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CONSTRUCTION MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE is made as of July 15, 1988 by and between CHICAGO TITLE AND TRUST COMPANY, not personally, but solely as Trustee under the provisions of a Trust Agreement dated August 5, 1975 and known as Trust No. 1066572 ("Mortgagor"), and NBD CHICAGO BANK, an Illinois banking corporation ("Mortgagee").

R E C I T A L S:

Mortgagor has concurrently executed and delivered to Mortgagee a Mortgage Note dated this date in the principal sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00) with final maturity on June 30, 1989, made payable to the Mortgagee (the "Note") in and by which the Mortgagor promises to pay out of that portion of the trust estate subject to the Trust Agreement, the principal sum together with interest payable on said principal sum at the rate and on the dates as are made and provided in the Note; all of said principal and interest being payable at such place as the holders of the Note may, from time to time, in writing appoint, and in absence of such appointment then at the office of NBD Chicago Bank at 307 N. Michigan Avenue, Chicago, Illinois 60601.

Mortgagor has also executed a Construction Loan Agreement (the "Construction Loan Agreement") dated this date in connection with the construction of certain improvements on the mortgaged premises.

after recording:

Please return to: Josie Carlson
Ticor Title Insurance Co.
203 N. LaSalle St., Suite 1400
Chicago, IL 60601

Re: *N24-16825-14*

BOX 15

NTS *JL*

This Document Prepared By
~~and should be mailed to~~

June Wojtowicz Grady
Much Shelist Freed Denenberg Ament & Eiger, P.C.
200 North LaSalle Street - Suite 2100
Chicago, Illinois 60601-1095

N24-16825-14/40874 Card Co. St.

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NOW, THEREFORE, to secure (i) the payment of the principal of and interest on the Note, (ii) the payment of any and all other indebtedness and liabilities, now or at any time owing or to become due from Mortgagor to Mortgagee, whether under this Mortgage, the Construction Loan Agreement or otherwise, however evidenced, created or incurred, whether direct, indirect, primary, secondary, fixed or contingent, including future advances, but in no event shall this Mortgage secure such additional indebtedness in excess of One Million Dollars (\$1,000,000.00) provided that nothing contained in this Mortgage shall be considered as limiting the amounts that shall be secured when advanced to protect the security in accordance with the covenants contained in this Agreement; and (iii) the performance and observance of all terms, conditions and provisions of this Mortgage, the Note, the Construction Loan Agreement and any other agreement or instrument concurrently or to be executed by Mortgagor.

Grant of Mortgage

Mortgagor GRANTS, REMISES, RELEASES, ALIENS AND CONVEYS to the Mortgagee, its successors and assigns, the real estate and all of its estate, right, title and interest described in Exhibit A (which real estate, together with the property described below, is referred to as "the premises").

Other Assets

TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances, and all rents, issues and profits for so long and during all such times as Mortgagor may be entitled (which are pledged primarily and on a parity with the premises and not secondarily), and all presently or future existing shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, curtain fixtures, partitions, attached

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floor covering, and all fixtures, apparatus, equipment and articles used to supply heat, gas, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the preceding) all fixtures, apparatus, equipment and articles used in the operation of any business conducted upon the premises as distinguished from fixtures which relate to the use, occupancy and enjoyment of the premises, it being understood that enumeration of any specific articles of property shall in no wise exclude or be held to exclude any items of property not specifically mentioned. To the fullest extent permitted by law, all of the land, estate and property described, whether affixed or annexed or not (except where otherwise specified) and all rights conveyed and mortgaged are intended so to be as a unit and are understood, agreed and declared to form a part and parcel of the real estate and to be appropriated to the use of the real estate, and shall for the purposes of this Mortgage be deemed to be real estate and conveyed and mortgaged.

Grant of Security Interest

As to any such items which are not part of the real estate, this Mortgage is deemed as well to be a Security Agreement for the purpose of creating a security interest in such items, whether now existing or hereafter acquired, which security interest Mortgagor grants to Mortgagee for the purpose of securing the payment and performance of the obligations created in this Mortgage.

TO HAVE AND TO HOLD the premises to the Mortgagee, its successors and assigns, forever, for the purposes and uses set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

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

1. Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements on the premises which may become damaged or be destroyed; (b) keep said premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien of this Mortgage; (c) pay when due any indebtedness which may be secured by a lien or charge in the premises superior to the lien of this Mortgage, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in the process of erection upon said premises; (e) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to the premises and the use; (f) make no material alterations in the Premises except as required by law or municipal ordinance; (g) suffer or permit no change in the general nature of the occupancy of the premises, without Mortgagee's written consent; (h) initiate or acquiesce in no zoning reclassification, annexation, subdivision, dedication, or vacation relating to all or any part of the premises, without Mortgagee's written consent, which consent shall not unreasonably be withheld; (i) pay each item of indebtedness secured by this Mortgage when due according to the terms of this Mortgage or of the Note.

Payment of Taxes

2. Mortgagor shall pay before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises when due, and shall, upon written request, furnish to Mortgagee duplicate receipts. Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments provided: (1) that such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of all or part of the premises to satisfy the same; (2) that Mortgagor has, before such taxes or assessments shall have been increased by any interest, penalties or costs, notified Mortgagee in writing of the intention of Mortgagor to contest the same, and (3) that Mortgagor shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the office of the Mortgagee, a sum of money which (when added to funds, if any, then on deposit for such taxes) shall be sufficient in the judgment of the Mortgagee to pay in full such contested taxes and assessments and all penalties and interest that might become due, and shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional penalties and interest whenever, in the judgment of the Mortgagee, such increase as advisable. In case the Mortgagor shall fail to prosecute such objections with reasonable diligence or shall fail to maintain sufficient funds on deposit as hereinafter provided, the Mortgagee may at its option, apply the money so deposited in payment of or on account of such taxes and assessments, or that part thereof then unpaid, together with all penalties and interest. If the amount of the money so deposited shall not be sufficient for the payment in full of such taxes and assessments, together with all penalties and interest thereon, the Mortgagor shall upon demand either (a) deposit with the Mortgagee

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a sum which when added to the funds then on deposit shall be sufficient to make such payment in full, or (b) in case the Mortgagee shall have applied funds on deposit on account of such taxes and assessments, restore said deposit to a sufficient amount. The Mortgagee shall, upon final disposition of such contest, apply the money so deposited in full payment of such taxes and assessments then unpaid, together with all penalties and interest (provided the Mortgagor is not then in default) when so requested in writing by the Mortgagor and furnished with sufficient funds to make such payment in full and with an official bill for such taxes.

Tax Deposits

2. If requested by Mortgagee, Mortgagor shall deposit at such place as the Mortgagee may from time to time in writing appoint, and in the absence of such appointment then at the office of the Mortgagee, such sums as calculated and paid pursuant to the terms of the Note. Such deposits shall be held without any allowance of interest and shall be used for the payment of such taxes and assessments (general and special) when they become due and payable. If the funds so deposited are insufficient to pay any such taxes or assessments (general and special) for any year when the same shall become due and payable, the Mortgagor shall within ten (10) days after receipt of demand, deposit such additional funds as may be necessary to pay such taxes and assessments (general and special) in full.

All such payments described in this paragraph 3 shall be held by the Mortgagee or depository in trust without accruing or without any obligation arising for the payment of interest, and shall be used for the payment of taxes and assessments, and insurance premiums as the case may be. All such payment shall be added together with the payments required to be made under the Note and the aggregate amount shall be deposited by the Mortgagor each month in a single payment to be applied by the Mortgagee at its option to the following items in the order set forth: (i) taxes, assessments, water charges, other public impositions, and insurance premiums; (ii) interest on the Note; (iii) amortization of the principal of the Note.

Mortgagee's Interest In and Use of Deposits

4. In the event of a default in any of the provisions contained in this Mortgage or in the Note, the Mortgagee may at its option, without being required to do so, apply any monies at the time on deposit pursuant to paragraph 3, as any one or more of the same may be applicable, on any of Mortgagor's obligations or in the Note contained, in such order and manner as the Mortgagee may elect. When the indebtedness has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Premises. Such deposits are pledged as additional security for the indebtedness and shall be held in trust to be irrevocably applied by the depository for the purposes of which made and shall not be subject to the direction or control of the Mortgagor; provided, however, that neither the Mortgagee nor the depository shall be liable for any failure to apply to the payment of taxes and assessments any amount so deposited unless Mortgagor, while not in default, shall have requested the depository in writing to make application of such funds to the payment of the particular taxes or assessments for payment of

which they were deposited, accompanied by the bills for such taxes and assessments.

Insurance

5. Mortgagor shall keep all buildings and improvements on the premises insured against loss or damage by fire, tornado, windstorm and extended coverage perils and such other hazards as may reasonably be required by Mortgagee, including, without limitation on the generality of the foregoing, war damage Insurance whenever in the opinion of the Mortgagee such protection is necessary and is available from any agency of the United States of America. Mortgagor shall also provide liability insurance with such limits for personal injury and death and property damage as Mortgagee may require. All policies of insurance to be furnished shall be in forms, companies and amounts satisfactory to Mortgagee, with mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without ten (10) days prior written notice to the Mortgagee. Mortgagor shall deliver all policies, including additional and renewal policies, to Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than ten (10) days prior to their respective dates of expiration.

Adjustment of Losses with Insurer and Application of Proceeds of Insurance

6. In case of loss, the Mortgagee (or after entry of Decree of Foreclosure, purchaser at the sale, or the decree creditor, as the case may be) is authorized either (a) to settle and adjust any claim under such insurance policies without consent of Mortgagor, or (b) to allow Mortgagor to agree with the Insurance Company or Companies on the amount to be paid upon the loss. In either case, Mortgagee is authorized to collect and receipt for any such insurance money. Such insurance proceeds shall be held by the Mortgagee and, at the option of Mortgagee, may be applied in reduction of the indebtedness or used to reimburse Mortgagor for the cost of the rebuilding or restoration of buildings or improvements on the premises. The use of such proceeds to reimburse Mortgagor for the cost of rebuilding or restoration shall be subject to the following conditions: (a) that the buildings and improvements shall be so restored or rebuilt as to be of at least equal value and substantially the same character as prior to such damage or destruction; (b) that the buildings and improvements can be so restored or rebuilt by not later than the "Due Date" (as that term is defined in the construction Loan Agreement described in Paragraph (3) of this Mortgage); (c) such proceeds shall be made available, from time to time, upon the Mortgagee being furnished with satisfactory evidence of the estimated cost of completion and with such Architect's Certificates, Waivers of Lien, Contractors' Sworn Statements and other evidence of cost and of payments as the Mortgagee may reasonably require and approve, and with all Plans and Specifications for such rebuilding or restoration as the Mortgagee may reasonably require and approve; (d) prior to the final completion of the work no payments shall be made which exceed Ninety (90%) percent of the value of the work performed and materials supplied from time to time; (e) at all times the undisbursed balance of said proceeds remaining in the hands of the

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Mortgagee shall be at least sufficient to pay for the cost of completion of the work and materials free and clear of liens; (f) that Mortgagor is not then in default under any of the terms, covenants and conditions of this Mortgage, and (g) any surplus which might remain out of said award after payment of such cost of restoration or rebuilding shall, at the option of Mortgagee, be applied on account of the secured indebtedness or be paid to any other party entitled to such funds.

In case of loss after foreclosure proceedings have been instituted, the proceeds of any such insurance policy or policies, if not applied in rebuilding or restoring the buildings or improvements, shall be used to pay the amount due in accordance with any Decree of Foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if he shall then be entitled to the same or as the court may direct. In case of the foreclosure of this Mortgage, the court in its decree may provide that the mortgagee's clause attached to each of the insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of the policies making the loss payable to said decree creditor; and any such Decree of Foreclosure may further provide that in every such case, each successive redeemer may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached making the loss payable to such redeemer. In the event of foreclosure sale, Mortgagee is authorized, without the consent of the Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

Stamp Tax

7. If, by the laws of the United States of America, or of any state having jurisdiction over the Mortgagor, any tax is due or becomes due in respect of the issuance of the Note or any other indebtedness secured hereby, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The beneficiaries of the Mortgagor further covenant to hold harmless and agree to indemnify the Mortgagee, as successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Note.

Prepayment Privilege

8. At such time as the Mortgagor is not in default either under the terms of the Note or under the terms of this Mortgage, the Mortgagor shall have the privilege of making prepayments on the principal of the Note (in addition to the required payments) in accordance with the terms and conditions set forth in the Note.

Effect of Extensions of Time

9. If the payment of the indebtedness or any part be extended or varied or if any part of the security be released, all persons now or at any time liable, or interested in the premises, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such

persons being expressly reserved by the Mortgagee notwithstanding such extension, variation or release.

Effect of Changes in Laws Regarding Taxation

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

Mortgagee's Performance of Defaulted Acts

11. In case of default, Mortgagee may, but need not, make any payment or perform any act required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim, or redeem from any tax sale or forfeiture affecting the premises or contest any tax or assessment. All moneys paid for any of the purposes authorized and all expenses paid or incurred, including attorneys' fees, and any other moneys advanced by Mortgagee to protect the premises and the lien of this Mortgage, shall be so much additional indebtedness, and shall become immediately due and payable without notice and with interest at the post maturity rate. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

Mortgagee's Reliance on Tax Bills, Etc.

12. Mortgagee in making any payment authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

Acceleration of Indebtedness in Case of Default

13. If (a) default be made in the due and punctual payment of the Note, or any installment due, either of principal or interest or in the payment of any other indebtedness or the

performance of any other obligation secured by this Mortgage; or (b) the Mortgagor, any beneficiary or any guarantor of the Note shall file a petition in voluntary bankruptcy or under Chapter X, Chapter XI, or Chapter XII of the Federal Bankruptcy Act or any similar law, state or federal, whether now or hereafter existing, or an answer admitting insolvency or inability to pay its debts, or fail to obtain a vacation or stay of involuntary proceedings within thirty (30) days, as provided; or (c) the Mortgagor, any beneficiary or any guarantor of the Note shall be adjudicated a bankrupt, or a trustee or a receiver shall be appointed for the Mortgagor, any beneficiary or any guarantor of the Note or for all of the property of Mortgagor, any beneficiary or any guarantor of the Note in any involuntary proceedings, or any court shall have taken jurisdiction of the property of the Mortgagor, any beneficiary or any guarantor of the Note in any involuntary proceeding for the reorganization, dissolution, liquidate or winding up of the Mortgagor, any beneficiary or any guarantor of the Note and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed, within thirty (30) days; or (d) the Mortgagor, any beneficiary or any guarantor of the Note shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part; or (e) default shall be made in the due observance or performance of any other of the covenants, agreements, or conditions required to be kept or performed or observed by the Mortgagor; or (f) a default shall be declared by Mortgagee under the terms of the Construction Loan Agreement, then and in every such case the whole of the indebtedness shall, at once, at the option of the Mortgagee, become immediately due and payable, together with accrued interest, without notice to Mortgagor.

Foreclosure; Expense of Litigation

14. When the indebtedness shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien of this Mortgage for such indebtedness. In any suit to foreclose the lien of this Mortgage or enforce any other remedy of the Mortgagee under this Mortgage of the Note, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers, charges, publications costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit, or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the premises. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the premises and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee to any litigation or proceeding affecting this Mortgage, the Note or the premises, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding

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or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest at the post maturity rate and shall be secured by this Mortgage.

Application of Proceeds of Foreclosure Sale

15. The proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph; second, all other items which under the terms constitute secured indebtedness additional to that evidenced by the Note, with interest as provided; third, all principal and interest remaining unpaid on the Note; fourth, any surplus to Mortgagor, its successors or assigns, as their rights may appear.

Appointment of Receiver

16. Upon, or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of said premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not and the Mortgagee or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said premises during the pendency of such foreclosure suit, and in case of a sale and deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured by this Mortgage, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien of this Mortgage or of such decree, provided such application is made prior to foreclosure sale; (b) the deficiency in case of a sale and deficiency.

Assignment of Rents and Leases, Security Deposits, Contracts, Etc.

17. To further secure the indebtedness secured by this Mortgage, Mortgagor sells, assigns and transfers to the Mortgagee, all rents, issues, income and profits now due and which may become due under or by virtue of any contract or agreement of Mortgagor to sell the premises or any part of the improvements or by virtue of any lease, whether written or verbal, or any letting of, or of any agreement for the use or occupancy of the premises or any part, which may have been or may be made or agreed to by the Mortgagor under the powers granted, it being the intention to establish an absolute transfer and assignment of all of such leases, agreements, contracts and escrows and all the avails, to the Mortgagee, and Mortgagor appoints irrevocably the Mortgagee its true and lawful attorney in its name and stead (with or

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without taking possession of the premises as provided in paragraph 19) to rent, sell, lease or let all or any portion of said premises to any party or parties at such rental or sales prices and upon such terms as said Mortgagee shall, in its discretion, determine, and to collect all of said avails, rents, issues, income and profits arising from or accruing at any time, and all now due or that may become due under each and every of the leases, agreements, contracts and escrows, written or verbal, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as the Mortgagee would have upon taking possession pursuant to the provisions of paragraph 19.

The Mortgagor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the premises for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the said premises has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Mortgagor. The Mortgagor waives any rights of set off against any person in possession of any portion of the premises. If any lease provides for the abatement of rent during repair of the premises demised by reason of fire or other casualty, the Mortgagor shall furnish to the Mortgagee rental insurance, the policies to be in amount and form and written by such insurance companies as shall be satisfactory to the Mortgagee. Mortgagor agrees that it will not assign any of the rents or profits of said premises, except to a purchaser or grantee of the premises.

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

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

Although it is the intention of the parties that the assignment contained in this paragraph 17 shall be a present assignment, it is expressly understood and agreed, anything contained to the contrary notwithstanding, that the Mortgagee shall not exercise any of the rights or powers conferred upon it by this paragraph until a default shall exist.

Observance of Lease Assignment

18. In the event the Mortgagor, as additional security for the payment of the indebtedness secured by this Mortgage, has sold, transferred and assigned, or may sell, transfer and assign, to the Mortgagee, its successors and assigns, any interest of the Mortgagor as Lessor in any lease or leases, the Mortgagor expressly covenants and agrees that if the lessee or any of the lessees under said lease or leases so assigned or the Mortgagor, as lessor, shall fail to perform and fulfill any term, covenant,

condition or provision in said lease or leases, or any of them, on its or their part to be performed or fulfilled, at the times and in the manner in said lease or leases provided, or if Mortgagor shall suffer or permit to occur any breach or default under the provisions of any assignment of any lease or leases of the premises given as additional security for the payment of the indebtedness and any such default shall continue for three (3) days, then and in any such event, such breach or default shall constitute a default under this Mortgage and at the option of the Mortgagee, and without notice to the Mortgagor, all unpaid indebtedness secured by this Mortgage shall, notwithstanding anything in the Note or in this Mortgage to the contrary, become due and payable as in the case of other defaults.

Mortgagee's Rights of Possession in Case of Default

19. In any case in which under the provisions of this Mortgage the Mortgagee has a right to institute foreclosure proceedings, whether before or after the whole indebtedness is declared to be immediately due, or whether before or after the institution of legal proceedings to foreclose the lien of this Mortgage or before or after sale, upon demand of Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the premises personally, or by its agent or attorneys as for condition broken, and Mortgagee in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of the premises, together with all documents, books, records, papers and accounts of the Mortgagor or then owner of the premises, and may exclude the Mortgagor, its agents or servants, wholly and may in its own name as Mortgagee and under the power granted, hold, operate, manage and control the premises and conduct the business, if any, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, income, and profits of the premises, including actions for enforcement of any contract or agreement of Mortgagor to sell a unit or any escrow, or actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, hereby granting full power and authority to exercise each and every of the rights, privileges and powers granted at any and all times, without notice to the Mortgagor, and with full power to cancel or terminate any contract, agreement, escrow, lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same, to elect to disaffirm any lease or sublease made subsequent to this Mortgage or subordinated to the lien of this Mortgage, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the premises as to it may seem judicious, insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof and to receive all of such avails, rents, issues, income and profits.

The Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any contract, agreement, escrow or lease and the Mortgagor shall indemnify and hold the Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under said leases or under or

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by reason of their assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in this Mortgage. Should the Mortgagee incur any such liability, loss or damage, under said contracts, agreements, escrows and leases or under or by reason of the assignment, or in the defense of any claims or demands, the amount, including costs, expenses and reasonable attorneys' fees, shall be secured by this Mortgage, and the beneficiaries of the Mortgagor shall reimburse the Mortgagee immediately upon demand.

Application of Income Received by Mortgagee

20. The Mortgagee in the exercise of the rights and powers conferred upon it by paragraph 17 and paragraph 19 shall have full power to use and apply the avails, rents, issues, income and profits of the premises to the payment of or on account of the following, in such order as the Mortgagee may determine:

(a) to the payment of the operating expenses of said property, including cost of management and leasing (which shall include reasonable compensation to the Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;

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

(c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the premises, including the cost from time to time of installing or replacing refrigeration and gas or electric stoves therein, and of placing said property in such condition as will, in the judgment of the Mortgagee, make it readily rentable;

(d) to payment of indebtedness secured by the Mortgage;

(e) to the payment of any other indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

Mortgagee's Right of Inspection

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

Condemnation

22. Mortgagor assigns, transfers and sets over to Mortgagee the entire proceeds of any award or any claim for

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damages for any of the mortgaged property taken or damaged under the power of Eminent Domain or by condemnation. Proceeds of such awards shall be held by the Mortgagee and at the option of Mortgagee may be applied in reduction of the indebtedness hereby secured or used to reimburse Mortgagor for the cost of the rebuilding or restoration of buildings or improvements on the premises. The use of such award to reimburse Mortgagor for the cost of rebuilding or restoration shall be subject to the following conditions: (a) that the buildings and improvements shall, to the extent possible, be so restored or rebuilt as to be of at least equal value and substantially the same character as prior to such taking; (b) that said buildings and improvements can be so restored or rebuilt by not later than the "Due Date" (as that term is defined in the Construction Loan Agreement described in Paragraph 34); (c) the proceeds of such awards shall be made available from time to time upon the Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with such Architect's Certificates, Waivers of Lien, Contractor's Sworn Statements and other evidence of cost and of payments at the Mortgagee may reasonably require and approve, and with all Plans and Specifications for such rebuilding or restoration as the Mortgagee may reasonably require and approve; (d) no payments shall be made prior to the final completion of the work which exceeds Ninety (90%) Percent of the value of the work performed and materials supplied from time to time; (e) at all times the undisbursed balance of such awards remaining in the hands of the Mortgagee shall be at least sufficient to pay for the cost of completion of the work and materials free and clear of liens; and (f) that Mortgagor is not then in default under any of the terms, covenants and conditions hereof; and (g) any surplus which may remain out of said award after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any other party entitled to such funds.

Release Upon Payment and Discharge of Mortgagor's Obligations

23. IF Mortgagor shall fully pay all principal and interest on the Note, and all other indebtedness secured hereby and comply with all of the other terms and provisions hereof to be performed and complied with by Mortgagor, then this Mortgage shall be null and void. Mortgagee shall release this Mortgage by proper instrument upon payment and discharge of all indebtedness and payment of a reasonable fee to Mortgagee for the execution of such release.

Giving of Notice

24. Any notice which either party may desire or be required to give to the other party shall be in writing and the mailing by certified mail addressed to the Mortgagor c/o Gottlieb and Schwartz, 200 East Randolph, Suite 6900, Chicago, Illinois 60601, or to the Mortgagee at 307 N. Michigan Avenue, Chicago, Illinois 60601, or at such other place as either party may by notice in writing designate as a place for service of notice, shall constitute service of notice.

Waiver of Defense

25. No action for the enforcement of the lien or of any provision of this Mortgage shall be subject to any defense which

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would not be good and available to the party interposing same in an action at law upon the Note.

Waiver of Statutory Rights

26. Mortgagor shall not apply for or avail itself of any appraisement, valuation, stay, extension of exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, and hereby waives the benefit of such laws. As an express inducement to Mortgagee to make the Note, Mortgagor waives for itself, its successors and assigns, in the event of foreclosure of this Mortgage, any equitable right, otherwise available to it, in respect of marshalling of assets, so as to require separate sales of portions of the premises.

Mortgagor expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, the trust estate and all persons beneficially interested, and each any every person except decree or judgment creditors of the Mortgagor in its representative capacity and of the trust estate, acquiring any interest in or title to the premises subsequent to the date of this Mortgage.

Furnishing of Financial Statements to Mortgagee

27. Mortgagor shall furnish to Mortgagee, within ninety (90) days after the close of each calendar year, an annual operating statement of income and expenses for the premises signed and certified by the beneficiary or beneficiaries of Mortgagor.

Sales, Conveyances or Transfer of Premises

28. Except as permitted by Paragraph 28.1, Mortgagor shall not (whether voluntarily or by operation of law) sell, convey, assign, hypothecate or otherwise transfer the premises or any part thereof, without the express written consent of the Mortgagee. For the purpose of the preceding sentence and without limiting the generality of the foregoing:

(i) Any sale, conveyance, assignment, hypothecation or other transfer of all or any portion of the beneficial interest of Mortgagor, including the power of direction shall be deemed a sale, conveyance, assignment, hypothecation or other transfer for the purposes of the restrictions imposed by this Paragraph 28.

(ii) Any sale, conveyance, assignment or other transfer of stock of any corporation ("Beneficiary Corporation") which is the beneficiary or one of the beneficiaries of Mortgagor or of any corporation directly or indirectly controlling such Beneficiary Corporation, which results in Harold W. Perry, Jr. owning less than fifty percent (50%) of the issued and outstanding stock of such Beneficiary Corporation, shall be deemed a sale, conveyance, assignment or other transfer for the purposes of the restrictions imposed by this Paragraph 28.

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(iii) Any hypothecation of stock of any Beneficiary Corporation or any corporation directly or indirectly controlling such Beneficiary Corporation which could result in a material change in the identity of the individuals in control of such Beneficiary Corporation if the secured party under said hypothecation would exercise its remedies shall be deemed to be a hypothecation for the purposes of the restrictions imposed by this Paragraph 28.

(iv) Any sale, conveyance, assignment or other transfer of any general partnership interest in any limited partnership or general partnership (the "Partnership") which is the beneficiary or one of the beneficiaries of Mortgagee shall be deemed to be a sale, conveyance, assignment or other transfer for the purposes of the restrictions imposed by this paragraph 28.

(v) Any hypothecation of any general partnership interest in the Partnership shall be deemed to be a hypothecation for the purposes of the restrictions imposed by this Paragraph 28.

(vi) Any sale, conveyance, assignment or other transfer of stock of any corporation directly or indirectly controlling any Partnership which results in any material change in the identity of the individuals previously in control of the Partnership shall be deemed to be a sale, conveyance, assignment or other transfer for the purposes of the restrictions imposed by this Paragraph 28.

(vii) Any hypothecation of stock of any corporation directly or indirectly controlling the Partnership which could result in a material change in the identity of the individuals previously in control of the Partnership if the secured party under said hypothecation would exercise its remedies shall be deemed to be a hypothecation for the purposes of the restrictions imposed by this Paragraph.

In the event of a sale, conveyance or transfer of the kind described in this Paragraph 28 without the written consent of Mortgagee, Mortgagee may declare the entire indebtedness due and payable.

Unit Sales and Release of Lien

28.1 Mortgagee agrees not to cause the premises to be submitted to the Illinois Condominium Property Act until Mortgagee has approved the form of Condominium Declaration and By-Laws, and the form of sales contract to be used for the sale of individual units. Following such approval, Mortgagee and the Mortgagee further agree that each will execute or cause to be executed any documents or certifications which may be reasonably required by the title insurer to insure the title to and status of the premises as a condominium under the Illinois Condominium Property Act. In no event shall Mortgagee enter into any sale of a condominium unit prior to Mortgagee's approval of the form of unit sales contract.

28.2 Mortgagee agrees that it will from time to time deliver to Mortgagor partial releases of the lien of the Mortgage as to such condominium unit or units and its or their appurtenant percentage interest in the common elements upon payment to the Mortgagee of the Release Price (as defined in the Construction Loan Agreement) of each unit sold. All such payments made to the Mortgagee from the proceeds of the sale of individual condominium units shall be applied to Mortgagor's indebtedness created hereunder as set forth in the Construction Loan Agreement.

Post Maturity Rate

29. "Post maturity rate" shall mean interest at a rate which is two percent (2%) per annum in excess of the rate payable prior to maturity.

Filing and Recording Fees

30. Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage and all federal, state, county and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note and this Mortgage.

Business Purpose

31. Mortgagor has been advised by its beneficiaries that the proceeds of the loan secured by this Mortgage will be used for the purposes specified in Section 6404(c) of Chapter 74 of the Illinois Revised Statutes, and that the principal obligation secured by this Mortgage constitutes a business loan which comes within the purview of that paragraph.

Binding on Successors and Assigns

32. This Mortgage, shall extend to and be binding upon Mortgagor and all persons claiming under or through Mortgagor, and the word "Mortgagor" shall include the Mortgagor and any subsequent owner or owners of the equity of redemption of the premises. The word "Mortgagee" shall include the successors and assigns of the Mortgagee, and the holder or holders, from time to time, of the Note.

All Covenants to Run With Land

33. All the covenants shall run with the land.

Disbursement of Loan Proceeds for Construction of Improvements

34. Mortgagor further covenants and agrees that:

(a) The construction, renovation and remodeling on the premises shall be completed in accordance with the plans and specifications deposited with Mortgagee;

(b) There shall be no stoppage of construction for a period longer than thirty (30) days, except for matters beyond the reasonable control of Mortgagor;

(c) In any event, all construction contemplated under the Construction Loan Agreement shall be completed not later than June 30, 1989;

(d) Upon default in any of the covenants in (a), (b) or (c), the Mortgagee may (but need not):

(i) Declare the entire principal indebtedness and interest due and payable;

(ii) Complete the construction, alteration or remodeling of said improvements and enter into the necessary contracts for such purposes. All monies so expended shall be so much additional indebtedness secured by this Mortgage, and any monies expended in excess of the Note shall be payable on demand, with interest at the post maturity rate.

The Mortgagee may exercise either or both of said remedies.

(e) The construction of said improvements is and will be in compliance with all governmental regulations and restrictions and with all zoning and building laws and ordinances of the municipality in which the premises are located and with all building restrictions of record, and Mortgagor will furnish satisfactory evidence to Mortgagee of such compliance;

(f) The proceeds of the Note are to be disbursed by Mortgagee to Mortgagor in accordance with the provisions contained in one or more of (i) the Loan Commitment and (ii) the Construction Loan Agreement. Said Commitment and Construction Loan Agreement, or such of the same as may have been executed, are collectively referred to as "Loan Agreement." All advances and indebtedness arising and accruing under the Loan Agreement from time to time, whether or not the total amount may exceed the face amount of the Note shall be secured by this Mortgage to the same extent as though the Loan Agreement was fully incorporated in this Mortgage and the occurrence of any default under the Loan Agreement shall constitute a default under this Mortgage entitling Mortgagee to all of the rights and remedies conferred upon the Mortgagee by the terms of this Mortgage or by law, as in the case of any other default.

Environmental Compliance

35. Mortgagor and Mortgagor's beneficiary warrant and covenant that as of the date of this Mortgage and at all times hereafter there has been and will be no use of the premises that would give rise to liability under any laws, statutes, ordinances, rules or regulations of any governmental authority having jurisdiction as to environmental matters. Mortgagor, at its cost and expense, shall comply with all laws, statutes, ordinances, rules and regulations of any governmental authority ("Agency") having

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jurisdiction concerning environmental matters, including, but not limited to, any discharge into the air, waterways, sewers, soil or ground water of any substance or "pollutant". Mortgagee and its agents and representatives shall have access to the premises and to the books and records of the Mortgagor and the beneficiary of Mortgagor and any occupant of the premises claiming under the Mortgagor for the purpose of ascertaining the nature of the activities being conducted on the premises and to determine the type, kind and quantity of all products, materials and substances brought onto or made at the premises. Mortgagor and all occupants of the premises claiming under Mortgagor shall provide to the Mortgagee copies of all manifests, schedules, correspondence and other documents of all types and kinds when filed or provided to an Agency or otherwise required to be maintained by an Agency or as such are received from any Agency. At Mortgagor's sole cost, Mortgagee and its agents and representatives shall have the right to conduct an environmental survey or audit of the premises and to take samples in quantity sufficient for scientific analysis of all products, materials and substances present on the premises including, but not limited to, samples of products, materials or substances brought onto or made or produced on the premises by the Mortgagor or an occupant claiming under Mortgagor or otherwise present on the premises. Alternatively, at Mortgagee's option, all samples may be provided by Mortgagor, at Mortgagor's cost. Mortgagor agrees to indemnify, defend and hold harmless Mortgagee, and any transferee pursuant to a power of sale or any parent or affiliate of Mortgagee or transferee from any parent or affiliate of Mortgagee against any costs, expenses and liability of any nature arising out of a claimed violation or duty under environmental laws, rules or regulations. This undertaking shall survive the closing of the loan, the repayment of all sums due under the Note, this Mortgage and any other related documents, agreements and instruments, and the foreclosure of this Mortgage.

Trustee's Warranties

36. Chicago Title and Trust Company, as Trustee, covenants and warrants that under the trust agreement above described it has full right and power to convey and mortgage the premises, and covenants and agrees to execute and deliver, and cause to be executed and delivered, all further instruments of title necessary or by the Mortgagee deemed advisable to effectuate the security intended to be given, when, on reasonable notice, so requested by the Mortgagee.

Chicago Title and Trust Company, as Trustee, expressly subordinates to the lien of this Mortgage and any extension or renewal, its right to a lien for advances made by it under the terms of said trust, and for costs, attorneys' fees and compensation.

Captions

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

Anything contained in this Mortgage to the contrary notwithstanding, this Mortgage is executed by said Chicago Title and Trust Company, not in its individual corporate capacity, but as

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Trustee under Trust No. 1066572 and it is expressly agreed that nothing in this Mortgage or in the Note shall be construed as creating any liability of Chicago Title and Trust Company, in its individual corporate capacity, to pay the Note or any interest that may accrue or any indebtedness accruing under this Mortgage, or to perform any covenant, either express or implied, all such liability, if any, being expressly waived by the Mortgagee and by every person claiming any right or security under this Mortgage, and the Mortgagee and every such person shall accept this Mortgage upon the express condition that no duty shall rest upon Chicago Title and Trust Company, individually or as Trustee, to collect, receive, sequester or retain for any purpose the rents, issues and profits arising from the premises or the property or funds at any time subject to this Mortgage or said Trust Agreement or the proceeds arising from the sale or other disposition of any such property, or to continue as Trustee under the Trust Agreement, or to retain any right, title or interest in or to the premises or in or to any part or all of the property or funds at any time subject to the Trust Agreement, and that as far as Chicago Title and Trust Company is concerned, the legal holder or holders of the Note shall look solely to the premises for the payment, by the enforcement of the lien created by this Mortgage.

ATTEST:

By:

Its:

T. J. Michel
ASST. SECRETARY

CHICAGO TITLE AND TRUST
COMPANY, not personally, but
as Trustee as described,

By:

Its:

[Signature]
ASST. VICE PRES.

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STATE OF ILLINOIS)
) SS.
 COUNTY OF C O O K)

I, LYNDA J. BARRIE, a Notary Public in and for said County and State, HEREBY CERTIFY that GABRIELLE QUASS and VALENTIN MICHEL of Chicago Title and Trust Company, who are personally known to me to be the same persons whose names are subscribed to the instrument as ASST. VICE PRES and ASST. SECRETARY, respectively, appeared before me this day in person and acknowledged that they signed and delivered the instrument as their own free and voluntary act and as the free and voluntary act of Chicago Title and Trust Company, as Trustee, for the uses and purposes set forth; and that the ASST. SECRETARY then and there acknowledged that (he) (she), as custodian of the corporate seal of Chicago Title and Trust Company, did affix the corporate seal as (his) (her) own free and voluntary act and as the free and voluntary act of Chicago Title and Trust Company, as Trustee, for the uses and purposes set forth.

GIVEN under my hand and Notarial Seal this 9th day of August, 1988.

Lynnda J. Barrie
 NOTARY PUBLIC

My Commission expires:

"OFFICIAL SEAL"
 Lynnda J. Barrie
 Notary Public, State of Illinois
 My Commission Expires 4/2/90

Cook County Clerk's Office

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EXHIBIT A

Legal description for premises commonly known as 2836-44 N. Cambridge and 547-55 W. Surf, Chicago, Illinois:

Lot 1 (except that part falling within the road as shown on plat Document No. 5525026 recorded November 5, 1914) and Lot 2 (except the South 12-1/2 feet of Lot 2) in Block 3 in Le Moyne's Subdivision of the South 16 acres of the East 1/2 of the Northwest 1/4 of Section 28, Township 40 North, Range 14, East of the Third Principal Meridian in Cook County, Illinois.

Property of Cook County Clerk's Office

. DEPT-01 RECORDING \$33.00
. T#2222 TRAN 4256 08/12/88 15:51:00
. #3550 # B *-88-367470
. COOK COUNTY RECORDER

PIN: 14-28-122-004

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