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Prepared by, recording requested by,
and when recorded, return to:

90163228

Dorothea Summerell
Verner, Liipfert, Bernhard,
McPherson & Hand
901 Fifteenth Street, N.W.
Washington, D.C. 20005-2301

MORTGAGE AND SECURITY AGREEMENT

NOTICE: THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY HEREIN CONVEYED.

THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS. THIS MORTGAGE AND SECURITY AGREEMENT DEED COVERS GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN. THE BORROWER/DEBTOR HEREUNDER IS THE RECORD OWNER OF THE REAL PROPERTY.

THE NAMES OF THE "DEBTOR" AND THE "SECURED PARTY", THE MAILING ADDRESS OF THE "SECURED PARTY" FROM WHICH INFORMATION CONCERNING THE SECURITY INTEREST MAY BE OBTAINED, THE MAILING ADDRESSES OF THE "DEBTOR" AND A STATEMENT INDICATING THE TYPES OR DESCRIBING THE ITEMS, OF COLLATERAL ARE AS DESCRIBED IN ARTICLE III BELOW, IN COMPLIANCE WITH THE REQUIREMENTS OF ARTICLE 9, SECTION 402, OF THE UNIFORM COMMERCIAL CODE.

THIS MORTGAGE AND SECURITY AGREEMENT (this "Mortgage"), made and entered into this 30th day of March 1990, by ONE LIBERTY PROPERTIES, INC., a Maryland corporation (singularly or jointly, "Borrower"), whose mailing address is 60 Cutter Mill Road, Great Neck, New York 11201, in favor of METLife CAPITAL CREDIT CORPORATION, a Delaware corporation ("Lender"), whose address is Post Office Box 601, Ten Stamford Forum, Stamford, Connecticut 06904, beneficiary hereunder,

WITNESSETH:

That, for and in consideration of the sum of TWO HUNDRED FIFTY-SEVEN THOUSAND NINE HUNDRED FIFTY AND NO HUNDREDTHS DOLLARS (\$257,950.00) and for other good and valuable consideration, including the covenants herein recited, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the indebtedness and other obligations of Borrower hereinafter set forth, Borrower does hereby CONVEY, WARRANT and MORTGAGE unto Lender and its successors and assigns all of Borrower's right, title, and interest in and to the following described property (collectively, the "Property"):

(a) All that certain lot, tract, or parcel of land located in Cook County, commonly known as 628 West 14th Street, Chicago, Illinois, and more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof (the "Land").

(b) All avenues, alleys, easements, rights-of-way, strips and gores of land, vaults, streets, ways, passages, sewers, sewerage rights, waters, water courses, and water rights, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditament and appurtenances whatsoever, in any way belonging, relating to

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or appertaining to the Land, or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Borrower, and any reversion or remainder thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, of the Borrower of, in and to the same.

(c) All buildings, parking areas, landscaping, and improvements of every kind and description now or hereafter erected or placed on the Land (the "Improvements"), all materials intended for construction, alteration and repair of the Improvements now or hereafter erected (all of which materials shall be deemed to be included within the Improvements immediately upon the delivery thereof to the Land), and all architectural, structural, mechanical, and engineering plans and specifications for the construction of such Improvements.

(d) All machinery, equipment, tools, utensils, appliances, and spare parts now or hereafter located on the Land or Improvements or acquired for use in connection therewith (collectively, "Equipment") and all fixtures and accessions attached to or contained in the Land or Improvements, including any spare parts therefor (collectively, the "Fixtures"), including, but not limited to all gas, oil, and electric fixtures, trade fixtures, radiators, heaters, furnaces, boilers, elevators and motors, sinks, commodes, basins, pipes, faucets and other plumbing, heating and air conditioning equipment, mirrors, carpeting, floor coverings, light fixtures, signs, water heaters, and appurtenances which are or shall be attached, installed, affixed, or located in, on, or about the Land or the Improvements, including all extensions, additions, improvements, betterments, renewals, and replacements of any of the foregoing, and all leases, rental agreements, books, records, and documents pertaining thereto, now owned or hereafter acquired by Borrower or on its behalf, all of which are hereby declared and shall be deemed to be fixtures and accessions to and a part of the Property as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the Secured Obligations (as hereinafter defined) and to be covered by this Mortgage which shall be considered a security agreement creating a security interest in such fixtures and equipment for the benefit of Lender.

(e) All policies of insurance, licenses, permits, contracts, and agreements which in any way now or hereafter belong, relate or appertain to the Land or the Improvements or any part thereof or to the Fixtures or the Equipment, which are now owned or are hereafter acquired by Borrower (including, without limitation, all condemnation payments, insurance proceeds, and other funds) (collectively, "Contract Rights").

(f) All leasehold estates, leases, subleases, usufructs, tenancies and rental agreements, including but not limited to that certain Lease Agreement dated as of December 2, 1986, between Golden Plaza (1466) Associates ("Golden Plaza") as landlord, and May Department Stores Company, Inc. as tenant, as assigned by Golden Plaza to Borrower by that certain Assignment and Assumption of Lease dated September 1, 1987, and all modifications, extensions, and renewals thereof (collectively, "Leases"), and all income, rents, issues, profits, and revenues (collectively, "Rents") and any and all security deposits, advance rentals, and the like pertaining to the Land, or the Leases, or the Improvements.

(g) All causes of action, claims, compensation, and recoveries for any damage to or condemnation or taking of the Land or the Improvements, or any part thereof, or the aforesaid collateral or any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to the Land or the Improvements, or any part thereof, or of the aforesaid collateral, or for any loss or diminution in value of the aforesaid Land, Improvements, or other collateral (collectively, "Claims").

(h) All proceeds from the sale, lease, or other disposition of any of the foregoing.

TO HAVE AND TO HOLD the Property and all parts, rights, members and appurtenances thereof, to the use, benefit and behalf of Lender and its successors and assigns, in fee simple forever.

This conveyance is intended to constitute a security agreement as required under the Uniform Commercial Code as enacted in the State of Illinois. This Mortgage is made for the purpose of securing (i) the full and punctual payment of the debt evidenced by that certain promissory note (the "Note") of even date with this Mortgage, made by Borrower, as "Maker" payable to the order of Lender, as "Holder," in the principal face amount of TWO HUNDRED FIFTY-SEVEN THOUSAND NINE HUNDRED FIFTY AND NO

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HUNDREDTHS DOLLARS (\$257,950.00), with interest thereon at the initial rate of ten and one-quarter percent (10.25%) per annum and final maturity being on or before April 1, 1995, together with any and all renewals, modifications, consolidations and extensions of the indebtedness evidenced by the Note, any and all additional advances made by Lender to protect or reserve the Property or the security interest hereby created in the Property, and (ii) the full performance of all of the provisions, agreements, covenants, and obligations herein contained, and the payment of all other sums now or hereafter owing to Lender by Borrower, including but not limited to the promissory notes described in Schedule 1 attached hereto and by this reference incorporated herein (collectively, the "Secured Obligations").

Should the Secured Obligations be paid according to the tenor and effect thereof when the same shall become due and payable, and should Borrower perform all covenants herein contained in a timely manner, then this Mortgage is satisfied, and Lender shall execute a proper deed of release at the expense of Borrower.

To protect the security of this Mortgage, Borrower hereby covenants and agrees with Lender as follows:

ARTICLE I BORROWER'S COVENANTS

1.01 Representations and Warranties of Borrower.

In order to induce Lender to lend the funds to Borrower which are evidenced by the Note and secured hereby, Borrower represents, warrants and covenants as follows:

(a) Borrower covenants that Borrower is lawfully seized and possessed of the Property and holds marketable and fully insurable fee simple absolute title to the same and has good right to convey the same subject only to those matters expressly set forth in Schedule 2 attached hereto and by this reference made a part hereof (the "Permitted Encumbrances"); and Borrower does warrant and will forever defend the title to the Property against the claims of all persons whomsoever, subject to the Permitted Encumbrances.

(b) This is the legally valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to limiting creditors' rights generally.

(c) All taxes and assessments due and payable on the Property have been paid.

(d) Borrower has obtained all certificates of occupancy, permits, licenses, and other authorizations required for the operation of the Property.

1.02 Payment of Note and Impositions.

(a) Borrower shall make the payments due under the Note promptly as each payment becomes due and shall pay all other sums required to be paid by Borrower under this Mortgage, at the times and in accordance with provisions of said Note and this Mortgage. (The Note, this Mortgage, that certain Term Loan Agreement dated as of March 1, 1990, between Borrower and Lender, that certain Assignment of Rents and Leases of even date herewith given by Borrower in favor of Lender, and all other deeds of trust and mortgages now or hereafter securing the Secured Obligations and all modifications, extensions or renewals thereof will be referred to herein as the "Loan Documents").

(b) In the event of the passage of any federal, state, local, municipal, or other governmental law, order, rule or regulations, subsequent to the date hereof, imposing tax on debts secured by mortgages or deeds of trust, Borrower shall pay or cause to be paid any such tax upon written notice from Lender that the same is due. If Borrower shall fail to make such prompt payment or if any such federal, state, local, municipal, or other governmental law, order, rule or regulation prohibits Borrower from making such payment or would penalize Lender if Borrower makes such payment, then the entire balance of the Secured Obligations shall immediately

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become due and payable at the option of Lender, and Borrower shall have one hundred twenty (120) days to pay the same to Lender, without prepayment premium.

(c) Borrower shall pay or cause to be paid all taxes, liens, assessments, dues, fines, fees, impositions, and public charges, general and special (collectively, "Impositions"), levied or assessed against the Property and shall provide Lender receipts evidencing such payments. Borrower shall promptly pay or cause to be paid all charges made by utility companies, whether public or private, for services furnished or used in connection with the Property. Nothing contained herein shall require the payment or discharge of any such Imposition by Borrower for so long as Borrower shall in good faith and at no expense to Lender contest the amount or validity thereof by appropriate legal proceedings, provided such contest must prevent (i) the collection thereof or other realization thereon and the sale or forfeiture of the Property or any part thereof to satisfy the same (and Borrower shall post a bond if required by law in connection with such contest) and (ii) the enforcement thereof against Borrower or the Property or any part thereof, and provided Borrower shall have first deposited with Lender, in escrow, such sums or other security as Lender may reasonably require to assure Lender of the availability of sufficient funds to pay such Imposition if and when same is finally determined to be due.

(d) Borrower shall keep the Property free from all liens and claims of every kind and shall protect the title and possession of the same so that this Mortgage shall be a first lien thereon until the Secured Obligations are paid, or if a foreclosure sale shall occur hereunder, so that the purchaser at said sale shall acquire good, marketable, and fully insurable title in fee simple to the Property free and clear of all encumbrances except those set forth on the Permitted Encumbrances. Borrower shall have the right, after prior notice to Lender, to contest by appropriate legal proceedings diligently conducted in good faith by Borrower, without cost or expense to Lender, the validity of any lien or charge against the Property provided that (i) Borrower shall furnish to Lender security satisfactory to Lender against any loss or injury by reason of such contest or delay, (ii) Borrower shall prosecute such contest with due diligence, and (iii) such contest enjoins a foreclosure against the Property and execution of a judgment against Borrower and Lender.

1.03 Insurance and Casualty.

(a) Borrower shall procure and maintain or cause to be procured and maintained for the benefit of Lender, at no expense to Lender, insurance policies issued by such insurance companies, in such amounts, in such form and substance, and with such expiration dates as are acceptable to Lender, providing the following types of insurance covering the Property:

(i) "All Risk" property insurance on the Improvements in an amount equal to the greater of the Secured Obligations or one hundred percent (100%) of the insurable value of the property.

(ii) Comprehensive general liability insurance against claims for personal injury or death to any number of persons or for property damage liability in an amount not less than Two Million Dollars (\$2,000,000) (combined single limit).

(iii) Flood insurance, if the Land is located within the 100-year flood plain.

(iv) Title insurance in the full value of the Land and Improvements insuring that this Mortgage is a first-priority lien against the Land and Improvements, subject only to the Permitted Encumbrances.

(v) Business interruption insurance in an amount sufficient to cover losses for twelve (12) months.

(vi) Such other insurance in such form and in such amounts as may from time to time be reasonably required by Lender against other insurable hazards and casualties which at the

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time are commonly insured against in the case of properties of similar character and location to the Land and the Improvements.

Such insurance policies shall not be terminable without thirty (30) days' prior written notice to Lender and shall be evidenced by original policies, certified copies of policies, or (in Lender's sole and absolute discretion) certificates of insurance deposited with Lender, to be held by Lender until the Secured Obligations have been fully paid and discharged. Lender shall be named as loss payee and mortgagee under the policies described in subparagraphs (i) and (iii) above and as an additional insured under the policy required by subparagraph (ii) above.

Notwithstanding the foregoing, the provisions of this Paragraph 1.03(a) shall be deemed satisfied if May Department Stores Company shall continue as the tenant of the Improvements and shall provide insurance coverage equal to or better than that currently required by its aforementioned lease.

(b) Borrower shall promptly notify Lender of any damage to or destruction of the Property, generally describing the nature and extent of such damage or destruction. So long as there exists no Event of Default (as hereinafter defined) hereunder, Borrower shall have the right to adjust or compromise any loss and may choose to rebuild the Improvements pursuant to subparagraph (d) below, or to apply the insurance proceeds to repayment of the Secured Obligations, without imposition of a prepayment premium. Borrower shall have thirty (30) days in which to notify Lender in writing of such election. If no Event of Default has occurred and is continuing, upon compliance with subparagraph (d) below, Lender shall make the insurance proceeds available to Borrower if Borrower shall have chosen to rebuild. Should Lender make available to Borrower any funds received from casualty insurance, Borrower shall repair, restore, replace, or rebuild any part of the Property affected or damaged strictly in accordance with the provisions of subparagraph (d) hereof; provided, however, that the insufficiency of any insurance proceeds to defray the expenses of such restoration shall not relieve Borrower of its obligation to restore.

If any Event of Default shall have occurred and be continuing, Lender is hereby authorized and empowered, at its option, to adjust or compromise any loss under any hazard insurance policies maintained pursuant to this Paragraph 1.03 and to collect and receive the proceeds from any such policy to be applied to the reduction of the Secured Obligations. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Lender, rather than to Borrower and Lender jointly. In the event any insurance company fails to disburse directly and solely to Lender but disburses instead either solely to Borrower or to Borrower and Lender jointly, Borrower shall receive such proceeds in trust for Lender and shall endorse and transfer such proceeds to Lender immediately. Upon the failure of Borrower to endorse and transfer such proceeds as aforesaid, Lender may execute such endorsements or transfers for and in the name of Borrower, and Borrower hereby appoints Lender as Borrower's agent and attorney-in-fact to do (said appointment being coupled with an interest and irrevocable). After deducting from said insurance proceeds all of the expenses incurred by Lender in the collection and administration of such sums, including reasonable attorneys' fees (together with appellate counsel fees, if any), Lender shall apply the net proceeds either to the payment of the Secured Obligations without prepayment premium or to the repair and/or restoration of the Improvements, pursuant to subparagraph (d) below without affecting the security interest created hereby. 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.

(c) Prior to the expiration date of each policy maintained pursuant to this Paragraph 1.03, a certificate of renewal or replacement thereof satisfactory to Lender shall be delivered to Lender. If requested by Lender, Borrower shall deliver to Lender receipts evidencing the payment for all such insurance policies and renewals or replacements. The delivery of any insurance policy or certificate hereunder shall constitute an assignment of all unearned premiums as further security for the Secured Obligations. In the event of any transfer or assignment of title to the Property in lieu of foreclosure in extinguishment or partial extinguishment of the Secured Obligations, all right, title and interest of Borrower in and to all insurance policies then in force shall pass to the purchaser or to Lender, as the case may be, and Lender is hereby appointed by Borrower as its attorney-in-fact (said appointment being coupled with an interest and irrevocable) to effect such transfer by

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assigning any such policy to said purchaser or to Lender, as the case may be, without accounting to Borrower for any unearned premiums thereon.

(d) Subject to subparagraph (b) above, upon the occurrence of damage to or destruction of the Improvements, or if the Land or Improvements shall be damaged or taken through condemnation which results in the need for repair, rebuilding, or restoration work to be performed on the Improvements (such repair, rebuilding or restoration being herein referred to as the "Work"), provided that no Event of Default has occurred and is continuing hereunder, Lender shall make available to Borrower the amount by which the proceeds of all insurance policies, judgments, settlements, or awards exceed the cost, if any, to Lender for the recovery thereof (the "Proceeds") for the Work so long as Borrower shall have delivered evidence satisfactory to Lender that:

(i) the Improvements may be reconstructed in accordance with all applicable zoning, building code, and other governmental requirements and that, upon completion of the Work, the condition of the Improvements will be at least equal in value and general utility to that which existed on the date of this Mortgage;

(ii) sufficient funds, including the Proceeds, are available to perform the Work and that Work can be completed prior to the maturity of the Note;

(iii) Borrower has sufficient ability (including pursuant to business interruption insurance) to repay the Note exclusive of any income from the Property; and

(iv) the Proceeds are at least equal to the fixed price of the Work as set forth in the proposed contract for the restoration or reconstruction of the Property. (As an alternative to this clause (iv), Borrower may either deposit with Lender funds in the amount by which such fixed price exceeds the Proceeds or commence the Work at its own expense, and Lender shall have no obligation to release the Proceeds until Borrower shall have demonstrated to Lender's reasonable satisfaction that the Proceeds are sufficient to complete the Work.)

In the event any one or more of the above conditions is not satisfied, Lender may choose, at its sole option and in its sole discretion, to accelerate the indebtedness due hereunder and to apply the Proceeds against the balance due under the Note, without prepayment premium, and to the other Secured Obligations. Lender may, in its sole discretion, instead elect to apply the Proceeds either to the principal payment due under the Note at maturity or to monthly payments thereunder, and, in such event, if such application does not repay the Note in full, regular monthly payments thereunder shall continue to be due without reduction or interruption until the Secured Obligations have been paid in full.

If an Event of Default shall occur hereunder, or if Borrower shall fail diligently to pursue and complete the Work, Lender may, at its sole option and its sole discretion, accelerate the indebtedness secured hereby and apply any undisbursed Proceeds and any of Borrower's deposits pursuant to Paragraph 1.04 below against the balance of the Secured Obligations. If Lender shall elect not to accelerate the Secured Obligations but to apply such Proceeds to the principal payment due under the Note at maturity or to monthly payments thereunder, regular monthly payments thereunder shall continue to be due without reduction or interruption until the Secured Obligations have been paid in full. Lender shall have no obligation to pay interest to Borrower on any amounts held by Lender pursuant to this subparagraph.

1.04 Monthly Deposits. To further secure the payment of Impositions, utilities, and insurance premium charges, at Lender's sole option and in its sole discretion, upon written notice from Lender, following the occurrence of any material Event of Default, Borrower shall be required to deposit with Lender, on the due date of each monthly installment under the Note, a sum which, in the estimation of Lender, shall be necessary to pay such charges at least thirty (30) days before they become due, said deposits to be held by Lender free of interest to Borrower and free of any lien or claim on the part of Borrower or its creditors, as part of the security of Lender, and to be used by Lender to pay current Impositions, utilities and insurance premiums on the Property as the same accrue and are payable. If said deposits are insufficient to pay the Impositions and insurance premiums and other similar charges in full, Borrower shall deposit with Lender such additional sum

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or sums as may be required in order for Lender to pay such Impositions and insurance premiums and other similar charges in full; provided, however, that Lender shall have no obligation to procure, and shall not be liable for any failure to procure, insurance on the Property. Upon any default in the provisions of any of the Loan Documents, or any instrument evidencing, securing or in any way relating to the Secured Obligations, Lender may apply any money in the fund resulting from said deposits to the payment of the Secured Obligations, in such manner as it may elect. If Lender shall have elected to apply such money to the principal payment due under the Note at maturity or to monthly payments thereunder, regular monthly payments thereunder shall continue to be due without reduction or interruption until the Secured Obligations shall have been paid in full.

1.05 Care of Improvements, and Fixtures Equipment. Borrower shall ensure that the Improvements, Fixtures, and Equipment are kept in good order, repair and condition (reasonable wear and tear excepted), shall maintain any parking lots and facilities and all access easements to the Land with paving kept in good condition and parking lots clearly striped, shall comply with all provisions pertaining to, and shall do or cause to be done all things necessary (including payment of ad valorem taxes, if any, thereon to preserve all easements of a material nature serving or used in connection with the Property, shall comply with all covenants and restrictions (public or private) affecting the Property, shall not commit or permit any waste thereof, and shall not demolish, tear down, remove or materially alter the structural character of any portion thereof, without the prior written consent of Lender.

1.06 Further Assurances; After-Acquired Property. At any time, and from time to time, upon the reasonable request by Lender, Borrower shall make, execute, and deliver or cause to be made, executed, and delivered, to Lender and, where appropriate, cause to be recorded and/or filed, and from time to time thereafter to be re-recorded and/or refiled, at such time and in such offices and places as shall be deemed desirable by Lender, any and all such other and further mortgages, deeds of trust, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of Lender, be necessary or desirable in order to effectuate, complete, enlarge, or perfect, or to continue and preserve, the obligation of Borrower under the Note and under this Mortgage and the security interest created by this Mortgage as a first and prior security interest upon the title in and to all of the Property. Upon any failure by Borrower so to do, Lender may make, execute, deliver, record, file, and/or refile or re-record any and all such mortgages, deeds of trust, security agreement, financing statements, continuation statements, instruments, certificates and other documents for and in the name of Borrower, and Borrower hereby appoints Lender as Borrower's agent and attorney-in-fact so to do (said appointment being coupled with an interest and irrevocable). The lien hereof will automatically attach, without further act, to all after-acquired property attached to and/or used in connection with or in the operation of the Property or any part thereof.

1.07 Expenses. Borrower shall indemnify, defend and hold Lender harmless from and against:

(a) Any and all claims for brokerage, leasing, finders or similar fees which may be made relating to the Property or the Secured Obligations.

(b) All liability loss, damage, claim, obligation, or penalty in any litigation concerning this Mortgage or the property, any part thereof, any interest therein, or the ownership or occupancy thereof by Borrower (provided, however, that the subject of such litigation is not a claim based on the gross negligence or willful misconduct of Lender hereunder or that of its agents or employees), including attorneys' fees and appellate counsel fees and expenses incurred by Lender in any such litigation, whether or not any such litigation is prosecuted to judgment.

(c) All reasonable attorney's fees (including appellate counsel fees) and other costs and expenses incurred by Lender in any suit, action, legal proceeding or dispute of any kind in which Lender is made a party or appears as party plaintiff or defendant affecting the Secured Obligations (provided, however, that the subject of such litigation is not a claim based on the gross negligence or willful misconduct of Lender hereunder or that of its agents or employees), this Mortgage, or the security interest created hereby, or the Property, including, but not limited to, the exercise of the power of sale contained in this Mortgage, any condemnation action involving the Property or any action to protect the security hereof. Any such amounts paid by Lender shall become a portion of the Secured Obligations and shall be secured by this Mortgage.

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All sums payable by Borrower shall be paid without notice (except as otherwise expressly provided herein) demand, counterclaim, setoff, deduction, or defense and without abatement, suspension, diminution or reduction, and the obligations and liabilities of Borrower hereunder shall in no way be released, discharged or otherwise affected by reason of:

(i) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof;

(ii) any restriction or prevention of or interference with any use of the Property or any part thereof;

(iii) any title defect or encumbrance or any eviction from the Land or the Improvements or any part thereof by title paramount or otherwise;

(iv) any claim which Borrower has, or might have, against Lender;

(v) any default or failure on the part of Lender to perform or comply with any of the terms hereof or of any other agreement with Borrower; or

(vi) any other occurrence whatsoever.

Borrower waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution, or reduction of any sum secured hereby and payable by Borrower.

1.08 Condemnation. If any substantial (in Lender's reasonable business judgment) portion of the Land or Improvements shall be damaged or taken through condemnation (which term, when used in this Mortgage, shall include any damage or taking by any governmental authority, any quasi-governmental authority, any party having the power of condemnation or eminent domain, or any transfer by private sale in lieu thereof), either temporarily or permanently, the Secured Obligations shall, at the option of Lender become immediately due and payable, and the Borrower shall pay the entire condemnation proceeds to Lender, up to the amount of the Secured Obligations.

Borrower shall notify Lender immediately upon obtaining knowledge of the institution, or the proposed, contemplated or threatened institution, of any action or proceeding for the taking through condemnation of the Property or any part thereof. Lender is hereby authorized, at its option, to commence, appear in, and prosecute, through counsel selected by Lender, in its own or in the name of Borrower, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith; provided, however, that so long as there exists no Event of Default on the part of Borrower hereunder or under any of the Loan Documents, Borrower shall have the right to prosecute, settle, or compromise any such claim, subject to Lender's prior written approval. Borrower hereby assigns to Lender all such compensation, awards, damages, claims, rights of action and proceeds and the right thereto. If any Event of Default shall have occurred hereunder and be continuing, Lender is authorized, at its option, to collect and receive all such compensation, awards or damages and to give proper receipts and acquittances therefor without any obligation to question the amount of any such compensation, awards or damages. After deducting from said condemnation proceeds all of its reasonable expenses incurred in the collection and administration of such sums, including attorneys' fees (together with appellate counsel fees, if any), Lender may, subject to Borrower's rights under Paragraph 1.03(d) above, apply the net proceeds or any part thereof, either (i) to the payment of the Note (without imposition of any prepayment fee) and the Secured Obligations, or (ii) to the repair and/or restoration of the improvements in the manner described in Paragraph 1.03(d) hereof, or (iii) for any other purposes or objects for which Lender is entitled to advance funds under this Mortgage, all without affecting the lien of this Mortgage; and any balance of such monies then remaining shall be paid to Borrower or any other person or entity lawfully entitled thereto. Borrower shall execute such further assignment of any compensation awards, damages, claims, rights of action and proceeds as Lender may require. If, prior to the receipt by Lender of such award or proceeds, the Property or any part thereof shall have been sold under the power of sale herein granted, Lender shall have the right to

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receive such award or proceeds to the extent of any unpaid amount of the Secured Obligations following such sale, with interest thereon, and to the extent of attorney's fees (including appellate counsel fees), costs and disbursements incurred by Lender in connection with the collection of such award or proceeds.

1.09 Hazardous Substances.

(a) Borrower has delivered to Lender a Level I environmental audit (the "Level I Audit") prepared by Geo-Hydro Engineering as to the condition and previous ownership and uses of the Land and Improvements. To the best of Borrower's knowledge, except as described in the Level I Audit, the Land and Improvements are free from pesticides, pollutants, contaminants, chemicals, petroleum products, asbestos, radioactive materials, or other hazardous wastes or toxic materials, including but not limited to materials subject to regulation under the Comprehensive Environmental Response, Compensation, and Liability Act (Superfund or CERCLA) 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act (the Solid Waste Disposal Act or RCRA) 42 U.S.C. § 6901 et seq., or any other applicable federal or state law now or hereafter enacted relating to hazardous waste disposal (collectively, "Hazardous Materials"). Borrower warrants and represents to Lender that to the best of Borrower's knowledge, there is no Environmental Complaint (as hereinafter defined), pending or threatened which involves the Land or Improvements. Borrower shall not manufacture, generate, store, handle, discharge, deposit, or otherwise deal with, or cause or permit any tenant of the Land or Improvements to manufacture, generate, store, handle, discharge, deposit, or otherwise deal with any Hazardous Materials on the Property (except for small quantities present in retail containers, which Borrower warrants and covenants will be stored, handled, used, and disposed of properly). Borrower represents that no underground tanks or piping are present on the Land. Borrower shall not allow a lien relating to any Hazardous Materials to be imposed or remain on the Land or Improvements pursuant to any law, order, rule, or regulation of the United States, any state or local government, or any agency thereof, as heretofore or hereafter amended. If it shall be determined that Borrower, any predecessor in title to or possession of the Property, any tenant of the Property, or any other person caused or permitted any such discharge or disposal for which Borrower, Lender, or any subsequent owner of the Property would be liable, Borrower shall act promptly to clear the Land or Improvements of such Hazardous Materials. If such action is not instituted and completed within such periods of time as may be allowed to Borrower by the governmental authorities with jurisdiction over the Land or Improvements, such failure shall constitute an Event of Default under this Mortgage.

(b) If Borrower receives any notice of (i) the happening of any event involving the release, spill, discharge, or cleanup of any Hazardous Materials on or from the Land or Improvements, or any portion thereof, or caused by Borrower, any predecessor in title or possession, any tenant of the Property or any other person (a "Hazardous Discharge"), or (ii) any complaint, order, citation or notice with regard to air emissions, water discharges, or any other environmental, health or other matter relating to Hazardous Materials affecting Borrower, the Land or Improvements, or any portion thereof, or its or Borrower's operations on the Land (an "Environmental Complaint") from any person or entity, including without limitation, the State of Illinois (the "State"), the United States Environmental Protection Agency ("EPA"), the United States Army Corps of Engineers (the "Corps"), or the United States Coast Guard (the "Coast Guard"), then Borrower shall immediately give written notice of same to Lender and shall promptly comply with Borrower's obligation under law with regard to such Hazardous Discharge or Environmental Complaint.

(c) Lender shall have the right, but not the obligation, to exercise any of its rights as may be provided for elsewhere in this Mortgage or to enter onto the Land or Improvements or to take such other actions as it deems necessary or advisable to clean up, remove, resolve, or minimize the impact of or otherwise deal with, any such Hazardous Discharge or Environmental Complaint upon its receipt of any notice from any person or entity, including, without limitation, the State, the EPA, the Corps, the Coast Guard or Borrower, asserting the happening of a Hazardous Discharge or Environmental Complaint which, if true, could result in any order, suit, or other action against Borrower and/or the Property, or any portion thereof, by any governmental agency or otherwise which, in Lender's sole and absolute discretion, could jeopardize its security under this Mortgage or any portion thereof or result in liability to Lender, if Borrower has an obligation to remedy such circumstances pursuant to subparagraph 1.09(a) or otherwise has a legal obligation to remedy the same and has not immediately commenced or is not diligently pursuing either (i) the cure or correction, in form, scope and substance acceptable to Lender in its sole and absolute discretion and acceptable to the agency or entity asserting the happening of

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the Hazardous Discharge or Environmental Complaint, of the event which constitutes the basis for the Hazardous Discharge or Environmental Complaint, and is continuing diligently to pursue such cure or correction to completion, or (ii) proceedings for an injunction, a restraining order, declaratory judgment, or other appropriate emergency relief preventing such agency or entity from pursuing such claim, which relief is granted within fifteen (15) business days of the date on which Borrower first receives notice of the claim; provided that in such event, Borrower shall have posted a bond, letter of credit or other security reasonably satisfactory in form, substance and amount to Lender to secure the proper and complete cure or correction of the event which constitutes the basis for the claim. Lender shall give Borrower five (5) days' written notice before taking any action to clean up or resolve any Hazardous Discharge or Environmental Complaint, unless in Lender's sole and absolute opinion, such delay might be materially adverse to Lender or its security.

(d) In addition to those events hereinafter specified, the occurrence of any of the following events shall constitute an Event of Default under this Mortgage, entitling Lender to all of the rights and remedies provided therefor:

(i) If Borrower receives a first notice of a Hazardous Discharge or Environmental Complaint and does not give Lender notice of the same within five (5) days of the date Borrower first receives said notice; or

(ii) If the State, EPA, or any other state or federal agency asserts or creates a lien upon any or all of the Property by reason of the occurrence of a Hazardous Discharge or Environmental Complaint or otherwise and Borrower fails promptly to remedy the problem, to cause the lien to be removed or to post security adequate to protect Lender's interest in the Property; or

(iii) If the State, EPA or any other state or federal agency files any proceeding against Borrower, the Property or Lender for damages or cleanup costs related to a Hazardous Discharge or Environmental Complaint and Borrower fails to promptly cause such proceeding to be dismissed or to post security adequate to protect Lender and its interest in the Property.

(e) Borrower shall defend, indemnify, and hold Lender harmless from and against any and all claims, losses, liabilities, damages and expenses (including without limitation, cleanup costs and attorneys' fees (including appellate counsel fees), and expenses) in connection with any presence on the Land or the Improvements of any Hazardous Materials or otherwise arising directly or indirectly from, out of, or by reason of any Hazardous Discharge, Environmental Complaint, or any environmental, health or safety law governing Borrower, the Property, Borrower's operation of the Property or Borrower's tenant's operation of the Property or any portion thereof. This Paragraph 1.09 shall survive the foreclosure, expiration or sooner termination of this Mortgage.

1.10 Limit of Validity. If payment of any of the Secured Obligations, at the time payment shall be due, shall involve transcending the limits of validity prescribed by an applicable usury statute or any other applicable law, then the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Mortgage that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity.

1.11 Use of the Property and Compliance with Applicable Laws. Unless required by applicable law or unless Lender has otherwise agreed in writing, Borrower shall not allow changes in the nature of the occupancy or use for which the Improvements were intended at the time this Mortgage was executed which will result in decreasing the value of the Property. If Borrower wishes to change the use of the Property or to modify it to include other uses Borrower shall furnish Lender with an appraisal evidencing that no diminution in the value of the Property will ensue from such change. Borrower shall not initiate or acquiesce in a change in the zoning classification of the Land or subject the land to restrictive covenants without Lender's prior written consent (which may be withheld at Lender's reasonable discretion). Borrower shall at all times comply with all laws, ordinances, orders, rules, regulations and requirements of all governmental authorities now or hereafter affecting or pertaining in any way to the Property or any part thereof or the use and operation thereof. Borrower

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shall keep in full force and effect at all times such federal, state, municipal and other governmental approvals, licenses and certificates as may be necessary from time to time to comply with all zoning, subdivision, environmental, air quality, flood hazard, fire safety, handicapped facilities and other governmental requirements (whether now existing or hereinafter enacted or adopted) relating to the Property or Borrower's use and occupancy thereof and shall furnish Lender on request proof of such compliance.

1.12 Subrogation. Borrower waives any and all right to claim or recover against Lender or its officers, employees, agents and representatives, for loss of or damage to Borrower, the Property, Borrower's property or the property of others under Borrower's control from any cause insured against or required to be insured against under Paragraph 1.03 above.

1.13 Actions By Lender to Preserve Property. Should Borrower fail to make any payment or to do any act which failure would constitute an Event of Default under the Loan Documents, subject to any applicable notice requirements and cure periods, Lender, in its own discretion, without obligation so to do, without further notice to or demand upon Borrower and without releasing Borrower from any obligation, may make or do the same in such manner and to such extent as Lender may deem necessary or advisable to protect the security hereof. In connection therewith (without limiting its general powers), Lender shall have and is hereby given the right, but not the obligation, to:

- (a) enter upon and take possession of the Property;
- (b) make additions, alterations, repairs and improvements to the Property or to any portion thereof which they or either of them may consider reasonably necessary or advisable to keep same in good condition and repair;
- (c) appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Lender, including, but not limited to, eminent domain, insolvency, code enforcement or arrangements or proceedings involving a bankrupt or decedent;
- (d) pay, purchase, contest, or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either reasonably appears to affect the security or priority of this Mortgage or to be prior or superior hereto; and
- (e) pay any consultant or attorney necessary or desirable in exercising the above powers.

Any amounts disbursed by Lender pursuant to this Paragraph 1.13, with interest thereon, shall become a portion of the Secured Obligations. Unless the parties agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof and shall bear interest from the date of disbursement at the interest rate set forth in the Note as applicable after a default thereunder. Borrower shall have the right to repay such amounts in whole or in part at any time, and no prepayment premium shall apply thereto. Nothing contained in this Paragraph 1.13 shall require Lender to do any act or incur any expense.

1.14 Inspections. Lender and its agents, representatives and workmen are authorized to enter at any reasonable time upon reasonable notice (except that no notice shall be required if an Event of Default shall have occurred and be continuing) upon or in any part of the Land or the Improvements for the purpose of inspecting same and for the purpose of performing any of the acts it is authorized to perform under the terms of this Mortgage or any of the Loan Documents, giving due consideration to the interests of any tenant of the Land or Improvements.

1.15 Due-on-Sale; Changes in Ownership and Subordinate Financing. Borrower hereby acknowledges to Lender that the identity of Borrower continues to be a material circumstance upon which Lender has relied in connection with, and which constitute valuable consideration to Lender for, the extending to Borrower of the Secured Obligations and that any change in such identity could materially impair or jeopardize the security granted by Borrower to Lender by this Mortgage. Borrower therefore covenants and agrees with Lender, as part of the consideration for the extending to Borrower of the Secured Obligations, that upon sale, transfer or further

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encumbrance of all or any part of the Property or any interest therein without Lender's prior written consent, Lender may, in its sole and absolute discretion, declare the entire principal amount of the Secured Obligations, or any unpaid part thereof, together with any and all interest accrued thereon, and any other sums advanced under this Mortgage, at once due and payable without notice to Borrower and regardless of the stipulated date of maturity. This Paragraph 1.15 shall apply to each and every sale, transfer, conveyance or encumbrance, regardless of whether or not Lender has consented or waived its rights (which it shall not be deemed to have done unless in writing), whether by action or non-action, in connection with any previous sale, transfer, conveyance, or encumbrance, whether one or more. Without limiting the foregoing, Borrower acknowledges that Lender shall not be obliged to consent to any transfer of the Property or any assumption of the Secured Obligations, except upon such terms and conditions as Lender, in its sole and absolute discretion, may deem appropriate, including, but not limited to, payment of an assumption fee in the amount of one and one-half percent (1.5%) of the Secured Obligations.

1.16 Estoppel Affidavits. Borrower, upon ten (10) days' prior written notice from Lender, shall furnish to Lender a written statement, duly acknowledged, stating whether any Event of Default has occurred or any event which with the lapse of time and/or the giving of any required notice would constitute an Event of Default under the Loan Documents, setting forth the unpaid principal of, and interest on, the indebtedness evidenced by the Note and whether or not any defense exists against said indebtedness, or any portion thereof, of which Borrower may be aware and, if such defenses exist, stating in detail the specific facts relating thereto. Such estoppel affidavit shall be effective as to matters of which Borrower knows or should have known at the time such affidavit is given.

1.17 Relationship. Neither the Note, this Mortgage, the Loan Documents, nor any agreement, instrument, document or transactions contemplated hereby or thereby, nor any statement or representation made by Lender pursuant to any of the foregoing or otherwise, will be interpreted, deemed or construed in any respect as making Borrower and Lender partners or joint venturers with one another, or as creating or constituting any partnership, joint venture, association, or other such relationship between Borrower and Lender, and Borrower shall not make any contrary assertion, contention, claim, or counterclaim in any action, suit or other legal proceeding involving either Borrower, Lender, or the Property or otherwise, nor shall Borrower make any such contrary representation to any person whomsoever.

1.18 Nonrecourse. Except as is provided in this Paragraph or Paragraph 1.09 hereof, neither Lender nor the trustee shall be entitled to take any action to procure any money judgment in personam against Borrower or Borrower's officers or directors or to pursue any deficiency decree against Borrower or Borrower's officers or directors or their successors and assigns, it being understood that recourse hereunder and under the Note shall be limited to the Property and the other collateral held by Lender as security for Borrower's indebtedness to Lender; provided, however, that the non-recourse provisions of this Paragraph shall be null and void to the extent that Borrower: (a) misapplies any insurance proceeds of any casualty or any condemnation proceeds involving the Property (in which case recourse shall be to the extent of such misapplied proceeds); (b) collects advance rents in violation of any provision hereof or misapplies any security deposits from tenants of the Property (in which event recourse shall be to the extent of such advance rents or misapplied funds); (c) has committed fraud or has intentionally or recklessly misrepresented material facts with respect to the nature, status, or history of the Property or has violated Paragraph 1.09 hereof; or (d) has committed material waste with respect to the Property; or to the extent that Borrower's officers, directors, or shareholders may have given a written guaranty of or tendered security for the indebtedness secured hereby or evidenced by the Note. Anything contained herein to the contrary notwithstanding, this provision shall not in any way limit Lender's right to proceed against any security which Lender may hold against Borrower's indebtedness to Lender or limit Lender's right to proceed and to recover an in personam money judgment against any officer or director of Borrower who has received funds from Borrower in connection with any act specified in subsections (a) through (e) above.

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ARTICLE II ASSIGNMENT OF RENTS, LEASES, AND SECURITY DEPOSITS

2.01 Assignment of Rents and Leases. Borrower hereby grants, conveys, assigns, and transfers to Lender all of the Leases and the Rents and all security deposits in connection therewith as security for the Secured Obligations and hereby gives to and confers upon Lender the right, power and authority to collect such Rents. Borrower hereby appoints Lender as Borrower's true and lawful attorney-in-fact (such appointment being coupled with an interest and irrevocable), at the option of Lender at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Borrower or of Lender, for all such Rents and apply the same to the Secured Obligations; provided, however, that Lender agrees that it will not, and Borrower shall have the right to collect such Rents (but not more than one (1) month in advance) prior to the time an Event of Default shall occur hereunder or under the Note or under any of the Loan Documents. The assignment of Rents, Leases and security deposits in this Article II is intended to be an absolute, present assignment from Borrower to Lender and not merely the passing of a security interest. Nothing contained herein shall be deemed to constitute Lender as a mortgagee-in-possession in the absence of it actually taking possession of the Property.

2.02 Security Deposits. In no event shall Lender be liable to any lessee of any part of the Improvements for the return of any security deposit in any amount in excess of the amount, if any, delivered to Lender by Borrower. Any security deposits held by Lender shall not bear interest unless required by applicable law or by the express terms of the Leases.

2.03 Collection Upon Default. Upon any Event of Default hereunder or under the Note or under any of the other Loan Documents, at any time, without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Secured Obligations, Lender may enter upon and take possession of the Property, or any part thereof or, in its own name, sue for or otherwise collect such Rents including those past due and unpaid, and apply the same, less costs and expenses of the operation of the Property, of the performance of Borrower's obligations under any lease thereof, and of collection, including attorneys' fees (together with appellate counsel fees, if any), to the payment of any of the Secured Obligations, in such order as Lender may determine. If Lender elects to apply such Rents to the principal payment due under the Note at maturity or to monthly payments thereunder, regular monthly payments thereunder shall continue to be due without reduction or interruption. The collection of such Rents or the application thereof as aforesaid, or the entering upon and taking possession of the Property, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

2.04 Warranties of Borrower. Borrower hereby warrants and represents to Lender that:

(a) Borrower has delivered true and correct copies of each of the Leases, and any amendments thereto, to Lender. The Leases are valid, binding, and enforceable against all parties thereto.

(b) Borrower is the sole owner of the landlord's interest under the Leases, is entitled to receive the Rents and security deposits under the Leases and from the Property, and has good right to sell, assign, transfer and set over the same and to grant to and confer upon Lender the rights, interests, powers, and authorities herein granted and conferred.

(c) Borrower has neither made nor permitted to be made any assignment, other than this Mortgage, of the Leases or any of its rights thereunder to any person or entity.

(d) Borrower has not done any act or made any omission which might prevent Lender from, or limit Lender in, acting under any of the provisions of this Mortgage.

(e) Borrower has not accepted rent under the Leases more than thirty (30) days in advance of its due date (other than security deposits).

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(f) Borrower is not in default under any of the Leases, and to Borrower's knowledge, there is no default by any of the lessees under the terms of the Leases.

2.05 Borrower's Obligations.

(a) Borrower shall perform all material covenants to be performed by the landlord under any and all Leases of the Improvements or any part thereof. Borrower shall: Give prompt notice to Lender of any claim of default under the Leases given by any of the lessees thereunder to Borrower or given by Borrower to any lessee, together with a complete copy of any such claims; at the sole cost and expense of Borrower, diligently seek to enforce the performance and observance of each and every covenant and condition of the Leases to be performed or observed by the lessee thereunder; and appear in and defend any action growing out of, or in any manner connected with, the operation of the Property, the Leases or the obligations, duties, or liabilities of Borrower, as lessor, or of the lessees or any guarantors thereunder. The form and content of all Leases of the Improvements hereinafter entered into by Borrower shall be subject to the prior written approval of Lender, and all such Leases shall be subordinate to the lien of this Mortgage and shall contain automatic attornment provisions, without non-disturbance requirements. To the extent that Borrower enters into any agreement to pay leasing commissions on Leases of the Improvements, such agreement must contain a provision whereby Borrower indemnifies and holds harmless, and the payee thereunder releases, Lender from and against claims for such leasing commissions, and must be expressly subordinate to this Mortgage.

(b) Without the prior written consent of Lender, Borrower shall not: modify any material provision of the Leases; terminate the term or accept the surrender thereof; waive, or release the lessees from the performance or observance of any material obligation or condition of the Leases; or permit the prepayment of any Rents under the Leases more than thirty (30) days prior to the accrual thereof. Lender shall not be obligated to perform, discharge, or assume any liability, duty, or obligation of Borrower under the Leases, and Borrower shall indemnify and hold Lender harmless from and against any and all liability, loss or damage (including attorneys' fees and appellate counsel fees, if any) which Lender may incur under the Leases or under or by reason of this assignment and from and against all claims and demands whatsoever which may be asserted against it by reason of any act of Lender under this assignment or under the Leases, and Borrower shall reimburse Lender therefor immediately upon demand, except as to claims directly resulting from the gross negligence or willful or intentional misconduct of Lender or its employees or representatives.

ARTICLE III SECURITY AGREEMENT

3.01 Creation of Security Interest. This Mortgage is hereby made and declared to be a security agreement, encumbering each and every item of property included herein, in compliance with the provisions of Article 9 of the Uniform Commercial Code as enacted in the State of Illinois, affecting, and Borrower hereby grants to Lender a security interest in, all of the Fixtures, Equipment, Contract Rights, Claims, Rents and Leases, all security deposits in connection therewith, all proceeds thereof, and all other portions of the Property which are subject to the provisions of said Article 9 (collectively, the "Collateral"). Financing Statements covering such Collateral shall be executed by Borrower and Lender and appropriately filed. The remedies for any violation of the covenants, terms and conditions of the security agreement herein contained shall be (i) as prescribed herein, or (ii) as prescribed by general law, or (iii) as prescribed by the specific statutory consequence now or hereafter enacted and specified in said Uniform Commercial Code, all at Lender's sole election. Borrower and Lender agree that the filing of such financing statement(s) in the records normally having to do with personal property shall not be construed as in any wise derogating from or impairing this declaration and hereby stated intention of Borrower and the Lender that all of Borrower's interest in all Fixtures and other tangible property described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (i) any such item has yet been or will be physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain items capable of being thus identified in the recital contained herein, or (iii) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to the proceeds of any hazard insurance policy, or any award in

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condemnation proceedings for the taking or for loss of value, or Borrower's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the Property whether pursuant to lease or otherwise, shall never be construed as in any wise altering any of the rights of Lender as determined by this instrument or impugning the priority of Lender's lien granted hereby or by any other recorded document, but such mention in such financing statement(s) is declared to be for the protection of Lender in the event any court shall at any time hold, with respect to any such matter, that notice of Lender's priority of interest, to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records. Borrower warrants that (i) Borrower's (that is, "Debtor's") name, identity or corporate structure and principal place of business are as set forth in the last sentence of this Paragraph 3.01; (ii) Borrower (that is, "Debtor") has been using or operating under said name or identity without change for the time period set forth in the last sentence of this Paragraph 3.01; and (iii) the location of the Collateral is upon the Land except as to certain Contract Rights, Claims, and general intangibles, which are located at Borrower's address as set forth in Schedule 3 attached hereto and incorporated herein. Borrower shall furnish Lender with notice of any change in name, identity, corporate structure, residence, or principal place of business within thirty (30) days of the effective date of any such change, and Borrower will promptly execute any financing statements or other instruments deemed necessary by Lender to prevent any filed financing statement from becoming misleading or losing its perfected status. The information contained in this Paragraph 3.01 is provided in order and this Mortgage shall comply with the requirements of the Uniform Commercial Code, as enacted in the State of Illinois. The names of "Debtor" and "Secured Party", the identity or corporate structure and residence or principal place of business of "Debtor", and the time period for which "Debtor" has been using or operating under said name and identity or corporate structure without change, are as set forth in Part 1 of Schedule 3 attached hereto and by this reference made a part hereof; the mailing address of the "Secured Party" from which information concerning the security interest may be obtained, and the mailing address of "Debtor", are as set forth in Part 2 of said Schedule 3 hereto; and a statement indicating the types, or describing the items, of Collateral is set forth in Paragraphs (c), (d), (e), (f), (g), and (h) on page 2 herein above.

3.02 Warranties, Representations and Covenants of Borrower Respecting the Collateral. Borrower hereby warrants, represents and covenants as follows:

(a) Except for the security interest granted hereby, Borrower is, and as to portions of the Collateral to be acquired after the date hereof will be, the sole owner of the Collateral, free from any adverse lien, security interest encumbrance or adverse claim thereon of any kind whatsoever except for the Permitted Encumbrances. Borrower shall notify Lender of, and shall defend the Collateral against, all claims and demands of all persons at any time claiming the same or any interest therein.

(b) Borrower shall not hereafter lease, sell, convey or in any manner transfer the Collateral without the prior written consent of Lender, except as expressly permitted hereby or where replaced with Collateral of equal or greater value.

(c) The Collateral is not used or bought for personal, family, or household purposes but shall be acquired and used solely for the purpose of carrying on Borrower's business.

(d) The Collateral shall be kept on or at the Land, at Borrower's place of business or in or about the Improvements, and Borrower will not remove the Collateral therefrom without the prior written consent of Lender (which consent shall not be unreasonably withheld), except such portions or items of the Fixtures or Equipment or other personal property which are consumed or worn out in ordinary usage, all of which Borrower shall replace or cause to be replaced with other Fixtures or Equipment or other personal property of value equal to or greater than the value of the replaced property when new, and except such portions or items of collateral temporarily stored elsewhere to facilitate refurbishing or repair thereof or of the Improvements.

(e) Borrower shall immediately notify Lender in writing of any change in its places of business as set forth on Schedule 3.

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(f) At the request of Lender, Borrower shall execute one or more financing statements and renewals and amendments thereof pursuant to the Uniform Commercial Code as enacted in the State of Illinois in form satisfactory to Lender, and will pay the cost of filing the same in all public offices wherever filing is deemed by Lender to be necessary or desirable.

(g) All covenants and obligations of Borrower contained herein relating to the Property shall be deemed to apply to the Collateral whether or not expressly referred to therein.

ARTICLE IV DEFAULT

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

(a) Failure by Borrower to make any payment of principal, premium, or interest on the Note or any other indebtedness owing by Borrower to Lender as and when the same shall become due and payable;

(b) Failure by Borrower to observe or perform any other term, covenant, condition, or agreement of this Mortgage;

(c) Failure by Borrower to observe or perform any term, covenant, condition, or agreement required to be performed by Borrower under any of the Loan Documents other than the Note or this Mortgage following the giving of any required notice and/or the expiration of any applicable period of grace contained therein;

(d) Any representation or warranty of Borrower contained in this Mortgage, in the Note, in any of the other Loan Documents or in any financial statement or other document previously or hereafter submitted by or on behalf of Borrower to Lender shall prove to have been untrue or misleading in any material respect when made;

(e) Borrower shall default in any other loan obligation owed to third parties in excess of \$250,000;

(f) The filing by Borrower of a voluntary petition in bankruptcy or the filing by Borrower of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the seeking, consenting to, or acquiescing by Borrower in the appointment of any trustee, receiver, custodian, conservator or liquidator for Borrower or of all or any substantial part of the Property or of any other property or assets of the foregoing, or of any or all of the income, rents, issues, earnings, profits or revenues thereof, or the making by Borrower of any general assignment for the benefit of creditors, or the failure of Borrower to pay its debts generally as they become due, or the giving of notice by Borrower to any governmental body of insolvency or pending insolvency or suspension of operations;

(g) The filing of a petition against Borrower seeking any reorganization, arrangement, composition, readjustment, liquidation, or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debts, or the appointment of any trustee, receiver, custodian, conservator or liquidator of Borrower, of all or any substantial part of the Property or of any other of Borrower's property or assets, or of any or all of the Rents, unless such petition shall be dismissed within sixty (60) days after such filing, but in any event prior to the entry of an order, judgment or decree approving such petition;

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(h) Borrower's abandonment of the Property, or if the Property shall be subject to actual or threatened waste, or any part of the Property shall be removed, demolished, or altered contrary to the provisions hereof without the prior written consent of Lender, or if the Improvements shall be damaged or destroyed to an extent that repair is not economically feasible;

(i) The dissolution or termination of Borrower voluntarily, involuntarily, or by operation of law;

(j) The occurrence of any material adverse change in the financial or operating conditions of Borrower.

Notwithstanding the foregoing, Borrower shall not be deemed to be in default, nor shall an Event of Default be deemed to have occurred, under the foregoing subparagraph (a) unless and until Lender shall have failed to receive such payments within ten (10) days after written notice is given by Lender that the same is due. Interest at the Default Rate and late charges as specified in the Note shall apply retroactively. Borrower shall not be deemed to be in default, nor shall an Event of Default be deemed to have occurred under the foregoing subparagraphs (b) or (h) unless and until Borrower shall have failed to cure such default within thirty (30) days after receipt by Borrower of written notice from Lender (or such longer period, if any, not to exceed sixty (60) days, as is reasonably required, provided that Borrower shall have promptly commenced and diligently pursued such cure). Notwithstanding the foregoing, no notice shall be required as to defaults under subparagraphs (d), (f), (g), or (i) above or under Paragraphs 1.03(a), 1.09, or 1.15 hereof.

4.02 Remedies Upon Default.

(a) If an Event of Default shall have occurred, the whole of the Secured Obligations shall, at the option of Lender, without further notice or demand, become immediately due and payable for all purposes, time being of the essence of this Mortgage (and no omission on the part of Lender to exercise such option when entitled so to do shall be considered as a waiver of such right), and thereafter, Lender may proceed to:

(i) demand that Borrower forthwith surrender to Lender the actual possession of the Property, exclude Borrower and Borrower's agents, and employees wholly therefrom, and have joint access with Borrower to the books, papers, and records relating to the Property. In the event Borrower shall for any reason fail to surrender or deliver the Property or any part thereof after such demand by Lender, Lender may obtain a judgment or decree conferring on Lender the right to immediate possession of all or part of such Property, to the entry of which judgment or decree Borrower hereby specifically consents, and Lender may receive from Borrower, upon demand, payment of all expenses of obtaining such judgment or decree, including attorneys' fees and appellate counsel fees, whereupon all such expenses and compensation shall, until paid, be added to and constitute a portion of the Secured Obligations and shall be secured by this Mortgage.

(ii) upon every such entering and taking of possession, hold, store, use, operate, manage, control, and maintain the Property and conduct the business thereof, and, from time to time, (A) make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (B) insure or keep the Property insured; (C) manage and operate the Property and exercise all the rights and powers of Borrower, in the name of Borrower or otherwise, with respect to the same; and (D) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted Lender, all as Lender may from time to time determine to be to its best advantage; and Lender may collect and receive all of the Rents of the Property, including those past due as well as those accruing thereafter, and, after deducting all expenses of taking, holding, managing and operating the Property, the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions, the cost of such insurance such taxes, assessments, and such other charges as Lender may, in its sole and absolute discretion, elect

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to pay, Lender shall apply the remainder of the money so received in such order and in such manner as Lender shall, in its sole and absolute discretion, deem appropriate.

(iii) apply for and be entitled to, without notice and without regard to the adequacy or value of any security for the Secured Obligations or the solvency of any party bound for its payment, the judicial appointment of a receiver to take possession of and to operate the Property and to collect the Rents.

(iv) foreclose the lien of this Mortgage as provided by law.

(b) For the purpose of carrying out the provisions of this Paragraph 4.02, Borrower hereby constitutes and irrevocably appoints Lender as its true and lawful attorney-in-fact (said appointment being coupled with an interest) of Borrower to do and perform, from time to time, any and all actions necessary and incidental to such purpose.

(c) In the event all Events of Default under Paragraph 4.01 have been cured and satisfied, Lender shall surrender possession of the Property to Borrower; provided, however, that the rights of Lender hereunder shall continue to exist in the event any subsequent Event of Default shall occur.

(d) Upon demand, Borrower shall pay to Lender all reasonable expenses including receivers' fees, attorneys' fees (including appellate fees), costs and agent's compensation, incurred pursuant to the provisions of this Paragraph 4.02 and all such expenses shall be added to and constitute a portion of the Secured Obligations and shall be secured by the security title of this Mortgage.

4.03 Foreclosure. If an Event of Default shall have occurred and be continuing hereunder, Lender shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Lender for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' 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, tax searches, guarantee policies, Torrens certificates and similar data and assurances with respect to title as Lender may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Property. All expenditures and expenses of the nature in this Paragraph 4.03 mentioned shall become additional indebtedness secured by this Mortgage and bearing interest at the Default Rate specified in the Note, when paid or incurred by Mortgage in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which Borrower or Lender shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured; or (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose, whether or not actually commenced; or (c) preparations for the defense of any threatened suit or proceeding which might affect the Property or the security hereof, whether or not actually commenced. In case, after legal proceedings are instituted to foreclose the lien of this Mortgage, Lender is made of the entire indebtedness due hereunder, Lender shall be entitled to reimbursement for expenses incurred in connection with such proceedings, including such expenditures as are enumerated above, and such expenses shall be additional indebtedness secured by this Mortgage, and no such suit or proceedings shall be dismissed or otherwise disposed of until such fees, expenses and charges shall have been paid in full.

4.04 Receiver. Upon or at any time after the filing of a suit to foreclose this Mortgage, the court in which suit is filed may appoint a receiver of the Property. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Borrower at the time of application for such receiver and without regard to the then value of the Property. Such receiver shall have the power to collect the Rents of said Property during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption if any, whether there be redemption or not, as well as during any further time when Borrower, except for the intervention of such receiver, would be entitled to collect such Rents and all other powers which may be necessary or are usual in such cases for the protection, possession, control,

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management and operation of the Property during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any decree foreclosing this Deed, or any tax, special assessment or other lien which 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) deficiency in case of a sale and deficiency. Upon, or at any time after the filing of a suit to foreclose this Mortgage, the court in which such suit is filed shall also have full power to enter an order placing Lender in possession of the Property with the same powers hereinabove granted to a receiver and, in such event, Lender will have all other rights and privileges of a mortgagee in possession under law.

4.05 Application of the Proceeds of Sale. The proceeds of any foreclosure sale of the Property shall be distributed and applied in the following order of priority: FIRST, on the account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraph 4.03 hereof; SECOND, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Notes, with interest thereon as herein provided; THIRD, all principal and interest remaining unpaid on the Notes; FOURTH, any balance to Borrower, its legal representatives, successors or assigns, as its rights may appear.

4.06 Borrower as Tenant Holding Over. In the event of any such public sale pursuant to the aforesaid power of sale and agency, Borrower shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of the law of the State of Illinois applicable to tenants holding over. In such event, Borrower shall be liable for the costs of obtaining possession.

4.07 Waiver of Appraisal, Valuation, Etc. Borrower hereby waives and renounces all redemption, and exemption rights provided for by the Constitution and the laws of the United States or of the State of Illinois, or of any other state in and to the Property as against the enforcement or collection of the Secured Obligations, or any part thereof. In case of an Event of Default on the part of Borrower hereunder, neither Borrower nor anyone claiming through or under Borrower shall or will set up, claim, seek to take advantage of any moratorium, reinstatement, forbearance, appraisal, valuation, stay, extension, exemption, homestead, or redemption 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 Property, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and Borrower, for itself and its successors and all who may at any time claim through or under it, hereby waives the benefit of all such laws, and any and all right to have the assets subject to the security interest of this Mortgage marshalled upon any foreclosure or sale. Any purchaser of the Property upon any foreclosure hereunder shall have an absolute title in fee simple.

4.08 Leases. Lender is authorized, in its discretion, to foreclose this Mortgage subject to the rights of any tenants of the Improvements, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Borrower, a defense to any proceedings instituted by Lender to collect the Secured Obligations.

4.09 Discontinuance of Proceedings. In case Lender shall have proceeded to enforce any right, power or remedy under this Mortgage by receiver, entry or otherwise and such proceeding shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to Lender, then and in every such case:

(a) Borrower and Lender shall be restored to their former positions and rights hereunder;

(b) all rights, powers and remedies of Lender shall continue as if no such proceeding had been taken;

(c) each and every Event of Default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing Event of Default;

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(d) neither the Note, this Mortgage, nor the other Loan Documents shall be affected by such withdrawal, discontinuance or abandonment; and

(e) Borrower shall pay all expenses incurred by the Lender, including attorneys' fees (including appellate counsel fees). If the Property shall be advertised for sale and not sold, then Borrower shall pay all costs in connection therewith including attorneys' fees.

4.10 Remedies Cumulative. No right, power, or remedy conferred upon or reserved to Lender by this Mortgage is intended to be 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 now or hereafter existing at law or in equity or by statute.

4.11 Waiver.

(a) No delay or omission of Lender to exercise any right, power or remedy accruing upon any breach or default or Event of Default hereunder or under the Note or any of the other Loan Documents shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of or acquiescence in any such breach or default or Event of Default; and every right, power and remedy given by this Mortgage to Lender may be exercised from time to time and as often as may be deemed expedient by Lender. No consent or waiver, expressed or implied, by Lender to or of any Event of Default by Borrower hereunder shall be deemed or construed to be a consent or waiver of or any other Event of Default by Borrower hereunder. Failure on the part of Lender to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such action or failure to act continues, shall not constitute a waiver by Lender of its rights hereunder or impair any rights, powers or remedies of Lender hereunder.

(b) No act or omission by Lender shall release, discharge, modify, change or affect the original liability under the Note, this Mortgage, the other Loan Documents, or any other obligation of Borrower or any subsequent purchaser of the Property or any part thereof, or preclude Lender from exercising any right, power or privilege herein granted or intended to be granted upon the occurrence of an Event of Default then made or of any subsequent Event of Default, or alter the security title, security interest or lien of this Mortgage except as expressly provided in an instrument or instruments executed by Lender. Without limiting the generality of the foregoing, Lender may:

(i) grant forbearance or an extension of time for the payment of all or any portion of the Secured Obligations;

(ii) take other or additional security for the payment of the Secured Obligations;

(iii) waive or fail to exercise any right granted herein or in the Note;

(iv) release any part of the Property from the security title, security interest, or lien of this Mortgage;

(v) consent to the filing of any map, plat, or replat affecting the Property;

(vi) consent to the granting of any easement or other right affecting the Property;

(vii) make or consent to any agreement subordinating the security title, security interest, or lien hereof; or

(viii) take or omit to take any action whatsoever with respect to the Note, this Mortgage, the Property or any other Loan Document,

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all without releasing, discharging, modifying, changing, or affecting any such liability, without precluding Lender from exercising any such right, power or privilege or without affecting the security title, security interest or lien of this Mortgage. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Property, Lender, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Property or the Secured Obligations, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as Lender might deal with the original parties hereto and without in any way releasing and/or discharging any liabilities, obligations or undertakings.

4.12 Suits to Protect the Property. Lender shall have power to institute and maintain such suits and proceedings as Lender may deem expedient to prevent any impairment of the Property by any acts which are unlawful or constitute an Event of Default under this Mortgage, to preserve or protect its interest in the Property and in the Rents arising therefrom, and 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 would impair the security hereunder or be prejudicial to the interest of Lender.

4.13 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Borrower, its creditors, or its property, Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as are necessary or advisable in order to have the claims of Lender allowed in such proceedings for the outstanding amount of the Secured Obligations at the date of the institution of such proceedings and for any additional amount which may become due and payable by Borrower hereunder after such date.

ARTICLE V MISCELLANEOUS

5.01 Lender's Powers. Without affecting the lien or security title of this Mortgage upon any portion of the Property not then or theretofore released as security for the full amount of all of the Secured Obligations, Lender may, at its option, at any time and from time to time, and without notice, release any person directly or contingently liable hereunder or under any of the Secured Obligations, extend the maturity or alter any of the terms of any of the Secured Obligations, grant other indulgences, release or reconvey, or cause to be released or reconveyed, any parcel, portion or all of the Property, take or release any other or additional security for any of the Secured Obligations, or make accommodations or other arrangements with debtors in relation thereto. This Mortgage is assignable by Lender to a subsequent holder of the Note, and any assignment hereof by Lender shall operate to vest in the assignee all rights and powers herein conferred upon and granted to Lender.

5.02 Advances and Future Advances. It is understood and agreed that the proceeds of the indebtedness evidenced by the Note may be advanced by the Lender at one time, or from time to time, and the Lender reserves the right to make additional advances of proceeds, from time to time, including the readvance of any sums previously repaid on the Note. In the event of the readvance by the Lender of any sums previously repaid on the Note, then, in such event, the Note shall be deemed to evidence, and this Mortgage shall be deemed to secure the repayment of, the proceeds last advanced under the Note by the Lender.

5.03 Notices, Demands and Requests. Any and all notices, elections, demands, or requests permitted or required to be made under this Deed of Mortgage shall be in writing, signed by the party giving such notice, election, demand or request, and shall be delivered personally or sent by registered, certified, or Express United States mail, postage prepaid, to the other party at the address set forth below, or to such other party and at such other address within the continental United States of America as may have theretofore been designated in writing. The date of receipt of such notice, election or demand shall be the earliest of (i) the date of actual receipt of such notice, election or demand, (ii) five (5) days after the date of mailing thereof by registered or certified mail, (iii) two (2) days after the date of mailing thereof by Express mail, or the delivery (for redelivery) to Federal Express or another similar service, requiring a receipt, or (iv) the date of personal delivery (or refusal upon presentation for delivery) thereof, if applicable. For the purposes of this Mortgage:

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The address of Borrower is:

One Liberty Properties, Inc.
60 Cutter Mill Road
Great Neck, New York 11201
Attention: Simeon Brinberg, Esq.

with a copy (which shall not constitute notice) to:

John D. Cohen, Esq.
Tenzer, Greenblatt, Fallon & Kaplan
405 Lexington Avenue
New York, New York 10174

or such other address in the United States as Borrower may, from time to time, by notice in writing, designate for notice, request or demand.

The address of Lender is:

MetLife Capital Credit Corporation
Post Office Box 601
Ten Stamford Forum
Stamford, Connecticut 06104
Attention: Vice President, Credit

with a copy (which shall not constitute notice) to:

Verner, Liipfert, Bernhard, McPherson & Hand
901 Fifteenth Street, N.W.
Washington, D.C. 20005-2301
Attention: Dorothea Summerell

or at such other address in the United States as Lender may, from time to time, by notice in writing, designate for notice, request or demand.

5.04 Attorneys' Fees. If Lender shall become party to or shall intervene in any action or proceeding affecting the Note, this Mortgage, any other Loan Document, Borrower, the Property or the title thereto, or the interest of either under this Mortgage, or if Lender employs an attorney to collect any or all of the Secured Obligations or to foreclose this Mortgage, pursuant to the power of sale herein contained or as otherwise provided by law, Lender shall be reimbursed by Borrower, immediately and without demand, for all reasonable costs, expenses, and attorneys' fees (including appellate counsel fees) incurred by either or both in any such case whether or not suit be commenced by Lender and the same shall be secured hereby as a part of the Secured Obligations. For purposes of this Mortgage, the phrases "attorneys' fees," and "appellate counsel fees" shall be deemed to refer to such fees as are reasonable and are actually incurred.

5.05 Additional Security. If the Secured Obligations are now or hereafter further secured by security agreements, chattel mortgages or other mortgages, security deeds, deeds of trust, pledges, contracts of guaranty, assignments of leases, assignments of life insurance policies, or other security, Lender may at its option exhaust any one or more of items of security and the Property either simultaneously or independently, and in such order as it may determine.

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5.06 Superiority of Lien. Any agreement hereafter made by Borrower and Lender pursuant to this Mortgage shall to the extent permitted by law be superior to the rights of the holder of any intervening lien or encumbrance.

5.07 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon Borrower, Lender, and their respective successors, successors-in-title and permitted assigns. Whenever a reference is made in this Mortgage to Borrower or Lender, such reference shall be deemed to include a reference to the legal representatives, successors, successors-in-title and permitted assigns of Borrower or Lender, as the case may be.

5.08 Terminology; Captions. All personal pronouns used in this Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles of articles and sections are for convenience only and neither limit nor amplify the provisions of this Mortgage, and all references herein to Articles, Sections, subsections, Paragraphs or subparagraphs thereof, shall refer to the corresponding articles, sections, subsections, paragraphs or subparagraphs of this Mortgage unless specific reference is made to articles, sections, subsections, paragraphs or subparagraphs of another document or instrument.

5.09 Severability. If any provision of this Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent under applicable law, the remainder of this Mortgage and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

5.10 Applicable Law. This Mortgage shall be interpreted, construed and enforced according to the laws of the State of Illinois (but not including choice-of-law provisions thereof). No provisions hereof shall be construed strictly against any party by reason of such party's being deemed to have drafted or structured such provision.

5.11 Replacement of Note. Upon receipt of evidence reasonably satisfactory to Borrower of the loss, theft, destruction or mutilation of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Borrower or, in the case of any such mutilation, upon surrender of the Note, Borrower shall execute and deliver, in lieu hereof, a replacement Note, identical in form and substance to the Note and dated as of the date of the Note and upon such execution and delivery all references in this Mortgage to the Note shall be deemed to refer to such replacement Note.

5.12 Reconveyance by Lender. Upon payment in full of all sums secured hereby, Lender shall execute a deed of release reconveying to Borrower, or to the person or persons legally entitled thereto, without warranty, any portion of the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

5.13 Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Borrower under this Mortgage.

5.14 Changes. Neither this Mortgage nor any term hereof may be waived, changed, modified, discharged, or terminated except by an instrument in writing signed by the party against which enforcement of waiver, change, modification, discharge, or termination is sought.

5.15 Commercial Transaction. Borrower acknowledges that this Mortgage is given for a business purpose in connection with "commercial transaction" and not for consumer (family, personal, or household) or residential purposes.

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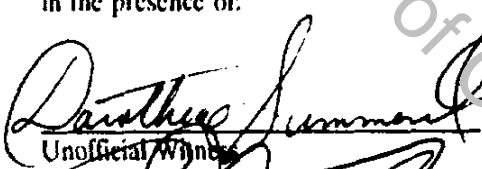
BY EXECUTION OF THIS MORTGAGE, BORROWER EXPRESSLY: ACKNOWLEDGES THE RIGHT TO ACCELERATE THE INDEBTEDNESS EVIDENCED BY THE NOTE; ACKNOWLEDGES THAT THE UNDERSIGNED HAVE READ THIS MORTGAGE AND THAT ANY AND ALL QUESTIONS REGARDING THE LEGAL EFFECT OF THIS MORTGAGE AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO BORROWER, AND BORROWER HAS CONSULTED WITH ITS COUNSEL PRIOR TO EXECUTING THIS MORTGAGE; AND ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF BORROWER HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY THE UNDERSIGNED, ON BEHALF OF BORROWER, AS PART OF A BARGAINED-FOR LOAN TRANSACTION AND THAT THIS MORTGAGE IS VALID AND ENFORCEABLE BY LENDER AGAINST BORROWER IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF.

IN WITNESS WHEREOF, Borrower has caused these presents to be executed under seal as of the day and year first above written by its duly authorized officers.

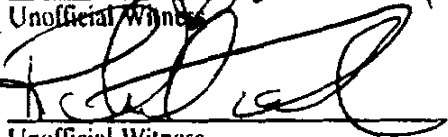
BORROWER:

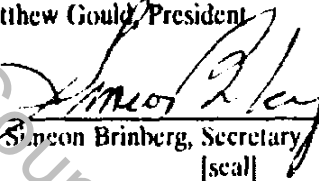
Signed, sealed and delivered
in the presence of:

ONE LIBERTY PROPERTIES, INC.,
a Maryland corporation


Unofficial Witness

By: 
Matthew Gould, President


Unofficial Witness

Attest: 
Simon Brinberg, Secretary
[seal]

Property of Cook County Clerk's Office

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Exhibit A

LEGAL DESCRIPTION

Lot 40 (except the South 117.61 feet thereof) in the Hilltop Land Company's Subdivision of the North Half of the Southwest /quarter and the West 25 acres of the North Half of the Southeast Quarter of Section 19, Township 35 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois; excepting therefrom that part thereof of said Lot 40 conveyed to the People of the State of Illinois, for the use of the Department of Transportation, by Deed dated October 25, 1983, and recorded December 16, 1983, a Document Number 26,899,200, described as follows:

Beginning at the Northeast Corner of Lot 10; thence South along the East line of Lot 40, a distance of 23.0 feet to a point; then Northwesterly along a straight line a distance of 14.14 feet to a point, said point being 13.0 feet South of the North line of Lot 40 and 10.0 feet West of the East line of Lot 40; thence West along a parallel line 13.0 feet South of the North line of Lot 40, a distance of 93.45 feet to a point on the West Line of Lot 40; thence North along said West line a distance of 13.0 feet to the Northwest corner of Lot 40; thence East along the North line of Lot 40 a distance of 103.46 feet to the point of beginning; in Cook County, Illinois.

PIN 32-19-301-008

PROPERTY OF COOK COUNTY CLERK'S OFFICE

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Schedule 1

^{TSA}
Eleven promissory notes, all dated March 30, 1990, from Borrower, as Maker, to Lender, as Payee, in the following amounts:

\$207,700

\$298,150

\$201,000

\$167,500

\$254,600

\$184,250

\$308,200

\$278,050

\$314,900

\$281,400

Property of Cook County Clerk's Office

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Schedule 2

Permitted Encumbrances

1. Real Estate taxes for 1990 and subsequent years, a lien, but not yet due or payable.
2. Lease made by Golden Plaza (1466) Associates to The May Department Store, dated December 2, 1986, as disclosed by memorandum thereof recorded January 23, 1987, as Document Number 87,047,111, demising the land for a term of ten years, and containing four options to renew for periods of five years; said lease having been assigned to Borrower by instrument recorded December 2, 1987, as Document Number 87,639,693 (said lease being subordinate to the lien hereof).

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Schedule 3

Part 1

(Description of "Debtor" and "Secured Party")

A. Debtor:

1. Name and Identity or Corporate Structure: One Liberty Properties, Inc., a Maryland corporation

2. Debtor has been using or operating under such name and identity or corporate structure, without change, since: November 25, 1985.

3. The principal place of business and chief executive office of Debtor are located at:

60 Cutter Mill Road
Great Neck, New York 11201

B. Secured Party: MetLife Capital Credit Corporation, a Delaware corporation.

Part 2

(Notice Mailing Addresses of "Debtor" and "Secured Party")

A. The mailing address of Debtor is:

One Liberty Properties, Inc.
60 Cutter Mill Road
Great Neck, New York 11201

B. The mailing address of Secured Party is:

MetLife Capital Credit Corporation
Post Office Box 601
Stamford, Connecticut 06904
Attention: Vice President, Credit

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STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

ACKNOWLEDGEMENT

PERSONALLY BEFORE the undersigned notary public, duly authorized by the law to administer oaths, appeared Matthew Gould and Simeon Brinberg, known to me [or proved by the oath of credible witnesses] to be the President and Secretary, respectively, of One Liberty Properties, Inc., a Maryland corporation, and to be the persons whose signatures appear on the foregoing Mortgage and Security Agreement, as such officers and acknowledged that they executed such instrument, as their own free act and deed, and as the free act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal this 30th day of March, 1990.

Arlene Harris
Typed Name of Notary Public

Arlene Harris
Signature of Notary Public

[SEAL]

My Commission Expires:

ARLENE HARRIS
NOTARY PUBLIC, State of New York
No. 52-4611702
Qualified in Cook County
Commission Expires December 30, 1991

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Property of Cook County Clerk's Office

DEPT 41 RECORDING \$41.50
TRACED TRAN 2473 04/10/90 15 55.00
BOOK # **90-143228
COOK COUNTY RECORDER

30163228

41⁰⁰ Mail