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COOK COUNTY, ILLINOIS
PROPERTY RECORDS

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MORTGAGE

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THIS MORTGAGE made as of this 1st day of August, 1990 (the "Mortgage"), by Lutheran Social Services of Illinois, an Illinois not-for-profit corporation ("LSSI") and Vesper Management Corporation, an Illinois not-for-profit corporation ("Vesper") (LSSI and Vesper are collectively referred to as the "Mortgagor") to The Industrial Bank of Japan, Limited, a banking corporation organized under the laws of Japan, acting through its Chicago Branch (the "Mortgagee").

WITNESSETH:

WHEREAS, the Mortgagor has requested the Illinois Health Facilities Authority (the "Authority") to issue its Revenue Bonds, Series 1990A (Lutheran Social Services of Illinois Project) in the aggregate principal amount of \$16,000,000 (the "Series 1990 Bonds") pursuant to the Bond Trust Indenture dated as of August 1, 1990 (the "Bond Indenture") between the Authority and American National Bank and Trust Company of Chicago, as trustee for the owners of the Series 1990 Bonds, (the "Bond Trustee"); and

WHEREAS, the Authority has agreed to issue the Series 1990 Bonds for the benefit of the Mortgagor pursuant to the terms and conditions of the Bond Indenture, and has agreed to loan the proceeds from the sale thereof to the Mortgagor pursuant to the terms and conditions of certain Loan Agreements dated as of August 1, 1990 (collectively, the "Loan Agreement") between the Authority and LSSI and the Authority and Vesper; and

WHEREAS, the Mortgagor has requested that the Mortgagee issue an irrevocable letter of credit (the "Letter of Credit") in an amount not exceeding \$16,683,705 pursuant to a Reimbursement Agreement (the "Reimbursement Agreement") of even date herewith; and

WHEREAS, the obligations of LSSI and Vesper to make payments under the Loan Agreement will be evidenced and secured by the Series 1990 Obligations (as defined in the Reimbursement Agreement) issued under a Master Trust Indenture dated as of August 1, 1990 (the "Master Indenture") among LSSI and Vesper, as the original members of an obligated group and American National Bank and Trust Company of Chicago, as master trustee (the "Master Trustee"); and

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WHEREAS, in order to induce the Mortgagee to issue its Letter of Credit and to evidence and secure the obligations of the Mortgagor to reimburse the Mortgagee for all indebtedness of the Mortgagor to the Mortgagee arising under the Letter of Credit and any related credit documents, the Mortgagor has agreed to issue to the Mortgagee, certain Direct Note Obligations, Series 1990 (collectively, the "Note"); and

WHEREAS, Mortgagee is willing to issue such Letter of Credit provided that Mortgagor will grant a mortgage on the Premises (as hereinafter defined) as additional security for such indebtedness.

NOW, THEREFORE, to secure the payment of all other sums that may at any time be due and owing or required to be paid as provided in the Letter of Credit, the Note, the Reimbursement Agreement or herein (collectively, the "Indebtedness Hereby Secured"), and the performance and observance of all of the covenants, agreements and provisions herein, and in the Letter of Credit, the Reimbursement Agreement and the Note and for other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged by Mortgagor, Mortgagor DOES HEREBY GRANT, DEMISE, RELEASE, ALIEN, MORTGAGE, WARRANT, ASSIGN, GRANT A SECURITY INTEREST IN and CONVEY unto Mortgagee, its successors and assigns forever, the real estate described in Schedule A attached hereto (which, together with the property mentioned in the next succeeding paragraphs, is hereinafter called the "Premises");

TOGETHER with all right, title and interest of Mortgagor, including any after-acquired title or reversions, in and to the beds of the ways, streets and alleys adjoining the aforesaid real estate;

TOGETHER with all and singular the tenements, hereditaments, easements, appurtenances, water courses, riparian rights, other rights, liberties, and privileges thereof or in any now or hereafter appertaining to said real estate, including any other claim at law or in equity as well as any after-acquired title, franchise, or license and the reversions and remainder hereof;

TOGETHER with all buildings and improvements of every kind and description now hereafter erected or placed thereon and all materials delivered to the aforesaid real estate intended for construction, renovation and repair of such improvements now or hereafter erected thereon, and all fixtures and articles of personal property now or hereafter owned by Mortgagor and attached to or forming a part of or used in connection with the aforesaid real estate or the operation and convenience of any building(s) and improvements located thereon, including, but

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not limited to all furniture, equipment, apparatus, machinery, motors, elevators, fittings, screens, awnings, partitions, carpeting, curtains, and drapery hardware used in the operation or for the convenience of the Premises, and all plumbing, electrical, heating, lighting, ventilating, refrigerating, incineration, air-conditioning, and sprinkler equipment, systems, fixtures, and conduits (including, but not limited to, all furnaces, boilers, plants, units, condensers, compressors, ducts, apparatus, and hot and cold water equipment and system), and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to the Premises in any manner, it being mutually agreed that all of the aforesaid property owned by Mortgagor and placed on the Premises shall, so far as permitted by law, be deemed to be fixtures and security for the Indebtedness Hereby Secured.

TOGETHER, with all leasehold estate, right, title, and interest of Mortgagor in and to all leases or subleases covering the real estate or any portion thereof now or hereafter existing or entered into, and all right, title, and interest of Mortgagor thereunder, including without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature, in all instances excluding patient trust accounts of LSSI; and

TOGETHER, with all awards and other compensation heretofore or hereafter to be made to the present and all subsequent owners of the Premises for any taking by eminent domain, either permanent or temporary, of all or any part of the Premises or any easement or appurtenance thereof, including severance and consequential damages and change in grade of streets, which said awards and compensation are hereby assigned to Mortgagee, and Mortgagor hereby designates Mortgagee as its agent and directs and empowers Mortgagee, at the option of Mortgagee, on behalf of Mortgagor to adjust or compromise the claim for any award and to collect and receive the proceeds thereof, to give proper receipts and acquittances therefor, and, after deducting expenses of collection, to apply the net proceeds as a credit upon any portion, as selected by Mortgagee, of the Indebtedness Hereby Secured.

TO HAVE AND TO HOLD the Premises, with the appurtenances, and fixtures, unto Mortgagee and its successors and assigns, forever, for the purposes and upon the uses and purposes herein set forth together with all right to possession of the Premises after any default in the payment of all or any part of the Indebtedness Hereby Secured, or the breach of any covenant or agreement herein contained, or upon the occurrence of any Event of Default, as hereinafter defined; Mortgagor hereby **RELEASING AND WAIVING** all rights under and by virtue of the homestead exemption laws of the State of Illinois. Capitalized terms not

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otherwise defined herein shall have the meanings assigned to them in the Reimbursement Agreement.

PROVIDED, NEVERTHELESS, that if Mortgagor shall pay when due the Indebtedness Hereby Secured and shall duly and timely perform and observe all of the terms, provisions, covenants, and agreements herein provided to be performed and observed by Mortgagor, then this Mortgage and the estate, right, and interest of Mortgagee in the Premises shall cease and become void and of no effect, otherwise to remain in full force and effect.

REPRESENTATIONS AND WARRANTIES

Mortgagor hereby represents and warrants that:

1. **Title.** The Corporation and Vesper each has good and marketable fee simple title to the Premises held by each of them as set forth on Schedule A hereto free and clear of all liens and encumbrances except Permitted Liens (as defined in the Reimbursement Agreement), with the right and full power to sell, encumber and convey the same; Mortgagor has duly executed and delivered this Mortgage pursuant to proper corporate authority; and Mortgagor will make any further assurances of title that Mortgagee may require and defend the Premises against all claims and demands whatsoever.
2. **Business Loan.** The Indebtedness Hereby Secured constitutes a business or commercial loan for purposes of state and federal law.
3. **Hazardous Materials.** Except as disclosed in the environmental site assessments prepared by Huff & Huff in June, 1990 and provided to Mortgagee, Mortgagor represents and warrants that neither Mortgagor nor, to the best of Mortgagor's knowledge, any lessee nor any previous owner, tenant, occupant or user of the Premises used, generated, released, discharged, stored or disposed of, or is using, generating, releasing, discharging, storing or disposing any hazardous waste or toxic substance ("Hazardous Materials") on, under, in or about the Premises, or transported, or is transporting, any Hazardous Materials to or from the Premises and that no Hazardous Materials are present on the Premises except for cleaning agents and other retail products customarily found in a residential or similar commercial property. Mortgagor shall not cause, suffer to exist or permit the presence, use, generation, release, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any Hazardous Materials to or from, the Premises. Notwithstanding the foregoing, Mortgagor may maintain such substances (such as cleaning solvents and inks) only in such quantities and with continual turnover as typically maintained on properties

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substantially similar to the Premises and at all times in strict compliance with all applicable laws, rules and regulations. Except as disclosed in the environmental site assessments prepared by Huff & Huff in June, 1990 and provided to Mortgagee, there are no above-ground or underground tanks or storage drums located at, on or under the Premises. Mortgagor represents and warrants that it has had performed reasonable investigations, studies and tests as to any possible environmental contamination, liabilities or problems with respect to the Premises, including, without limitation, the storage, disposal, presence, discharge or release of any Hazardous Materials at or with respect to the Premises, and such investigations, studies, and tests have disclosed no Hazardous Materials or violations of any Environmental Laws, as hereinafter defined. Neither Mortgagor, the Premises, nor any other property owned by Mortgagor is (i) subject to any private or governmental lien or judicial or administrative notice, order or action relating to Hazardous Materials or environmental problems, impairments or liabilities with respect to the Premises or such other property, or (ii) is in, or with any applicable notice and/or lapse of time, and/or failure to take certain curative or remedial actions, will be in, either direct or indirect violation of any Environmental Laws. The term "Hazardous Materials" shall include any substance, material, or waste which is a. petroleum; b. asbestos; c. polychlorinated biphenyls; d. designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §1251 et seq. (33 U.S.C. §1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. §1371); e. defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903); f. defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq. (42 U.S.C. §9601); or g. subject to regulation as a hazardous chemical substance pursuant to Section 6 of the Toxic Substances Control Act, 15 U.S.C. §2601 et seq. (15 U.S.C. §2605).

4. Compliance with Environmental Laws. The Mortgagor represents and warrants that the Premises and its intended use comply with all applicable laws, governmental regulations and the terms of any enforcement action commenced by any federal, state, regional or local governmental agency, including, without limitation, all applicable federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal and other environmental matters, including, but not limited to, the Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation and Recovery, Comprehensive Environmental Response, Compensation, and Liability and Illinois Responsible Property Transfer Acts and the rules, regulations and ordinances of all applicable

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federal, state and local agencies and bureaus (collectively, the "Environmental Laws").

COVENANTS

Mortgagor covenants and agrees as follows:

1. Payment of Indebtedness. Mortgagor shall pay when due (a) the principal of and interest on the indebtedness evidenced by the Note, and (b) all other Indebtedness Hereby Secured; and Mortgagor shall duly and punctually perform and observe all of the terms, covenants, and agreements on Mortgagor's part to be performed and observed as provided herein and in the Note, the Reimbursement Agreement and this Mortgage shall secure such payment, performance, and observance.

2. Maintenance, Repair, Restoration, Liens. Mortgagor shall (a) pay, promptly repair, restore, or rebuild any building or improvement, located on the Premises, whether structural or nonstructural that may be damaged or destroyed, whether or not proceeds of insurance are available or sufficient for the purpose; (b) keep the Premises in good condition and repair, without waste; (c) pay, when due, any indebtedness that may be secured by a lien or charge on the Premises (whether senior, of equal priority, or junior to the lien hereof) and, upon request, exhibit to Mortgagee satisfactory evidence of the discharge of such lien; (d) complete, within a reasonable time, any building(s) or other improvements now or at any time in the process of erection or rehabilitation upon the Premises; (e) comply with all requirements of law, municipal ordinances, and restrictions and covenants of record with respect to the Premises and the use thereof; (f) make or permit no alterations in excess of \$100,000 in the Premises except as required by law or ordinance without the prior written consent of Mortgagee; (g) suffer or permit no change in the general nature of the occupancy of the Premises; (h) initiate or agree to no zoning reclassification with respect to the Premises; (i) suffer or permit no unlawful use of, or nuisance to exist upon, the Premises; and (j) cause the Premises to be managed in a competent and professional manner.

3. No Mechanics' Liens. It is further made an express condition and covenant hereof, that until full payment of the Indebtedness Hereby Secured, (i) no act or thing shall be done or suffered, and no person shall have any right or power to do any act or thing, whereby any mechanics' lien can arise against or attach to the Premises or any part thereof, unless such lien shall first be wholly waived as against this Mortgage and (ii) the lien of this Mortgage shall extend to any and all improvements and fixtures, now or hereafter on the Premises, prior to any other lien thereon that may be claimed by any

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person, so that subsequently accruing claims for lien on the Premises shall be junior to this Mortgage. Notwithstanding the foregoing in the event any mechanics' or materialmen's lien arises, it shall not constitute a default hereunder so long as Mortgagor shall diligently proceed to remove or contest such lien as provided in the Master Indenture.

4. Taxes. Mortgagor shall pay before any penalty attaches all general and special taxes, assessments, water charges, sewer charges, and other fees and charges of every kind and nature (all herein generally called "Taxes"), whether or not assessed against Mortgagor if applicable to the Premises, any interest therein or the Indebtedness Hereby Secured, or any obligation or agreement secured hereby; and Mortgagor shall, upon written request, furnish to Mortgagee duplicate receipts therefor. Mortgagor shall pay in full under protest in the manner provided by statute any Taxes that Mortgagor may desire to contest; provided, however, that if deferment of payment of any such Taxes is required to conduct any contest or review, Mortgagor shall deposit with Mortgagee the full amount thereof, together with an amount equal to the estimated interest and penalties thereon during the period of contest, and in any event, shall pay such Taxes, notwithstanding such contest, if in the reasonable opinion of Mortgagee, the Premises shall be in jeopardy or in danger of being forfeited or foreclosed; and if Mortgagor shall not pay the same when so required, Mortgagee may do so and may apply such deposit for the purpose. In the event that any law or decree has the effect of deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the Taxes or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the interest of Mortgagee in the Premises, or the manner of collection of Taxes, so as to affect this Mortgage or the Indebtedness Hereby Secured or Mortgagee, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such Taxes, or reimburse Mortgagee therefor on demand, unless such payment or reimbursement by Mortgagor is unlawful, in which event the Indebtedness Hereby Secured shall be due and payable within thirty (30) days after written demand by Mortgagee to Mortgagor. Nothing in this Section 4 shall require Mortgagor to pay any income, franchise, or excise tax imposed upon Mortgagee, except that which may be levied against such income expressly as and for a specific substitute for Taxes pertaining to the Premises, and then only in an amount computed as if Mortgagee derived no income from any source other than its interest hereunder.

5. Insurance Coverage. Mortgagor, at its own expense, will insure, including during any construction and thereafter,

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all of the buildings and improvements now or hereafter included within the Premises, and each and every part and parcel thereof against such perils and hazards as Mortgagee may from time to time reasonably require, and in any event including:

(a) The coverage required or permitted by Section 5.19 of the Reimbursement Agreement; and

(b) During construction (if any), all-risks package of builder's risk insurance, including owner's, contractor's, and employer's liability insurance, workmen's compensation insurance, and physical damage insurance; and

(c) Steam boiler, machinery, and other insurance of the types and in amounts not less than customarily carried by persons owning or operating like properties; and

(d) Flood insurance, where appropriate.

6. Deposits for Taxes and Insurance Premiums. If requested by Mortgagee at any time, in order to assure the payment of Taxes and insurance premiums payable with respect to the Premises as and when the same shall become due and payable:

(a) Mortgagor shall, if hereinafter required by Mortgagee, deposit with Mortgagee on the first day of each and every month, commencing with the date the first payment of interest or principal and interest shall become due on the Indebtedness Secured Hereby, an amount equal to:

(i) One-twelfth (1/12) of the Taxes next to become due upon the Premises; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subsection (i), will result in a sufficient reserve to pay the Taxes next becoming due one month prior to the date when such Taxes are due and payable, plus

(ii) One-twelfth (1/12) of the annual premiums on each policy of insurance upon the Premises; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subsection (ii), will result in a sufficient reserve to pay the insurance premiums next becoming due one

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month prior to the date when such insurance premiums are, in fact, due and payable;

provided that the amount of such deposits (herein generally called "Tax and Insurance Deposits") shall be based upon Mortgagee's reasonable estimate as to the amount of Taxes and insurance premiums next to be payable; and all Taxes and Insurance Deposits shall be held by Mortgagee without any allowance of interest thereon.

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

(c) In the event of a default in any of the provisions contained herein or in the Note, Mortgagee may, at its option, without being required so to do, apply any Tax and Insurance Deposits on hand to any of the Indebtedness Hereby Secured, in such order and manner as Mortgagee may elect. When the Indebtedness Hereby Secured has been fully paid, then any remaining Tax and Insurance Deposits shall be paid to Mortgagor.

(d) Notwithstanding anything herein to the contrary, Mortgagee shall not be liable for any failure to apply to the payment of Taxes and insurance premiums any amounts deposited as Tax and Insurance Deposits unless Mortgagor, while no default exists hereunder, shall have requested Mortgagee in writing to make application of the Tax and Insurance Deposits on hand to the payment of the particular Taxes or insurance premiums for the payment of which such Deposits were made, accompanied by the bills therefor.

7. Proceeds of Insurance. Mortgagor will give Mortgagee prompt notice of any damage to or destruction of the Premises and

(a) In case of loss covered by policies of insurance, Mortgagee is hereby authorized at its option either (i) to settle and adjust any claim under such policies without the consent of Mortgagor, or (ii) allow Mortgagor to agree with the insurance company or

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companies on the amount to be paid upon the loss subject to Mortgagee's reasonable consent provided, however, that Mortgagee shall not have the right to exercise the powers granted in section 7(a)(i) hereof unless there is a default or Event of Default hereunder or there has been a decree of foreclosure entered. In any case Mortgagee shall, and is hereby authorized to, collect and give a receipt for any such insurance proceeds; and the reasonable expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be so much additional Indebtedness Hereby Secured and shall be reimbursed to Mortgagee upon demand.

(b) In the event of any insured damage to or destruction of the Premises or any part thereof (herein called an "Insured Casualty"), and if, in the reasonable judgment of Mortgagee, the Premises can be restored to an economic unit not less valuable than the same was before the occurrence of the Insured Casualty and adequately securing the outstanding balance of the Indebtedness Hereby Secured, then, if no Event of Default, as defined in Section 16 of this Mortgage, or any event that with notice or passage of time or both would become an Event of Default shall have occurred and be then continuing, the proceeds of insurance shall be applied to reimburse Mortgagor for the cost of restoring, repairing, replacing, or rebuilding the Premises or part thereof subject to the Insured Casualty, as provided for in Section 9 hereof; and Mortgagor hereby covenants and agrees forthwith to commence and diligently to prosecute such restoring, repairing, replacing, or rebuilding; provided, always, that Mortgagor shall pay all costs of such restoring, repairing, replacing, or rebuilding in excess of the net proceeds of insurance made available pursuant to the terms hereof. Notwithstanding the foregoing, if within sixty (60) of an Insured Casualty, Mortgagor shall submit to the lien of this Mortgage additional property satisfactory to Mortgagee of equal value or greater value with that damaged or destroyed, Mortgagee shall release to Mortgagor any such insurance proceeds less Mortgagee's reasonable expenses, if any, incurred in the adjustment and collection of such insurance proceeds.

(c) Except as provided in subsection (b) of this Section 7, Mortgagee may apply the proceeds of insurance consequent upon any Insured Casualty upon the Indebtedness Hereby Secured, in such order or manner as Mortgagee may elect but should such proceeds

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applied to payment of the Indebtedness Hereby Secured be insufficient to satisfy the Indebtedness Hereby Secured in full, Mortgagor shall, within ten (10) days after the application of such insurance proceeds pay such deficiency in full to Mortgagee.

(d) In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoring, repairing, replacing, or rebuilding of the Premises, Mortgagor hereby covenants to restore, repair, replace, or rebuild the same, to be of at least equal value and of substantially the same character as prior to such damage or destruction, all to the effect in accordance with plans and specifications to be first submitted to and approved by Mortgagee.

8. Condemnation. Mortgagor hereby assigns, transfers, and sets over unto Mortgagee the entire proceeds of any award or claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation including any payments made in lieu of or in settlement of a claim or threat of condemnation (the "Award"). Mortgagee may elect to apply the proceeds of the Award in reduction of the Indebtedness Hereby Secured or require Mortgagor to restore or rebuild the Premises, in which event the Award shall be held by Mortgagee and used to reimburse Mortgagor for the cost of such rebuilding or restoring. If, within sixty (60) days of an Award, Mortgagor shall submit to the lien of this Mortgage additional property satisfactory to Mortgagee of equal value with that taken or damaged, Mortgagee shall release such Award to Mortgagor.

9. Disbursement of Insurance Proceeds or Condemnation Award. In the event Mortgagor is entitled to reimbursement out of insurance proceeds or condemnation award held by Mortgagee, such proceeds shall be disbursed from time to time upon Mortgagee being furnished with (i) evidence satisfactory to it of the estimated cost of completion of the restoration, repair, replacement, or rebuilding, (ii) funds sufficient in addition to the proceeds of insurance or condemnation awards to complete the proposed restoration, repair, replacement, or rebuilding, and (iii) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, plats of survey, and such other evidences of cost, payment, and performance as Mortgagee may reasonably require and approve; and Mortgagee may require that all plans and specifications for such restoration, repair, replacement, or rebuilding be submitted to and approved by Mortgagee before commencement of work. No payment made before the final completion of the restoration, repair, replacement, or rebuilding shall exceed

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ninety (90%) percent of the value of the work performed from time to time (provided that if funds are available, the balance of the value of the work performed shall be paid upon final completion); funds other than insurance proceeds or condemnation awards shall be disbursed prior to disbursement of such proceeds; and at all times the undisbursed balance of such proceeds remaining in the hands of Mortgagee, together with funds deposited for the purpose or irrevocably committed to the satisfaction of Mortgagee to pay for the cost of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien. Any surplus that may remain out of insurance proceeds or condemnation awards held by Mortgagee after payment of such costs of restoration, repair, replacement or rebuilding shall, at the option of Mortgagee, be applied on account of the Indebtedness Hereby Secured. No interest shall be allowed to Mortgagor on account of any insurance proceeds, condemnation awards, or other funds held by Mortgagee.

10. Hazardous Waste. Mortgagor hereby indemnifies Mortgagee and agrees to hold Mortgagee harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses, and claims of any and every kind whatsoever paid, incurred, or suffered by, or asserted against, the Mortgagee for, with respect to or as a direct or indirect result of, the presence on or under or the the escape, seepage, leakage, spillage, discharge, emission, discharging, or release from, the Premises of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any Hazardous Material), regardless of whether or not caused by, or within the control of, Mortgagor.

11. Stamp Tax. If, by the laws of the United States of America, or of any state or municipality having jurisdiction over Mortgagor or the Premises, any tax is used or becomes due in respect of the issuance of the Note or the Letter of Credit, Mortgagor shall pay such tax in the manner required by such law.

12. Effect of Extensions of Time and Amendments. If the payment of the Indebtedness Hereby Secured, or any part thereof, be extended or varied, or if any part of the security therefor be released, all persons now or at any time hereafter liable therefor, or interested in the Premises, shall be held to assent to such extension, variation, or release; and their liability, and the lien, and all provisions hereof, shall

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continue in full force and effect; the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding any such extension, variation, or release. Any person, firm, or corporation taking a junior mortgage or other lien upon the Premises or any interest therein shall take the said lien subject to the rights of Mortgagee to amend, modify, and supplement this Mortgage, the Note and the Reimbursement Agreement and to extend the maturity of the Indebtedness Hereby Secured, 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.

13. Mortgagee's Performance of Mortgagor's Obligations.

In case of default herein, Mortgagee, either before or after acceleration of the Indebtedness Hereby Secured or the foreclosure of the lien hereof and during any period of redemption may, but shall not be required to, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient to Mortgagee; and Mortgagee may, but shall not be required to, make full or partial payments of principal or interest on any prior encumbrances and purchase, discharge, compromise, or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment, and may, but shall not be required to, complete construction, rehabilitation, furnishing, and equipping of the improvements upon the Premises and rent, operate, and manage the Premises and such improvements and pay operating costs and expenses, including without limitation management fees, of every kind and nature in connection therewith, so that the Premises and improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including attorneys' fees and other monies advanced by Mortgagee to protect the Premises and the lien hereof, or to complete construction, furnishing, and equipping or to rent, operate, and manage the Premises and such improvements or to pay any such operating costs and expenses thereof or to keep the Premises and improvements operational and usable for its intended purpose, shall be so much additional Indebtedness Hereby Secured, and shall become immediately due and payable without notice, and with interest thereon at the post-maturity interest rate set out in the Note. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor. Mortgagee, in making any payment hereby authorized (a) relating to taxes and assessments, may do so according to any bill, statement, or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof; (b) for the purchase, discharge, compromise, or settlement of

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any other prior lien, may do so without injury as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction, rehabilitation, furnishing, or equipping of the improvements or the rental, operation, or management of the Premises or the payment of operating costs and expenses thereof, Mortgagee may do so in such amounts and to such persons as Mortgagee may deem appropriate.

14. Inspection of Premises and Records. Mortgagee shall have the right to inspect the Premises and all books, records, and documents relating thereto at all reasonable times upon prior written notice, and access thereto shall be permitted for that purpose.

15. Restrictions on Transfer. It shall be an Event of Default hereunder and the Indebtedness Hereby Secured shall be immediately due and payable (to the extent permitted by law) if, without the prior written consent of Mortgagee, Mortgagor shall create, effect, consent to, or suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, or other encumbrance or alienation of the Premises or the Mortgagor or any part thereof or interest therein. Notwithstanding the foregoing Mortgagor shall have the right to request that Mortgagee permit Mortgagor to substitute other property of equal or greater value for the Premises. Mortgagee shall have absolute discretion in granting any such substitution.

16. Events of Default. If one or more of the following events (herein called "Events of Default") shall occur:

(a) Failure to pay within five days of being due and payable the Note or any installment thereof, or failure to pay any other amount due hereunder or under the Reimbursement Agreement within five days of being due and payable; or

(b) Mortgagor shall fail to observe or perform any covenant, condition, or agreement to be served or performed under Section 5 of this Mortgage or any representation of warranty of Mortgagor hereunder or under the Reimbursement Agreement or the Security Agreement when made was false or misleading in any material respect, without notice or period of grace of any kind; or

(c) Any Event of Default shall occur under the Reimbursement Agreement or any default shall occur under any other document or agreement evidencing, relating to, securing, or guaranteeing any of the

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Indebtedness Hereby Secured, and such default shall continue beyond any applicable period of grace; or

(d) Any default shall occur under the Bond Documents and such default shall continue beyond any applicable period of grace; or

(e) If (and for the purpose of this subsection (e) of this Section 16 only, the term Mortgagor shall mean and include not only Mortgagor but each person who, as guarantor, co-maker, or otherwise, shall be or become liable for or obligated upon all or any part of the Indebtedness Hereby Secured or any of the covenants or agreements contained herein):

(i) Mortgagor shall file a petition in voluntary bankruptcy under any chapter of the federal bankruptcy code, or any similar law for the relief of debtors, state or federal, now or hereafter in effect, or

(ii) Mortgagor shall file an answer admitting insolvency or inability to pay its debts, or

(iii) Within sixty (60) days after the filing against Mortgagor of any involuntary proceeding under the federal bankruptcy code or similar law for the relief of debtors, such proceedings shall not have been vacated or stayed, or

(iv) Mortgagor shall be adjudicated a bankrupt, or a trustee or receiver shall be appointed for Mortgagor for all or a material part of Mortgagor's property or the Premises, in any involuntary proceeding, or any court shall have taken jurisdiction of all or the major part of Mortgagor's property or the Premises in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of Mortgagor, and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within sixty (60) days, or

(v) Mortgagor shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts

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generally as they become due or shall consent to the appointment of a receiver or trustee or liquidator of all or a material part of its property, or the Premises; or

(f) If default shall continue for fifteen (15) days after written notice thereof by Mortgagee to Mortgagor in the due and punctual performance or observance of any other agreement or condition herein; or

(g) If the Premises shall be abandoned;

then Mortgagee is hereby authorized and empowered, at its option, and without affecting the lien hereby created or the priority of said lien or any right of Mortgagee hereunder to declare, without further notice, all Indebtedness Hereby Secured to be immediately due and payable, whether or not such default be thereafter remedied by Mortgagor, and Mortgagee may immediately proceed to foreclose this Mortgage or to exercise any right, power, or remedy provided by this Mortgage or the Note, or by law or in equity conferred.

17. Possession by Mortgagee. When the Indebtedness Hereby Secured shall become due, whether by acceleration or otherwise, Mortgagee shall, if applicable law permits, have the right to enter into and upon the premises and take possession thereof or to appoint an agent or trustee for the collection of the rents, issues, and profits of the Premises, and the net income, after allowing a reasonable fee for the collection thereof and for the management of the Premises, may be applied to the payment of Taxes, insurance premiums, and other charges applicable to the Premises, or in reduction of the Indebtedness Hereby Secured; and the rents, issues, and profits of and from the Premises are hereby specifically pledged to the payment of the Indebtedness Hereby Secured.

18. Foreclosure. When the Indebtedness Hereby Secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for the Indebtedness Hereby Secured or part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional Indebtedness Hereby Secured in the decree of sale, all costs and expenses that may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies and similar data and assurance with respect to title, as Mortgagee may deem reasonably necessary either to prosecute such suit or to

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evidence to bidders at sales which may be had pursuant to such decree, the true conditions of the title to or the value of the Premises. All expenditures and expenses of the nature mentioned in this Section, and such other expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Note, or the Premises, including probate, bankruptcy, and appellate proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, shall be so much additional Indebtedness Hereby Secured and shall be immediately due and payable by Mortgagor, with interest thereon at the post-maturity rate as set forth in the Note until paid.

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

20. Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Section 18 hereof; second, all other items which, under the terms hereof, constitute Indebtedness Hereby Secured additional to that evidenced by the Note, with interest on such items as herein provided;

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third, to interest remaining unpaid upon the Note; fourth, to the principal remaining unpaid upon the Note; and fifth, any surplus to Mortgagor and its successors or assigns, as their rights may appear.

21. Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in rebuilding or restoring the buildings or improvements as herein provided, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In the case of foreclosure of this Mortgage, the court in its decree may provide that the mortgagee's clause attached to each of the casualty insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said casualty insurance policies making the loss thereunder payable to said decree creditors. In the event of foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable to cause the interest of such purchaser to be protected by any of the said insurance policies without credit or allowance to Mortgagor for prepaid premiums thereon.

22. Waiver. Mortgagor hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any advantage of any stay, exemption, or extension law or moratorium law now or at any time hereafter in force, or claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to any decree, judgment, or order of any court of competent jurisdiction; or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and of all other persons, are and shall be deemed to be hereby waived to the full extent permitted by the provisions of Illinois law.

23. Mortgagee in Possession. Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in

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possession in the absence of the actual taking of possession of the Premises.

24. Further Assurances. Mortgagor will do, execute, acknowledge, and deliver all and every further acts, deeds, conveyances, transfers, and assurances necessary or proper, in the sole judgment of Mortgagee, for the better assuring, conveying, mortgaging, assigning, and confirming unto Mortgagee all property mortgaged hereby or property intended so to be; whether now owned by Mortgagor or hereafter acquired.

25. Rights Cumulative. Each right, power, and remedy herein conferred upon Mortgagee is cumulative and in addition to every other right, power, or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power, and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient to Mortgagee and the exercise or the beginning of the exercise of one right, power, or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of Mortgagee in the exercise of any right, power, or remedy accruing hereunder or arising otherwise shall impair any such right, power, or remedy, or be construed to be a waiver of any default or acquiescence therein.

26. Successors and Assigns. This Mortgage and each and every covenant, agreement, and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner from time to time of the Premises or any other person having an interest therein), and shall inure to the benefit of Mortgagee and its successors and assigns.

27. Provisions Severable. The unenforceability or invalidity of any provision or provisions hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

28. Time of the Essence. Time is of the essence of this Mortgage and any other document evidencing or securing the Indebtedness Hereby Secured.

29. Captions and Pronouns. The captions and headings of the various sections of this Mortgage are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine, and neuter shall be freely interchangeable.

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30. Notices. Except as otherwise specifically provided herein, any notice which any party hereto may desire or may be required to give to any other party shall be in writing, and the delivery thereof by registered or certified or equivalent mail, postage prepaid, return receipt requested, by recognized overnight courier or by telecopy to the respective addresses and numbers of the parties set forth below, or to such other place as any party hereto may by notice in writing designate for itself, shall constitute service of notice hereunder;

- (a) If to Mortgagee: The Industrial Bank of
Japan, Limited, Chicago Branch
Three First National Plaza
Suite 1800
Chicago, Illinois 60602
FAX: 312-263-2369
- (b) If to LSSI: Lutheran Social Services of
Illinois
1001 East Touhy
Suite 50
Des Plaines, Illinois 60018
- (c) If to Vesper: Vesper Management Corporation
1001 East Touhy
Suite 50
Des Plaines, Illinois 60018

Any such other notice may be served by personal delivery thereof to the other party, which delivery shall constitute service of notice hereunder on the date of such delivery.

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IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly signed, sealed and delivered the day and year first above written.

LUTHERAN SOCIAL SERVICES OF ILLINOIS

By: Donald W. Haller
Title: President

By: [Signature]
Title: Assistant Secretary

VESPER MANAGEMENT CORPORATION

By: [Signature]
Title: President

By: [Signature]
Title: Assistant Secretary

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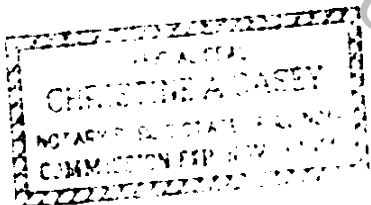
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STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, Christine A. Casey, a Notary Public in and for the County and the State aforesaid, DO HEREBY CERTIFY that Donald M. Halberg, personally known to me to be the President and John P. Priesen of Lutheran Social Services of Illinois and same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such officers they signed and delivered the said instrument as their free and voluntary act and with due authorization, and as the free and voluntary act of the corporation, for the uses and purposes therein set forth.

Given under my hand and seal this 11th day of September, 1990.



Christine A. Casey
NOTARY PUBLIC

My commission expires November 3, 1990.

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

Wendy Freyer
Gardner, Carton & Douglas
Quaker Tower
Suite 3400
321 N. Clark Street
Chicago, Illinois 60610-4795

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STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, Christine A. Casey, a Notary Public in and for the County and the State aforesaid, DO HEREBY CERTIFY that Cecald G. Gibson, personally known to me to be the President and Eric F. Petersen of Vesper Management Corporation and same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such officers they signed and delivered the said instrument as their free and voluntary act and with due authorization, and as the free and voluntary act of the corporation, for the uses and purposes therein set forth.

Given under my hand and seal this 11th day of September, 1990.

[Signature]
NOTARY PUBLIC

My commission expires November 3, 1990.

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SCHEDULE A

Legal Description

See Attached

Address of Property: 7464 N. Sheridan Road
Chicago, Illinois

1800 Canfield Road
Park Ridge, Illinois

1601 N. Western
Park Ridge, Illinois

Permanent Tax Number: 12-01-117-008
12-01-300-005
12-01-300-006
11-29-307-019
11-29-307-020
11-29-307-022
09-23-101-018

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EXHIBIT A

DESCRIPTION OF LAND

PART I - Corporation Land

Parcel 1:

Lot One in ST. MATTHEW HOME SUBDIVISION, being a subdivision of the West 1/2 of the South 1/2 of the South 1/2 of the Northwest 1/4 of the Northwest 1/4 of Section 23, Township 41 North, Range 12 East of the 3rd Principal Meridian, together with that part of the West 1/2 of Lincoln Avenue lying East of Lot One in St. Matthew Home Subdivision, aforesaid, except the North 53.0 feet thereof, in Cook County, Illinois.

Commonly known as: 1601 North Western Avenue, Park Ridge, Illinois.

Permanent Tax Number: 09-73-101-018

Parcel 2:

THOSE PARTS OF THE NORTH WEST 1/4 AND OF THE SOUTH WEST 1/4 OF SECTION 11, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH WEST CORNER OF THE SOUTH WEST 1/4 OF SECTION 11; RUNNING THENCE SOUTH ON THE WEST LINE OF SAID 1/4 SECTION, 6.413 CHAINS; THENCE NORTH 87 DEGREES 35 MINUTES EAST 15.126 CHAINS; THENCE NORTH 51 1/2 DEGREES EAST 6.465 CHAINS TO THE NORTH LINE OF THE SOUTH WEST 1/4 OF SECTION 11; THENCE NORTH 35 DEGREES 35 MINUTES EAST ALONG SAID NORTH LINE TO A POINT AS MEASURED ALONG SAID NORTH LINE WHICH IS 16.04 CHAINS EASTERLY OF THE NORTH WEST CORNER OF THE SOUTH WEST 1/4 OF SAID SECTION; THENCE NORTH 3 DEGREES EAST, 11.50 CHAINS; THENCE WESTERLY 17 CHAINS TO A POINT ON THE WEST LINE OF THE NORTH WEST 1/4 OF SAID SECTION 11, DISTANT 11 CHAINS NORTH OF THE SOUTH WEST CORNER OF THE NORTH WEST 1/4 OF SAID SECTION; THENCE SOUTH ON THE WEST LINE OF SAID NORTH WEST 1/4, 10 CHAINS TO THE POINT OF BEGINNING EXCEPTING THEREFROM THAT PART LYING WEST OF A LINE 488.11 FEET AS MEASURED ALONG THE EAST AND WEST CENTER LINE OF SAID SECTION EAST OF THE WEST LINE OF SAID SECTION; AND ALSO EXCEPTING THEREFROM THAT PART TAKEN AND OR USED FOR CANFIELD ROAD, IN COOK COUNTY, ILLINOIS

Commonly known as: 1800 Canfield Road, Park Ridge, Illinois.

Permanent Tax Numbers: 12-01-117-008, 12-01-300-005 and 12-01-300-006.

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PART II - Vesper Land

LOT 1 AND LOT 2 IN BLOCK 7 IN BIRCHWOOD BEACH, A SUBDIVISION OF PART OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, SOUTH OF INDIAN BOUNDARY LINE, IN COOK COUNTY, ILLINOIS.

Commonly known as: 7464 North Sheridan Road, Chicago, Illinois.

Permanent Tax Numbers: 11-29-307-019, 11-29-307-020 and
11-29-307-022.

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