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MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT ("Mortgage"), made as of August 21, 1988, is made and executed by American National Bank and Trust Company of Chicago, a national banking association, not in its individual capacity but as Trustee under a Trust Agreement dated February 14, 1984 and known as Trust No. 60312, having its principal offices at 33 North LaSalle Street, Chicago, Illinois 60602 ("Mortgagor"), in favor of Morgan Guaranty Trust Company of New York, a New York banking corporation, having an office at 23 Wall Street, New York, New York 10005 ("Lender").

RECITALS

I. Hotel Swiss Grand Associates Limited Partnership, an Illinois limited partnership ("Beneficiary"), owns 100% of the beneficial interest in Mortgagor. Subject to the terms and conditions of a certain Loan Agreement of even date herewith between Lender and Beneficiary (the "Loan Agreement"), Lender has agreed to make a loan to Mortgagor in the amount of One Hundred Thirty Two Million Nine Hundred Forty Thousand Swiss Francs (132,940,000 SF) (the "Loan"). Mortgagor owns legal title to and Beneficiary operates (through the Management Agreement defined herein) the Swiss Grand Hotel.

II. Pursuant to the terms of the Loan Agreement, Beneficiary has or will execute one or more Acknowledgments of Debt (said Acknowledgments of Debt, together with any renewal or replacement of any one or more of them, being collectively referred to as the "Acknowledgments") in favor of Lender in the aggregate principal amount of the Loan. A copy of the Loan Agreement is attached hereto as Exhibit A. The terms and provisions of the Loan Agreement are hereby incorporated, by reference, in this Mortgage.

GRANTING CLAUSES

To secure the payment of the indebtedness evidenced by the Loan Agreement, the Acknowledgments and the payment of all amounts due under and the performance and observance of all covenants and conditions contained in this Mortgage, the Loan Agreement, the Acknowledgments, any and all other acknowledgments of debt, mortgages, security agreements, assignments of leases and rents, and any other documents and instruments now or hereafter executed by Mortgagor, Beneficiary or any party related thereto or affiliated therewith to evidence, secure or guarantee the payment of all or any portion of the indebtedness under the Acknowledgments and any and all renewals, extensions, amendments

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and replacements of this Mortgage, any one or more of the Acknowledgments and any such other documents and instruments (the Loan Agreement, the Acknowledgments, this Mortgage, such other acknowledgments, mortgages, security agreements, assignments of leases and rents, and any other documents and instruments now or hereafter executed and delivered in connection with the Loan, and any and all amendments, renewals, extensions and replacements hereof and thereof, being sometimes referred to collectively as the "Loan Instruments" and individually as a "Loan Instrument") (all indebtedness and liabilities secured hereby being hereinafter sometimes referred to as "Borrower's Liabilities" which indebtedness and liabilities being secured hereby shall, in no event, exceed \$500,000,000), Mortgagor does hereby convey, mortgage, assign, transfer, pledge and deliver to Lender the following described property subject to the terms and conditions herein:

(A) The land located in Cook County, Illinois, legally described in attached Exhibit B ("Land");

(B) All the buildings, structures, improvements and fixtures of every kind or nature now or hereafter situated on the Land; and, to the extent not owned by tenants of the Mortgaged Property or leased by Mortgagor or Beneficiary or the agents of either of them, all machinery, appliances, equipment, furniture and all other personal property of every kind or nature located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Land, buildings, structures, improvements or fixtures now or hereafter located or to be located on the Land, or in connection with any construction being conducted or which may be conducted thereon, and all extensions, additions, improvements, substitutions and replacements to any of the foregoing ("Improvements");

(C) All building materials and goods which are procured or to be procured by Mortgagor, Beneficiary or the agents of either of them for use on or in connection with the Improvements or the construction of additional Improvements, whether or not such materials and goods have been delivered to the Land ("Materials");

(D) All plans, specifications, architectural renderings, drawings, licenses, permits, soil test reports, other reports of examinations or analyses of the Land or the Improvements, contracts for services to be rendered to Mortgagor, Beneficiary or otherwise in connection with the Improvements and all other property, contracts, reports, proposals and other materials now or hereafter existing in any way relating to the Land or the Improvements or the construction of additional Improvements;

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(E) All easements, tenements, rights-of-way, vaults, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers and appurtenances in any way belonging, relating or appertaining to any of the Land or Improvements, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired ("**Appurtenances**");

(F) (i) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Land, Improvements or Appurtenances or any part thereof or to any rights appurtenant thereto;

(ii) All compensation, awards, damages, claims, rights of action and proceeds of or on account of (a) any damage or taking, pursuant to the power of eminent domain, of the Land, Improvements, Appurtenances or Materials or any part thereof, (b) damage to all or any portion of the Land, Improvements or Appurtenances by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Land, Improvements, Appurtenances, Materials or of other property, or (c) the alteration of the grade of any street or highway on or about the Land, Improvements, Appurtenances, Materials or any part thereof; and, except as otherwise provided herein, Lender is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and, except as otherwise provided herein, to apply the same toward the payment of the indebtedness and other sums secured hereby;

(iii) All contract rights, general intangibles, actions and rights in action, including, without limitation, all rights of Mortgagor, Beneficiary or the agents of either of them to insurance proceeds and unearned premiums arising from or relating to damage to the Land, Improvements, Appurtenances or Materials; and

(iv) All proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Land, Improvements, Appurtenances or Materials;

(G) All rents, issues, profits, income and other benefits now or hereafter arising from or in respect of the Land, Improvements or Appurtenances (the "**Rents**"); it being intended that this Granting Clause shall constitute an absolute and present assignment of the Rents, subject, however, to the conditional permission given to Mortgagor to collect and use the Rents as provided in this Mortgage;

(H) Any and all leases, licenses and other occupancy agreements now or hereafter affecting the Land, Improvements, Appurtenances or Materials, together with all security therefor and guaranties thereof and all monies payable thereunder, and all

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books and records owned by Mortgagor which contain evidence of payments made under the leases and all security given therefor (collectively, the "Leases"), subject, however, to the conditional permission given in this Mortgage to Mortgagor to collect the Rents arising under the Leases as provided in this Mortgage;

(I) Any and all after-acquired right, title or interest of Mortgagor in and to any of the property described in the preceding Granting Clauses; and

(J) The proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding Granting Clauses;

All of the mortgaged property described in the Granting Clauses together with all real and personal, tangible and intangible property pledged in, or to which a security interest attaches pursuant to, any of the Loan Instruments is sometimes referred to collectively as the "Mortgaged Property". The Rents and Leases are pledged on a parity with the Land and Improvements and not secondarily.

ARTICLE ONE

COVENANTS OF MORTGAGOR

Mortgagor covenants and agrees with Lender as follows:

1.01 Performance under Acknowledgments, Mortgage and Other Instruments. Mortgagor shall perform, observe and comply with or cause to be performed, observed and complied with in a complete and timely manner all provisions hereof and of the Acknowledgments, every other Loan Instrument and every instrument evidencing or securing Borrower's Liabilities and will promptly pay or cause to be paid to Lender when due the principal with interest thereon and all other sums required to be paid by Mortgagor pursuant to the Loan Agreement, this Mortgage, every other Loan Instrument and every other instrument evidencing or securing Borrower's Liabilities.

1.02 General Covenants and Representations. Mortgagor covenants and represents that as of the date hereof and at all times until Borrower's Liabilities have been paid in full: (a) Mortgagor is seized of an indefeasible estate in fee simple in that portion of the Mortgaged Property which is real property, and has good and absolute title to it and the balance of the Mortgaged Property free and clear of all liens, security interests, charges and encumbrances whatsoever except those approved in writing by Lender, if any (the "Permitted Encumbrances"); (b) Mortgagor has good right, full power and lawful authority to mortgage and pledge the Mortgaged Property as provided herein;

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(c) upon the occurrence of an Event of Default, Lender may at all times peaceably and quietly enter upon, hold, occupy and enjoy the Mortgaged Property in accordance with the terms hereof; and (d) Mortgagor will maintain and preserve the lien of this Mortgage as a first and paramount lien on the Mortgaged Property subject only to the Permitted Encumbrances and Borrower's rights to contest liens in accordance with the terms of this Mortgage.

1.03 Compliance with Laws and Other Restrictions. Mortgagor covenants and represents that the Land and the Improvements and the use thereof presently comply in all material respects with, and will during the full term of this Mortgage continue to comply in all material respects with, all applicable restrictive covenants, zoning and subdivision ordinances and building codes, licenses, health and environmental laws and regulations and all other applicable laws, ordinances, rules and regulations. If any federal, state or other governmental body or any court issues any notice or order to the effect that the Mortgaged Property or any part thereof is not in compliance with any such covenant, ordinance, code, law or regulation, Mortgagor will promptly provide Lender with a copy of such notice or order and will immediately commence and diligently perform all such actions as are necessary to comply therewith or otherwise correct such non-compliance. Mortgagor shall not, without the prior written consent of Lender, petition for or otherwise seek any change in the zoning ordinances or other public or private restrictions applicable to the Mortgaged Property on the date hereof.

1.04 Taxes and Other Charges.

1.04.1 Taxes and Assessments. Mortgagor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations, liens and encumbrances of every kind and nature whatsoever now or hereafter imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon or against this Mortgage or Borrower's Liabilities or upon or against the interest of Lender in the Mortgaged Property, as well as all taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or in respect of the Mortgaged Property or any part thereof; provided, however, that Mortgagor shall have the right, and shall if such be required by applicable law, pay such tax under protest or, if such payment is not required by law, to otherwise contest any such tax or assessment but only if (a) such contest has the effect of preventing the collection of such taxes so contested and also prevent the sale or forfeiture of the Mortgaged Property or any part thereof or any interest therein, (b) Mortgagor has notified Lender of its intent to contest such taxes and (c) Mortgagor has deposited with Lender security in form and amount satisfactory to

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Lender, in its sole judgment, and increases the amount of such security so deposited promptly after Lender's request therefor if said security becomes insufficient, in Lender's reasonable judgment, to protect the interests of Lender hereunder. Notwithstanding the foregoing, in the event Lender, in its sole discretion, determines that condition (a) above has been satisfied, then the deposit required by condition (c) shall be waived. Such deposit requirement may be reimposed, however, at any time in the event Lender does not continue to be satisfied that condition (a) has been met. Mortgagor shall pay the disputed or contested tax, assessment or other charge and all interest and penalties due in respect thereof on or before the date any adjudication of the validity or amount thereof becomes final and in any event no less than thirty (30) days prior to any forfeiture or sale of the Mortgaged Property by reason of such non-payment. Upon Lender's request, Mortgagor will promptly file, if it has not theretofore filed, such petition, application or other instrument as is necessary to cause the Land and Improvements to be taxed as a separate parcel or parcels which include no property not a part of the Mortgaged Property.

1.04.2 **Taxes Affecting Lender's Interest.** If any state, federal, municipal or other governmental law, order, rule or regulation, which becomes effective subsequent to the date hereof, in any manner changes or modifies existing laws governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting taxes, so as to impose on Lender a tax by reason of its ownership of any or all of the Loan Instruments or measured by the principal amount of the Acknowledgments (other than a change in the rate of federal corporate income taxes payable by Lender), require or have the practical effect of requiring Lender to pay any portion of the real estate taxes levied in respect of the Mortgaged Property to pay any tax levied in whole or in part in substitution for real estate taxes or otherwise affects materially and adversely the rights of Lender in respect of the Acknowledgments, this mortgage or the other Loan Instruments, Borrower's Liabilities and all interest accrued thereon shall, upon thirty (30) days notice, become due and payable forthwith at the option of Lender, whether or not there shall have occurred a default under any of the Loan Instruments not cured within the applicable cure period, if any, hereinafter referred to as an "Event of Default," provided, however, that, if Mortgagor may, without violating or causing a violation of such law, order, rule or regulation, pay such taxes or other sums as are necessary to eliminate such adverse effect upon the rights of Lender and does pay such taxes or other sums when due, Lender will not elect to declare due Borrower's Liabilities by reason of the provisions of this Paragraph 1.04.2.

1.04.3 **Tax Escrow.** After the occurrence of an Event of Default, Mortgagor shall, in order to secure the performance and discharge of Mortgagor's obligations under this Paragraph

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1.04, but not in lieu of such obligations, deposit with Lender on the first day of each calendar month throughout the term of the Loan, deposits, in amounts set by Lender from time to time by written notice to Mortgagor, in order to accumulate funds sufficient to permit Lender to pay all annual ad valorem taxes, assessments and charges of the nature described in Paragraph 1.04.1 at least ten (10) days prior to the date or dates on which they shall become delinquent. The taxes, assessments and charges for purposes of this Paragraph 1.04.3 shall, if Lender so elects, include, without limitation, water and sewer rents. Mortgagor shall procure and deliver to Lender when issued all statements or bills for such obligations. Upon demand by Lender, Mortgagor shall deliver to Lender such additional monies as are required to satisfy any deficiencies in the amounts necessary to enable Lender to pay such taxes, assessments and similar charges ten (10) days prior to the date they become delinquent. Lender shall pay such taxes, assessments and other charges as they become due to the extent of the funds on deposit with Lender from time to time and provided Mortgagor has delivered to Lender the statements or bills therefor. In making any such payments, Lender shall be entitled to rely on any bill issued in respect of any such taxes, assessments or charges without inquiry into the validity or amount thereof and whether delivered to Lender by Mortgagor or otherwise obtained by Lender. Any deposits received pursuant to this Paragraph 1.04.3 shall not be, nor be deemed to be, trust funds, but shall not be commingled with the general funds of Lender and shall bear interest on amounts deposited with Lender at Lender's then current money market rate for funds not subject to withdrawal restrictions. If any Event of Default occurs any part or all of the amounts then on deposit or thereafter deposited with Lender under this Paragraph 1.04.3 may at Lender's option be applied to payment of Borrower's Liabilities in such order as Lender may determine.

1.04.4 **No Credit Against the Indebtedness Secured Hereby.** Mortgagor shall not claim, demand or be entitled to receive any credit against any of Borrower's Liabilities for any of the taxes, assessments or similar impositions assessed against the Mortgaged Property or any part thereof or that are applicable to Borrower's Liabilities or to Lender's interest in the Mortgaged Property.

1.05 **Mechanic's and Other Liens.** Mortgagor shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien or encumbrance (other than any lien for taxes and assessments not yet due) to be created upon or against the Mortgaged Property, provided, however, that Mortgagor may in good faith, by appropriate proceeding, contest the validity, applicability or amount of any asserted lien and, pending such contest, Mortgagor shall not be deemed to be in default hereunder if Mortgagor shall cause Lender's title insurer to issue to Lender an endorsement to Lender's Loan Title Insurance Policy on

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policy modification form 12A or the then comparable form insuring over such lien claim. Mortgagor shall pay the disputed amount and all interest and penalties due in respect thereof on or before the date any adjudication of the validity or amount thereof becomes final and, in any event, no less than thirty (30) days prior to any foreclosure sale of the Mortgaged Property or the exercise of any other remedy by such claimant against the Mortgaged Property.

1.06 Insurance and Condemnation.

1.06.1 Hazard Insurance. Mortgagor shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of Lender, until Borrower's Liabilities are paid in full, policies of broad form extended coverage hazard insurance in amounts which shall be not less than 100% of the full insurable replacement cost of the Improvements and Materials insuring on a replacement cost basis the Mortgaged Property (other than the Land) and the Tangible Goods (as defined in the Security Agreement of even date herewith between Lender and Beneficiary) against loss or damage on an "All Risks" form, such insurable hazards, casualties and contingencies as Lender may reasonably require, including without limitation fire, windstorm, rainstorm, vandalism and, if all or any part of the Mortgaged Property shall at any time be located within an area identified by the government of the United States or any agency thereof as having special flood hazards and for which flood insurance is available, flood. Mortgagor shall pay promptly when due any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing them shall be reasonably acceptable to Lender. If any such policy shall contain a co-insurance clause it shall also contain an agreed amount or stipulated value endorsement. All such policies and renewals thereof shall be held by Lender and shall contain a standard mortgagee's endorsement making losses payable to the parties as their interests may appear. No additional parties shall appear in the mortgage clause without Lender's prior written consent. In the event of loss, Mortgagor will give prompt written notice to Lender and Lender may make proof of loss if not made promptly by Mortgagor (for which purpose Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact). In the event of the foreclosure of this Mortgage or any other transfer of title to the Mortgaged Property in full or partial satisfaction of Borrower's Liabilities, all right, title and interest of Mortgagor in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee. All policies described herein and in Section 1.06.2 shall provide that they shall not be modified so as to reduce coverages, cancelled or terminated without at least thirty (30) days' prior written notice to Lender from the insurer.

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1.06.2 **Other Insurance.** Mortgagor shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of, Lender, until Borrower's Liabilities are paid in full, (i) a broad form comprehensive general liability insurance policy, in an amount reasonably determined by Lender, and such umbrella liability coverage as Lender may reasonably request, (ii) a loss of rentals and/or business interruption insurance policy in an amount equal to not less than \$12,000,000 and (iii) such other insurance policies relating to the Mortgaged Property and the Tangible Goods and the use and operation thereof, including dramshop, workmen's compensation and steam, boiler and machinery direct damage and liability insurance, in such amounts as may be reasonably required by Lender and with such companies and in such form as may be acceptable to Lender. Lender, by written demand upon Mortgagor, may require such policies to contain an endorsement, in form reasonably satisfactory to Lender, naming Lender as the loss payee thereunder.

1.06.3 **Adjustment of Loss.** If no Event of Default then exists, Mortgagor will endeavor to adjust or compromise any loss under any insurance policies covering or relating to the Mortgaged Property or the Tangible Goods and shall keep Lender advised of the progress thereof, and each insurance company is hereby authorized and directed to make payment of the proceeds of such adjustment or settlement to Mortgagor and Lender jointly. Notwithstanding the foregoing, if an Event of Default then exists and Lender so certifies to the insurer, Lender is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies covering or relating to the Mortgaged Property or the Tangible Goods and to collect and receive the proceeds from any such policy or policies (and deposit such proceeds as provided in Paragraph 1.06.5). In such event, Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence, and each insurance company is hereby authorized and directed to make payment of the proceeds of such adjustment or settlement directly to Lender. After deducting from such insurance proceeds any expenses incurred by Lender in the collection and settlement thereof, including without limitation attorneys' and adjusters' fees and charges, Lender shall apply the net proceeds as provided in Paragraph 1.06.5. Lender shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

1.06.4 **Condemnation Awards.** Except to the extent required to pay the actual out-of-pocket costs of restoring or repairing the Mortgaged Property and unless Lender is required to make the proceeds thereof available to Mortgagor under Paragraph 1.06.5, Lender shall be entitled to all compensation, awards, damages, claims, rights of action and proceeds of, or on account of, (i) any damage or taking, pursuant to the power of eminent

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domain, of the Mortgaged Property or any part thereof, (ii) damage to the Mortgaged Property by reason of the taking, pursuant to the power of eminent domain, of other property, or (iii) the alteration of the grade of any street or highway on or about the Mortgaged Property. In such event, Lender is hereby authorized, at its option, to commence, appear in and prosecute in its own or Mortgagor's name any action or proceeding relating to any such compensation, awards, damages, claims, rights of action and proceeds and to settle or compromise any claim in connection therewith. Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence. Lender after deducting from such compensation, awards, damages, claims, rights of action and proceeds all its expenses, including attorneys' fees, may apply such net proceeds (except as otherwise provided in Paragraph 1.06.5 of this Mortgage) to payment of Borrower's Liabilities in such order and manner as Lender may elect. Mortgagor agrees to execute such further assignments of any compensation awards, damages, claims, rights of action and proceeds as Lender may require.

1.06.5 Repair; Proceeds of Casualty Insurance and Eminent Domain. If all or any part of the Mortgaged Property shall be damaged or destroyed by fire or other casualty or shall be damaged or taken through the exercise of the power of eminent domain or other cause described in Paragraph 1.06.4, unless Lender elects to take the proceeds of insurance or eminent domain award under the terms hereof and apply the same to Borrower's Liabilities pursuant to the provisions of this Paragraph, Mortgagor shall promptly and with all due diligence restore and repair the Mortgaged Property. Unless either (i) an Event of Default then exists or (ii) the damage occurs during the six month period prior to the Repayment Date (as defined in the Loan Agreement) and more than fifty percent (50%) of the insurable value of the Improvements is claimed as a loss due to such damage (each of the events described in the foregoing clauses (i) and (ii) being referred to as a "Retention Event"), such insurance proceeds or eminent domain award or compensation shall be made available to Mortgagor on the terms and conditions set forth in Paragraph 1.06.5 to finance the cost of restoration or repair, with any excess to be applied to Borrower's Liabilities. If a Retention Event exists, Lender may elect, by written notice to Mortgagor with sixty (60) days following payment of such insurance proceeds or eminent domain award or compensation, to cause the entire amount of such proceeds or award or compensation to be applied to Borrower's Liabilities in such order and manner as Lender may elect. If the amount of proceeds to be made available to Mortgagor pursuant to this Paragraph 1.06.5 is less than the cost of the restoration or repair as estimated by Lender at any time prior to completion thereof, Mortgagor shall cause to be deposited with Lender the amount of such deficiency within thirty (30) days of Lender's written request therefor (but in no event later than the commencement of the work) and Mortgagor's depos-

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ited funds shall be disbursed prior to any such insurance proceeds. If Mortgagor is required to deposit funds under this Paragraph 1.06.5, the deposit of such funds shall be a condition precedent to Lender's obligation to disburse any insurance proceeds held by Lender hereunder. The amount of proceeds, award or compensation which is to be made available to Mortgagor, together with any deposits made by Mortgagor hereunder, shall be held by Lender to be disbursed from time to time to pay the cost of repair or restoration either, at Lender's option, to Mortgagor or directly to contractors, subcontractors, material suppliers and other persons entitled to payment in accordance with and subject to such conditions to disbursement as Lender may impose to assure that the work is fully completed in a good and workmanlike manner and paid for and that no liens or claims arise by reason thereof. Lender shall not commingle any such funds held by it with its other general funds. To the extent reasonably feasible, Lender shall cause any such funds to be invested at Lender's then current money market rate for funds not subject to withdrawal restrictions. Mortgagor shall not be entitled to a credit against any of Borrower's Liabilities except and to the extent the funds are applied thereto pursuant to this Paragraph 1.06.5. Notwithstanding any other provision of this Paragraph 1.06.5, if an Event of Default occurs thereafter, Lender shall have the right to immediately apply all insurance proceeds, awards or compensation to the payment of Borrower's Liabilities in such order and manner as Lender may determine. Lender shall have the right at all times to apply such net proceeds to the cure of any Event of Default or the performance of any obligations of Mortgagor or Beneficiary under the Loan Instruments.

1.06.6 Proceeds of Business Interruption and Rental Insurance. The net proceeds of business interruption and rental insurance shall be paid to Lender for application first to Borrower's Liabilities in such order and manner as Lender may elect and then to the creation of reserves for future payments of Borrower's Liabilities in such amounts as Lender deems necessary with the balance to be remitted to Mortgagor subject to such controls as Lender may deem necessary to assure that said balance is used to discharge accrued and to be accrued expenses of operation and maintenance of the Mortgaged Property.

1.06.7 Renewal of Policies. At least thirty (30) days prior to the expiration date of any policy evidencing insurance required under this Paragraph 1.06.7, a renewal thereof satisfactory to Lender shall be delivered to Lender or substitution therefor, receipts or other evidence of the payment of any premiums then due on such renewal policy or substitute policy.

1.06.8 Insurance Escrow. After the occurrence of an Event of Default, Mortgagor shall, in order to secure the performance and discharge of Mortgagor's obligations under this

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Paragraph 1.06, but not in lieu of such obligations, deposit with Lender on the first day of each calendar month throughout the term of the Loan, a sum in an amount determined by Lender from time to time by written notice to Mortgagor, in order to accumulate funds sufficient to permit Lender to pay all premiums payable in connection with the insurance required hereunder at least thirty (30) days prior to the date or dates on which they shall become due. Upon demand by Lender, Mortgagor shall deliver to Lender such additional monies as are required to satisfy any deficiencies in the amounts necessary to enable Lender to pay such premiums thirty (30) days prior to the date they shall become due.

1.07 Non-Impairment of Lender's Rights. Nothing contained in this Mortgage shall be deemed to limit or otherwise affect any right or remedy of Lender under any provision of this Mortgage or of any statute or rule of law to pay and, upon Mortgagor's failure to pay the same within five (5) days after written demand, Lender may pay any amount required to be paid by Mortgagor under Paragraphs 1.04, 1.05 and 1.06. Mortgagor shall pay to Lender on demand the amount so paid by Lender together with interest at the rate per annum equal to one and three-quarters percent (1-3/4%) above Lender's cost of funds, but in no event less than six percent (6%) (the "Default Rate"), and the amount so paid by Lender shall be added to Borrower's Liabilities. The provisions of Paragraph 1.04.3 are solely for the added protection of Lender and entail no responsibility on Lender's part beyond the allowing of due credit as specifically provided therein. Upon assignment of this Mortgage, any funds on hand shall be turned over to the assignee and, provided the assignee shall assume Lender's responsibilities with respect to such funds, any responsibility of Lender with respect to such funds shall terminate.

1.08 Care of the Mortgaged Property.

(a) Mortgagor shall operate or cause the Mortgaged Property to be operated as a first-class hotel and shall preserve and maintain the Mortgaged Property in good and first class condition and repair. Mortgagor shall not, without the prior written consent of Lender, materially change the nature or use of the Mortgaged Property or permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or of any part thereof, and will not take any action which will increase the risk of fire or other hazard to the Mortgaged Property or to any part thereof.

(b) Except as otherwise provided in this Mortgage, other than completion of punch list items set forth on the attachment to the Certificate of Substantial Completion dated June 30, 1988 executed by Harry Weese & Associates, Ltd. (the "Punch List") no new improvements shall be constructed on the

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Mortgaged Property and no part of the Mortgaged Property shall be removed, demolished or altered in any material manner without the prior written consent of Lender, which consent shall not be unreasonably withheld.

1.09 Transfer or Encumbrance of the Mortgaged Property.

Mortgagor shall not permit or suffer to occur any sale, assignment, conveyance, transfer, mortgage, lease (other than leases made in accordance with the provisions of this Mortgage) or encumbrance of, or any contract for any of the foregoing on an installment basis or otherwise pertaining to, the Mortgaged Property, any part thereof, any interest therein, any interest in the beneficial interest in Mortgagor or in any other trust holding title to the Mortgaged Property or any interest in a corporation, partnership or other entity which owns all or part of the Mortgaged Property or such beneficial interest, whether by operation of law or otherwise, without the prior written consent of Lender having been obtained (i) to the sale, assignment, conveyance, mortgage, lease, option, encumbrance or other transfer and (ii) to the form and substance of any instrument evidencing or contracting for any such sale, assignment, conveyance, mortgage, lease, option, encumbrance or other transfer. Without limitation of the foregoing, Lender may condition its consent upon any combination of (i) the payment of a fee to be set by Lender, (ii) the increase of the interest rate payable with respect to the Loan, (iii) the shortening of maturity of the debt evidenced by any of the Acknowledgments or the Loan Agreement and (iv) other modifications of the terms of the Loan Instruments. Mortgagor shall not, without the prior written consent of Lender, further assign or permit to be assigned the rents from the Mortgaged Property, and any such assignment without the prior express written consent of Lender shall be null and void. Mortgagor shall not permit any interest in any lease or the Management Agreement (defined herein) of the Mortgaged Property to be subordinated to any encumbrance on the Mortgaged Property other than the Loan Instruments and any such subordination shall be null and void. Mortgagor agrees that in the event the ownership of the Mortgaged Property, any interest therein or any part thereof becomes vested in a person other than Mortgagor, Lender may, without notice to Mortgagor, deal in any way with such successor or successors in interest with reference to this Mortgage, the Loan Instruments and Borrower's Liabilities without in any way vitiating or discharging Mortgagor's liability hereunder or Borrower's Liabilities. No sale of the Mortgaged Property, no forbearance to any person with respect to this Mortgage, and no extension to any person of the time for payment of the Loan or any portion thereof or any other Borrower's Liabilities given by Lender shall operate to release, discharge, modify, change or affect the original liability of Mortgagor, either in whole or in part, except to the extent specifically agreed in writing by Lender. Notwithstanding the foregoing, Lender agrees that after notice and receipt of appropriate

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documentation thereof, Lender will consent to (a) a transfer of the beneficial interest in Mortgagor to a Controlled Entity (as hereinafter defined), (b) a transfer of the general partnership interest in Beneficiary to a Controlled Entity, (c) a transfer of shareholder interests in SNH Lake Michigan, Inc., an Illinois corporation (the "Corporate General Partner"), or any Controlled Entity to a Controlled Entity or (d) the admission of additional general or limited partners to Beneficiary, provided that in the case of each and any such transfer the Corporate General Partner or a Controlled Entity shall retain and have a controlling interest in Beneficiary. For purposes hereof, "Controlled Entity" means any corporation, partnership or other entity owned or controlled by Swissair Associated Companies, Ltd. or Nestle S.A., or both. In addition, Lender will consent to the execution by Mortgagor of one or more junior mortgages and assignments of rents against the Mortgaged Property (each such junior mortgage and assignment of rents being hereinafter referred to as a "Junior Mortgage") provided that the aggregate amount of the Junior Mortgages does not at any time exceed \$5,000,000.00, provided that (x) Mortgagor furnishes Lender with a copy of the Junior Mortgage, (y) the proceeds of such Junior Mortgage will be used for the operation, maintenance or improvement of the Mortgaged Property and (z) the holder of the Junior Mortgage ("Junior Lender") executes an agreement (or the Junior Mortgage contains provisions) in form reasonably satisfactory to Lender incorporating the following agreements and acknowledgments: (1) all rights of the Junior Lender and all indebtedness secured by the Junior Mortgage and all payments to the Junior Lender shall be subject to the Loan Instruments and all indebtedness evidenced or secured thereby, including indebtedness arising after the recording of the Junior Mortgage such as reborrowings under the Loan Agreement or future advances pursuant to this Mortgage, (2) the Junior Mortgage will be subordinate to the Management Agreement and all service agreements and leases affecting the Mortgaged Property, (3) Junior Lender will not assert any rights to insurance proceeds or eminent domain awards or compensation until Borrower's Liabilities are repaid in full, (4) Junior Lender will not accept payments with respect to its indebtedness after Junior Lender is advised by Lender that an Event of Default exists, (5) the Junior Mortgage will not be modified nor the principal indebtedness secured thereby increased without Lender's consent, (6) Junior Lender will not institute foreclosure or other enforcement proceedings against Mortgagor or Beneficiary without prior notice to Lender and only after a reasonable "standby" period and an opportunity for Lender (at its option) to cure any default (to be agreed upon between Lender and Junior Lender at the time the Junior Mortgage is consented to), (7) Junior Lender will not institute bankruptcy or join in any bankruptcy petition against Mortgagor or Beneficiary without Lender's consent and (8) Junior Lender will waive any rights of subrogation against Lender.

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1.10 Further Assurances. At any time and from time to time, upon Lender's request, Mortgagor shall make, execute and deliver, or cause to be made, executed and delivered, to Lender, and where appropriate shall cause to be recorded, registered or filed, and from time to time thereafter to be re-recorded, re-registered and refiled at such time and in such offices and places as shall be reasonably requested by Lender, any and all such further mortgages, security agreements, financing statements, instruments of further assurance, certificates and other documents as Lender may consider necessary or desirable in order to effectuate or perfect, or to continue and preserve the obligations under, the Loan Agreement, the Acknowledgments, this Mortgage, any other Loan Instrument and any instrument evidencing or securing Borrower's Liabilities, and the lien of this Mortgage as a lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by Mortgagor, and unto all and every person or persons deriving any estate, right, title or interest under this Mortgage. Upon any failure by Mortgagor to do so, Lender may make, execute, record, register, file, re-record, re-register or re-file any and all such mortgages, instruments, certificates and documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Lender the agent and attorney-in-fact of Mortgagor to do so.

1.11 Security Agreement and Financing Statements.

(a) Mortgagor (as debtor) hereby grants to Lender (as creditor and secured party) a security interest under the Uniform Commercial Code in all fixtures, machinery, appliances, equipment, furniture and personal property of every nature whatsoever constituting part of the Mortgaged Property and all general intangibles, contract rights (including Mortgagor's interest under any service contracts or equipment leases) and all other property of the nature described as Collateral in the Security Agreement of even date herewith executed by Beneficiary in favor of Lender. Mortgagor shall execute any and all documents, including without limitation financing statements pursuant to the Uniform Commercial Code, as Lender may reasonably request to preserve, maintain and perfect the priority of the lien and security interest created hereby on property which may be deemed personal property or fixtures, and shall pay to Lender on demand any expenses incurred by Lender in connection with the preparation, execution and filing of any such documents. Lender's lien shall be a first lien subject only to Permitted Encumbrances. Mortgagor hereby authorizes and empowers Lender and irrevocably appoints Lender the agent and attorney-in-fact of Mortgagor to execute and file, on Mortgagor's behalf, all financing statements and refilings and continuations thereof as Lender deems necessary or advisable to create, preserve and protect such lien. When and if Mortgagor and Lender shall respectively become the debtor and secured party in any Uniform Commercial Code financing statement affecting the Mortgaged Property (or Lender takes possession of

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personal property delivered by Mortgagor where possession is the means of perfection of the security interest), then, at Lender's sole election, this Mortgage shall be deemed a security agreement as defined in such Uniform Commercial Code, and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law, or, as to such part of the security which is also reflected in such financing statement, by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code.

(b) Without limitation of the foregoing, if an Event of Default occurs, Lender shall be entitled immediately to exercise all remedies available to it under the Uniform Commercial Code and this Paragraph 1.11. Mortgagor shall, in such event and if Lender so requests, assemble the tangible personal property at Mortgagor's expense, at the location of the Improvements. Mortgagor shall pay all expenses incurred by Lender in the collection of such indebtedness, including reasonable attorneys' fees and legal expenses, and in the repair of any real estate or other property to which any of the tangible personal property may be affixed. If any notification of intended disposition of any of the personal property is required by law, such notification shall be deemed reasonable and proper if given at least ten (10) days before such disposition. Any proceeds of the disposition of any of the personal property may be applied by Lender to the payment of the reasonable expenses of retaking, holding, preparing for sale and selling the personal property, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by Lender toward the payment of such of Borrower's Liabilities, and in such order of application, as Lender may from time to time elect. If an Event of Default occurs, Lender shall have the right to exercise and shall, in the event of the exercise of such rights, automatically succeed to all rights of Mortgagor with respect to intangible personal property subject to the security interest granted herein. Any party to any contract subject to the security interest granted herein shall be entitled to rely on the rights of Lender without the necessity of any further notice or action by Beneficiary. Lender shall not by reason of this Mortgage or the exercise of any right granted hereby be obligated to perform any obligation of Mortgagor with respect to any portion of the personal property nor shall Lender be responsible for any act committed by the Mortgagor, or any breach or failure to perform by the Mortgagor with respect to any portion of the personal property.

(c) Mortgagor and Lender agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing the express declaration and intention of the parties hereto, hereinabove stated, that everything used in

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connection with the production of income from the Mortgaged Property and/or adapted for use therein and/or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings, legal or equitable, shall be regarded as part of the Mortgaged Property irrespective of whether (i) any such item is physically attached to the Land or Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Lender, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) Mortgagor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the Mortgaged Property, whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of Lender as determined by this instrument or adversely affecting the priority of Lender's lien granted hereby or by any other recorded document. Any such mention in any such financing statement is declared to be for the protection of Lender in the event any court or judge shall at any time hold with respect to clauses (1), (2) or (3) above, that notice of Lender's priority of interest, to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivisions or entity of the federal government, must be filed in the Uniform Commercial Code records.

1.12 Assignment of Rents.

(a) The assignment of rents, income and other benefits contained in Paragraph (G) of this Mortgage shall be fully operative without any further action on the part of either party, and, specifically, Lender shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all rents, income and other benefits from the Mortgaged Property, whether or not Lender takes possession of such property. Mortgagor hereby further grants to Lender the right effective upon the occurrence of an Event of Default to do any or all of the following, at Lender's option: (i) enter upon and take possession of the Mortgaged Property for the purpose of collecting the rents, income and other benefits, (ii) dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Lender, (iii) lease or operate (directly or pursuant to a management agreement) the Mortgaged Property or any part thereof, (iv) repair, restore and improve the Mortgaged Property, and (v) apply the rents, income and other benefits, after payment of certain expenses and capital expenditures relating to the Mortgaged Property, on account of Borrower's Liabilities in such order and manner as Lender may elect. Such assignment and grant shall continue in effect until Borrower's Liabilities are paid in

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full, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Mortgaged Property by Lender pursuant to such grant, whether or not foreclosure proceedings have been instituted. Neither the exercise of any rights under this paragraph by Lender nor the application of any such rents, income or other benefits to payment of Borrower's Liabilities shall cure or waive any Event of Default or notice provided for hereunder, or invalidate any act done pursuant hereto or pursuant to any such notice, but shall be cumulative of all other rights and remedies. Mortgagor and Beneficiary have executed and delivered to Lender an Assignment of Leases and Rents of even date herewith, and, to the extent that the provisions of this Paragraph 1.12 or Paragraph 1.14 are inconsistent with the provisions of said Assignment of Leases and Rents, the provisions of said Assignment of Leases and Rents shall control. Notwithstanding the foregoing, so long as no Event of Default has occurred or is continuing, Mortgagor shall have the right and authority to continue to collect the rents, income and other benefits from the Mortgaged Property as they become due and payable but not more than thirty (30) days prior to the due date thereof. The existence or exercise of such right of Mortgagor to collect said rents, income and other benefits shall not operate to subordinate this assignment to any subsequent assignment of said rents, income or other benefits, in whole or in part, by Mortgagor, and any such subsequent assignment by Mortgagor shall be subject to the rights of Lender hereunder.

(b) Mortgagor shall not permit any rent under any lease of the Mortgaged Property to be collected more than thirty (30) days in advance of the due date thereof and, upon any receiver, Lender, anyone claiming by, through or under Lender or any purchaser at a foreclosure sale coming into possession of the Mortgaged Property, no tenant shall be given credit for any rent paid more than thirty (30) days in advance of the due date thereof. Mortgagor shall act promptly to enforce all available remedies against any delinquent lessee so as to protect the interest of the lessor under the leases and to preserve the value of the Mortgaged Property.

1.13 After-Acquired Property. To the extent permitted by, and subject to, applicable law, the lien of this Mortgage, including without limitation the security interest created under Paragraph 1.11, shall automatically attach, without further act, to all property hereafter acquired by Mortgagor located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Mortgaged Property or any part thereof.

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1.14 Leases Affecting Mortgaged Property.

(a) Mortgagor shall comply with and perform in a complete and timely manner all of its material obligations as landlord under all leases affecting the Mortgaged Property or any part thereof. Mortgagor shall give notice to Lender of any default by the landlord under any lease affecting the Mortgaged Property promptly upon the occurrence of such default, but, in any event, in such time to afford Lender an opportunity to cure any such default prior to the tenant having any right to terminate the lease. Each of the leases shall contain a provision requiring the tenant to notify Lender of any default by landlord and granting an opportunity for a reasonable time after such notice to cure such default prior to any right accruing to the tenant to terminate such lease. Mortgagor, if requested by Lender, shall furnish promptly to Lender (i) original or certified copies of all such leases now existing or hereafter created, as amended, and (ii) a current rent roll in form reasonably satisfactory to Lender. Lender shall have the right to notify at any time and from time to time any tenant of the Mortgaged Property of any provision of this Mortgage.

(b) The assignment contained in Paragraph (H) of the Granting Clauses shall not be deemed to impose upon Lender any of the obligations or duties of the landlord or Mortgagor provided in any lease, including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage. Mortgagor hereby acknowledges and agrees that Mortgagor is and will remain liable under such leases to the same extent as though the assignment contained in Paragraph (H) of the Granting Clauses had not been made. Lender disclaims any assumption of the obligations imposed upon the landlord or Mortgagor under the leases, except as to such obligations which arise after such time as Lender shall have exercised the rights and privileges conferred upon it by the assignment contained in Paragraph (H) of the Granting Clauses and assumed full and indefeasible ownership of the collateral thereby assigned. With respect to the assignment contained in Paragraph (H) of the Granting Clauses, Mortgagor shall, from time to time upon request of Lender, specifically assign to Lender as additional security hereunder, by an instrument in writing in such form as may be approved by Lender, all right, title and interest of Mortgagor in and to any and all leases now or hereafter of or affecting the Mortgaged Property or any part thereof together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Mortgagor to collect the rentals under such lease. Mortgagor shall also execute and deliver to Lender any notification, financing statement or other document reasonably required by Lender to perfect the foregoing assignment as to any such lease.

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The provisions of this Paragraph 1.14 shall be subject to the provisions of Paragraph (H) of the Granting Clauses.

1.15 Management of Mortgaged Property. Mortgagor shall cause the Mortgaged Property to be managed at all times in accordance with sound business practice by a professional hotel management firm satisfactory to Lender pursuant to that certain management agreement between Swissotel Chicago, Inc., an Illinois corporation ("Manager"), and Beneficiary ("Management Agreement"). Mortgagor shall not permit the Management Agreement to be terminated, cancelled, modified, replaced or assigned in whole or in part or extended, or permit a change in the identity of the management agent, without Lender's prior written consent, which consent will not be unreasonably withheld. If the Management Agreement is terminated, Mortgagor shall not enter into any new management agreement without Lender's prior written approval. Lender assumes no, and shall not incur any, liability as a result of having approved the Management Agreement or any subsequent management agreement. The Management Agreement is subject to a Non-disturbance Agreement of even date herewith between Manager and Lender. Each subsequent management agreement and the rights of the manager thereunder shall be subject in all respects to the lien of this Mortgage and each management agreement shall so provide. Without limitation of the foregoing, Lender may require, as a condition of its approval of any matter of this Paragraph 1.15, either or both of (a) the collateral assignment to Lender by Mortgagor of all its rights, title and interest in and to any such management agreement with the written consent of the other party thereto, and (b) the subordination of the lien of the manager under any such subsequent management agreement to the lien of Lender. Mortgagor shall at all times operate the Mortgaged Property as a first-class hotel. Mortgagor represents and covenants that the hotel located on the Land and forming part of the Mortgaged Property is fully furnished and equipped in a manner appropriate for a first-class hotel operation (subject to completion of the items set forth on the Punch List); and Mortgagor shall, from time to time and as is necessary and appropriate, maintain, replace and repair such furnishings and equipment necessary to operate a first-class hotel.

1.16 Execution of Leases. Mortgagor shall not permit any Material Lease to be made of any portion of the Mortgaged Property or existing Material Lease to be renewed without the prior written consent of Lender, which consent will not be unreasonably withheld. Mortgagor shall not permit any Material Lease affecting the Mortgaged Property to be modified, terminated, renewed or extended except pursuant to the terms thereof or with the prior written consent of Lender. The term "Material Lease" shall mean any lease or agreement for telephone, television, data processing, computer systems or energy management systems, any parking garage lease, any lease for occupancy of any portion of the Mortgaged Property in excess of 1,500 square feet

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or any lease for occupancy of any portion of the Mortgaged Property for a term of more than three years.

1.17 Expenses. Mortgagor shall pay when due and payable, and otherwise on demand made by Lender, all loan fees, appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title insurance fees, escrow fees, attorneys' fees, court costs, documentary and expert evidence, fees of inspecting architects and engineers, and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by Lender in connection with any of the following:

(a) The preparation, execution, delivery and performance of the Loan Instruments;

(b) The funding of the Loan;

(c) Any court or administrative proceeding involving Mortgagor, the Mortgaged Property or the Loan Instruments to which Lender is made a party or is subject to subpoena by reason of its being a holder of any of the Loan Instruments, including without limitation bankruptcy, insolvency, reorganization, probate, eminent domain, condemnation, building code and zoning proceedings;

(d) Any court or administrative proceeding or other action undertaken by Lender to enforce any remedy or to collect any indebtedness due under this Mortgage or any of the other Loan Instruments following an Event of Default thereunder, including without limitation a foreclosure of this mortgage or a public or private sale under the Uniform Commercial Code;

(e) Any remedy exercised by Lender following an Event of Default including foreclosure of this Mortgage and actions in connection with taking possession of the Mortgaged Property or collecting rents assigned hereby and by the Assignment of Leases and Rents;

(f) Any activity in connection with any request by Mortgagor, Beneficiary or anyone acting on behalf of Mortgagor or Beneficiary that the Lender consent to a proposed action which, pursuant to this Mortgage or any of the other Loan Instruments may be undertaken or consummated only with the prior consent of Lender, whether or not such consent is granted, provided that such consent if withheld is not unreasonably withheld in violation hereof; or

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(g) Any negotiation undertaken between Lender and Mortgagor, Beneficiary or anyone acting on behalf of Mortgagor or Beneficiary pertaining to the existence or cure of any Event of Default under or the modification or extension of any of the Loan Instruments.

If Mortgagor fails to pay said costs and expenses as above provided, Lender may elect, but shall not be obligated, to pay the costs and expenses described in this Paragraph 1.17, and if Lender does so elect, then Mortgagor will, upon demand by Lender, reimburse Lender for all such expenses which have been or shall be paid or incurred by it. The amounts paid by Lender in respect of such expenses, together with interest thereon at the Default Rate from the date paid by Lender until paid by Mortgagor, shall be added to Borrower's Liabilities, shall be immediately due and payable and shall be secured by the lien of this Mortgage and the other Loan Instruments. In the event of foreclosure hereof, Lender shall be entitled to add to the indebtedness found to be due by the court a reasonable estimate of such expenses to be incurred after entry of the decree of foreclosure. To the extent permitted by law, Mortgagor agrees to hold harmless Lender against and from, and reimburse it for, all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses, including without limitation attorneys' fees, which may be imposed upon, asserted against, or incurred or paid by it by reason of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Mortgaged Property through any cause whatsoever and asserted against it on account of any act performed or omitted to be performed hereunder, or on account of any transaction arising out of or in any way connected with the Mortgaged Property, this Mortgage, the other Loan Instruments, any of the indebtedness evidenced by the Acknowledgments or any of Borrower's Liabilities.

1.18 Lender's Performance of Mortgagor's Obligations.

If, after notice as herein provided is given, Mortgagor fails to pay any tax, assessment, encumbrance or other imposition, or to furnish insurance hereunder, or to perform any other covenant, condition or term in this Mortgage, the Loan Agreement or any other Loan Instrument, Lender may, but shall not be obligated to, pay, obtain or perform the same. All payments made, whether such payments are regular or accelerated payments, and costs and expenses incurred or paid by Lender in connection therewith shall be due and payable immediately. The amounts so incurred or paid by Lender, together with interest thereon at the Default Rate from the date paid by Lender until reimbursed by Mortgagor, shall be added to Borrower's Liabilities and secured by the lien of this Mortgage and the other Loan Instruments. Lender is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any covenant, condition or term that

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Mortgagor has failed to perform or observe, without thereby becoming liable to Mortgagor or any person in possession holding under Mortgagor. Performance or payment by Lender of any obligation of Mortgagor shall not relieve Mortgagor of such obligation or of the consequences of having failed to perform or pay the same and shall not effect the cure of any Event of Default.

1.19 Payment of Superior Liens. To the extent that Lender, after the date hereof, pays any sum due under any provision of law or instrument or document creating any lien superior or equal in priority in whole or in part to the lien of this Mortgage, Lender shall have and be entitled to a lien on the Mortgaged Property equal in parity with that discharged, and Lender shall be subrogated to and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Lender to secure Borrower's Liabilities. Lender shall be subrogated, notwithstanding their release of record, to mortgages, trust deeds, superior titles, vendors' liens, mechanics' and materialmen's liens, charges, encumbrances, rights and equities on the Mortgaged Property to the extent that any obligation under any thereof is paid or discharged with proceeds of disbursements or advances under the Acknowledgments or other indebtedness secured hereby.

1.20 Books and Records. Mortgagor shall cause Beneficiary to keep and maintain at all times complete, true and accurate books of account and records reflecting the results of the operation of the Mortgaged Property. Mortgagor shall cause Beneficiary to furnish to Lender within ninety (90) days after the end of Beneficiary's fiscal year, financial statements pertaining to the Mortgaged Property in form reasonably satisfactory to Lender, including a statement of income and expenses with respect to the Mortgaged Property for the fiscal year, all such statements to be prepared in accordance with generally accepted accounting principles consistently applied and certified by an independent certified public accountant satisfactory to Lender. Mortgagor shall also cause Beneficiary to furnish such interim unaudited financial statements and other information pertaining to the Mortgaged Property and the operation thereof as Lender may, from time to time, reasonably require. In the event that Mortgagor fails to comply with the requirements set forth above, Lender shall have the right to have Mortgagor's and Beneficiary's books and records audited by an independent certified public accountant, and the cost of such audit shall be the obligation of Mortgagor. Lender and its designated agents shall have the right to inspect Mortgagor's and Beneficiary's books and records with respect to the Mortgaged Property at all reasonable times. In the event of a foreclosure of this Mortgage, all of Mortgagor's and Beneficiary's books and records maintained in connection with the Mortgaged Property shall be made available to the successful bidder at the foreclosure sale

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for inspection and copying for a period of not less than three (3) years following said sale.

1.21 Estoppel. Mortgagor, within ten (10) days after written request from Lender, shall furnish a written statement executed by Mortgagor and Beneficiary setting forth the unpaid principal of, and interest on, the Loan, and any other unpaid sums secured hereby, and whether or not any offsets or defenses are claimed to exist against the payment of such principal and interest or other sums and, if any such offsets or defenses are claimed, the specific basis and amount of each such claim. If Mortgagor objects to the principal, interest or escrow amount or the application of any payment shown on any written statement, receipt, invoice or other written notice received by Mortgagor, Beneficiary or any partner or officer of Mortgagor or Beneficiary, Mortgagor shall raise such objection by written notice to Lender within ninety (90) days following receipt of such statement, receipt, invoice or other written notice or else such objection shall be deemed waived by Mortgagor and such other parties.

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

1.23 Litigation Involving Mortgaged Property. Mortgagor shall promptly notify Lender of any litigation, administrative procedure or proposed legislative action initiated against Mortgagor, Beneficiary or the Mortgaged Property or in which the Mortgaged Property is directly or indirectly affected including any proceedings which seek to (i) enforce any lien against the Mortgaged Property, (ii) correct, change or prohibit any existing condition, feature or use of the Mortgaged Property, (iii) condemn or demolish the Mortgaged Property, (iv) take, by the power of eminent domain, any portion of the Mortgaged Property or any property which would damage the Mortgaged Property, (v) modify the zoning applicable to the Mortgaged Property, (vi) modify, revoke or restrict any license or permit pertaining to the use or operation of the Mortgaged Property, whether such license is issued to or held by Mortgagor, Beneficiary or the manager under the Management Agreement, or (vii) otherwise materially and adversely affect the Mortgaged Property. Mortgagor shall initiate or appear in any legal action or other appropriate proceedings when necessary to protect the Mortgaged

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Property from damage. Mortgagor shall, upon written request of Lender, represent and defend the interests of Lender in any proceedings described in this Paragraph 1.23 or, at Lender's election, pay the fees and expenses of any counsel retained by Lender to represent the interest of Lender in any such proceedings.

1.24 Environmental Safety.

(a) For purposes of this Agreement, "Hazardous Materials" shall mean and include any flammable explosives, petroleum (including crude oil) or any fraction thereof, radioactive materials, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of toxic or hazardous substances, wastes, or materials under any federal or applicable state or local laws, ordinances or regulations dealing with or otherwise pertaining to toxic or hazardous substances, wastes or materials. Such laws, ordinances and regulations are hereinafter collectively referred to as the "Hazardous Materials Laws".

(b) Mortgagor shall, and Mortgagor shall cause all employees, agents, contractors and subcontractors of Mortgagor and any other persons from time to time present on or occupying the Mortgaged Property to, keep and maintain the Mortgaged Property, including the soil and ground water thereof, in compliance with, and not cause or knowingly permit the Mortgaged Property, including the soil and ground water thereof, to be in violation of, any applicable Hazardous Materials Laws. Neither Mortgagor nor any employees, agents, contractors or subcontractors of Mortgagor or any other persons occupying or present on the Mortgaged Property shall use, generate, manufacture, store or dispose of on, under or about the Mortgaged Property or transport to or from the Mortgaged Property any Hazardous Materials.

(c) Mortgagor shall immediately advise Lender in writing of: (i) any notices received by Mortgagor (whether such notices are from the Environmental Protection Agency, or any other federal, state or local governmental agency or regional office thereof) of the violation or potential violation occurring on or about the Mortgaged Property of any applicable Hazardous Materials Laws; (ii) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any Hazardous Materials Laws; (iii) all claims made or threatened by any third party against Mortgagor or the Mortgaged Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iv) Mortgagor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of

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the Mortgaged Property that could cause the Mortgaged Property or any part thereof to be subject to any Hazardous Materials Claims. Lender shall have the right but not the obligation to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and Mortgagor shall pay to Lender, upon demand, all reasonable attorneys' and consultants' fees incurred by Lender in connection therewith.

(d) Mortgagor shall be ^{to the extent of the Target Corporation's net or proceeds therefrom} solely responsible for, and shall indemnify and hold harmless Lender, its directors, officers, employees, agents, successors and assigns from and against, any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence (whether prior to or during the period any of Borrower's Liabilities are outstanding or after Borrower's Liabilities have been repaid in full and regardless of by whom caused, whether by Mortgagor or any predecessor in title or any owner of land adjacent to the Mortgaged Property or any other third party, or any employee, agent, contractor or subcontractor of Mortgagor or any predecessor in title or any such adjacent land owner or any third person) of Hazardous Materials on, under or about the Mortgaged Property; including, without limitation: (i) claims of third parties (including governmental agencies) for damages, penalties, losses, costs, fees, expenses, damages, injunctive or other relief; (ii) response costs, clean-up costs, costs and expenses of removal and restoration, including fees of attorneys and experts, and costs of determining the existence of Hazardous Materials and reporting same to any governmental agency; and (iii) any and all expenses or obligations, including reasonable attorneys' fees, incurred at, before and after any trial or appeal therefrom whether or not taxable as costs, including, without limitation, reasonable attorneys' fees, witness fees, deposition costs, copying and telephone charges and other expenses. Any loss, damage, cost, expense or liability incurred by Lender for which Mortgagor is responsible or for which Mortgagor has indemnified Lender shall be paid to Lender on demand, and, failing prompt reimbursement, such amounts shall, together with interest thereon at the Default Rate from the date incurred by Lender until paid by Mortgagor, be added to Borrower's Liabilities, be immediately due and payable and be secured by the lien of this Mortgage and the other Loan Instruments.

1.25 Licenses; Compliance with Laws. Mortgagor represents and covenants that there are presently in full force and effect all material certificates, licenses and permits (herein collectively "permits") required by applicable laws, ordinances and regulations for the operation by Mortgagor, Beneficiary or any of their agents, lessees, licensees or concessionaires of the Mortgaged Property as a first-class hotel

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with related facilities, including without limitation such permits as are required for all present uses of the Mortgaged Property, including the operation of restaurants and for the sale and consumption of all alcoholic beverages. Mortgagor agrees that such permits shall be available for Lender's inspection at all reasonable times and that copies thereof shall be furnished to Lender upon request. Mortgagor agrees to keep all permits, now or hereafter required with respect to the Mortgaged Property, in full force and effect and to obtain renewals thereof before expiration. Mortgagor further agrees that it shall constitute an Event of Default hereunder if Mortgagor at any time shall fail to keep in full force and effect all necessary permits as described above. Mortgagor covenants and represents that the Improvements and the use of the Mortgaged Property as a first-class hotel with related facilities comply in all material respects with all applicable zoning laws and regulations, including without limitation set-back and parking requirements; and it shall constitute an Event of Default hereunder if the Improvements or the use of the Mortgaged Property is at any time determined to be in violation of any applicable zoning laws or regulations.

ARTICLE TWO

DEFAULTS

2.01 Event of Default. The term "Event of Default," wherever used in this Mortgage, shall mean any one or more of the following events:

(a) If Mortgagor shall (i) fail to pay when due any payment of principal or interest when such payment shall become due and payable under the Loan Agreement or the Acknowledgments, whether on the Repayment Date or otherwise, or any other sum payable under the Loan Instruments, and such payment is not made within five (5) days following the delivery of written notice of such failure to Mortgagor; or (ii) fail to keep, perform or observe any covenant, condition or agreement on the part of Mortgagor in this Mortgage contained in Paragraphs 1.04.1, 1.06.1, 1.06.2, 1.09, 1.15, 1.24 or 1.25 hereof for thirty (30) days following the delivery of notice of such failure or such shorter period as is required to prevent the accrual of penalties (unless such penalties are being currently paid by Mortgagor or Beneficiary) or the cancellation of any necessary policy of insurance or the violation of any law or ordinance which would jeopardize the operation of the Mortgaged Property as a first-class hotel; or (iii) fail to keep, perform or observe any other covenant, condition or agreement on the part of Mortgagor in this Mortgage or in the Loan Agreement and such failure

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shall continue for thirty (30) days following the delivery of written notice of such failure to Mortgagor; provided, however, if such failure is of a kind or nature that is curable, but cannot be cured within said thirty (30) day period, then Mortgagor shall have such longer period as is necessary to cure such failure if and only if Mortgagor promptly commences to cure such failure and diligently and continuously prosecutes such cure.

(b) (intentionally omitted)

(c) If an "Event of Default" shall occur under and as defined in any of the Loan Instruments.

(d) The untruth of any warranty or representation in any material respect made herein or in any affidavit or certificate executed by Beneficiary or any person acting on behalf of the Beneficiary or Mortgagor in connection with the Loan, the application therefor or the disbursement thereof.

(e) An uninsured loss, damage, destruction or taking by eminent domain or other condemnation proceedings of any substantial portion of the Mortgaged Property or any part of the Mortgaged Property which materially impairs any of the intended uses of the Mortgaged Property unless Mortgagor delivers to Lender evidence satisfactory to Lender within thirty (30) days after such loss, damage, destruction or taking that Mortgagor has adequate funds, and such funds will be applied to repair or replace the portion of the Mortgaged Property lost, damaged or destroyed.

(f) The appointment of a receiver, trustee or conservator of Mortgagor, Beneficiary, all or any part of the Mortgaged Property or Mortgagor's or Beneficiary's business pertaining to the operation of the Mortgaged Property.

(g) The occurrence of any of the following events:

(i) An admission in writing by a Party in Interest of its inability to pay debts as they become due;

(ii) The institution by a Party in Interest of bankruptcy, reorganization, insolvency or arrangement proceedings of any kind under federal bankruptcy statutes or any similar law (state or federal) now or hereafter existing;

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(iii) The institution against a Party in Interest of bankruptcy, reorganization, insolvency or arrangement proceedings of any kind under federal bankruptcy statutes or any similar law (state or federal) now or hereafter existing which proceedings are not dismissed within ninety (90) days of filing;

(iv) The making of a general assignment for the benefit of creditors by a Party in Interest;

(v) The declaration by any court, government or governmental agency of the bankruptcy or insolvency of a Party in Interest;

(vi) The issuance of a writ or warrant of attachment, levy, seizure or distraint or any similar process against a Party in Interest or all or a material part of the Mortgaged Property which is not stayed within sixty (60) days of issuance or the lapse of any such stay; or

(vii) The dissolution of a Party in Interest.

For purposes of the foregoing clauses (i) through (vii), "a Party in Interest" shall mean Mortgagor, Beneficiary, or any general partner of Mortgagor or Beneficiary.

(h) The filing of any lien or claim for lien against any portion of the Mortgaged Property and the failure of Mortgagor, within thirty (30) days following the date of recording, to discharge such lien or to induce the title insurance company to commit to insure Lender over such lien in accordance with Paragraph 1.05.

(i) The occurrence of a sale, assignment, conveyance, transfer, mortgage, lien or encumbrance of, or execution of a contract for any of the foregoing, in violation of Paragraph 1.09 hereof.

(j) The occurrence of a default, not cured within the applicable cure period, if any, under the Junior Mortgage.

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ARTICLE THREE

REMEDIES

3.01 Acceleration of Maturity. If an Event of Default shall have occurred, Lender may declare the aggregate outstanding principal amount of the Loan and the interest accrued thereon and any other of Borrower's Liabilities to be immediately due and payable, and upon such declaration such principal and interest and other Borrower's Liabilities declared due shall immediately become and be due and payable without further demand or notice.

3.02 Lender's Power of Enforcement. If an Event of Default shall have occurred, Lender may, either with or without entry or taking possession as provided in this Mortgage or otherwise, and without regard to whether or not Borrower's Liabilities shall have been accelerated, and without prejudice to the right of Lender thereafter to bring an action of foreclosure or any other action for any default existing at the time such earlier action was commenced or arising thereafter, proceed by any appropriate action or proceeding: (a) to enforce payment of the Loan and the interest accrued thereon and/or any other of Borrower's Liabilities or the performance of any term hereof or any of the other Loan Instruments; (b) to foreclose this Mortgage and to have sold, as an entirety or in separate lots or parcels, the Mortgaged Property; and (c) to pursue any other remedy available to it. Lender may take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as Lender may determine. Without limitation of the foregoing, if an Event of Default shall have occurred, as an alternative to the right of foreclosure for the outstanding balance of the Loan and the interest accrued thereon and any other Borrower's Liabilities, after acceleration thereof, Lender shall have the right to institute partial foreclosure proceedings with respect to the portion of Borrower's Liabilities so in default, as if under a full foreclosure, and without declaring all of Borrower's Liabilities to be immediately due and payable (such proceedings being referred to herein as "partial foreclosure"), and provided that, if Lender has not elected to accelerate all of Borrower's Liabilities and a foreclosure sale is made because of default in payment of only a part of Borrower's Liabilities, such sale may be made subject to the continuing lien of this Mortgage for the unmatured part of Borrower's Liabilities. Any sale pursuant to a partial foreclosure, if so made, shall not in any manner affect the unmatured portion of Borrower's Liabilities, but as to such unmatured portion, this Mortgage and the lien thereof shall remain in full force and effect just as though no foreclosure sale had been made. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Lender may elect, at any time prior to a foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate Borrower's Liabilities by

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reason of any Event of Default upon which such partial foreclosure was predicated or by reason of any other defaults, and proceed with full foreclosure proceedings. Lender may proceed with one or more partial foreclosures without exhausting its right to proceed with a full or partial foreclosure sale for any unmatured portion of Borrower's Liabilities, it being the purpose to permit, from time to time a partial foreclosure sale for any matured portion of Borrower's Liabilities without exhausting the power to foreclose and to sell the Mortgaged Property pursuant to any partial foreclosure in respect of any other portion of Borrower's Liabilities, whether matured at the time or subsequently maturing, and without exhausting at any time the right of acceleration and the right to proceed with a full foreclosure.

3.03 Lender's Right to Enter and Take Possession, Operate and Apply Income.

(a) If an Event of Default shall have occurred, (i) Mortgagor, upon demand of Lender, shall forthwith surrender to Lender and cause Beneficiary to surrender to Lender the actual possession of the Mortgaged Property, and if and to the extent permitted by law, Lender itself, or by such officers or agents as it may appoint, is hereby expressly authorized to enter and take possession of all or any portion of the Mortgaged Property and may exclude Mortgagor, Beneficiary and the agents and employees of either or both of them wholly therefrom and shall have joint access with Mortgagor and Beneficiary to the books, papers and accounts of Mortgagor and Beneficiary; and (ii) notwithstanding the provisions of any lease or other agreement to the contrary, Mortgagor shall pay monthly in advance to Lender, on Lender's entry into possession, or to any receiver appointed to collect the rents, income and other benefits of the Mortgaged Property, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of Mortgagor or Beneficiary, or any entity affiliated with or controlled by Mortgagor or Beneficiary, and upon default in any such payment Mortgagor shall, and shall cause Beneficiary to, vacate and surrender possession of such part of the Mortgaged Property to Lender or to such receiver, and in default thereof Mortgagor may be evicted by summary proceedings or otherwise.

(b) If Mortgagor or Beneficiary shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after Lender's demand, Lender may obtain a judgment or decree conferring on Lender the right to immediate possession or requiring Mortgagor and Beneficiary to deliver immediate possession of all or part of the Mortgaged Property to Lender, to the entry of which judgment or decree Mortgagor hereby specifically consents. Mortgagor shall pay to Lender, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Lender, its attorneys and agents, and all such

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costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

(c) Upon every such entering upon or taking of possession, Lender, to the extent permitted by law, may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time:

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

(ii) insure or keep the Mortgaged Property insured;

(iii) manage and operate the Mortgaged Property (or cause the same to be managed and operated by a management agent selected by Lender or pursuant to the Management Agreement) and exercise all the rights and powers of the Mortgagor, on its behalf or otherwise, with respect to the same;

(iv) enter into agreements with others to exercise the powers herein granted Lender, all as Lender from time to time may determine; and Lender may collect and receive all the rents, income and other benefits of the Mortgaged Property, including those past due as well as those accruing thereafter; and shall apply the monies so received by Lender, in such order and manner as Lender may determine, to (1) the payment of interest, principal and other payments due and payable on the Acknowledgments or pursuant to this Mortgage or to any other Borrower's Liabilities, (2) deposits or escrows for taxes and assessments, (3) the payment or creation of reserves for payment of insurance, taxes, assessments and other proper charges or liens or encumbrances upon the Mortgaged Property or any part thereof, and (4) the compensation, expenses and disbursements of the agents, attorneys and other representatives of Lender; and

(v) exercise such remedies as are available to Lender under the Loan Instruments or at law or in equity.

Lender shall surrender possession of the Mortgaged Property to Mortgagor only when all Borrower's Liabilities shall have been paid in full and all other defaults have been cured. However, the same right to take possession shall exist if any subsequent Event of Default shall occur.

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3.04 Leases. Lender is authorized to foreclose this Mortgage subject to the rights, if any, of any or all tenants of the Mortgaged Property, even if the rights of any such tenants are or would be subordinate to the lien of this Mortgage. Lender may elect to foreclose the rights of some subordinate tenants while foreclosing subject to the rights of other subordinate tenants. The failure to make any subordinate tenant a party defendant to any foreclosure proceedings and to foreclose its rights will not be, nor be asserted by Mortgagor, any junior lien holder, any tenant or any other party claiming by, through or under Mortgagor to be, a defense to any such foreclosure proceeding or any other proceedings instituted by Lender to collect the sums secured hereby or to collect any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property. Each Material Lease entered into by Mortgagor subsequent to the date hereof shall provide that, and any tenant under any such lease shall be subject to the following provisions whether or not such lease shall so provide, (i) Lender, at its election, may execute and record an instrument which shall be deemed to cause such lease to be either prior or subordinate (whichever Lender elects) to the lien of this Mortgage and (ii) at tenant's request, Lender and tenant will enter into a non-disturbance and attornment agreement in customary form, provided that Lender has approved such Material Lease.

3.05 Purchase by Lender. Upon any foreclosure sale, Lender may bid for and purchase all or any portion of the Mortgaged Property and, upon compliance with the terms of the sale, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

3.06 Application of Foreclosure Sale Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property or any part thereof received by Lender shall be applied by Lender to Borrower's Liabilities in such order and manner as Lender may elect in a written notice to Mortgagor given on or before sixty (60) days following confirmation of the sale and, in the absence of such election, first to the expenses of sale, then to expenses including attorneys' fees of the foreclosure proceeding, then to interest and then to principal.

3.07 Application of Indebtedness Toward Purchase Price. Upon any foreclosure sale, Lender may apply any or all of the indebtedness secured by this Mortgage or any other Loan Instrument or any other Borrower's Liabilities, or any decree in lieu thereof, toward the purchase price.

3.08 Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws. Mortgagor agrees, to the full extent permitted by law, that in case of an Event of Default, neither Mortgagor nor anyone claiming through or under it will set up,

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claim or seek to take advantage of any appraisal, 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. 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 Lender or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property in part or as an entirety. Mortgagor acknowledges that the transaction of which this Mortgage is a part is a transaction which does not include either agricultural real estate (as defined in Section 15-1201 of the Illinois Mortgage Foreclosure Law (Chapter 110, Sections 15-1101 et seq., Illinois Revised Statutes) (herein called the "Act")) or residential real estate (as defined in Section 15-1219 of the Act), and to the full extent permitted by law, hereby voluntarily and knowingly waives its rights to reinstatement and redemption as allowed under Section 15-1601(b) of the Act.

3.09 Receiver - Lender in Possession. If an Event of Default shall have occurred, Lender, to the extent permitted by law and without regard to the value of the Mortgaged Property or the adequacy of the security for the indebtedness and other sums secured hereby, shall be entitled as a matter of right and without any additional showing or proof, at Lender's election, to either the appointment by the court of a receiver (without the necessity of Lender posting a bond) to enter upon and take possession of the Mortgaged Property and to collect all rents, income and other benefits thereof and apply the same as the court may direct or to be placed by the court into possession of the Mortgaged Property as lender in possession with the same power herein granted to a receiver and with all other rights and privileges of a lender in possession under law. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect all rents, income and other benefits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for such rents, income and other benefits actually received by Lender, whether received pursuant to this Paragraph 3.09 or Paragraph 3.03. Notwithstanding the appointment of any receiver or other custodian, Lender shall be entitled as pledgee to the possession and control of any cash, deposits or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to Lender.

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3.10 Suits to Protect the Mortgaged Property. Lender shall have the power and authority (but not the duty) to institute and maintain any suits and proceedings as Lender may deem advisable (a) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or which violate the terms of this Mortgage, (b) to preserve or protect its interest in the Mortgaged Property, or (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Lender's interest.

3.11 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting Mortgagor or Beneficiary, Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claims allowed in such proceedings for the entire amounts due and payable under the Acknowledgments, this Mortgage and any other Loan Instrument, at the date of the institution of such proceedings, and for any additional amounts which may become due and payable after such date.

3.12 Mortgagor to Pay Borrower's Liabilities in Event of Default; Application of Monies by Lender.

(a) Upon occurrence of an Event of Default, Lender shall be entitled to sue for and to recover judgment against Mortgagor for Borrower's Liabilities due and unpaid together with costs and expenses, including, without limitation, the reasonable compensation, expenses and disbursements of Lender's agents, attorneys and other representatives, either before, after or during the pendency of any proceedings for the enforcement of this Mortgage; and the right of Lender to recover such judgment shall not be affected by any taking of possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

(b) In case of a foreclosure sale of all or any part of the Mortgaged Property and of the application of the proceeds of sale to the payment of Borrower's Liabilities, Lender shall be entitled to enforce all other rights and remedies under the Loan Instruments.

(c) Mortgagor hereby agrees, to the extent permitted by law, that no recovery of any judgment by Lender under any of the Loan Instruments, and no attachment or levy of execution upon any of the Mortgaged Property or any other property of Mortgagor, shall (except as otherwise provided by law) in any way affect the

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lien of this Mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of Lender hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before until Borrower's Liabilities are paid in full.

(d) Any monies collected or received by Lender under this Paragraph 3.12 shall be applied to the payment of compensation, expenses and disbursements of the agents, attorneys and other representatives of Lender, and the balance remaining shall be applied to the payment of Borrower's Liabilities, in such order and manner as Lender may elect, and any surplus, after payment of all Borrower's Liabilities, shall be paid to Mortgagor.

3.13 Delay or Omission. No delay or omission of Lender in the exercise of any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to Lender may be exercised from time to time and as often as may be deemed expedient by Lender.

3.14 Waiver of Default. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies in respect thereof. If Lender (a) grants forbearance or an extension of time for the payment of any sums secured hereby, (b) takes other or additional security for the payment thereof, (c) waives or does not exercise any right granted in any of the Loan Instruments, (d) releases any part of the Mortgaged Property from the lien of this Mortgage or any other Loan Instrument, (e) consents to the filing of any map, plat or replat of the Land, (f) consents to the granting of any easement on the Land, or (g) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the lien of this Mortgage or any other Loan Instrument or the liability under the Loan Instruments of Mortgagor, any subsequent purchaser of the Mortgaged Property or any part thereof or any maker, except as otherwise expressly provided in an instrument or instruments executed by Lender. Except as otherwise expressly provided in an instrument or instruments executed by Lender, no such act or omission shall preclude Lender from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default, nor shall the lien of this Mortgage be altered thereby, except to the extent of any releases as described in clause (d), above, of this Paragraph 3.14.

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3.15 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Lender under any of the Loan Instruments or any instrument evidencing or securing Borrower's Liabilities is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under any other Loan Instrument or any instrument evidencing or securing Borrower's Liabilities, or now or hereafter existing at law, in equity or by statute.

3.16 Interest After Event of Default. If an Event of Default shall have occurred, all sums outstanding and unpaid under the Acknowledgments and all other Borrower's Liabilities shall, to the extent permitted by law, bear interest thereafter at the Default Rate until such Event of Default is cured.

ARTICLE FOUR

MISCELLANEOUS PROVISIONS

4.01 Heirs, Successors and Assigns Included in Parties. Whenever Mortgagor, Lender or Beneficiary is named or referred to herein, heirs and successors and assigns of such person or entity shall be included, and all covenants and agreements contained in this Mortgage shall bind the successors and assigns of Mortgagor and Beneficiary, including any subsequent owner of all or any part of the Mortgaged Property and inure to the benefit of the successors and assigns of Lender. This Section 4.01 shall not be construed to permit an assignment, transfer, conveyance, encumbrance or other disposition otherwise prohibited by this Mortgage.

4.02 Notices. All notices, requests, reports demands or other instruments required or contemplated to be given or furnished under this Mortgage to Mortgagor or Lender shall be directed to Mortgagor or Lender as the case may be at the following addresses:

If to Lender:

Morgan Guaranty Trust Company
of New York
23 Wall Street
New York, New York 10005
Attn: Michael Bailey

with a copy to:

Morgan Guaranty Trust Company
of New York, Zurich Branch
Stockerstrasse 38
8002 Zurich Switzerland
Attn: Dan Fugelsang

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and

Goldberg, Kohn, Bell, Black,
Rosenbloom & Moritz, Ltd.
55 East Monroe Street
Suite 3900
Chicago, Illinois 60603
Attn: James B. Rosenbloom, Esq.

If to Mortgagor:

American National Bank and Trust
Company of Chicago, as Trustee
under Trust No. 60313
33 North LaSalle Street
Chicago, Illinois 60602

with a copy to:

Hotel Swiss Grand Associates
Limited Partnership
c/o Swissotel Chicago, Inc.
333 North Michigan Avenue
Chicago, Illinois 60601

and

Fink, Weinberger, Fredman, Berman,
Lowell & Fensterheim, P.C.
420 Lexington Avenue
New York, New York 10170
Attn: Melvin Weinberg, Esq.

Any such notices, requests, reports, demands or other instruments shall be (i) personally delivered to the offices set forth above, in which case they shall be deemed delivered on the date of delivery to said offices, (ii) sent by certified mail, return receipt requested, in which case they shall be deemed delivered three (3) business days after deposit in the U.S. mail, postage prepaid, or (iii) sent by air courier (Federal Express or like service), in which case they shall be deemed delivered on the date of actual delivery. Either party may change the address to which any such notice, report, demand or other instrument is to be delivered by furnishing written notice of such change to the other party in compliance with the foregoing provisions.

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience only, are not to be considered a part hereof, and shall not limit, expand or otherwise affect any of the terms hereof.

4.04 Invalid Provisions. In the event that any of the covenants, agreements, terms or provisions contained in the Acknowledgments, this Mortgage or in any other Loan Instrument shall be invalid, illegal or unenforceable in any respect, the

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validity of the remaining covenants, agreements, terms or provisions contained herein or in the Acknowledgments or in any other Loan Instrument (or the application of the covenant, agreement, term held to be invalid, illegal or unenforceable, to persons or circumstances other than those in respect of which it is invalid, illegal or unenforceable) shall be in no way affected, prejudiced or disturbed thereby.

4.05 Changes. Neither this Mortgage nor any term hereof may be released, 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 release, change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Mortgagor and Lender relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance. Any holder of a lien or encumbrance junior to the lien of this Mortgage shall take its lien subject to the right of Lender to amend, modify or supplement this Mortgage, the Acknowledgments or any of the other Loan Instruments, to extend the maturity of Borrower's Liabilities or any portion thereof, to vary the rate of interest chargeable under the Acknowledgments and to increase the amount of the indebtedness secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

4.06 Governing Law. The rights and remedies provided in this Mortgage shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Illinois. Notwithstanding the foregoing, the Loan Agreement and the Acknowledgments shall be governed and construed in accordance with the laws of Switzerland.

4.07 Required Notices. Mortgagor shall notify Lender promptly of the occurrence of any of the following: (i) receipt of notice from any governmental authority relating to the violation of any rule, regulation, law or ordinance, the enforcement of which would materially and adversely affect the Mortgaged Property; (ii) material default by any tenant in the performance of its obligations under any lease of all or any portion of the Mortgaged Property or receipt of any notice from any such tenant claiming that a default by landlord in the performance of its obligations under any such lease has occurred; or (iii) commencement of any judicial or administrative proceedings by or against or otherwise adversely affecting Mortgagor, Beneficiary or the Mortgaged Property.

4.08 Future Advances. This Mortgage is given to secure not only existing indebtedness, but also future advances (whether such advances are obligatory or are to be made at the option of Lender, or otherwise) made by Lender pursuant to the Loan

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Instruments, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but all indebtedness secured hereby shall, in no event, exceed \$500,000,000.

4.09 Release. Upon full payment of Borrower's Liabilities, Lender shall issue to Mortgagor an appropriate release deed in recordable form.

4.10 Compliance with Illinois Mortgage Foreclosure Law. In the event that any provision in this Mortgage shall be inconsistent with any provision of the Act, the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act. If any provision of this Mortgage shall grant to Lender any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Lender under the Act in the absence of said provision, Lender shall be vested with the rights granted in the Act to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Lender to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

4.11 Exculpatory Provision. This Mortgage is executed by American National Bank and Trust Company of Chicago, not in its individual capacity, but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that nothing contained herein or in the Loan Instruments shall be construed as creating any liability on American National Bank and Trust Company of Chicago, in its individual capacity to pay the Loan or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability in its individual capacity, if any, being expressly waived by Lender and by every person now or hereafter claiming any right or security hereunder. So far as Mortgagor and its successors and said American National Bank and Trust Company of Chicago personally are concerned, the legal holder of the Loan Agreement and the Acknowledgments and the owner or owners of any indebtedness accruing hereunder shall look solely to the Mortgaged Property and any rent or proceeds therefrom for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in said Loan Agreement provided or, by action against the Beneficiary arising out of a breach of one or more of the other Loan Instruments to which the

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Beneficiary is a party or by the exercise of any remedy available under any of the other Loan Instruments.

IN WITNESS WHEREOF, Mortgagor has caused this instrument to be executed by its duly authorized officers as of the day and year first above written.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not in its individual capacity but as Trustee under Trust Agreement dated February 14, 1984 and known as Trust No. 60312

ATTEST:

Its

[Signature]
ASSISTANT SECRETARY

By

Its

[Signature]
VICE PRESIDENT

THIS INSTRUMENT PREPARED BY,
AND AFTER RECORDING RETURN TO:

James B. Rosenbloom, Esq.
Goldberg, Kohn, Bell, Black,
Rosenbloom & Moritz, Ltd.
55 East Monroe Street
Suite 3900
Chicago, Illinois 60603

EX 333

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JOINDER

The undersigned hereby joins in the execution of the Mortgage to which this Joinder is attached for the sole purpose of joining with Mortgagor in the making of the representations and warranties made by Mortgagor, and obligating itself to perform the covenants of Mortgagor contained in the Mortgage. The liability of the undersigned and Mortgagor shall be joint and several and the failure by Lender to proceed against either one of them shall not affect the liability of the other. Notwithstanding anything to the contrary herein, the liability of the undersigned under this Joinder shall be limited to the partnership assets of the undersigned and no partner of the undersigned shall be personally liable for any obligations created hereby.

Dated: August 31, 1988

HOTEL SWISS GRAND ASSOCIATES
LIMITED PARTNERSHIP, an Illinois
limited partnership

By: SNH LAKE MICHIGAN, INC., an
Illinois corporation, its sole
general partner

ATTEST:

Melby Weirby
Its Secretary

By [Signature]
Name _____
Title President

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ACKNOWLEDGMENT

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

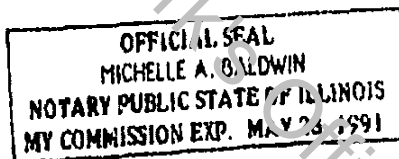
I, Michelle A. Baldwin, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT Manfred Nissen and Melvin Weinberg, President and Secretary of SNH Lake Michigan, Inc., an Illinois corporation, the general partner of Hotel Swiss Grand Associates Limited Partnership, an Illinois limited partnership, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary acts and as the free and voluntary act of said partnership for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31st day of August, 1988.

Michelle A. Baldwin
Notary Public

My Commission Expires:

May 28, 1991



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UNOFFICIAL COPY**EXHIBIT A****LOAN AGREEMENT**

dated: August 30, 1988

between

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Stockerstr. 38, 8002 Zurich (hereinafter together with any other office of Morgan Guaranty Trust Company of New York called the "Lender")

and

HOTEL SWISS GRAND ASSOCIATES LIMITED PARTNERSHIP, c/o Swissotel Management Corporation, 375 North Michigan Avenue, Chicago, Illinois 60601 (hereinafter called the "Borrower"),

WHEREAS the Lender will make available to the Borrower a secured 5-year loan in the amount of SWISS FRANCS 132'940'000 (hereinafter called the "Loan") upon the following terms and conditions:

TERMS OF THE LOAN

Amount: The maximum amount ("the Amount") of the Loan is Sfr. 132'940'000 (one hundred thirty two million nine hundred forty thousand Swiss Francs) to be disbursed as follows:

Drawdown Date: September 1, 1988;

Repayment Date: In one installment on August 31, 1993.

Interest Renewal Periods: 1, 3, 6 and 12 months ("the Libor Interest Renewal Periods") or 2, 3, 4 and 5 years ("the Medium Term Interest Renewal Periods");

Loan Tranches: During the term of this Loan, but not beyond the Repayment Date, the Borrower has the option to designate either of the Interest Renewal Periods with respect to parts or all of the Amount;

Spread: The Spread is 1/4 of one percent per annum in years 1, 2 and 3 and 3/8 of one percent per annum in years 4 and 5;

Interest Rates: The Interest Rates will be fixed at the Spread over either Libor for Libor Interest Renewal Periods or, in the case of Medium Term Interest Renewal Periods, at the Spread over Morgan's cost of funds;
Interest shall be calculated on the basis of actual days elapsed over a 360 day year. The Interest Rate will be fixed two business days prior to Drawdown Date or two business days before the end of an Interest Renewal Period;

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In this Loan Agreement, business day shall mean any day that banks in Zurich are open for a full day for business;

Interest Payment Date:

For Libor Interest Renewal Periods, interest is payable at the end of such Interest Renewal Periods, while for Medium Term Interest Renewal Periods, interest is payable annually in arrears;

Should an Interest Payment Date fall on a non-business day then the Interest is payable on the succeeding business day;

Use of Proceeds:

The Loan will be used to repay U.S. Dollars 85 million of the Borrower's previous construction loan provided by Citicorp Real Estate Inc., an affiliate of Citibank N.A., as agent for a group of lenders for the construction of the Chicago Swiss Grand Hotel ("the Hotel"), a Chicago hotel which the Borrower fully owns as its only asset. The balance of the construction loan shall be repaid by the Borrower from its own funds at or prior to the Drawdown Date;

Prepayment:

a) On Interest Renewal Dates:

Prepayment of any or all Loan Tranches is possible at the end of the Interest Renewal Period of that Loan Tranche or the respective Loan Tranches without any premium or penalty upon the Borrower's 30 (thirty) days notice in writing to the Lender;

b) On all other dates:

The Borrower is authorized to prepay any or all Loan Tranches at any time upon a written notice to the Lender of a minimum of 5 (five) business days. The Borrower shall compensate the Lender for any funding loss or expense incurred including any losses in liquidating, or reemploying the funds from the date of prepayment until the end of the Interest Renewal Period of that Loan Tranche or the respective Loan Tranches;

c) Subject to the terms of this Loan Agreement, and provided that no Event of Default then exists, during the term of the Loan, but not beyond the Repayment Date, the Borrower may reborrow any portion of the Amount previously prepaid, provided that the outstanding principal balance of the Loan shall in no event exceed the Amount as determined under d) below;

d) The Borrower has the right to reduce the Amount of the Loan following a Prepayment of any or all Loan Tranches by notifying in writing the Lender that such prepaid Loan Tranche(s) will not be reborrowed any more until the Repayment Date;

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Facility Fee: 1/8 of one percent per annum on the Amount from August 9, 1988 and until the Repayment Date. The Facility Fee is payable by the Borrower semiannually in arrears, for the first time on February 9, 1989;

Security: The Borrower shall give to the Lender all rights of a first mortgage lien on the Hotel.

Conditions of the Loan

1. All payments due by the Borrower according to this Loan Agreement shall be made in freely disposable Swiss Francs, without set-off or counterclaim, notwithstanding any present or future transfer restrictions, at the office of the Lender in Zurich by 11 a.m. Zurich time on the dates defined in this Loan Agreement ("the Due Dates"), without withholding or deduction for any present or future taxes, imposts, duties or other charges levied by any government, agency or other taxing authority in the United States of America or in Switzerland. The Lender will provide the Borrower with confirmation that it is a corporation according to the laws of the United States of America as demonstrated by form W-9 of the Internal Revenue Service or in another appropriate form.
2. If any payment hereunder is not received by the Lender on the Due Dates as aforesaid, the Borrower shall pay additional interest on the amount due, from the respective Due Dates until payment in full, at an interest rate which shall be 1 and 3/4 of one percent per annum above the Lender's cost of funds, subject to a minimum interest rate of 6 (six) percent per annum.
3. Drawdown cannot take place on the foreseen Drawdown Date or thereafter as long as the following documents have not been duly executed and received and accepted by the Lender:
 - a) a Letter of Awareness jointly signed by Swissair Associated Companies Ltd., Zurich, and Nestlé SA, Vevey as per Appendix A;
 - b) a Mortgage and Security Agreement ("the Mortgage") creating a first mortgage in favour of the Lender against the Hotel, the land on which the Hotel is located, and all related improvements;
 - c) Loan Instruments as defined in the Mortgage;
 - d) all other documents listed in the attached Appendix 1.
4. The Borrower represents, warrants, covenants and agrees that:
 - a) the Borrower is a limited partnership duly organized, validly existing and in good standing under the law of Illinois, and has the power and authority to enter into this Loan Agreement;
 - b) the execution and delivery of this Loan Agreement has been duly authorized by the Borrower and does not contravene any law, regulation or contract by which the Borrower is bound;

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- c) all authorisations, approvals and consents required for the Borrower to enter into and perform under this Loan Agreement have been obtained and are in full force and effect;
 - d) this Loan Agreement constitutes valid and binding obligations of the Borrower in accordance with its terms, which rank and will rank at least pari-passu with all other present and future direct or contingent secured liabilities of the Borrower;
 - e) the Borrower will after Drawdown Date and at the beginning of all subsequent Interest Renewal Periods duly acknowledge to the Lender the terms and conditions of a Loan Tranche with its signature in the form of the attached Acknowledgement of Debt (Appendix C);
 - f) there is no present, and there will be no future lien on the Hotel except for permitted encumbrances as defined in the Mortgage.
5. Upon the occurrence of any Event of Default as defined in the Mortgage, the Lender shall be entitled to declare the Loan Tranches immediately due and payable, whereupon the same shall become payable together with interest accrued to the date of repayment and any other sums due hereunder. At the same time, the Loan shall expire.
 6. If the Lender forecloses on the Mortgage and the U.S. Dollar proceeds of the disposal of the Hotel are insufficient to repay the outstanding Swiss Francs of the Loan and other amounts due under this Loan Agreement, then the Borrower shall reimburse such amounts or advise Swissair Associated Companies, Ltd. and Nestlé SA that such amounts have to be reimbursed.
 7. The Borrower shall reimburse the Lender for any costs and expenses (including, but not limited to legal fees) incurred by it in connection with the documentation or enforcement of the Loan Agreement and any related agreements.
 8. The Borrower may not assign and/or transfer any of its rights and/or obligations hereunder except as provided in the Mortgage.

The Lender may disclose to any financial institution to which the Lender has made or granted, or is contemplating to make or grant, an assignment of or a sub-participation in all or part of its rights and benefits in the Loan, such information about the Borrower as the Lender shall consider necessary to enable the Lender to effect the assignment or sub-participation.

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9. If after the date of this Loan Agreement, the Lender shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Lender with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Lender's capital as a consequence of its obligations hereunder to a level below that which the Lender could have achieved but for such adoption, change or compliance (taking into consideration the Lender's policies with respect to capital adequacy) by an amount deemed by the Lender to be material, then from time to time, within 15 days after demand by the Lender, the Borrower shall pay to the Lender such additional amount or amounts as will compensate the Lender for such reduction.
10. The Loan Agreement shall be governed by and construed in accordance with the Laws of Switzerland. Any dispute arising hereunder shall fall under the jurisdiction of the ordinary courts of the Canton of Zurich with the right to appeal to the Swiss Federal Court in Lausanne. For that purpose, and for the purpose of legal enforcement in Switzerland, the Borrower elects legal and special domicile at the offices of Swissair Associated Companies, Ltd. in Zurich. The Borrower explicitly accepts service of process at such address and hereby waives any right to immunity to which it might otherwise be entitled. The Lender is also at liberty to commence legal action against the Borrower at any other place where jurisdiction may exist or be established, Swiss law remaining applicable.
11. The Loan Agreement is executed in two counterparts; it may not be amended or modified except by agreement of the parties in writing.

The Borrower:

HOTEL SWISS GRAND ASSOCIATES LIMITED PARTNERSHIP
by its General Partner
SWM Lake Michigan, Inc.

By: *[Signature]*

Vice President

The Lender:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Zurich Branch

By: *[Signature]*

Vice President

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UNOFFICIAL COPY**APPENDIX A****LETTER OF AWARENESS**

DATE: AUGUST 29, 1988

TO: MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("MORGAN")
STOCKERSTRASSE 38
8002 ZURICH

Morgan has provided a Loan to the Hotel Swiss Grand Associates, an Illinois limited partnership ("the Partnership") in the amount of Swiss Francs 122,510,000 for a Term of 8 years to finance the Chicago Swiss Grand Hotel in Chicago ("the Hotel"). We are informed of the terms and conditions of the Loan.

Swissair Associated Companies, Ltd. and Nestlé SA own each 50% of SNH Finance Ltd. (Hergiswil), which in turn owns 100% of SNH Holding Inc., Chicago. SNH Holding Inc., Chicago, owns 100% of SNH Chicago Inc., Chicago, who in turn owns 100% of SNH Lake Michigan, Inc.. SNH Chicago, Inc. and SNH Lake Michigan, Inc., as limited partner and general partner respectively, own 100% of the Partnership that owns 100% of the beneficial interest in the Hotel. SNH Chicago, Inc. owns 33,93% of the Partnership, and its subsidiary SNH Lake Michigan, Inc. owns 66,07%.

We regularly receive reports on the financial standing and performance of SNH Finance Ltd. and of SNH Holding Inc. and we supervise the business of the Partnership. It is our intention to provide financial support to the Partnership to make sure that the Partnership can meet its debt service obligations arising out of this Loan. This declaration of intention does not constitute a guarantee.

We agree to maintain the abovementioned ownership structure for the Term of the Loan and in case of a change which would alter our ultimate control of the Partnership, we undertake to provide security acceptable to you. No agreement or consent given by Lender in any of the Loan Instruments shall affect the terms of the preceding sentence.

This Letter of Awareness ranks and will rank at least pari passu with all other Letters of Awareness which we have provided and may from time to time provide relating to financial obligations of the Partnership.

In the event that we change our policy in the future and issue a guarantee on behalf of the Partnership, we agree that this Letter of Awareness for this Loan shall be changed to a guarantee at least pari passu to that guarantee.

Swissair Associated Companies, Ltd.

Nestlé SA

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