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## MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (herein called "Mortgage") is made as of the 29th day of July, 1991, by RANDOLPH P. FRIESER and FAITH A. MULVIHILL (herein, together with its successors and assigns, jointly referred to as the "Mortgagor"), in favor of LASALLE BANK LAKE VIEW, an Illinois banking association having its principal place of business at 3201 North Ashland Avenue, Chicago, Illinois 60657 (herein, together with its successors and assigns, referred to as the "Mortgagee").

### RECITALS

A. The Mortgagor is the owner of the real estate and improvements commonly known as 1532 Wieland Street, Chicago, Illinois, and which is legally described on Exhibit A attached hereto, which Exhibit A is by this reference incorporated herein and made a part hereof. In order to provide for the Mortgagor's performance of certain covenants, the satisfaction of certain conditions and for loans and advances to be made by the Mortgagee to the Mortgagor in the initial principal amount of TWO HUNDRED EIGHTY-ONE THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$281,250.00) (herein, such amount is called the "Loan Amount"), the Mortgagor has executed and delivered to the Mortgagee a Promissory Note dated the date hereof, due and payable to the order of the Mortgagee at its principal place of business in Chicago, Illinois on or before March 1, 1992, subject to acceleration as provided in the Promissory Note, in the principal amount of TWO HUNDRED EIGHTY-ONE THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$281,250.00) (herein, such

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Handwritten: # 665394 GA 7298057 NA / Norwich

PREPARED BY AND AFTER  
RECORDING RETURN TO:

Sean P. Kennedy, Esq.  
Portes, Sharp, Herbst & Fox, Ltd.  
333 West Wacker Drive  
Suite 500  
Chicago, Illinois 60606-1218

PROPERTY STREET  
ADDRESS:

1532 Wieland Street  
Chicago, Illinois 60610

PERMANENT TAX  
IDENTIFICATION  
NUMBER(S):

COOK COUNTY, ILLINOIS  
FILED FOR RECORD

17-04-202-040-0000

1991 AUG 26 AM 11:03

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BOX 333

Promissory Note, together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof or which may evidence any of the indebtedness secured hereby, shall be referred to as the "Note"). The Note bears interest as provided therein, on the principal amount thereof from time to time unpaid. All principal and interest on the Note are payable in lawful money of the United States of America at the office of the Mortgagee in Chicago, Illinois, or at such place as the Mortgagee or legal holder thereof may from time to time appoint in writing. Mortgagor is or will become justly indebted to Mortgagee in the Loan Amount. All terms and conditions of such Note are hereby incorporated herein by this reference as if fully set forth herein.

B. Mortgagor has agreed to make this Mortgage to the Mortgagee, for the purpose of securing the following: (herein sometimes collectively referred to as the "Liabilities") (i) the payment of the principal of and interest on the Note, and any substitution, extension or renewal thereof; (ii) the performance of the covenants, obligations and agreements (and the truth of all representations and warranties) of the Mortgagor pursuant to the Note, this Mortgage and that certain Construction Loan Agreement between Mortgagor and Mortgagee dated of even date herewith ("Loan Agreement"); (iii) repayment of any advances or expenses of Mortgagee made to protect the Collateral (hereinafter defined), perform any obligation of Mortgagor hereunder or collect any amount owing to Mortgagee which is secured hereby; and (iv) the prompt payment or performance of any and all other liabilities, obligations and indebtedness, howsoever created, arising or evidenced, direct or indirect, absolute or contingent, now or hereafter existing or due or to become due, owing by the Mortgagor to the Mortgagee; provided, however, that the maximum amount included within the Liabilities on account of principal advances made by the Mortgagee to or for the account of the Mortgagor shall not exceed twice the Loan Amount, plus the total of all advances made by the Mortgagee to protect the Collateral and the security interest and lien created hereby, plus interest on all of the foregoing, and plus all costs of enforcement and collection of this Mortgage and the other Liabilities.

NOW, THEREFORE, for and in consideration of the Recitals, of any loan, advance or other financial accommodation made to or for the benefit of the Mortgagor and the mutual agreements contained herein and in the Note, to secure the payment of the indebtedness secured hereby and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor agrees as follows:

## I. GRANT OF SECURITY

Mortgagor hereby, as continuing security for payment or performance of the Liabilities, mortgages, conveys, transfers, assigns and grants to Mortgagee, its successors and assigns forever, a continuing security interest in and to the following (herein collectively referred to as the "Collateral"), in all cases whether now or hereafter existing or acquired:

1.1 Real Estate. All of the real estate which is described on Exhibit A hereto and made a part hereof, together with all and singular the tenements, rights, easements, hereditaments, rights of way, privileges, liberties, appendages and appurtenances now or hereafter belonging or in anywise appertaining to said real estate (including, without limitation, all rights relating to storm and sanitary sewer, water, gas, electric, railway and telephone services); all gas, oil, minerals, coal and other substances of any kind or character underlying such real estate; all estate, claim, demand, right, title or interest of Mortgagor in and to any street, road, highway, or alley (vacated or otherwise) adjoining said real estate or any part thereof; all strips and gores belonging, adjacent or pertaining to said real estate; and any after-acquired title to any of the foregoing (herein collectively referred to as the "Real Estate");

1.2 Improvements and Fixtures. All buildings, structures, replacements, furnishings, fixtures and fittings and other improvements and property of every kind and character, now or hereafter located or erected on the Real Estate; together with all building and construction materials, equipment, appliances, machinery, plant equipment, fitting, apparatus, fixtures and other articles of any kind or nature whatsoever, now or hereafter found in, affixed to or attached to the Real Estate (including, without limitation, all motors, boilers, engines and devices for the operation of pumps, and all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment) which are now or hereafter owned by Mortgagor (herein collectively referred to as the "Improvements");

1.3 Personal Property. All building materials, goods, construction materials, appliances (including stoves, refrigerators, water fountains and coolers, fans, heaters, incinerators, compactors, dishwashers, clothes washers and dryers, water heaters and similar equipment), supplies, blinds, window shades, carpeting, floor coverings, elevators, office equipment, growing plants, fire sprinklers and alarms, control devices, equipment, tools, furnishings and furniture, light fixtures, non-structural additions to the Real Estate, and all other tangible property of any kind or character now or

hereafter owned by Mortgagor and used or useful in connection with the Real Estate, any construction undertaken on the Real Estate or any trade, business or other activity (whether or not engaged in for profit) for which the Real Estate is used, the maintenance of the Real Estate or the convenience of any guests, licensees or invitees of Mortgagor, all regardless of whether located on the Real Estate or located elsewhere for purposes of fabrication, storage or otherwise (herein collectively referred to as the "Goods");

1.4 Intangibles. All goodwill, trademarks, trade names, option rights, purchase contracts, books and records and general intangibles of Mortgagor relating to the Real Estate and all accounts, contract rights, instruments, chattel paper and other rights of Mortgagor for payment of money for property sold or lent, for services rendered, for money lent, or for advances or deposits made and any other intangible property of Mortgagor related to the Real Estate (herein collectively referred to as the "Intangibles");

1.5 Rents. All rents, issues, profits, royalties, avails, income and other benefits derived or owned by Mortgagor directly or indirectly from the Real Estate (herein collectively referred to as the "Rents");

1.6 Leases. All rights of Mortgagor under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whereby any person has agreed to pay money or any consideration for the use, possession or occupancy of the Real Estate or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof (herein collectively referred to as the "Leases"); and

1.7 Other Property and Contract Rights. All other property or rights of Mortgagor of any kind or character related to the Real Estate; and all proceeds (including insurance proceeds) and products of any of the foregoing (all of the Real Estate and the Improvements and any other property which is real estate under applicable law are sometimes herein collectively referred to as the "Premises").

TO HAVE AND TO HOLD the Collateral unto the Mortgagee, its successors and assigns, forever, the Mortgagor hereby expressly waiving and releasing any and all right, benefit, privilege, advantage or exemption under and by virtue of any and all statutes of the State in which the Real Estate is located providing for the exemption of homesteads from sale on execution or otherwise.

The Mortgagor hereby covenants and warrants with the Mortgagee and with the purchaser at any foreclosure sale that at the execution and delivery hereof it is well seized of the Premises, and of good, indefeasible estate therein, in fee simple; that the Collateral is free from all encumbrances whatsoever (and any claim of any other person thereto) other than the encumbrances which are permitted by Mortgagee; that it has good and lawful right to sell and convey the Collateral; and that it and its successors and assigns will forever warrant and defend the Collateral against all claims and demands whatsoever, and from all persons whomsoever.

II. COVENANTS AND AGREEMENTS  
OF MORTGAGOR

And the Mortgagor further, to protect the Collateral while any of the Liabilities remain unpaid or unperformed, covenants, warrants and agrees with the Mortgagee, and its successors and assigns, as follows:

2.1 Payment of indebtedness. Mortgagor will pay when due the principal and interest evidenced by the Note, and all other indebtedness secured hereby. Mortgagor shall duly and punctually perform and observe all of the terms, provisions, covenants, conditions and agreements on Mortgagor's part to be performed or observed as provided in this Mortgage.

2.2 Payment of Taxes. Mortgagor agrees that it will pay, at least five business days before delinquent, all taxes and assessments, general or special, and any and all levies, claims, charges, expenses and liens, ordinary or extraordinary, governmental or non-governmental, statutory or otherwise, due or to become due, that may be levied, assessed, made, imposed or charged on or against the Collateral or any property used in connection therewith, and to pay before due any tax or other charge on the interest or estate in lands created or represented by this Mortgage, or by the Liabilities, whether levied against the Mortgagor or the Mortgagee or otherwise, and submit to the Mortgagee upon request all receipts showing payment of all of such taxes, assessments and charges. If the Mortgagee so requests, Mortgagor shall pay to Mortgagee monthly an amount equal to one-twelfth of the annual general real estate taxes, assessments and other governmental charges reasonably estimated by Mortgagee to be next payable on the Real Estate. Deposits with the Mortgagee hereunder shall be held as security for the Liabilities but may, if the Mortgagee elects, be released to the Mortgagor to be applied to the payment of such taxes.



2.3 Maintenance and Repair. Mortgagor agrees that it will: not abandon the Premises; not do or suffer anything to be done which would depreciate or impair the value of the Collateral or the security of this Mortgage; not remove or demolish any Improvements; pay promptly for all labor and materials for all construction, repairs and improvements to or on the Premises; not make any changes, additions or alterations to the Premises or the Improvements except as required by any applicable governmental requirement or as provided in the Loan Agreement or as otherwise approved in writing by the Mortgagee; maintain, preserve and keep the Goods and the Improvements in good, safe and insurable condition and repair and make promptly any needed and proper repairs, replacements, renewals, additions or substitutions required by wear, damage, obsolescence or destruction; promptly restore and replace any Improvements on the Premises which are destroyed or damaged; not commit, suffer, or permit waste of any part of the Premises; and maintain all grounds and abutting streets and sidewalks in good and neat order and repair.

2.4 Sales and Liens. Mortgagor agrees that it will not sell, assign, transfer or convey or permit to be transferred or conveyed the Collateral or any part thereof; not remove any Collateral from the Premises or any jurisdiction in which it is now created; and will not create, suffer or permit to be created or exist any lien, claim, security interest, encumbrance or any other right of claim of any person attaching the Collateral or any part thereof, except those of current taxes not delinquent.

2.5 Mortgagee's Right to Deal with Transferee. In the event of the voluntary sale, or transfer by operation of law, or otherwise, of all or any part of the Premises, Mortgagee is hereby authorized and empowered to deal with such vendee or transferee with reference to said Premises, or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might with the Mortgagor, without in any way releasing or discharging Mortgagor from Mortgagor's covenants and undertakings hereunder, specifically including Paragraph 2.4 hereof, and without Mortgagee waiving its rights to accelerate the Note or declare an Event of Default hereunder.

2.6 Access by Mortgagee. Upon Mortgagee's request, Mortgagor agrees that it will at all times deliver to the Mortgagee either all of its executed originals (in the case of chattel paper or instruments) or certified copies (in all other cases) of all leases, agreements creating or evidencing Intangibles, and any other document which is, or which evidences, governs, or creates, Collateral; permit access by Mortgagee to its books and records, construction progress

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reports, tenant registers, offices, insurance policies and other papers for examination and making of copies and extracts; prepare such schedules, summaries, reports and progress schedules as Mortgagee may request; and permit the Mortgagee and its agents, at all reasonable times, to enter on and inspect the Premises.

2.7 Acknowledgement of Debt. Mortgagor shall furnish from time to time within ten (10) days after Mortgagee's request, a written statement, duly acknowledged, of the amount due upon this Mortgage and stating whether any alleged offsets or defenses exist against the indebtedness secured by this Mortgage.

2.8 Stamp Taxes. Mortgagor agrees that if any state, federal or municipal government, or any of its subdivisions having jurisdiction, shall levy, assess or charge any tax, assessment or imposition upon this Mortgage or the Liabilities or the Note or the interest of Mortgagee in the Collateral or any thereof, or upon Mortgagee by reason of or as holder of any of the foregoing or shall at any time or times require revenue stamps to be affixed to the Note or this Mortgage (excepting therefrom any income tax on interest payments on the principal portion of the indebtedness secured hereby), Mortgagor shall pay all such taxes and stamps to or for Mortgagee as they become due and payable. In the event of the passage of any law or regulation permitting, authorizing or requiring any tax, assessment or imposition to be levied, assessed or charged, which law or regulation prohibits Mortgagor from paying the tax assessment, stamp, or imposition to or for Mortgagee, then such event shall constitute an Event of Default hereunder, and all sums hereby secured shall become immediately due and payable at the option of Mortgagee.

2.9 Insurance. Mortgagor agrees that it will maintain on the Goods, the buildings and other Improvements now or hereafter on the Premises and on all other Collateral continuous insurance coverage against loss or damage (whether to such Collateral, buildings or improvements or by loss of rentals, business interruption, loss of occupancy or other damage therefrom) from such hazards as may be requested by the Mortgagee from time to time, including, without limitation, fire, windstorm, tornado, hail, disaster, earthquake, vandalism, riot, malicious mischief (and including plate glass and boiler insurance and war risk insurance if then available), insurance against flood if required by the Federal Flood Disaster Protection Act of 1973, as amended, and regulations issued thereunder, and all other insurance commonly or, in the judgment of the Mortgagee, prudently maintained by those whose business, improvement to, and use of real estate is similar to that of the Mortgagor, all of such insurance to be in such

amounts (which shall provide for payment) (subject to deductibles not to exceed \$10,000 per occurrence) of at least the lesser of (i) 100% of the full replacement cost of such buildings and Improvements notwithstanding the application of any coinsurance provisions and (ii) the amount of the Liabilities then secured hereby. Mortgagor further agrees that it will maintain comprehensive public liability, dram shop (if applicable), employer's liability and workmen's compensation insurance in amounts satisfactory to the Mortgagee, all of such insurance to be maintained in such form and with such companies as shall be approved by the Mortgagee, and to deliver to and keep deposited with the Mortgagee all policies of such insurance and renewals thereof, with premiums prepaid, and with (except for liability policies) Mortgagee loss payable and non-cancellation clauses (providing for not less than 30 days' prior written notice) reasonably satisfactory to the Mortgagee attached thereto in favor of the Mortgagee, its successors and assigns. The Mortgagor agrees that any loss paid to the Mortgagee under any of such policies shall be applied, at the option of the Mortgagee, toward the payment of the Note or any of the Liabilities, or to the rebuilding or repairing of the damages or destroyed structures, buildings, or Improvements, as the Mortgagee may elect (which election shall not relieve the Mortgagor of the duty to rebuild or repair). Mortgagor hereby empowers Mortgagee, in its discretion, to settle, compromise and adjust any and all claims or rights under any insurance policy maintained by Mortgagor relating to the Collateral. In the event of foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee. Nothing contained in this Mortgage shall create any responsibility or obligation on Mortgagee to collect any amounts owing on any insurance policy or resulting from any condemnation, to rebuild any damaged or destroyed Improvements or to perform any other act hereunder. Insurance policies maintained by tenants under the Leases, if any, may, if in conformity with the requirements of this Mortgage and if approved by Mortgagee, be presented to Mortgagee in satisfaction of Mortgagor's obligation to provide the insurance coverages provided by those insurance policies.

2.10 Eminent Domain. In case the Collateral, or any part thereof, is taken by condemnation, the Mortgagee is hereby empowered to collect and receive all compensation which may be paid for any property taken or for damages to any property not taken (all of which are hereby assigned to the Mortgagee), and all condemnation money so received shall be forthwith applied by the Mortgagee, as it may elect, to the prepayment of the Note or any other Liabilities, or to the repair and restoration of any property so taken or damaged. Mortgagor hereby empowers



Mortgagee, in its discretion, to settle, compromise and adjust any and all claims or rights arising under any condemnation or eminent domain proceeding relating to the Collateral or any portion thereof.

2.11 Governmental Requirements. Mortgagor agrees that it will comply with, and cause the Collateral and the use and condition thereof to comply fully with, all statutes, ordinances, requirements, regulations, orders and decrees relating to the Mortgagor or the Collateral or the use thereof by any federal, state, county, or other governmental authority, and observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits, privileges, franchises and concessions (including without limitation those relating to land use and development, construction, access, water rights and use, noise and pollution) which are applicable to the Mortgagor or have been granted for the Collateral or the use thereof.

2.12 No Mechanics' Liens. It is further made an express condition and covenant hereof, that, until full payment of the Liabilities, (i) no act or thing shall be done or suffered, and no person shall have any right or power to do any act or thing, whereby any mechanics' lien under the laws of the jurisdiction where the Real Estate is located can arise against or attach to the Premises or any part thereof, unless such lien shall first be wholly waived as against this Mortgage, and (ii) the lien of this Mortgage shall extend to any and all improvements and fixtures, now or thereafter on the Premises, prior to any other lien thereon that may be claimed by any person, so that subsequently accruing claims for lien on the Premises shall be junior to this Mortgage. All contractors, subcontractors, and other parties dealing with the Premises, or with any parties interested therein, are hereby required to take notice of the above provisions.

2.13 Contesting Taxes and Mechanic's Liens. Contrary provisions of this Mortgage notwithstanding, Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any taxes or mechanic's or other lien filed against the Collateral ("Contest"), provided: (a) that such Contest shall have the effect of preventing the collection of the taxes so contested and the sale or forfeiture of the Collateral or any part thereof, or any interest therein; (b) that Mortgagor has notified Mortgagee in writing of the intention of Mortgagor to engage in such Contest; and (c) that Mortgagor shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, a sum of money or other security acceptable to Mortgagee which shall be sufficient in the judgment of the Mortgagee to pay in full all amounts at issue in such Contest, including all costs,

penalties and interest that may become due thereon or as a result thereof, and shall keep on deposit an amount sufficient to cover such costs and charges at all times, increasing such amount to cover additional costs, penalties and interest whenever, in the judgment of Mortgagee, such increase is advisable. If, in Mortgagee's sole discretion, Mortgagor shall fail to prosecute such contest with reasonable diligence or shall fail to maintain sufficient funds on deposit as hereinabove provided, Mortgagee may, at its option, apply the monies or liquidate the security deposited with Mortgagee, in payment of, or on account of, such taxes or lien or any portion thereof then unpaid, including the payment of all costs, penalties and interest thereon or related thereto. If the amount of money or security so deposited shall be insufficient for the payment in full of all such amounts, Mortgagor shall forthwith upon demand either (a) deposit with Mortgagee a sum which, when added to the funds then on deposit shall be sufficient to make such payment in full or (b) if Mortgagee shall have applied funds on deposit on account of such taxes or mechanics's liens, restore said deposit to an amount satisfactory to Mortgagee. Mortgagee may (but shall not be obligated to) apply the money so deposited in full payment of such taxes or lien or that part thereof then unpaid, together with all costs, penalties and interest thereon if so requested in writing by Mortgagee.

2.14 Effect of Extensions of Time and Amendments on Junior Liens. IF the payment of the indebtedness secured hereby, or any part thereof, be extended or varied, or if any part of the security therefor be released, all persons now or at any time hereafter liable therefor, or interested in the Premises, shall be held to assent to such extension, variation or release, and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by Mortgagee notwithstanding any such extension, variation or release. Any person, firm or corporation taking a mortgage junior to this mortgage, or other lien upon the Premises or any interest therein, shall take the said lien subject to the rights of the Mortgagee to amend, modify and supplement this Mortgage and the Note and to extend the maturity of the indebtedness secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien. Notwithstanding the above, or any other provision of this Mortgage, no junior mortgage or lien shall be permitted on the Premises without the express prior written consent of Mortgagee.

2.15 Utilities. Mortgagor agrees that it will pay all utility charges incurred in connection with the Collateral and maintain all utility services available for us at the Premises.

2.16 Disbursement of Loan Proceeds for Construction of Improvements. The proceeds of the loan hereby secured are intended to finance construction of improvements on the Premises pursuant to and in accordance with the terms and conditions of the Loan Agreement, and Mortgagor further covenants and agrees that:

(a) The improvements to be erected, altered or remodeled on the Real Estate shall be completed in accordance with the plans and specifications previously furnished to Mortgagee, and which shall meet all local building code requirements or other applicable laws and regulations;

(b) There shall be no stoppage of construction for a period longer than thirty (30) days, except for matters beyond the reasonable control of Mortgagor;

(c) In any event, said construction shall be completed not later than March 1, 1992;

(d) Upon default in any of the covenants in (a), (b) or (c), the Mortgagee may (but need not);

(i) Declare the entire principal indebtedness evidenced by the Note and interest thereon due and payable in full; or

(ii) Complete the construction, alteration or remodeling of said improvements and enter into the necessary contracts therefor. All moneys so expended shall be so much additional indebtedness secured by this Mortgage, and any moneys expended in excess of the Note shall be payable on demand, with interest at the rate in the Note.

The Mortgagee may exercise either or both of said remedies;

(e) The construction of said improvements is and will be in compliance with all governmental regulations and restrictions and with all zoning and building laws and ordinances of the municipality in which the Real Estate is located and with all building restrictions of record, and Mortgagor will furnish satisfactory evidence of such compliance to Mortgagee; and

(f) The proceeds of the loan secured hereby are to be disbursed by Mortgagee to Mortgagor in accordance with the provisions contained in the Loan Agreement, the terms and provisions of which are, by this reference, incorporated herein. All advances and indebtedness arising and accruing under the Loan Agreement from time to time, whether or not the

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total amount thereof may exceed the face amount of the Note, shall be secured hereby to the same extent as though said Loan Agreement were fully incorporated in this Mortgage. The occurrence of any event of default under the Loan Agreement shall constitute a default under this Mortgage entitling Mortgagee to all of the rights and remedies conferred upon the Mortgagee by the terms of this Mortgage (including those set forth in subparagraph (d) of this paragraph 2.16) or by law, as in the case of any other default.

2.17 Future Leases. Mortgagor agrees that no Rents, issues, profits, Leases, or other contracts relating to the Collateral shall be assigned to any party other than the Mortgagee without first obtaining the written consent of the Mortgagee to any such assignment. Mortgagor shall not lease, and shall not permit the leasing, within the meaning of that word in the law of landlord and tenant, of all or any portion of the Collateral, except for leases approved by the Mortgagee. Each such lease shall contain, at Mortgagee's election, either (i) a provision to the effect that the tenant shall, at the request of Mortgagee, deliver to Mortgagee an instrument, in form and substance satisfactory to the Mortgagee, in which the tenant agrees that no action taken by Mortgagee to enforce this mortgage by foreclosure, or by accepting a deed in lieu of foreclosure, or by resorting to any other remedies available to Mortgagee, shall terminate the lease or invalidate any of the terms thereof and that tenant will attorn to Mortgagee, the purchaser at a foreclosure sale, or to a grantee in a voluntary conveyance, and recognize such entity as landlord for the balance of the term of the lease, providing that Mortgagee will agree with the tenant that, as long as the tenant is not in default under the terms of its lease, the tenant's possession will not be disturbed by the Mortgagee or (ii) a subordination clause providing that the lease and the interest of the lessee in the demised real estate are in all respects subject and subordinate to this Mortgage.

2.18 Restrictions on Transfer. Mortgagor shall not, without the prior written consent of Mortgagee create, effect, contract for, consent to, suffer or permit any "Prohibited Transfer" (as defined herein). Any conveyance, sale, lease with option to purchase, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing) of any of the following properties, rights or interests which occurs, is granted, accomplished, attempted or effectuated without the prior written consent of Mortgagee shall constitute a "Prohibited Transfer":

(a) the Real Estate or any part thereof or interest therein, excepting only sales or other dispositions of

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Collateral (herein called "Obsolete Collateral") no longer useful in connection with the operation of the Real Estate, provided that prior to the sale or other disposition thereof, such Obsolete Collateral has been replaced by Collateral of at least equal value and utility which is subject to the lien hereof with the same priority as with respect to the Obsolete Collateral;

(b) any shares of capital stock of a corporation which is the owner of all or any portion of the beneficial interest, in or of Mortgagor, a corporation which is a general partner in a partnership which is the owner of all or any portion of the beneficial interests in or of Mortgagor, or a corporation which is the owner of substantially all of the capital stock of any corporation described in this subparagraph (other than the shares of capital stock of a corporate trustee or a corporation whose stock is on the National Association of Securities Dealer's Automated Quotation System);

(c) all or any part of the partnership or joint venture interest of Mortgagor; or

(d) a sale or transfer of all or any portion of the beneficial interest in or of Mortgagor;

in each case whether any such conveyance, sale, lease with option to purchase, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation is effected directly, indirectly, voluntarily or involuntarily, by Mortgagor or any third party, by operation of law or otherwise; provided, however, that the foregoing provisions of this Paragraph 2.18 shall not apply (i) to liens securing the indebtedness hereby secured or (ii) to the lien of current taxes and assessments not in default.

2.19 Mortgagee's Performance. Mortgagor agrees that if it shall fail to pay or perform any of its obligations herein contained (including payment of expenses of foreclosure and court costs) Mortgagee may, but need not, make any payment or perform (or cause to be performed) any obligation of Mortgagor hereunder, in any form and manner deemed reasonably expedient by Mortgagee as agent or attorney-in-fact of the Mortgagor, and any amount so paid or expended (plus reasonable compensation to the Mortgagee for its out-of-pocket and other expenses for each matter for which it acts under this Mortgage), with interest thereon at the rate as provided in the Note shall be added to the principal debt hereby secured and shall be repaid to the Mortgagee upon demand. By way of illustration and not in limitation of the foregoing, Mortgagee may, but need not, make payments of principal or interest or otherwise on any lien or charge; complete construction; make repairs; collect rents;

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prosecute collection of Collateral or proceeds; purchase, discharge, compromise or settle any tax lien or any other lien, encumbrance, suit, proceeding, title or claim thereof; and redeem from any tax sale or forfeiture affecting the premises or contest any tax or assessment. In making any payment or securing any performance relating to any obligation of Mortgagor hereunder, Mortgagee, so long as it acts in good faith, shall be the sole judge of the legality, validity and amount of any lien or encumbrance and of all other matters necessary to be determined in satisfaction thereof. No such action of the Mortgagee shall ever be considered as a waiver of any right accruing to it on account of the occurrence of any Event of Default (hereinafter defined) or any default on the part of Mortgagor under the Note or this Mortgage.

2.20 Subrogation. To the extent that Mortgagee, after the date hereof, pays any sum due under any provision of law or instrument or documents creating any lien prior or superior to the lien of this Mortgage, Mortgagee shall have and be entitled to a lien on the Collateral equal in parity to that discharged, and Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit the Mortgagee in securing the liabilities. Mortgagee shall be subrogated, notwithstanding their release of record, to mortgages, trust deeds, superior titles, vendor's liens, liens, charges, encumbrances, rights and equities on the Premises to the extent that any obligation under any thereof is paid or discharged with proceeds of disbursements or advances under the Note or other indebtedness secured hereby.

2.21 Environmental Matters. Mortgagor represents, warrants, covenants and agrees unto the Mortgagee as follows:

(a) Mortgagor will not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Premises, or transport to or from the Premises any Hazardous Substance (as defined herein) or allow any other person or entity to do so;

(b) Mortgagor shall keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of any Environmental Law (as defined herein) or allow any other person or entity to do so;

(c) Mortgagor shall give prompt written notice to the Mortgagee of:

(i) any proceeding or inquiry by any governmental authority whether Federal, state or local, with respect to the presence of any Hazardous

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Substance on the Premises or the migration thereof from or to other property;

(ii) all claims made or threatened by any third party against the Mortgagor or the Premises relating to any loss or injury resulting from any Hazardous Substance; and

(iii) Mortgagor's discovery of any occurrence or condition of any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law;

(d) Mortgagee shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Environmental Law and the Mortgagor hereby agrees to pay any attorneys' fees thereby incurred by the Mortgagee in connection therewith;

(e) Mortgagor shall indemnify, defend and hold harmless the Mortgagee, its directors, officers, employees, agents, contractors, attorneys, other representatives, successors and assigns from and against any and all loss, damage, cost, expense or liability, including, by way of illustration and not limitation, reasonable attorneys' fees and court costs, directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under or about the Premises including without limitation (i) all foreseeable consequential damages; and (ii) the costs of any required or necessary repair, remediation, cleanup or detoxification of the Premises, and the preparation and implementation of any closure, remedial or other required plans. This indemnity and covenant shall survive the reconveyance of the lien of this Mortgage, or the extinguishment of such lien by foreclosure or action in lieu thereof;

(f) Mortgagor shall submit to Mortgagee a copy of all reports, testing results, or other notifications received or prepared by Mortgagor or which Mortgagor becomes aware relating to the Premises and Hazardous Substances whether or not prepared pursuant to the Environmental Laws;

(g) For purposes of this section, the following terms shall have the meanings as set forth below:

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(1) "Environmental Laws" shall mean any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Premises, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. Sections 9601 et seq.; the Resource Conservation and Recovery Act of 1976 ("RCRA") as amended, 42 U.S.C. Sections 6901 et seq.; Illinois Environmental Protection Act, Ill. Rev. Stat. ch. 111½, §§1001 et seq. and the Illinois Responsible Property Transfer Act, as amended, Ill. Rev. Stat. ch. 30, §§900 et seq.

(2) The term "Hazardous Substance" shall include without limitation:

(i) Those substances included within the definitions of any one or more of the terms "hazardous substances," "hazardous materials," "toxic substances," and "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act as amended, 49 U.S.C. Sections 1801 et seq., and in the regulations promulgated pursuant to said laws or under applicable state law;

(ii) Those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);

(iii) Such other substances, materials and wastes which are or become regulated under applicable local, state or federal laws, or which are classified as hazardous or toxic under federal, state, or local laws or regulations; and

(iv) Any material, waste or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls, (D) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §§ 1251 et seq. (33 U.S.C. § 1321), or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. § 1317); (E) flammable explosives; or (F) radioactive materials.

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2.22 Continuing Priority. Mortgagor agrees that it will: (i) pay such fees, taxes and charges, (ii) execute and file at Mortgagor's expense, such financing statements, (iii) obtain such acknowledgements or consents, (iv) notify such obligors or providers of services and materials and (v) do all such other acts and things as the Mortgagee may from time to time request, to establish and maintain a valid and perfected lien on and security interest in the Collateral and to provide for direct payment to the Mortgagee of all cash proceeds thereof. The Mortgagor further agrees to grant Mortgagee possession of the Collateral to the extent it requests, keep all tangible Collateral on the Real Estate, except as the Mortgagee may otherwise consent in writing, and make notations on its books and records sufficient to enable the Mortgagee, as well as third parties, to determine the interest of the Mortgagee hereunder.

### III. DEFAULT AND REMEDIES

3.1 Acceleration. It is hereby further agreed that in the event of a default in the payment of any principal or interest on the Note, or in the event of any other default or failure of the Mortgagor in the performance of any of its obligations hereunder or under the Note or the Loan Agreement, (each of which is herein called an "Event of Default"), then and in any such case, the entire indebtedness evidenced by the Note and all other Liabilities, together with interest thereon at the rate applicable after maturity as provided in the Note, shall, at the option of the Mortgagee, without demand or notice of any kind to Mortgagor, become and be immediately due and payable.

3.2 Remedies Cumulative. No remedy or right of Mortgagee hereunder, or under the Note or Loan Agreement, or otherwise, available under applicable law, shall be exclusive of any other right or remedy, but each such remedy or right shall be in addition to every other remedy or right now or hereafter existing at law or in equity under any such document or under applicable law. No delay in the exercise of, or omission by Mortgagee to exercise, any remedy or right accruing hereunder, shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein. The Mortgagee is also hereby granted full and complete authority to enter into and upon and take possession of the Premises or any part thereof, to complete any construction in progress thereon at the expense of the Mortgagor, to lease the same, to collect and receive all Rents and to apply the same, less the necessary or appropriate expenses of collection thereof, either for the care, operation, and preservation of the Premises, or, at the election of the Mortgagee in its sole discretion, to a reduction of such of the Liabilities in such order as the

Mortgagee may elect, to enter upon the Premises, employ watchmen to protect the goods and Improvements from depredation or injury and to preserve and protect the Collateral, and to continue any and all outstanding contracts for the erection and completion of improvements to the Premises, to make and enter into any contracts and obligations wherever necessary in its own name, and to pay and discharge all debts, obligations and liabilities incurred thereby, all at the expense of the Mortgagor. All such expenditures by Mortgagee shall be Liabilities hereunder. Upon any such default or Event of Default, the Mortgagee may also make disbursements of the undischursed balance of the Note to complete buildings and improvements.

3.3 Foreclosure. Upon the occurrence of any event of Default, the Mortgagee shall also have the right immediately to foreclose this Mortgage. Upon the filing of any complaint for that purpose, the court in which such complaint is filed may, upon application of the Mortgagee or at any time thereafter, either before or after foreclosure sale, and without notice to the Mortgagor or to any party claiming under said Mortgage, without regard to the solvency or insolvency at the time of such application of any person then liable for the payment of Premises or whether the same shall then be occupied, in whole or in part, as a homestead, by the owner of the equity of redemption, and without regarding any bond from the complainant in such proceedings, appoint a receiver for the benefit of the Mortgagee, with power to take possession, charge, and control of the Premises, to lease the same, to keep the buildings thereon insured and in good repair, and to collect all Rents during the pendency of such foreclosure suit, and, in case of foreclosure sale, during any period of redemption. The court may, from time to time, authorize said receiver to apply the net amounts remaining in his hands, after deducting reasonable compensation for the receiver and his counsel to be allowed by the court, in payment (in whole or in part) of any or all of the Liabilities, including without limitation the following, in such order of application as the Mortgagee may elect: (1) amounts due upon the Note, (2) amounts due upon any decree entered in any suit foreclosing this Mortgage, (3) costs and expenses of foreclosure and litigation upon the Premises, (4) insurance premiums, repairs, taxes, special assessments, water charges, and interest, penalties and costs, in connection with the Premises, any other lien or charge upon the Premises that may be or become superior to the lien of this Mortgage, or of any decree foreclosing the same, and (5) all the moneys advanced by the Mortgagee to cure or attempt to cure any default by Mortgagor in the performance of any obligation or condition contained in this Mortgage or otherwise, to protect the security hereof, with interest on such advances at the interest rate applicable after maturity under the Note. The



excess sale proceeds, if any, shall then be paid to the Mortgagor, upon reasonable request. This Mortgage may be foreclosed once against all or successively against any portion or portions of the Premises, as the Mortgagee may elect. This Mortgage and the right of foreclosure hereunder shall not be impaired or exhausted by partial foreclosure or by any partial sale, and may be foreclosed successively and in parts, until all of the Premises have been foreclosed against and sold. In case of any foreclosure (or commencement of or preparation for) of the Mortgage in any court, all expenses of every kind paid or incurred by the Mortgagee for the enforcement, protection, or collection of this security, including reasonable costs, attorneys' fees, stenographers' fees, costs of advertising, cost of documentary stamps, evidence of title (including title insurance) charges and costs, shall be paid by the Mortgagor.

3.4 Remedies for Leases and Rents. If any Event of Default shall occur, then, whether before or after institution of legal proceedings to foreclose the lien of this Mortgage or before or after the sale hereunder, the Mortgagee shall be entitled, in its sole discretion, to do any of the following: (i) enter and take actual possession of the Premises, the Rents, the Leases and other Collateral relating thereto or any part thereof personally, or by its agents or attorneys and exclude the Mortgagor therefrom; (ii) with or without process of law, enter upon and take and maintain possession of all of the documents, books, records, papers and accounts of the Mortgagor relating thereto; (iii) as attorney-in-fact or agent of the Mortgagor, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the Premises, the Rents, the Leases and other Collateral relating thereto and conduct the business, if any, thereof either personally or by its agents, contractors or nominees, with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment of the Rents, the Leases and other Collateral relating thereto (including actions for the recovery of rent, actions in forcible detainer and actions in distress of rent); (iv) cancel or terminate any Lease or sublease for any cause or on any ground which would entitle the Mortgagor to cancel the same; (v) elect to disaffirm any Lease or sublease made subsequent hereto or subordinated to the lien hereof; (vi) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements to the Premises that, in its discretion, may seem appropriate; (vii) insure and reinsure the Collateral for all risks incidental to the Mortgagee's possession, operation and management thereof; and (viii) receive all such Rents and proceeds, and perform such other acts in connection with the management and operation of the Collateral as Mortgagee in its

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discretion may deem proper, the Mortgagor hereby granting full power and authority to exercise each and every of the rights, privileges and powers contained herein at any and all times after any Event of Default without notice to the Mortgagor. The Mortgagee, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the Rents to the payment of or on account of the following, in such order as it may determine: (a) to the payment of the operating expenses of the Premises, including the cost of management and leasing thereof (which shall include reasonable compensation to the Mortgagee and its agent or contractors, if management be delegated to agents or contractors, and it shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into Leases), established claims for damages, if any, and premiums on insurance hereinabove authorized; (b) to the payment of taxes, charges and special assessments, the costs of all repairs, decorating, renewals, replacements, alterations, additions or betterments, and improvements of the Collateral, including the cost from time to time of installing, replacing or repairing the Collateral, and of placing the Collateral in such condition as will, in the sole judgment of the Mortgagee, make it readily rentable; and (c) to the payment of any liabilities.

3.5 Personal Property. Whenever an Event of Default or an event which, with notice or lapse of time or both, might become an Event of Default shall be existing, the Mortgagee may exercise from time to time any rights and remedies available to it under applicable law upon default in payment of indebtedness. The Mortgagor shall, promptly upon request by the Mortgagee, assemble the Collateral and make it available to the Mortgagee at such place or places, reasonably convenient for both the Mortgagee and the Mortgagor, as the Mortgagee shall designate. Any notification required by law of intended disposition by the Mortgagor of any of the Collateral shall be deemed reasonably and properly given, if given at least ten (10) days before such disposition. Without limiting the foregoing, whenever an Event of Default or event which, with notice of lapse of time or both, might become an Event of Default is existing the Mortgagee may, with respect to so much of the Collateral as is personal property under applicable law, to the fullest extent permitted by applicable law, without further notice, advertisement, hearing or process of law of any kind, (a) notify any person obligated on the Collateral to perform directly for the Mortgagee its obligations thereunder, (b) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto,

(c) endorse any checks, drafts or other writings in the name of the Mortgagor to allow attorneys' fees and legal expenses, and any balance of such proceeds shall be applied by the Mortgagee toward the payment of such of the Liabilities and in such order of application as the Mortgagee may from time to time elect.

The Mortgagee may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code or other applicable law as in affect from time to time or otherwise available to it under applicable law. The Mortgagor hereby expressly waives presentment, demand, notice of dishonor, and protest in connection with the Note, and to the fullest extent permitted by applicable law, any and all other notices, advertisements, hearings or process of law in connection with the exercise by the Mortgagee of any of its rights and remedies hereunder.

The Mortgagor hereby constitutes the Mortgagee its attorney-in-fact with full power and substitution to take possession of the Collateral upon an Event of Default and, as the Mortgagee in its sole discretion reasonably exercised deems necessary or proper, to execute and deliver all instruments required by the Mortgagee to accomplish this disposition of the Collateral. This power of attorney is a power coupled with an interest and is irrevocable while any of the Liabilities are outstanding.

3.6 No Liability on Mortgagee. Notwithstanding anything contained herein to the contrary, the Mortgagee shall not be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, whether under any of the Leases, under any contract for construction or otherwise, and the Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under any of the Collateral or under or by reason of its exercise of rights hereunder and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge. The Mortgagee shall not have responsibility for the control, care, management or repair of the Premises nor shall the Mortgagee be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss or injury or death to any tenant, licensee, employee or stranger. No liability shall be enforced or asserted against the Mortgagee in its exercise of the powers herein granted to it, and the Mortgagor expressly waives and releases any such liability. Should the Mortgagee incur any such liability, loss or damage, under any of the Leases or under or by reason hereof, or in the defense of any claims or demands, the

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Mortgagor agrees to reimburse the Mortgagee immediately upon demand for the amount thereof, including costs, expenses and a reasonable attorney's fee. Nothing herein contained or in any other document pertaining to the loan evidenced by the Note shall make, constitute or be deemed to make Mortgagee a partner, joint venturer, principal or agent of Mortgagor.

#### IV. GENERAL

4.1 Permitted Acts. Mortgagor agrees that, without affecting or diminishing in any way the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of the Liabilities or for performance of any obligation contained herein or affecting the lien hereof upon the collateral or any part thereof, Mortgagee may at any time and from time to time, without notice to or consent of any person: release any person liable for payment or for performance of any Liabilities; extend the time or agree to alter the terms of payment of such indebtedness; modify or waive any obligation of the Mortgagor hereunder; subordinate, modify or otherwise deal with the lien hereof; accept additional security of any kind; make partial release or releases of security hereunder (whether or not such releases are required by agreement among the parties) agreeable to Mortgagee, which partial release or releases shall not impair in any manner the validity or priority of this Mortgage on the Collateral remaining hereunder, nor release Mortgagor from personal liability for the indebtedness hereby secured or waive any right Mortgagee may have. Notwithstanding the existence of any other security interests in the Collateral held by Mortgagee or by any other party, Mortgagee shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided herein. Mortgagee shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Mortgagor and any party who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

4.2 Legal Expenses. Mortgagor agrees to indemnify Mortgagee from all loss, damage and expense, including reasonable attorneys' fees, incurred in connection with any suit or proceeding in or to which Mortgagee may be made a party for the purpose of protecting the lien of this Mortgage.

4.3 Defeasance. Upon full payment of all indebtedness secured hereby and satisfaction of all the Liabilities in accordance with their respective terms and at the time and in

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the manner provided, this conveyance shall be null and void, and upon demand therefor following such payment, an appropriate instrument of reconveyance or release shall in due course be made by Mortgagee to Mortgagor at Mortgagor's expense.

4.4 Notices. Each notice, demand or other communication in connection with this Mortgage shall be in writing and shall be deemed to be given to and served upon the addressee thereof (i) upon actual delivery to the addresses designated below for the parties, respectively, or (ii) three (3) business days after the deposit thereof in any main or branch United States Post Office, by registered or certified mail, first-class postage pre-paid, addressed to the parties at their addresses shown below.

MORTGAGOR:

Randolph Frieser  
1532 Wieland Street  
Chicago, Illinois 60610

MORTGAGEE:

LaSalle Bank Lake View  
3201 North Ashland Avenue  
Chicago, Illinois 60610  
Attn: David I. Dresdner

with a copy to:

Portas, Sharp, Herbst & Fox, Ltd.  
333 West Wacker Drive, Suite 500  
Chicago, Illinois 60606-1218  
Attn: Sean P. Kennedy, Esq.

By written notice complying with this section, each party may from time to time change the address to be thereafter applicable to it for the purpose of this section.

4.5 Scope of Certain Terms. All provisions hereof shall inure to and bind the respective successors, vendees and assigns of the parties hereto. The word "Mortgagor" shall include all persons claiming under or through Mortgagor and all persons liable for the payment of the indebtedness of any part thereof, whether or not such persons shall have executed the Note or this Mortgage. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

4.6 Care by Mortgagee. The Mortgagee shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as the Mortgagor requests in writing, but failure of the Mortgagee to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Mortgagee to preserve or protect any rights with respect to such Collateral against prior



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parties, or to do any act with respect to the preservation of such Collateral not so requested by the Mortgagor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

4.7 Not Obligation on Mortgagee. This Mortgage is intended only as security for the payment and performance of the Liabilities. Anything herein to the contrary notwithstanding, (i) the Mortgagor shall be and remain liable under the Collateral to perform all of the obligations assumed by it under each thereof, and (ii) the Mortgagee shall have no obligation or liability under the Collateral by reason or arising out of this Mortgage, nor shall the Mortgagee be required or obligated in any manner to perform or fulfill any of the obligations of the Mortgagor under or pursuant to any of the Collateral.

4.8 No Waiver; Writing. No delay on the part of the Mortgagee in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Mortgagee of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No amendment, waiver or supplement in any way affecting this Mortgage shall in any event be effective unless contained in a writing signed by the Mortgagee.

4.9 Governing Law. This Mortgage shall be construed in accordance with and governed by the internal laws of the State of Illinois. Whenever possible each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

4.10 Successors and Assigns. The rights and privileges of the Mortgagee hereunder shall inure to the benefit of its successors and assigns.

4.11 Waiver. Mortgagor waives, on behalf of itself and all persons now or hereafter interested in the Premises or the Collateral, to the fullest extent permitted by applicable law, all rights under all appraisal, homestead, moratorium, valuation, exemption, stay, extension and marshalling statutes, laws or equities now or hereafter existing and agrees that no defense based on any thereof will be asserted in any action enforcing this Mortgage.

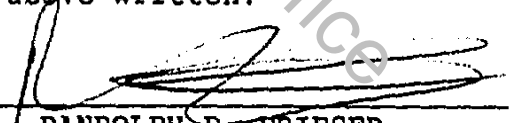
4.12 No Redemption. The Mortgagor hereby waives any and all rights of redemption under any order or decree of

foreclosure of this Mortgage or under any power contained herein and disclaims any status which it may have as an "owner of redemption" under the laws of the State of Illinois, on its own behalf and on behalf of each and every person acquiring any interest in, or title to, the Premises, and on behalf of all other persons.

4.13 Security Interest. This Mortgage is intended to be a security agreement with respect to items referred to herein which may be subject to a security interest pursuant to the Uniform Commercial Code, and Mortgagor hereby grants Mortgagee a security interest in said items. Mortgagor agrees that Mortgagee may file this Mortgage as a financing statement, or at Mortgagor's request agrees to execute such financing statements, extensions or amendments as Mortgagee may require to perfect a security interest with respect to said items. In the event of default, Mortgagee shall have, in addition to its other remedies, all rights and remedies provided for in the Uniform Commercial Code as enacted in Illinois.

4.14 Future Advances. Without limiting the generality of any other provision hereof, the Liabilities shall include: (a) all existing indebtedness of Mortgagor to Mortgagee evidenced or governed by the Note or this Mortgage; (b) all future advances that may subsequently be made by Mortgagee; and (c) all other indebtedness, if any, of Mortgagor, now due or to become due or hereafter contracted pursuant to any of the loan documents; provided that the maximum principal amount of all existing indebtedness, future advances and all other indebtedness secured hereby at any one time shall not exceed the total sum of One Million and No/100 Dollars (\$1,000,000.00), together with interest thereon, attorneys' fees and costs.

IN WITNESS WHEREOF, the Mortgagor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

  
\_\_\_\_\_  
RANDOLPH P. FRIESER

  
\_\_\_\_\_  
FAITH A. MULVIHILL

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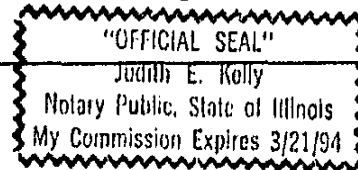
State of Illinois )  
County of Cook ) SS:

I, Judith E. Kelly, a Notary Public, in and for the County and State aforesaid do hereby certify that RANDOLPH P. FRIESER, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes herein set forth.

Given under my hand and notarial seal this 20th of August, 1991.

Judith E. Kelly  
Notary Public

My Commission Expires:



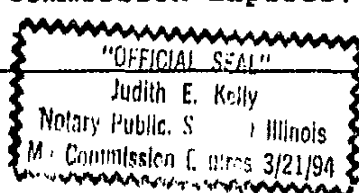
State of Illinois )  
County of Cook ) SS:

I, Judith E. Kelly, a Notary Public, in and for the County and State aforesaid do hereby certify that FAITH A. MULVIHILL, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes herein set forth.

Given under my hand and notarial seal this 20th of August, 1991.

Judith E. Kelly  
Notary Public

My Commission Expires:



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## EXHIBIT A LEGAL DESCRIPTION

THE EAST 1/2 OF THE NORTH 1/2 OF LOT 93 IN OGDEN'S  
SUBDIVISION OF THE WEST 1/2 OF LOTS 120 AND 125 AND ALL OF  
LOTS 123, 124, 127 TO 134 INCLUSIVE AND LOT 137 IN  
BRONSON'S ADDITION TO CHICAGO IN THE WEST 1/2 OF THE NORTH  
EAST 1/4 OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14 EAST OF  
THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office

## EXHIBIT B

### LOAN DOCUMENTS

1. Promissory Note ("Note").
2. Mortgage, Assignment of Rents and Security Agreement ("Mortgage").
3. M.A.I. Appraisal prepared in accordance with Lender's requirements, and showing a fair market value of the Premises in an amount not less than \$375,000.
4. A construction loan escrow trust agreement among the Lender, Borrower and the Title Insurance Company.
5. Construction
  - a. A sworn statement from Borrower's general contractor specifying all costs of constructing, fixturing, and equipping the project, together with waivers of lien covering all work and materials for which payments have been made by Borrower prior to Loan opening.
  - b. A statement from Borrower of the sources of all funds to pay such costs.
  - c. A detailed construction schedule showing a trade-by-trade breakdown of the estimated dates of commencement and completion of construction of the Improvements.
  - d. A copy of the construction contract between Borrower and the general contractor.
  - e. A collateral assignment of the construction contract between Borrower and the general contractor together with the consent of the general contractor.
  - \* f. A copy of contract between the Borrower and Borrower's architect or engineer ("Architect").
  - g. A collateral assignment of, together with the Architect's consent, the Architect's contract.
  - h. A collateral assignment (together with consents thereto as may be required by Lender) of, and a first priority security interest in:
    - (1) all building permits;



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- (2) Borrower's agreements, if any, with the mechanical and structural engineer(s), if any;
  - (3) all subcontracts; and
  - (4) all other rights, leases, permits, and agreements relating to construction, leasing and management of the project.
- i. Copies of all subcontracts requested by Lender.
  - j. Copies of any building permits required to satisfy local building code laws and ordinances for the construction of the Project.
  - k. Contract verification forms from the subcontractors.
  - l. Plans and Specifications (detailed including all changes).
  - m. Architect's certificate containing:
    - (1) detailed listing of the Plans and Specifications;
    - (2) a statement that the Plans and Specifications fully comply with all applicable laws and ordinances and with the requirements of all leases, if any; and
    - (3) a statement that the Plans and Specifications are complete in all respects, containing all detail requisites for a building ready for occupancy after completion of construction
  - n. Opinion satisfactory to the Lender, from either your architect or engineer or your counsel that the rehabilitation of the Premises and the operation of the improvements after completion will be in compliance with the applicable zoning and all other applicable laws, building codes, ordinances, rules, regulations, restrictions and governmental requirements.
  - o. Documents required with respect to each Loan disbursement:
    - (1) Lender's form of Contractor's Draw Request and Certification.
    - (2) Lender's form of Sworn Statement for Contractor

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and Subcontractor to Owner covering all work for which disbursement is to be made.

- (3) Contractor's and Subcontractor's Waivers of Lien.
- (4) Disclaimers from suppliers of fixtures and equipment of any purchase-money security interest.
- (5) Lender's form of Borrower's Draw Request and Certification.
- (6) Lender's form of Owner's Sworn Statement.
- (7) Lender's form of Certifications for the Architect and Lender's inspector, if any.
- (8) Copies of invoices and other documents to support the full amount of nonconstruction cost items contained in the requested disbursement.

p. Documents required with respect to final Loan disbursement:

- (1) Final lien waivers.
  - (2) Certificates from Borrower and General Contractor certifying that they have not received any notices of any claimed violations of ordinances arising from the Construction or operation of the Premises.
  - (3) Borrower shall have furnished a full and complete certified set of "as built" Plans and Specifications.
  - (4) Architect's certificate that the improvements have been completed in accordance with the Plans and Specifications and are in compliance with applicable laws and ordinances.
  - (5) Certification by Lender's inspector, if any, that the improvements have been completed satisfactorily.
6. Evidence of payment, satisfactory to Lender, of the most recent real estate tax bill.
  7. Attorney's opinion from Borrower's counsel satisfactory to Lender.

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