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ILLINOIS
COOK COUNTY
Site No. 9

RESTATED AND AMENDED FIRST TERM AND
OPEN END MORTGAGE, SECURITY AGREEMENT, FINANCING
STATEMENT AND ASSIGNMENT OF RENTS

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THIS RESTATED AND AMENDED FIRST TERM AND OPEN END MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT AND ASSIGNMENT OF RENTS ("Mortgage"), dated as of the 16 day of August, 1988, made by CHEMREX INC., a Delaware corporation ("Mortgagor"), having its chief executive office at 5103 West Beloit Road, Milwaukee, Wisconsin 53201 in favor of William J. Wade, c/o Wilmington Trust Company, Rodney Square North, Wilmington, Delaware 19890, not in his individual capacity but solely as trustee ("Mortgagee") under that certain Restated and Amended Collateral Trust Agreement (the "Collateral Trust Agreement"), dated as of August 16, 1988, by and among Mortgagee, Wilmington Trust Company, Mortgagor, Rexnord Holdings Inc., Envirex Inc., Rex-PT, Inc., Rex-PT Holdings, Inc. and PT Components, Inc. ("PT").

W I T N E S S E T H:

WHEREAS, Rexnord Inc., the predecessor of Rexnord Holdings Inc. ("Rexnord"), and certain financial institutions (the "Original Lenders") are parties to a Credit Agreement dated as of February 26, 1987 (the "Original Credit Agreement"), pursuant to which the Original Lenders made certain loans and financial accommodations to Rexnord;

WHEREAS, to secure the repayment of the loans and financial accommodations made by the Original Lenders to Rexnord under the Original Credit Agreement, Rexnord executed and delivered the Original Mortgage (as defined below);

THIS MORTGAGE RESTATES AND AMENDS IN ITS ENTIRETY THAT CERTAIN FIRST TERM AND OPEN END MORTGAGE (THE "ORIGINAL MORTGAGE") ENTERED INTO AS OF APRIL 29, 1987, BUT EFFECTIVE ON APRIL 30, 1987, AND RECORDED ON THE 1ST DAY OF MAY, 1987, WITH THE COOK COUNTY, ILLINOIS RECORDER OF DEEDS AS DOCUMENT NUMBER 87234098, EXECUTED BY REXNORD IN FAVOR OF WILLIAM J. WADE, NOT INDIVIDUALLY, BUT SOLELY AS TRUSTEE UNDER THAT CERTAIN COLLATERAL TRUST AGREEMENT, DATED AS OF APRIL 30, 1987, BY AND AMONG SAID TRUSTEE, WILMINGTON TRUST COMPANY AND REXNORD.

This document was prepared by
and after recording should be
returned to:

James L. Marovitz, Esquire
Sidley & Austin
One First National Plaza
Chicago, Illinois 60603

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WHEREAS, Rexnord requested additional loans and financial accommodations and, in connection therewith, Rexnord entered into that certain Restated and Amended Credit Agreement, dated as of August 15, 1988 (the "Credit Agreement") among Rexnord, PT, the financial institutions listed on the signature pages thereof (the "Senior Lenders"), Citicorp North America, Inc. and The Bank of Nova Scotia, as Agent for the Senior Lenders, and Citicorp North America, Inc., as Administrative Agent for the Senior Lenders, pursuant to which the Senior Lenders, among other things, made additional loans and financial accommodations to Rexnord and changed the repayment terms and other terms of the loans which were made to Rexnord under the Original Credit Agreement and remained outstanding on the date of the Credit Agreement;

WHEREAS, Rexnord effected a complete liquidation pursuant to which it distributed all of its assets to its shareholders and such shareholders assumed all of Rexnord's liabilities;

WHEREAS, Mortgagor was a shareholder of Rexnord and, in connection with the aforementioned complete liquidation, Rexnord transferred to Mortgagor, among other things, all of Rexnord's right, title and interest in the Mortgaged Property (as hereinafter defined), subject to the lien thereon and security interest therein created by the Original Mortgage, and Mortgagor assumed, among other things, the obligations and liabilities of Rexnord under the Credit Agreement evidenced by, or related to, the Series B Revolving Credit Notes and the Series I Term Notes (as both such terms are defined in the Credit Agreement and hereinafter referred to herein collectively as the "Notes") and acquired the rights of, and assumed the obligations of, the Facility B Borrower under, and as defined in, the Credit Agreement;

WHEREAS, as a condition to the Senior Lenders' consent to the assumption by Mortgagor of Rexnord's obligations under the Notes and certain of Rexnord's obligations under the Credit Agreement and the assignment to Mortgagor of certain of Rexnord's rights under the Credit Agreement and as a condition to the Senior Lenders' making of loans and other financial accommodations to Mortgagor under the Credit Agreement from time to time hereafter, the Senior Lenders have required that Mortgagor execute and deliver (i) the Collateral Trust Agreement pursuant to which Mortgagor has created a Trust Estate (as defined in the Collateral Trust Agreement) for the benefit of the Secured Parties (as defined in the Collateral Trust Agreement) and (ii) this Mortgage to secure equally and ratably, as provided in the Collateral Trust Agreement, the payment and performance of (a) all of Mortgagor's obligations and liabilities hereunder, (b) the Public Debt (as defined in the Collateral Trust Agreement) and (c) all of Mortgagor's obligations and liabilities under the Notes and the Credit Agreement (all such Public Debt and liabilities and obligations under this Mortgage and under the Notes and the Credit Agreement being hereinafter referred to collectively as the "Liabilities");

WHEREAS, the Liabilities secured hereby shall not exceed the aggregate principal amount, at any one time outstanding, of Seventy-Five Million and no/100 Dollars (\$75,000,000) provided, that the foregoing limitation shall apply only to the lien upon real property created by this

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Mortgage, and it shall not in any manner limit, affect or impair any grant of a security interest in any personal property in favor of the Mortgagee or the Secured Parties under the provisions of the Credit Agreement, the Collateral Trust Agreement or under any other security agreement at any time executed by Mortgagor; and

WHEREAS, the Liabilities shall mature no later than August 31, 1995;

NOW, THEREFORE, in consideration of the premises contained herein and to secure payment of the Liabilities and in consideration of One Dollar (\$1.00) in hand paid, receipt whereof is hereby acknowledged, Mortgagor does hereby grant, remise, release, alien, convey, mortgage and warrant to Mortgagee, its successors and assigns and grant a security interest to Mortgagee, its successors and assigns, in and to the following described real estate in Cook County, Illinois:

See Exhibit A attached hereto and by this reference made a part hereof

which real estate (the "Land"), together with all right, title and interest, if any, which Mortgagor may now have or hereafter acquire in and to all improvements, buildings and structures thereon of every nature whatsoever, is herein called the "Premises".

TOGETHER WITH all right, title and interest, if any, including any after-acquired right, title and interest, and including any right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to (a) all easements, rights of way, gores of land or any lands occupied by streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and public places adjoining said Land, and any other interests in property constituting appurtenances to the Premises, or which hereafter shall in any way belong, relate or be appurtenant thereto and, (b) all hereditaments, gas, oil, minerals, and easements, of every nature whatsoever, located in or on the Premises and all other rights and privileges thereunto belonging or appertaining and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to, or of, any of the rights and interests described in subparagraphs (a) and (b) above (the "Property Rights").

TOGETHER WITH all personal property fixtures, equipment and appurtenances of every nature whatsoever now or hereafter located in, on or attached to, and used or intended to be used in connection with, or with the operation of the Premises, including but not limited to, (a) all screens, window shades, blinds, wainscoting, storm doors and windows, floor coverings, and awnings of Mortgagor; (b) all apparatus, machinery, equipment and appliances of Mortgagor; (c) all items of furniture, furnishings, equipment, and personal property of Mortgagor; and (d) all extensions, additions, improvements, betterments, renewals, substitutions, and replacements to or of any of the foregoing (the "Fixtures"). It is mutually agreed, intended and declared, that the Premises and all of the Property Rights and Fixtures owned by Mortgagor shall, so far as permitted by law, be deemed to form a part and parcel of the Land and for the purpose of this Mortgage to be real estate covered by this Mortgage.

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It is also agreed that if any of the property herein mortgaged is of a nature such that a security interest therein can be perfected under the Uniform Commercial Code, this instrument shall constitute a security agreement, fixture filing and financing statement, and Mortgagor agrees to execute, deliver and file or refile any financing statement, continuation statement, or other instruments Mortgagee or any of the Secured Parties may reasonably require from time to time to perfect or renew such security interest under the Uniform Commercial Code. To the extent permitted by law, (i) all of the Fixtures are fixtures on the Land; and (ii) this instrument, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture-filing" within the meaning of Sections 9-313 and 9-402 of the Uniform Commercial Code. (The Premises together with the Property Rights and the Fixtures shall hereinafter be called the "Real Property".)

TOGETHER WITH (i) all the estate, right, title and interest of the Mortgagor, in and to all judgments, insurance proceeds, awards of damages and settlements resulting from condemnation proceedings or the taking of the Real Property, or any part thereof, under the power of eminent domain or for any damage (whether caused by such taking or otherwise) to the Real Property, or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the Real Property or any part thereof and (except as otherwise provided herein, in the Credit Agreement or in the Collateral Trust Agreement) the Mortgagee is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and to apply the same as provided in the Collateral Trust Agreement; and (ii) all contract rights, general intangibles, actions and rights in action, relating to the Real Property including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Real Property; and (iii) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Real Property. (The rights and interests described in this paragraph shall hereinafter be called the "Intangibles".)

As additional security for the Liabilities secured hereby, Mortgagor does hereby pledge and assign to Mortgagee from and after the date hereof (including any period of redemption), primarily and on a parity with said real estate, and not secondarily, all the rents, issues and profits of the Real Property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including all deposits of money as advance rent, for security or as earnest money or as down payment for the purchase of all or any part of the Real Property) (the "Rents") under any and all present and future leases, contracts or other agreements relative to the ownership or occupancy of all or any portion of the Real Property and except to the extent such a transfer or assignment is not permitted by the terms thereof, does hereby transfer and assign to Mortgagee all such leases and agreements (including all Mortgagor's rights under any contracts for the sale of any portion of the Real Property and all revenues and royalties under any oil, gas and mineral leases relating to the Real Property) (the "Leases"). Mortgagee hereby grants to Mortgagor the right to collect and use the Rents as they become due and payable under the Leases, but not more than

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one (1) month in advance thereof, until the delivery to the Mortgagee of a Notice of Actionable Default (as defined in the Collateral Trust Agreement), and after the withdrawal of such Notice of Actionable Default in accordance with the terms and provisions of the Collateral Trust Agreement shall occur, provided, that the existence of such right shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and any such subsequent assignment shall be subject to the rights of the Mortgagee under this Mortgage. Mortgagor further agrees to execute and deliver such assignments of Leases or assignments of land sale contracts as Mortgagee may from time to time request. In the event that the Mortgagee shall have received a Notice of Actionable Default, as aforesaid, and such Notice of Actionable Default shall not have been withdrawn in accordance with the provisions of the Collateral Trust Agreement (1) the Mortgagor agrees, upon demand, to deliver to the Mortgagee all of the Leases with such additional assignments thereof as the Mortgagee may request and agrees that the Mortgagee may assume the management of the Real Property, and collect the Rents, applying the same upon the Liabilities in the manner provided in the Collateral Trust Agreement and (2) the Mortgagor hereby authorizes and directs all tenants, purchasers or other persons occupying or otherwise acquiring any interest in any part of the Real Property to pay the Rents due under the Leases to the Mortgagee upon request of the Mortgagee. Mortgagor hereby appoints Mortgagee as its true and lawful attorney in fact to manage said property and collect the Rents, with full power to bring suit for collection of the Rents and possession of the Real Property, giving and granting unto said Mortgagee and unto its agent or attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in the protection of the security hereby conveyed; provided, however, that (i) this power of attorney and assignment of rents shall not be construed as an obligation upon said Mortgagee to make or cause to be made any repairs that may be needful or necessary and (ii) Mortgagee agrees that until it receives a Notice of Actionable Default, as aforesaid, and after any withdrawal thereof, as aforesaid, Mortgagee shall permit Mortgagor to perform the aforementioned management responsibilities and collection of Rents. Upon Mortgagee's receipt of the Rents, at Mortgagee's option, it may pay: (1) reasonable charges for collection hereunder, costs of necessary repairs and other costs requisite and necessary during the continuance of this power of attorney and assignment of rents; (2) general and special taxes, insurance premiums; and (3) the balance of the Rents pursuant to the provisions of the Collateral Trust Agreement. This power of attorney and assignment of rents shall be irrevocable until this Mortgage shall have been satisfied and released of record and the releasing of this Mortgage shall act as a revocation of this power of attorney and assignment of rents. Mortgagee shall have and hereby expressly reserves the right and privilege (but assumes no obligation) to demand, collect, sue for, receive and recover the Rents, or any part thereof, now existing or hereafter made, and apply the same in accordance with the provisions of the Collateral Trust Agreement.

All of the mortgaged property described above, and each item of mortgaged property therein described, not limited to but including, the Land, the Premises, the Property Rights, the Fixtures, the Real Property, the Intangibles,

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the Rents and the Leases, is herein referred to as the "Mortgaged Property".

Nothing herein contained shall be construed as constituting the Mortgagee a mortgagee-in-possession in the absence of the taking of actual possession of the Mortgaged Property by the Mortgagee. Nothing contained in this Mortgage shall be construed as imposing on Mortgagee any of the obligations of the lessor under any Lease of the Mortgaged Property in the absence of an explicit assumption thereof by Mortgagee. In the exercise of the powers herein granted the Mortgagee, except as provided in the Collateral Trust Agreement, no liability shall be asserted or enforced against the Mortgagee, all such liability being expressly waived and released by Mortgagor.

TO HAVE AND TO HOLD the Mortgaged Property, properties, rights and privileges hereby conveyed or assigned, or intended so to be, unto Mortgagee, its beneficiaries, successors and assigns, forever for the uses and purposes herein set forth. Mortgagor hereby releases and waives all rights under and by virtue of the Homestead Exemption Laws, if any, of the State of Illinois (the "State") and Mortgagor hereby covenants, represents and warrants that, at the time of the ensembling and delivery of these presents, Mortgagor is well seized of the Mortgaged Property in fee simple and with full legal and equitable title to the Mortgaged Property, and with good right, full power and lawful authority to sell, assign, convey and mortgage the Mortgaged Property, and that the title to the Mortgaged Property described in Exhibit A attached hereto is free and clear of encumbrances, except as described on Exhibit B attached hereto and made a part hereof, and that, except for the encumbrances set forth on Exhibit B, Mortgagor will forever defend the same against all lawful claims.

The following provisions shall also constitute an integral part of this Mortgage:

1. Restated and Amended Mortgage. Mortgagor acknowledges and agrees that, upon the execution and delivery of this Mortgage, the terms and provisions of the Original Mortgage shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Mortgage and the obligations and liabilities under the Original Loan Agreement (as defined in the Credit Agreement) heretofore evidenced by the Original Notes (as defined in the Credit Agreement) shall, on the Closing Date (as defined in the Credit Agreement), be re-evidenced by the Notes (as defined in the Credit Agreement) and shall be payable in accordance with the terms of the Notes and the Credit Agreement. THIS MORTGAGE IS NOT INTENDED IN ANY WAY TO ALTER THE PRIORITIES OF EXISTING MORTGAGE LIENS AND SHOULD NOT BE CONSTRUED TO CONSTITUTE A NOVATION. Mortgagor acknowledges and agrees that Mortgagee, in accepting the delivery of this Mortgage, has not and shall not be deemed to have waived, released or modified any right or power that it may have under the Original Mortgage to claim that any default thereunder has occurred or is occurring, and the execution, delivery and recording of this Mortgage shall not be deemed to be a waiver by Mortgagee of any such default.

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2. Payment of Taxes on the Mortgage. Without limiting any of the provisions of the Credit Agreement or the Collateral Trust Agreement, Mortgagor agrees that, if the United States or any department, agency or bureau thereof or of the State or any of its subdivisions having jurisdiction shall at any time require documentary stamps to be affixed to the Mortgage or shall levy, assess or charge any tax, assessment or imposition upon this Mortgage or the credit or indebtedness secured hereby or the interest of Mortgagee in the Mortgaged Property or upon Mortgagee or the Secured Parties by reason of or as holder of any of the foregoing then, Mortgagor shall pay for such documentary stamps in the required amount and deliver them to Mortgagee or pay (or reimburse Mortgagee or the Secured Parties, as the case may be, for) such taxes, assessments or impositions and, unless all such documentary stamps, taxes, assessments and impositions are paid or reimbursed by Mortgagor when and as they become due and payable, all sums hereby secured shall become immediately due and payable, at the option of Mortgagee or the Secured Parties, notwithstanding anything contained herein or in any law heretofore or hereafter enacted. Mortgagor agrees to exhibit to Mortgagee and the Secured Parties, at least annually and twenty (20) days after request, official receipts showing payment of all taxes, assessments and charges which Mortgagor is required or elects to pay hereunder. Mortgagor agrees to indemnify Mortgagee and the Secured Parties against liability on account of such documentary stamps, taxes, assessments or impositions, whether such liability arises before or after payment of the Liabilities and regardless of whether this Mortgage shall have been released.

3. Leases Affecting the Real Property. Mortgagor agrees to faithfully perform all of its obligations under all present and future Leases or other agreements relative to the occupancy of the Real Property at any time assigned to Mortgagee as additional security, and to refrain from any action or inaction which would result in termination of any such Leases or agreements or in the diminution of the value of the Leases or agreements or of the rents or revenues due thereunder. All future lessees under any Lease of the Real Property, or any part thereof, made after the date of recording of this Mortgage shall, at Mortgagee's option and without any further documentation, attorn to Mortgagee, as lessor if for any reason Mortgagee becomes lessor thereunder, and, upon demand, to pay rent to Mortgagee and Mortgagee shall not be responsible under such Lease for matters arising prior to Mortgagee becoming lessor thereunder.

4. Use of the Real Property. Mortgagor agrees that it shall not permit the public to use the Real Property in any manner that might tend, in Mortgagee's or the Secured Parties' reasonable judgment, to impair Mortgagor's title to such property or any portion thereof, or to make possible any claim or claims of easement by prescription or of implied dedication to public use, if such impairment or claim would have an adverse effect on the value of the Mortgaged Property.

5. Indemnification. Subject to the limitations, if any, set forth in the Credit Agreement, Mortgagor shall not use or permit the use of any part of the Real Property for an illegal purpose, including, without limitation, the violation of any environmental laws, statutes, codes, regula-

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tions or practices. Without limiting any indemnification Mortgagor has granted in the Credit Agreement or the Collateral Trust Agreement, Mortgagor agrees to indemnify and hold harmless Mortgagee and the Secured Parties from and against any and all losses, suits, obligations, fines, damages, judgments, penalties, claims, charges, costs and expenses (including reasonable attorneys' and paralegals' fees, court costs and disbursements) (collectively "Claims") which may be imposed, incurred, paid or asserted by reason or on account of, or in connection with (i) the construction, reconstruction or alteration of the Mortgaged Property, (ii) any negligence or misconduct of Mortgagor, any lessee of the Mortgaged Property, or any of their respective agents, contractors, subcontractors, servants, employees, licensees or invitees, (iii) any accident, injury, death or damage to any person or property occurring in, on or about the Real Property or any street, drive, sidewalk, curb or passageway adjacent thereto, or (iv) any other transaction arising out of or in any way connected with the Mortgaged Property.

6. Insurance. Mortgagor shall, at its sole cost and expense, obtain for, deliver to, assign and maintain for the benefit of Mortgagee, until the Liabilities are paid in full, insurance policies as specified in the Credit Agreement. In the event of a casualty loss, the net insurance proceeds from such insurance policies shall be paid and applied as specified in the Credit Agreement and the Collateral Trust Agreement.

7. Condemnation Awards. Mortgagor hereby assigns to Mortgagee, as additional security, all awards of damage resulting from condemnation proceedings or the taking of the Real Property, or some portion thereof, for public use, and Mortgagor agrees that the proceeds of all such awards shall be paid and applied as specified in the Credit Agreement and the Collateral Trust Agreement.

8. Remedies of Mortgagee. Subject to the provisions of the Collateral Trust Agreement, upon the delivery of a Notice of Actionable Default and prior to the withdrawal thereof, in addition to any rights and remedies provided for in the Credit Agreement and the Collateral Trust Agreement, and to the extent permitted by applicable law, the following provisions shall apply:

(a) Mortgagee's Power of Enforcement. It shall be lawful for Mortgagee to (i) immediately sell the Mortgaged Property either in whole or in separate parcels, as prescribed by the State law, under power of sale, which power is hereby granted to Mortgagee to the full extent permitted by the State law, and thereupon, to make and execute to any purchaser(s) thereof deeds of conveyance pursuant to applicable law or (ii) immediately foreclose this Mortgage by judicial action. The court in which any proceeding is pending for the purpose of foreclosure of this Mortgage may, at once or at any time thereafter, either before or after sale, without notice and without requiring bond, and without regard to the solvency or insolvency of any person liable for payment of the Liabilities secured hereby, and without regard to the then value of the Mortgaged Property or the occupancy thereof as a homestead, appoint a receiver (the provisions for the appointment of a receiver and assignment of rents being an express condition upon which the loans hereby

secured are made) for the benefit of Mortgagee, with power to collect the Rents, due and to become due, during such foreclosure suit and the full statutory period of redemption notwithstanding any redemption. The receiver, out of the Rents when collected, may pay costs incurred in the management and operation of the Real Property, prior and subordinate liens, if any, and taxes, assessments, water and other utilities and insurance, then due or thereafter accruing, and may make and pay for any necessary repairs to the Mortgaged Property, and may pay all or any part of the Liabilities or other sums secured hereby or any deficiency decree entered in such foreclosure proceedings. Upon or at any time after the filing of a suit to foreclose this Mortgage, the court in which such suit is filed shall have full power to enter an order placing Mortgagee in possession of the Mortgaged Property with the same power granted to a receiver pursuant to this subparagraph and with all other rights and privileges of a mortgagee-in-possession under applicable law.

(b) Mortgagee's Right to Enter and Take Possession, Operate and Apply Income. Mortgagee shall, at its option, have the right, acting through its agents or attorneys, either with or without process of law, forcibly or otherwise, to enter upon and take possession of the Real Property, expel and remove any persons, goods, or chattels occupying or upon the same, to collect or receive all the Rents, and to manage and control the same, and to lease the same or any part thereof, from time to time, and, after deducting all reasonable attorneys' fees and expenses, and all reasonable expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, distribute and apply the remaining net income in accordance with the terms of the Collateral Trust Agreement or any deficiency decree entered in any foreclosure proceedings.

9. Application of the Rents or Proceeds from Foreclosure or Sale. In any foreclosure of this Mortgage by judicial action, or any sale of the Mortgaged Property by advertisement, in addition to any of the terms and provisions of the Credit Agreement or the Collateral Trust Agreement, there shall be allowed (and included in the decree for sale in the event of a foreclosure by judicial action) to be paid out of the Rents or the proceeds of such foreclosure proceeding and/or sale:

(a) Liabilities. All of the Liabilities which then remain unpaid;

(b) Other Advances. All other items advanced or paid by Mortgagee or any of the Secured Parties pursuant to this Mortgage; and

(c) Costs, Fees and Other Expenses. All court costs, reasonable attorneys' and paralegals' fees and expenses, appraiser's fees, advertising costs, notice expenses, expenditures for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, title guarantees, title insurance policies, Torrens certificates and similar data with respect to title which Mortgagee in the reasonable exercise of its judgment may deem necessary. All such expenses shall become additional Liabil-

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ities secured hereby when paid or incurred by Mortgagee or the [Secured Parties] in connection with any proceedings, including but not limited to probate and bankruptcy proceedings, to which Mortgagee or any of the Secured Parties shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured or in connection with the preparations for the commencement of any suit for the foreclosure, whether or not actually commenced, or sale by advertisement. The proceeds of any sale (whether through a foreclosure proceeding or Mortgagee's exercise of the power of sale) shall be distributed and applied in accordance with the terms of the Collateral Trust Agreement.

10. Cumulative Remedies; Delay or Omission Not a Waiver. Each remedy or right of Mortgagee shall not be exclusive of but shall be in addition to every other remedy or right now or hereafter existing at law or in equity. No delay in the exercise or omission to exercise any remedy or right accruing on the occurrence or existence of any Event of Default (as defined in the Credit Agreement) shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or acquiescence therein, nor shall it affect any subsequent Event of Default of the same or different nature. Every such remedy or right may be exercised concurrently or independently and when and as often as may be deemed expedient by Mortgagee or the Secured Parties.

11. Mortgagee's Remedies against Multiple Parcels. If more than one property, lot or parcel is covered by this Mortgage, and if this Mortgage is foreclosed upon, or judgment is entered upon any Liabilities secured hereby, or if Mortgagee exercises its power of sale, execution may be made upon or Mortgagee may exercise its power of sale against any one or more of the properties, lots or parcels and not upon the others, or upon all of such properties or parcels, either together or separately, and at different times or at the same time, and execution sales or sales by advertisement may likewise be conducted separately or concurrently, in each case at Mortgagee's election.

12. No Merger. In the event of a foreclosure of this Mortgage or any other mortgage or deed of trust securing the Liabilities, the Liabilities then due the Mortgagee shall not be merged into any decree of foreclosure entered by the court, and Mortgagee and the Secured Parties may concurrently or subsequently seek to foreclose one or more mortgages or deeds of trust which also secure said Liabilities.

13. Notices. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, telexed or sent by courier service or United States mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or telex or four (4) Business Days (as defined in the Credit Agreement) after deposit in the United States mail, registered or certified, with postage prepaid (notices to the Mortgagee shall not be effective until received) and addressed to the party so notified as follows:

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if to Mortgagor:

Rexnord Holdings Inc.
350 North Sunny Slope
Brookfield, Wisconsin 53005
Attn: David D. Keen

with a copy to:

Banner Industries, Inc.
25700 Science Park Drive
Cleveland, Ohio 44122
Attn: Michael T. Alcox

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019
Attn: David C. Brodhead

if to Mortgagee:

Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
Attn: Corporate Trust Administrator

with a copy to:

Citicorp North America, Inc.
Bond Court Building
1300 E. 9th Street
Cleveland, Ohio 44114
Attn: Colin M. Cohen

with a copy to:

Citicorp Investment Bank
55 Water Street, 44th Floor
New York, New York 10047
Attn: Laura Williamson

with a copy to:

The Bank of Nova Scotia
First National Bank Building
2 Peachtree Street, N.W.
Suite 909
Atlanta, Georgia 30383
Attn: Agent

with a copy to:

The Bank of Nova Scotia
One Cleveland Center
Suite 1950
Cleveland, Ohio 44114
Attn: Senior Representative

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with a copy to:

Sidley & Austin
One First National Plaza
Chicago, Illinois 60603
Attn: James L. Marovitz

Mortgagor and Mortgagee shall, from time to time, have the right to specify as the proper addressee and/or address for the purposes of this Mortgage any other party or address in the United States upon giving notice of a change as provided in this Section 13.

14. Extension of Payments. Mortgagor agrees that, without affecting the liability of any person for payment of the Liabilities secured hereby or affecting the lien of this Mortgage upon the Mortgaged Property or any part thereof (other than persons or property explicitly released as a result of the exercise by Mortgagee of its rights and privileges hereunder), Mortgagee or the Secured Parties may at any time and from time to time, on request of the Mortgagor, without notice to any person liable for payment of any Liabilities secured hereby, but otherwise subject to the provisions of the Credit Agreement, the Collateral Trust Agreement and the other Debt Instruments (as defined in the Collateral Trust Agreement), extend the time, or agree to alter or amend the terms of payment of such Liabilities. Mortgagor further agrees that any part of the security herein described may be released with or without consideration without affecting the remainder of the Liabilities or the remainder of the security.

15. Governing Law. Mortgagor agrees that this Mortgage is to be construed, governed and enforced in accordance with the laws of the State. Wherever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

16. Satisfaction of Mortgage. Upon full payment of all the Liabilities, at the time and in the manner provided in the Debt Instruments, or upon satisfaction of the conditions set forth in the Collateral Trust Agreement for release of the Mortgaged Property from this Mortgage, this conveyance or lien shall be null and void and, upon demand therefor following such payment, a satisfaction of mortgage or reconveyance of the Mortgaged Property shall promptly be provided by Mortgagee to Mortgagor.

17. Successors and Assigns Included in Parties. This Mortgage shall be binding upon the Mortgagor and upon the successors, assigns and vendees of the Mortgagor and shall inure to the benefit of the Mortgagee's successors and assigns; all references herein to the Mortgagor and to the Mortgagee shall be deemed to include their successors and assigns. Mortgagor's successors and assigns shall include, without limitation, a receiver, trustee or debtor in possession of or for the Mortgagor. Wherever used, the singular number shall include the plural, the plural shall include the

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singular, and the use of any gender shall be applicable to all genders.

18. Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws. Mortgagor agrees, to the full extent permitted by law, that at all times following an Event of Default, neither Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, or extension laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser thereat, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that Mortgagee or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property in part or as an entirety. To the full extent permitted by law, Mortgagor hereby waives any and all statutory or other rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person, acquiring any interest in or title to the Mortgaged Property subsequent to the date hereof.

19. Interpretation with Other Documents. Notwithstanding anything in this Mortgage to the contrary, in the event of a conflict or inconsistency between the Mortgage and the Credit Agreement or the Collateral Trust Agreement, the provisions of the Credit Agreement or the Collateral Trust Agreement, as the case may be, shall govern.

20. Future Advances. This Mortgage is given for the purpose of securing, equally and ratably (as provided in the Collateral Trust Agreement), loan advances which the Mortgagee or any of the Senior Lenders may make to or for Mortgagor pursuant and subject to the terms and provisions of the Credit Agreement and the Collateral Trust Agreement. The parties hereto intend that, in addition to any other debt or obligation secured hereby, this Mortgage shall secure, equally and ratably (as provided in the Collateral Trust Agreement), unpaid balances of loan advances made after this mortgage is delivered to the Recorder of Deeds, Cook County, Illinois, whether made pursuant to an obligation of Mortgagee or otherwise, provided that such advances are within twenty (20) years from the date hereof and in such event, such advances shall be secured, equally and ratably (as provided in the Collateral Trust Agreement), to the same extent as if such future advances were made on the date hereof, although there may be no indebtedness outstanding at the time any advance is made. Such loan advances may or may not be evidenced by notes executed pursuant to the Credit Agreement.

21. Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein, in the Credit Agreement or in the Collateral Trust Agreement shall not be in any way affected, prejudiced

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or disturbed thereby. In the event that the application of any of the covenants, agreements, terms or provisions of this Mortgage is held to be invalid, illegal or unenforceable, those covenants, agreements, terms and provisions shall not be in any way affected, prejudiced or disturbed when otherwise applied.

22. Changes. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Mortgagor and Mortgagee or the Secured Parties relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

IN WITNESS WHEREOF, this instrument is executed as of the day and year first above written.

THE MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT THE MORTGAGOR HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

CHEMREX INC.,
a Delaware corporation

By *Michael T. Goy*
Its Vice President

Attest:

Paul H. Hite
Its Secretary

AFFIX CORPORATE SEAL

Property of Cook County Clerk's Office

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STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

I, the undersigned, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY, that Michael T. Alcox personally known to me to be the Vice President of ChemRex Inc. and Michael J. Vantusko personally known to me to be the Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Vice President and Secretary, they signed and delivered the said instrument and caused the corporate seal of said corporation to be affixed thereto, 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, for the uses and purposes therein set forth.

Given under my hand and official seal, the 16 day of August, 1988.

Urmila D. Kanwal
Notary Public

My commission expires: _____

URMILA D. KANWAL
Notary Public, State of New York
No. 31-489544B
Qualified in New York County
Commission Expires May 28, 1989

Property of Cook County Clerk's Office

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Site 9
415 East 16th Street
Cook County
Chicago Heights, Illinois 60411

EXHIBIT A

Legal Description

That part of the South West Quarter of Section 22, Township 35 North, Range 14, East of the Third Principal Meridian, described as follows: Commencing at a point in a line parallel with and 1285.4 feet North of the North right of way line of the Michigan Central Railroad Company being also in the North line of 16th Street as located through said Section 22 and 1333.85 feet West measured along said street line from its intersection with the North and South center line of said Section 22; thence North Westwardly at an angle of 89 Degrees and 47 Minutes to the right of the aforescribed course 500 feet; thence continuing North Westwardly parallel with the North and South center line of said Section 22, 100 feet; thence Westwardly parallel with the said North line of 16th Street 386.37 feet; thence South Westwardly to the left with a prolongation of the last described course 26 Degrees and 13 Minutes 100.65 feet; thence South Westwardly to the left with a prolongation of the last described course 16 Degrees and 30 Minutes 100.77 feet; thence South Westwardly to the left with a prolongation of the last described course 16 Degrees 100.77 feet; thence South Westwardly to the left with a prolongation of the last described course 10 Degrees and 54 Minutes 102.46 feet more or less to a point in a line parallel with the West line of said Section 22 and 672 feet East from said West Section line as measured along the center line of said 16th Street; thence South Westwardly along said line parallel with the West line of said Section 22, 305.05 feet more or less to the said North line of 16th Street; thence East along said North line of 16th Street 639.88 feet more or less to the point of beginning, except the East 160 feet thereof, conveyed to Beatrice Foods Co. by Deed recorded November 7, 1975 as Document 23,286,665.

Permanent Tax Number: 32-22-300-056

Volume: 015

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Chicago Heights
Cook County
Illinois

EXHIBIT B

Permitted Title Exceptions

Site Number 9

Those title exceptions listed on title commitment 240808 dated August 16, 1988, issued by Ticor Title Insurance Company for the property described on Exhibit A hereof.

Property of Cook County Clerk's Office

. DEPT-01 RECORDING \$17.00
. T42222 TRAN 4758 08/17/88 12:13:00
. #4677 ± B * -38-373805
. COOK COUNTY RECORDER

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