

To secure the payment of the indebtedness evidenced by the Note and the payment of all amounts due under and the performance and observance of all covenants and conditions contained in this Assignment, the Mortgage, the Note, the Loan Commitment and any other mortgages, security agreements, assignments of leases and rents, guarantees, letters of credit and any other documents and amendments hereof or hereafter executed by Mortgagor, Beneficiary or any party related thereto or affiliated therewith to secure or guarantee the payment of indebtedness under the Note, the Loan Commitment, this Assignment, the Mortgage, and such other mortgages, security agreements, assignments of leases and rents, guarantees, letters of credit 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

GRANTING CLAUSES

II. The Loan is evidenced by that certain note of even date herewith executed by the Mortgagor to Assignee, in the principal sum of \$11,800,000 (the "Note"). The payment of the Note is secured by: (a) this Assignment; (b) a Mortgage and Security Agreement (the "Mortgage") executed by Mortgagor pertaining to property defined therein as the "Mortgaged Property" of which the parcel of land legally described in Exhibit A attached hereto and all improvements thereon and appurtenances thereto form a part; and (c) the other Loan Instruments (hereinafter defined).

1. This Assignment is made pursuant to a Loan Commitment dated August 3, 1989 (the "Loan Commitment") among Mortgagor, Beneficiary and Assignee pursuant to which Assignee has agreed, subject to the terms and conditions thereof, to make a loan to Mortgagor in an amount not to exceed \$11,800,000 (the "Loan").

RECITALS

THIS ASSIGNMENT OF LEASES AND RENTS (this "Assignment") dated as of December 15, 1989, is made and executed by American National Bank and Trust Company of Chicago, not in its individual capacity but as Trustee under a Trust Agreement dated November 30, 1983, and known as Trust No. 59311 ("Mortgagor"), and 116 South Michigan Associates, an Illinois limited partnership ("Beneficiary") (Mortgagor and Beneficiary being collectively referred to as "Assignor") in favor of the Commonwealth of Pennsylvania State Employees' Retirement System, an independent administrative agency of the Commonwealth of Pennsylvania ("Assignee").

ASSIGNMENT OF LEASES AND RENTS

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(iv) The right to take such action upon the happening of a default under the Leases (including the commencement, conduct and consummation of proceedings at law or in equity) as shall be permitted under any provisions of the Leases or by law;

(iii) The right to give all notices, permissions, consents and releases, including consents to any instrument which subordinates or makes paramount the interest of a Lessee to the Mortgage;

(ii) The right to make all waivers and agreements, including any waivers pertaining to the obligations of Lessees;

(i) The immediate and continuing right to receive and collect all rents, income, revenues, issues, profits, insurance proceeds, condemnation awards, monies and security deposits or the like;

(c) All rights, powers, privileges, options and other benefits (collectively, "Rights") of Assignor under the Leases, including, without limitation:

(b) The rents which are due or may hereafter become due pursuant to any of the Leases and any other payments in addition to rent made by or due from any and all Lessees, users or occupants under the Leases including, without limitation, security deposits and any monies, awards, damages or other payments made or due under the Leases (which rents and payments together with any and all other rents, issues and profits which may now or hereafter arise in connection with the ownership or operation of the Mortgaged Property are herein collectively referred to as the "Rents");

(a) All oral and written leases with, or other agreements for use or occupancy made by, any person or entity (including, without limitation, any leases which may be described in any separate schedule which may be attached hereto or in any supplement to this Assignment recorded hereafter), and any and all amendments, extensions, renewals, modifications and replacements thereof, pertaining to all or any part of the Mortgaged Property, whether such leases or other agreements have been heretofore or are hereafter made or agreed to (such leases and other use and occupancy agreements being collectively referred to herein as the "Leases");

individually as a "Loan Instrument") (all indebtedness secured hereby being hereinafter sometimes referred to as "Borrower's Liabilities"), Assignor hereby assigns to Assignee, all of the right, title and interest of Mortgagor and Beneficiary in:

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1.2 Power coupled with interest. This Assignment of Leases and Rents confers upon Assignee a power coupled with an interest and cannot be revoked by Assignor.

1.1 Present Assignment. Notwithstanding that this Assignment constitutes a present assignment of leases and rents, Assignor may collect the Rents and manage the Mortgaged Property in the same manner as if this Assignment had not been given, but only if and so long as an Event of Default (defined hereafter) has not occurred. If an Event of Default occurs, the right of Assignor to collect the Rents and to manage the Mortgaged Property shall thereupon automatically terminate and such right together with the other rights, powers and authorizations contained herein shall belong exclusively to Assignee.

COVENANTS AND WARRANTIES

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(g) To do any and all other things with respect to the Mortgaged Property and the collateral which an absolute owner or landlord has the right to do.

(f) To make such repairs to the Mortgaged Property as Assignee may deem advisable; and

(e) To prosecute or defend any suits in connection with the Mortgaged Property or enforce or take any other action in connection with the Leases in the name of Assignee, Mortgagor or Beneficiary;

(d) To manage the Mortgaged Property and take possession of the books and records relating thereto;

(the Leases, Rents and Rights being sometimes collectively referred to as the "collateral") and Assignor authorizes Assignee:

(viii) The rights, powers, privileges and other benefits of Assignor under any and all guaranties (the "guaranties") of any of the Leases;

(vii) The right to execute new leases of the Mortgaged Property; and

(vi) The right to exercise any option required or permitted under any of the Leases;

(v) The right to do any and all other things whatsoever which Assignor is or may become entitled to do under the Leases including, without limitation, the right to cancel or alter leases;

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1.4 Covenants. Assignor covenants that (i) it will not modify, change, alter, supplement or amend any of the Leases (hereinafter collectively referred to as "modification") nor execute any new Lease without giving Assignor prior written notice of any such modification or new Lease and without providing Assignor with executed copies of such modification or new Lease; provided, however, in the event any modification or new Lease modifies or amends any of the terms and conditions of the lease form approved by Assignor pursuant to the terms and conditions of the Mortgage in any material respect, Assignor shall obtain Assignor's written consent prior to execution of any such modification or new Lease; (ii) it will not terminate, surrender or accept surrender of any of the Leases without Assignor's consent, provided, however, in the event of a material default by any Lessee under the Leases, and in lieu of obtaining Assignor's consent, Assignor shall (a) notify Assignor within five (5) days after notifying any Lessee that such Lessee is in default, which notice to Assignor shall describe in detail the nature of such default; and (b) deliver to Assignor copies of all documents executed with respect to such termination or surrender; (iii) it will not consent to any assignment or subletting of the Lessee's interest under any of the Leases without Assignor's consent unless such assignment or subletting is in the ordinary course of business; (iv) it will not accept rent more than thirty (30) days in advance of the due date thereof under any of the Leases; and (v) it will not assert any claim or take any action against any Lessee under any of the Leases, or otherwise seek recovery, damages or other relief against any such Lessee, which would have the effect of relieving such Lessee from any obligation or liability or which would affect, impair or discharge any right of Assignor except in the event of

1.3 No Other Assignment. Mortgagor represents and covenants and Beneficiary warrants as follows: (i) Assignor is the sole owner of the Lessor's entire interest in the Leases and the other collateral and has full right to assign the collateral; (ii) there has been no previous assignment and, without Assignor's prior written consent, Assignor will permit no future assignment (as collateral or otherwise) of the Lessor's right, title or interest in any of the Leases or other collateral (other than pursuant to the other Loan Instruments); (iii) the Leases are valid and enforceable in accordance with their terms and have not been altered, modified or amended in any manner whatsoever except as disclosed to Assignor; (iv) to the best of Assignor's knowledge, the Lessees are not in default under the Leases and have no defenses, set-offs or counterclaims against the Lessor under the Leases and have not been granted any concessions by the Lessor except as set forth in the Leases; (v) no rent reserved in the Leases has been assigned; and (vi) no rent for any period subsequent to the date hereof has been collected more than thirty (30) days in advance of the time when said rent becomes or would become due under the terms of the Leases.

(b) If a default shall occur under any of the Loan Instruments and the same is not cured within such cure, grace or other period, if any, provided in such Loan Instrument.

(a) If Assignor shall (1) fail to pay when due any payments of Basic Interest, Additional Interest and principal within ten (10) calendar days following the date any such payment is due and payable under the Note, whether at maturity or otherwise; or (11) fail to keep, perform or observe any other covenant, condition or agreement on the part of Assignor in this Assignment and such failure shall continue for thirty (30) days following the delivery of written notice to Assignor; provided, however, if such default is of the kind or nature that (in Assignee's judgment) it is curable but is not capable of being cured within thirty (30) days, and provided, further, that Assignor has promptly commenced and is diligently proceeding to cure, then if such default is not cured within sixty (60) days following the delivery of such notice.

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

DETAILS AND REMEDIES

II

1.6 Assignee to be Creditor of Lessees. Assignee shall be deemed to be the creditor of each lessee under the Leases in any assignments for the benefit of creditors and bankruptcy, reorganization, insolvency, dissolution, receivership or probate proceedings affecting such lessee (without any obligation on the part of Assignee to file claims or otherwise to pursue creditor's rights in such proceedings). All monies received in connection with any such proceedings or occurrences shall constitute additional Rents hereunder.

1.5 Further Assurances. Assignor shall execute and deliver, at the written request of Assignee, all such further assurances and assignments as Assignee from time to time shall reasonably determine are necessary to effectuate the terms and provisions of this Assignment, provided that Borrower's liabilities are not increased thereby.

a material default by any such lessee and further provided Assignor furnishes the information required pursuant to items (a) and (b) above.

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2.5 Limitation of Assignee's Obligations. Assignee's obligations as to any Rents actually collected shall be discharged by application of such Rents to any of the purposes specified in Paragraph 2.4 hereof. Except in the event of Assignee's gross

2.4 Application of Rents. Assignee may apply the Rents to which it is entitled to receive under this Assignment, 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 Assignee may elect. Without limitation of the foregoing, the expenses and capital expenditures relating to the Mortgaged Property may include taxes, insurance, assessments, management fees, usual and customary commissions for real estate brokers for leasing real estate, and the reasonable expenses and fees of all attorneys, agents and employees engaged in connection with the exercise of the rights and powers granted to Assignee hereunder. The receipt by Assignee of any Rents pursuant to this Assignment following an Event of Default and the exercise of any remedies provided for herein or in the other Loan Instruments shall not cure such Event of Default or affect or prejudice the exercise of such remedies.

2.3 Nature of Remedies. No delay or omission on the part of Assignee in the exercise of any remedy for an Event of Default shall operate as a waiver thereof. The remedies available to Assignee under this Assignment shall be in addition to, and exercisable in any combination with, any and all remedies available by operation of law and under the other Loan Instruments. Said remedies shall be cumulative and concurrent, may be pursued separately, successively or together against Assignor or the Mortgaged Property at the sole discretion of Assignee and may be exercised as often as occasion therefor shall arise.

(b) In the event Assignee elects to invoke any of its rights hereunder and thereafter, for any reason, relinquishes to Assignor such rights, this Assignment shall not be terminated, but shall remain in full force and effect until Borrower's liabilities are paid in full, it being the intent of the parties that Assignee shall, until release of this Assignment, have all the rights granted hereby and be able to exercise them from time to time if an Event of Default occurs.

(a) Assignee may exercise its rights as provided in this Assignment without regard to the adequacy of the security and without waiving any other remedy available to Assignee and without waiving such default;

2.2 Exercise of Assignee's Rights.

(c) If an "Event of Default" shall occur under and as defined in any of the other Loan Instruments, including without limitation the Loan Commitment or the Mortgage.

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3.1 Modification of Loan Terms. If the time of payment of any indebtedness secured hereby is extended at any time or times, if the Note is renewed, modified or replaced or if any security for the Note is released, Assignor and any other parties now or hereafter liable therefor or interested in the Mortgaged Property shall be deemed to have consented to such extensions, renewals, modifications, replacements and releases, and their liability and the lien hereof and of the other Loan Instruments shall not be released and the rights created hereby and thereby

MISCELLANEOUS

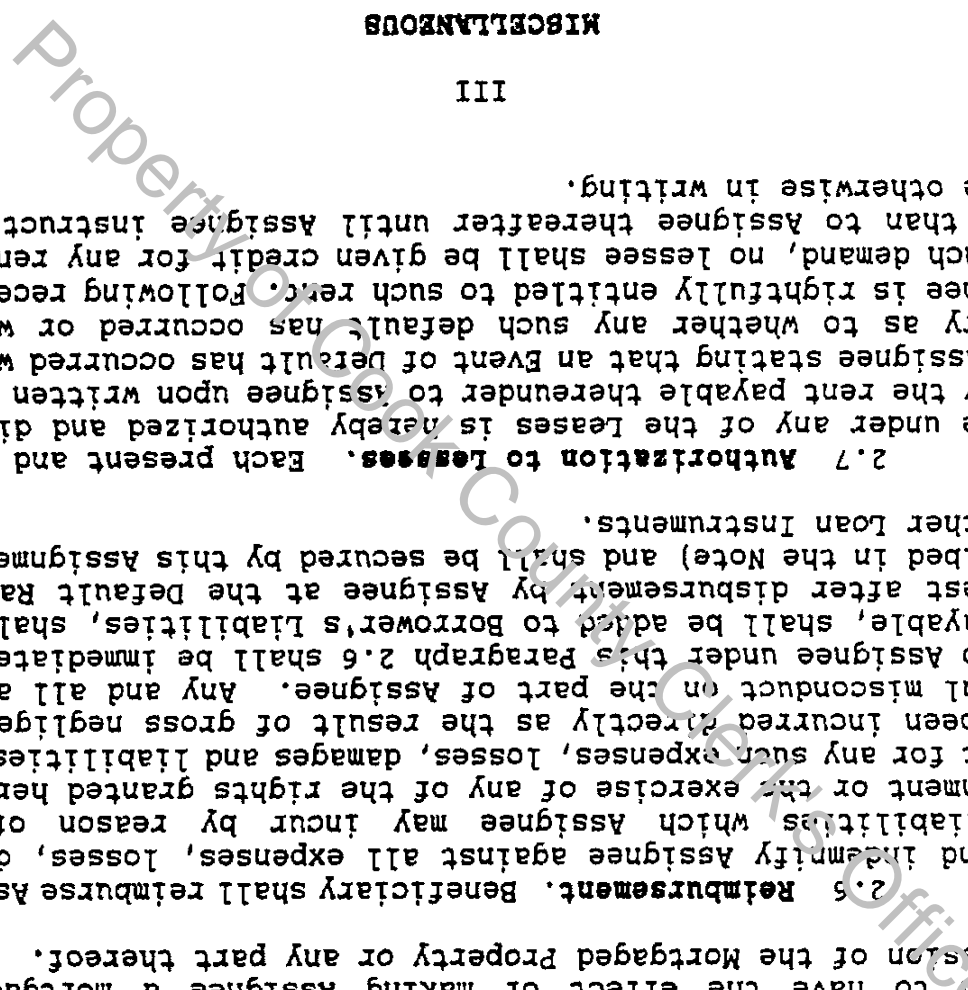
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2.7 Authorization to Leases. Each present and future Lessee under any of the Leases is hereby authorized and directed to pay the rent payable thereunder to Assignee upon written demand from Assignee stating that an event of default has occurred without inquiry as to whether any such default has occurred or whether Assignee is rightfully entitled to such rent. Following receipt of any such demand, no Lessee shall be given credit for any rent paid other than to Assignee thereafter until Assignee instructs such Lessee otherwise in writing.

2.5 Reimbursement. Beneficiary shall reimburse Assignee for and indemnify Assignee against all expenses, losses, damages and liabilities which Assignee may incur by reason of this Assignment or the exercise of any of the rights granted hereunder except for any such expenses, losses, damages and liabilities which have been incurred directly as the result of gross negligence or willful misconduct on the part of Assignee. Any and all amounts due to Assignee under this Paragraph 2.6 shall be immediately due and payable, shall be added to Borrower's liabilities, shall bear interest after disbursement by Assignee at the Default Rate (as described in the Note) and shall be secured by this Assignment and the other Loan Instruments.

Assignee shall have received such security deposit from the Lessor or such Lessee. Except in the event Assignee takes fee simple title to the Mortgaged Property, Assignee shall not by reason of this Assignment or the exercise of any right granted herein be obligated to perform any obligation of the Lessor under any of the Leases, nor shall Assignee be responsible for any act committed by the Lessor, or any breach or failure to perform by the Lessor with respect to any of the Leases. Nothing contained herein shall be deemed to have the effect of making Assignee a mortgagee in possession of the Mortgaged Property or any part thereof.

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

and

Julian, Tolt & Downey, Inc.
Three First National Plaza
54th Floor
Chicago, Illinois 60602
Attention: Michael S. Goldman

and

Deputy Chief Counsel - SERS
909 Green Street
Boas School Building
Harrisburg, Pennsylvania 19102
Attention: Cornelius Daly, Esq.

with copies to:

Commonwealth of Pennsylvania State
Employees' Retirement System
c/o Latimer & Buck Financial
Services, Inc.
121 South Broad Street
Philadelphia, Pennsylvania 19107
Attention: Douglas Callantine,
Senior Vice President

Assignee:

3.4 Notices. All notices, reports, requests, demands or other instruments required or contemplated to be given or furnished under this Assignment to Assignor or Assignee shall be directed to Assignor or Assignee, as the case may be, at the following addresses:

3.3 No Merger. Notwithstanding the conveyance or transfer of title to any or all of the mortgaged property to any lessee under any of the leases, the lessee's leasehold estate under such lease shall not merge into the fee estate and the lessee shall remain obligated under such lease as assigned by this Assignment.

3.2 Successors and Assigns. This Assignment shall inure to the benefit of Assignee and be binding upon Assignor, the heirs, legal representatives, successors and assigns of Assignor and all persons and entities (including owners and lessees) which may hereafter have any interest in the mortgaged property.

shall continue in full force, the right of recourse against all such parties being reserved by Assignee.

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3.6 Invalid Provisions to Affect No Others In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Assignment or in any other Loan Instrument shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note 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.

3.5 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Assignment 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.

Notices shall be either (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 delivery. Any 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 parties in compliance with the foregoing provisions.

Greenberger, Krauss & Jacobs
180 North LaSalle Street
Suite 2700
Chicago, Illinois 60601
Attention: Merle Teitelbaum Cowin

with a copy to:

116 South Michigan Associates
c/o Horwitz Mathews, Inc.
814 North Franklin Street
Chicago, Illinois 60610
Attention: Tem Horwitz

Beneficiary:

Horwitz Mathews, Inc.
814 North Franklin Street
Chicago, Illinois 60610
Attention: Tem Horwitz

with a copy to:

American National Bank and Trust
Company of Chicago, as Trustee
under Trust No. 59311
33 North LaSalle Street
Chicago, Illinois 60690
Attention: Land Trust Department

Mortgagor:

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3.12 Exculpatory clause. This Assignment is executed by American National Bank and Trust Company of Chicago, as Trustee under the aforesaid Trust Agreement in the exercise of the authority conferred upon it as such Trustee and not in its individual capacity. Nothing contained in this Assignment shall be

3.11 Limitation of liability. Borrower's liabilities and the performance and observance of all other covenants, agreements and obligations contained in this Assignment shall be enforceable solely against the Mortgaged Property and any other security given to further secure the Note and not against Beneficiary nor any partner of Beneficiary. Neither Beneficiary nor any partner of Beneficiary shall have any personal liability for the obligations of Beneficiary or Mortgagor arising hereunder.

3.10 Joint and several liability. The liability of Mortgagor and Beneficiary hereunder shall be joint and several.

3.9 Future Advances. This Assignment is given to secure not only existing indebtedness, but also such future advances, whether such advances are obligatory or are to be made at the option of Assignee, or otherwise, as are made by Assignee under the Note, to the same extent as if such future advances were made on the date of the execution of this Assignment. 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 five times the aggregate face amount of the Note.

3.8 Governing Law and Sovereign Immunity of Assignee. This Assignment shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Illinois. Assignee hereby reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or from the Eleventh Amendment to the United States Constitution. No waiver of any such immunities, defenses, rights or actions is to be implied by any provision hereof. Assignor hereby consents to the jurisdiction of any of the courts of the Commonwealth of Pennsylvania and of any federal courts located therein and agrees that Assignee may bring suit against Assignor in any of such courts. Assignor also waives the right to bring any counterclaims against Assignee (but specifically reserves the right to bring any defenses or affirmative defenses against Assignee) in any suit or action in any court of law or equity in which Assignee and Assignor are adverse parties.

3.7 Changes. Neither this Assignment 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 Assignor and Assignee relating to this Assignment shall be superior to the rights of the holder of any intervening lien or encumbrance.

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Smith

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



THIS INSTRUMENT PREPARED BY
AND AFTER RECORDING RETURN TO:

Property of Cook County Clerk's Office

BENEFICIARY:
116 SOUTH MICHIGAN ASSOCIATES,
an Illinois limited partnership,
BY: HORWITZ MATTHEWS, INC.,
Managing General Partner
B. Its

MORTGAGOR:
AMERICAN NATIONAL BANK AND TRUST
COMPANY OF CHICAGO, not in its
individual capacity but as
Trustee under a Trust Agreement
dated November 30, 1983 and
known as Trust No. 59311
BY: *[Signature]* Its
Record Vice President

ATTEST:
[Signature]
NOTARY SECRETARY Its

construed as creating any liability on American National Bank and
Trust company of Chicago, in its individual capacity, to perform
any covenant (either express or implied) herein, all such liability,
if any, being hereby waived by Assignee.
IN WITNESS WHEREOF, Mortgagor and Beneficiary have
executed this Assignment on the date first above written.

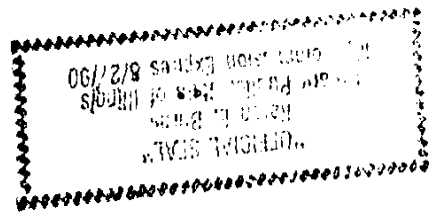
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Property of Cook County



My Commission Expires:

Notary Public

[Handwritten signature]

DEC 18 1989 GIVEN under my hand and notarial seal this _____ day of _____, 198__.

I, _____, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT _____ and _____ of American National Bank and Trust Company of Chicago, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such _____ and _____ appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act, and as the free and voluntary act of said bank; and the said _____ ASSISTANT SECRETARY acknowledged that _____, as custodian of the corporate seal of said bank, did affix said corporate seal to said instrument as _____ own free and voluntary act and as the free and voluntary act of said bank for said uses and purposes.

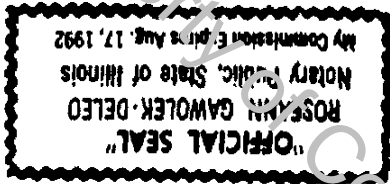
STATE OF _____
COUNTY OF _____
SS _____

ACKNOWLEDGMENT

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My Commission Expires:

8-17-92

Notary Public

Roseann Gawolek-Deleo

GIVEN under my hand and notarial seal this 18th day of December, 1989.

I, Roseann Gawolek-Deleo, a Notary Public in and for and residing in said county and state, DO HEREBY CERTIFY THAT TEM HORWITZ, the PRESIDENT of Horwitz Mathews, Inc., the general partner of 116 South Michigan Associates, an Illinois limited partnership, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said partnership for the uses and purposes therein set forth.

STATE OF ILLINOIS
COUNTY OF COOK
SS

ACKNOWLEDGMENT

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Property of Cook County Clerk's Office

P.I.N. NUMBER: 17-15-103-007 VOL. 510

STREET ADDRESS: 116 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS

THE NORTH 1/2 OF LOT 5 IN BLOCK 4 IN FRACTIONAL SECTION 15 ADDITION
TO CHICAGO IN SECTION 15, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE
THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Legal Description of Land

EXHIBIT A