00
#7428 # 18 *-88-206588
COOK COUNTY RECORDER

\$54.00

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COOK COUNTY CLERK'S OFFICE
JAN 27 2011 10:00 AM
CHICAGO, IL 60601