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This instrument was prepared by  
and return after recording to:

Mayer, Brown & Platt  
190 South LaSalle Street  
Chicago, Illinois 60603

Attention: Alan W. Van Dellen

MORTGAGE, ASSIGNMENT OF LEASES AND RENTALS DEPT-01 RECORDING \$28.00  
AND SECURITY AGREEMENT . #2763 + E \* -91-670740  
TRAN 5130 12/20/91 09:24:00  
COOK COUNTY RECORDER

THIS MORTGAGE is made this 18<sup>th</sup> day of December, 1991 between Artaius Corporation, an Illinois corporation, having its office at 1530 Artaius Parkway, Libertyville, Illinois 60048, Attention Leonard Sandberg ("Mortgagor"), and CONTINENTAL BANK N.A., a national banking association having its principal office at 231 South LaSalle Street, Chicago, Illinois 60697 ("Lender").

A. WHEREAS, Artaius Corporation ("Maker" or "Mortgagor") is indebted to Lender in the principal sum of ONE MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$1,400,000.00), which indebtedness is evidenced by Maker's Mortgage Note dated December 18, 1991 and all modifications, substitutions, extensions and renewals thereof ("Note") providing for repayment of principal and interest and providing for a final payment of all sums due thereunder on December 18, 1996.

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note, with interest thereon; the payment of all charges provided herein and all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements contained herein and in the Note, all future advances and all other indebtedness of Mortgagor to Lender whether now or hereafter existing (collectively, the "Secured Indebtedness" or "Indebtedness") and also in consideration of Ten Dollars (\$10.00), the receipt and sufficiency whereof is acknowledged, Mortgagor does hereby convey, grant, mortgage and warrant to Lender the real estate ("Real Estate") located in the County of Cook, State of Illinois and described on Exhibit A attached hereto, subject only to covenants, conditions, easements and restrictions set forth on Exhibit B, if any, ("Permitted Encumbrances"). The Real Estate has the common address of 7131 West 61st Street, Chicago, Illinois ("Property Address");

TOGETHER WITH all buildings, structures, improvements, tenements, fixtures, easements, mineral, oil and gas rights, water rights, appurtenances thereunto belonging, title or reversion in any parcels, strips, streets and alleys adjoining the Real Estate, any land or vaults lying within any street, thoroughfare, or alley adjoining the Real Estate, and any privileges, licenses, and franchises pertaining thereunto, all of the foregoing now or hereafter acquired, all leasehold estates and all rents, issues, and profits thereof, for so long and during all such times as Mortgagor, its successors and assigns may be entitled thereto (which are pledged primarily and on a parity with the Real Estate and not secondarily), and all apparatus, equipment or articles now or hereafter located thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, and any other apparatus, equipment or articles used or useful in the operation of the property including all additions, substitutions and replacements thereof. All of the foregoing are declared to be a part of the Real Estate whether physically attached or not, and it is agreed that all similar apparatus, equipment, articles and

3023873 Ver 2 12/16/91 13:22

RETURNS TO:  
J. Michael Weichman  
TICOR TITRE  
203 N. LaSalle ST.  
Chicago, Ill 60601

BOX 15

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fixtures hereafter placed on the Real Estate by Mortgagor or its successors or assigns shall be considered as constituting part of the Real Estate. (All of the foregoing, together with the Real Estate are hereinafter referred to as the "Property".)

To have and to hold the Property unto the Lender, its successors and assigns forever, for the purposes and uses set forth herein, free from all rights and benefits under any Homestead Exemption laws of the state in which the Property is located, which rights and benefits Mortgagor does hereby expressly release and waive.

Mortgagor and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Mortgagor shall promptly pay or cause to be paid when due all Secured Indebtedness.

2. Funds for Taxes and Insurance. Subject to applicable law, if requested by Lender, Mortgagor shall thereafter pay or cause to be paid to Lender on the day monthly payments of principal and interest are payable under the Note, until the Note is paid in full, the following amounts (collectively "Funds"): (i) a sum equal to all general and special real estate and property taxes and assessments (including condominium and planned unit development assessments, if any) and ground rents on the Property, if any (collectively "Impositions") next due on the Property, all as estimated by Lender, divided by the whole number of months to elapse before the month prior to the date when such Impositions will become due and payable; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subparagraph (i) will result in a sufficient reserve to pay the Impositions next becoming due one month prior to the date when such Impositions are, in fact, due and payable, plus (ii) a sum equal to an installment of the premium or premiums that will become due and payable to renew the insurance required in Paragraph 6, each installment to be in such an amount that the payment of approximately equal installments will result in the accumulation of a sufficient sum of money to pay renewal premiums for such insurance at least one (1) month prior to the expiration or renewal date or dates of the policy or policies to be renewed; if any, all as are reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof. Mortgagor shall not be obligated to make such payments of Funds to Lender to the extent that Mortgagor makes such payments to a holder of a Permitted Encumbrance if such holder is an institutional lender.

The Funds shall be held by Lender or, at Lender's election, in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency ("depository account"). Lender shall apply the Funds to pay the Impositions, except that in the event of default, Lender may apply the Funds to the Secured Indebtedness as Lender sees fit. Lender shall not be required to pay any interest or earnings on the Funds unless otherwise required by law, in which case, all interest shall accrue in the depository account and Lender may charge for so holding and applying the Funds, analyzing the account or verifying and compiling assessments and bills. Upon Mortgagor's request, Lender shall provide to Mortgagor an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit was made. The Funds are pledged as additional security for the sums secured by this Mortgage. The Funds are for the benefit of Mortgagor and Lender only and no third party shall have any right to or interest in the Funds or the application thereof.

If the amount of Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of Impositions, shall exceed the amount required to pay said

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Impositions and insurance premiums as they fall due, such excess shall be retained by Lender or in the depository account and credited to subsequent monthly installments of funds. If the amount of the Funds held by Lender shall not be sufficient to pay the Impositions and insurance premiums as they fall due, Mortgagor shall immediately pay or cause to be paid to Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.

Upon payment in full of all Secured Indebtedness, Lender shall promptly refund to Mortgagor, or to any person to whom Mortgagor directs, any Funds held by Lender. If, under Paragraph 19, the Property is sold or is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the Secured Indebtedness.

3. Application of Payments. Unless prohibited by applicable law, all payments received by Lender under this Mortgage, the Loan Agreement, the Note and all other documents given to Lender to further evidence, secure or guarantee the Secured Indebtedness (collectively, the "Loan Documents") shall be applied by Lender first to payments required from Mortgagor to Lender under Paragraph 2, then to any sums advanced by Lender pursuant to Paragraph 8 to protect the security of this Mortgage, then to interest payable on the Note, and then to Note principal (and if principal is due in installments, application shall be to such installments in the inverse order of their maturity).

Any applications to principal of proceeds from insurance policies, as provided in Paragraph 6, or of condemnation awards, as provided in Paragraph 10, shall not extend or postpone the due date of any monthly installments of principal or interest, or change the amount of such installments or of the other charges or payments provided in the Note or other Loan Documents.

4. Prior Encumbrances; Liens. Mortgagor shall perform all of Mortgagor's obligations under any mortgage, deed of trust or other security agreement (collectively "Prior Encumbrances") creating a lien having priority over this Mortgage, including Mortgagor's covenants to make payments when due. Any act or omission of Mortgagor which, with the giving of notice or the passage of time would constitute a default or event of default under any Prior Encumbrance or under any ground lease shall be a default under this Mortgage. Mortgagor shall promptly deliver to Lender all notices given or received of any defaults or events of default under any Prior Encumbrance or any ground lease. Nothing in this Paragraph shall be deemed to permit a Prohibited Transfer as defined in Paragraph 17 hereof.

Mortgagor shall keep the Property free from mechanics' or other liens and encumbrances. Provided, however, that Mortgagor shall not be in default hereunder solely by reason of a mechanics' lien or other encumbrance being placed upon the Property if: (i) Mortgagor is diligently contesting such lien or encumbrance, and (ii) Mortgagor has deposited with the Lender in an interest bearing account (the "Lien Fund"), with interest to be paid to the Mortgagor, an amount equal to 150% of the amount of the lien or other encumbrance on the Property, unless such lien or encumbrance is less than \$500.00.

5. Taxes and Assessments; Rents. Mortgagor shall pay or cause to be paid when due all Impositions and water, sewer and other charges, fines and Impositions attributable to the Property and leasehold payments, if any, and all other sums due under any ground lease attributable to the Property. Mortgagor shall provide evidence satisfactory to Lender of compliance with these requirements promptly after the respective due dates for payment. Mortgagor shall pay, in full, but under protest in the manner

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provided by Statute, any tax or assessment Mortgagor desires to contest. Notwithstanding anything in this paragraph to the contrary, the Lender will pay any taxes and insurance on the Property out of the funds if Lender elects to require Mortgagor to escrow the Funds.

6. Insurance. Mortgagor, at its sole cost and expense, shall insure and keep insured the Property against such perils and hazards, and in such amounts and with such limits, as Lender may from time to time require, and, in any event, including:

(a) Insurance against loss to the Property on an all "All Risk" policy form, covering insurance risks no less broad than those covered under a Standard Multi Peril (SMP) policy form, which contains a 1987 Commercial ISO "Cause of Loss - Special Form", and such other risks as Lender may reasonably require in amounts equal to the full replacement cost of the Premises (other than the Real Estate), including fixtures and equipment (other than any fixtures or equipment owned by any tenant of Mortgagor), mortgagor's interest in leasehold improvements, and the cost of debris removal, with 100% co-insurance with an agreed amount endorsement, and deductibles of not more than \$100,000.00;

(b) Rent and rental value/extra expense insurance (if the Property is tenant occupied) in amounts sufficient to pay during any period in which the Property may be damaged or destroyed, on a gross rents basis for a period of twelve (12) months or such greater time as Lender may deem appropriate: (i) all rents derived from the Property and (ii) all amounts (including, but not limited to, all Impositions, utility charges and insurance premiums) required to be paid by Mortgagor or by tenants of the Property;

(c) Business interruption/extra expense insurance (if the Property is owner occupied) in amounts sufficient to pay during any period in which the Property may be damaged or destroyed, on a gross income basis for a period of twelve (12) months or such greater time as Lender may deem appropriate (i) all business income derived from the Property and (ii) all amounts (including, but not limited to, all Impositions, utility charges and insurance premiums) required to be paid by Mortgagor;

(d) Broad form boiler and machinery insurance including business interruption/extra expense and rent and rental value insurance, on all equipment and objects customarily covered by such insurant and/or involved in the heating, cooling, electrical and mechanical systems of the Property (if any are located at the Property), providing for full repair and replacement cost coverage, and other insurance of the types and in amounts as Lender may reasonably require, but in no event less than that customarily carried by persons owning or operating like properties;

(e) During the making of any alterations or improvements to the Property (i) insurance covering claims based on the owner's or employer's contingent liability not covered by the insurance provided in subsection (h) below and (ii) workers' compensation insurance covering all persons engaged in such alterations or improvements;

(f) Insurance against loss or damage by flood or mud slide in compliance with the Flood Disaster Protection Act of 1973, as amended from time to time, if the Property are now, or at any time while the Secured Indebtedness remains outstanding shall be, situated in any area which an appropriate governmental authority designates as a special flood hazard area, Zone A or Zone V, in amounts equal to the

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full replacement value of all above grade structures on the Property;

(g) Commercial general public liability insurance, with the location of the Property designated thereon, against death, bodily injury and property damage arising in connection with the Property with Mortgagor listed as the name insured with such limits as Lender may reasonably require, but in no event less than \$1,000,000, and written on a 1986 Standard ISO occurrence basis form or equivalent form, and excess umbrella liability insurance with such limits as the Lender may reasonably require, but in no event less than \$2,000,000; and

(h) Such other insurance relating to the Property and the use and operation thereof, as Lender may, from time to time, reasonably require, including, but not limited to, dramshop, products liability and worker's compensation insurance.

All insurance shall: (i) be carried in companies with a Best's rating of A or better, or otherwise acceptable to Lender; (ii) in form and content acceptable to Lender; (iii) provide thirty (30) days' advance written notice to Lender before any cancellation, material modification or notice of non-renewal; and (iv) provide that no claims shall be paid thereunder without ten (10) days' advance written notice to Lender.

All physical damage policies and renewals shall contain a standard mortgage clause naming the Lender as mortgagee, which clause shall expressly state that any breach of any condition or warranty by Mortgagor shall not prejudice the rights of Lender under such insurance; and a loss payable clause in favor of the Lender for personal property, contents, inventory, equipment, loss of rents and business interruption. All liability policies and renewals shall name the Lender as an additional insured. No additional parties shall appear in the mortgage or loss payable clause without Lender's prior written consent. All deductibles shall be in amounts acceptable to Lender. In the event of the foreclosure of this Mortgage or any other transfer of title to the Property in full or partial satisfaction of the Secured Indebtedness, all right, title and interest of Mortgagor in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee.

Any notice pertaining to insurance and required pursuant to this Section 6 shall be given in the manner provided in Section 15 below at Lender's address stated above (Attention: Delbert W. Jones). The insurance shall be evidenced by the original policy or a true and certified copy of the original policy, or in the case of liability insurance, by certificates evidencing the same), marked "paid," to Lender at least thirty (30) days before the expiration of existing policies and in any event, Mortgagor shall deliver originals of such policies or certificates to Lender at least fifteen (15) days before the expiration of existing policies. If Lender has not received satisfactory evidence of such renewal or substitute insurance in the time frame herein specified, Lender shall have the right, but not the obligation, to purchase such insurance for Lender's interest only. Any amounts so disbursed by Lender pursuant to this Section shall be a part of the Secured rate provided in the Note. Nothing contained in this Section shall require Lender to incur any expense or take any action hereunder; and inaction by Lender shall never be considered a waiver of any right accruing to Lender on account of this Section.

Mortgagor shall not carry any separate insurance on the Property concurrent in kind or form with any insurance required hereunder or contributing in the event of loss without, Lender's prior written consent, and any such policy shall have attached

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standard non-contributing mortgagee clause, with loss payable to Lender, and shall meet all other requirements set forth herein.

Mortgagor shall give immediate notice of any loss to Lender. In case of loss covered by any of such policies, Lender is authorized to adjust, collect and compromise in its discretion, all claims thereunder and in such case, Mortgagor covenants to sign upon demand, or Lender may sign or endorse on Mortgagor's behalf, all necessary proofs of loss, receipts, releases, and other papers required by the insurance companies to be signed by Mortgagor. Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence. Lender may deduct from such insurance proceeds any expenses incurred by Lender in the collection and settlement thereof, including, but not limited to, attorneys' and adjusters' fees and charges. The terms of this paragraph shall be inapplicable to claims of less than \$25,000.00.

If all or any part of the Property shall be damaged or destroyed by fire or other casualty or shall be damaged or taken through the exercise of the power of eminent domain or other cause described in Paragraph 6, Mortgagor shall promptly and with all due diligence restore and repair the Property whether or not the net insurance proceeds, award or other compensation (collectively, the "Proceeds") are sufficient to pay the cost of such restoration or repair. Lender may require that all plans and specifications for such restoration or repair be submitted to and approved by Lender in writing prior to commencement of the work. At Lender's election, to be exercised by written notice to Mortgagor within thirty (30) days following Lender's unrestricted receipt in cash or the equivalent thereof of the Proceeds, the entire amount of the Proceeds, shall either: (i) be applied to the Secured Indebtedness in such order and manner as Lender may elect or (ii) be made available to Mortgagor on the terms and conditions set forth in this Paragraph 6 to finance the cost of restoration or repair with any excess to be applied to the Secured Indebtedness in the inverse order of maturity. Lender may apply the Proceeds to such prepayment premiums or fees. If the amount of the Proceeds to be made available to Mortgagor pursuant to this Paragraph 6 is less than the cost of the restoration or repair as estimated by Lender at any time prior to completion thereof, Mortgagor shall cause to be deposited with Lender the amount of such deficiency within thirty (30) days of Lender's written request therefor (but in no event later than the commencement of the work) and Mortgagor's deposited funds shall be disbursed prior to the Proceeds. If Mortgagor is required to deposit funds under this Paragraph 6, the deposit of such funds shall be a condition precedent to Lender's obligation to disburse the Proceeds held by Lender hereunder. The amount of the Proceeds, which is to be made available to Mortgagor, together with any deposits made by Mortgagor hereunder, shall be held by Lender to be disbursed from time to time to pay the cost of repair or restoration either, at Lender's option, to Mortgagor or directly to contractors, subcontractors, material suppliers and other persons entitled to payment in accordance with and subject to such conditions to disbursement as Lender may impose to assure that the work is fully completed in a good and workmanlike manner and paid for and that no liens or claims arise by reason thereof. Lender may require (i) evidence of the estimated cost of completion of such restoration or repair satisfactory to Lender and (ii) such architect's certificates, waivers of Lien, contractor's sworn statements, title insurance endorsements, plats of survey, and other evidence of cost, payment and performance acceptable to Lender. If Lender requires mechanics' and materialmen's lien waivers in advance of making disbursements, such waivers shall be deposited with an escrow trustee acceptable to Lender pursuant to a construction loan escrow agreement satisfactory to Lender. No payment made prior to final completion of the repair or restoration shall exceed ninety percent (90%) of the value of the work performed from time to time. Lender may commingle any such funds

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held by it with its other general funds. Lender shall not be obligated to pay interest in respect of any such funds held by it nor shall Mortgagor be entitled to a credit against any of the Secured Indebtedness except and to the extent the funds are applied thereto pursuant to this Paragraph 6. Without limitation of the foregoing, Lender shall have the right at all times to apply such funds to the cure of any Event of Default or the performance of any obligations of Mortgagor under the Loan Documents.

7. Use, Preservation and Maintenance of Property Mortgagor shall keep the Property in good condition and repair and shall not commit waste or permit impairment or deterioration of the Property. Mortgagor shall not allow store, treat or dispose of Hazardous Material as defined in Paragraph 27, nor permit the same to exist or be stored, treated or disposed of, from or upon the Property. Mortgagor shall promptly restore or rebuild any buildings or improvements now or hereafter on the Property which may become damaged or destroyed. Mortgagor shall comply with all requirements of law or municipal ordinances with respect to the use, operation, and maintenance of the Property, including all environmental, health and safety laws and regulations, and shall make no material alterations in the Property except as required by law, without the prior written consent of Lender. Mortgagor shall not grant or permit any easements, licenses, covenants or declarations of use against the Property.

8. Protection of Lender's Security. If Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage, the Note or the other Loan Documents, or if any action or proceeding is threatened or commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Mortgagor, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as it deems expedient or necessary to protect Lender's interest, including (i) making repairs; (ii) discharging Prior Encumbrances in full or part; (iii) paying, settling, or discharging tax liens, mechanics' or other liens (provided, however, that the Lender will not exercise its right to pay such tax liens, mechanics' liens or other liens so long as the Mortgagor is diligently contesting such liens and Mortgagor has deposited with the Lender in the Lien Fund, an amount equal to 150% of the amount of the liens excluding any such lien which is less than \$500.00; (iv) procuring insurance; and (v) renting, operating and managing the Property and paying operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Property shall be operational and usable for its intended purposes. Lender, in making such payments of Impositions and assessments, may do so in accordance with any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy of same or into the validity thereof.

Any amounts disbursed by Lender pursuant to this Paragraph 8 shall be a part of the Secured Indebtedness and shall bear interest at the default interest rate provided in the Note (the "Default Rate"). Nothing contained in this Paragraph 8 shall require Lender to incur any expense or take any action hereunder, and inaction by Lender shall never be considered a waiver of any right accruing to Lender on account of this Paragraph 8.

9. Inspection of Property and Books and Records. Mortgagor shall permit Lender and its representatives and agents to inspect the Property from time to time during normal business hours and as frequently as Lender requests. Mortgagor shall keep and maintain full and correct books and records showing in detail the income and expenses of the Property. From time to time upon not less than five (5) days' demand, Mortgagor shall permit Lender or its agents to examine and copy such books and records and all supporting vouchers and data at its offices or at the address identified above.

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10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid directly to Lender. Mortgagor hereby grants a security interest to Lender in and to such proceeds. Lender is authorized to collect such proceeds and, at Lender's sole option and discretion, to apply said proceeds either to restoration or repair of the Property or in payment of the Secured Indebtedness. In the event the Property is restored, Lender may pay the condemnation proceeds in accordance with its customary construction loan payment procedures, and may charge its customary fee for such services. In the event the condemnation proceeds are applied to reduce the Secured Indebtedness, any such application shall constitute a prepayment, and any prepayment premium required by the Loan Documents shall then be due and payable as provided therein.

11. Mortgagor Not Released; Forbearance by Lender Not a Waiver; Remedies Cumulative. Extension or other modification granted by Lender to any successor in interest of Mortgagor of the time for payment of the amortization of the Secured Indebtedness shall not operate to release, in any manner, the liability of the Mortgagor. Any forbearance or inaction by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. Any acts performed by Lender to protect the security of this Mortgage, as authorized by Paragraph 8 or otherwise, shall not be a waiver of Lender's right to accelerate the maturity of the Indebtedness. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively. No consent or waiver by Lender to or of any breach or default by Mortgagor shall be deemed a consent or waiver to or of any other breach or default.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements contained herein shall bind, and the rights hereunder shall inure to, the respective heirs, executors, legal representatives, successors and assigns of Lender and Mortgagor.

13. Loan Charges. If the Loan secured by this Mortgage is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Maker which exceeded permitted limits will be refunded to Maker. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Maker. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Legislation Affecting Lenders' Rights. If an enactment, modification or expiration of an applicable governmental law, ruling or regulation has the effect of rendering any provision of the Note, this Mortgage or any of the other Loan Documents unenforceable according to its terms, and such unenforceability would deny the Lender of the practical realization of the benefits intended by the remedies and provisions of the Loan Documents taken as a whole, Lender, at its option, may require immediate payment in full of all sums secured by this Mortgage and may invoke any remedies permitted by paragraph 19.

15. Notice. Except for any notice required under applicable law to be given in another manner, any notices required or given under this Mortgage shall be given by hand delivery or by certified mail, return receipt requested. Notices shall be given to



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Mortgagor at the address provided below and to Lender at Lender's address stated above. Notices shall be deemed to have been given and effective on the date of delivery, if hand-delivered, or on the third business day after the date of mailing shown on the certified receipt, if mailed. Any party hereto may change the address to which notices are given by notice as provided herein.

16. Governing Law; Severability. The state and local laws applicable to this Mortgage shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage, the Note or any of the other Loan Documents conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage, the Note or any of the other Loan Documents which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage, the Note or any of the other Loan Documents are declared to be severable.

17. Prohibitions on Transfer of the Property or of an Interest in Mortgage. It shall be an immediate default if, without the prior written consent of Lender, which consent may be granted or withheld at Lender's sole discretion, Mortgagor shall create, effect or consent to or shall suffer or permit any conveyance, sale (including an installment sale), assignment, transfer, lien, pledge, hypothecate, mortgage, security interest, or other encumbrance or alienation, whether by operation of law, voluntarily or otherwise, (collectively "Transfer") of (1) the Property or any part thereof or interest therein; or (2) all or a portion of the stock of Mortgagor, that results or could result in a material change in the identity of the person(s) or entities previously in control of such corporation. In the event of such default, Lender may declare the entire unpaid balance, including interest, immediately due and payable. The foregoing provisions of this Paragraph 17 shall not, however, apply to the lien of current Impositions and assessments not yet due and payable. This option shall not be exercised by Lender if prohibited by Federal law as of the date of this Mortgage.

18. Event of Default. Each of the following shall constitute an event of default ("Event of Default") under this Mortgage:

(a) Mortgagor's failure to pay any amount due herein or secured hereby, or any installment of principal or interest when due and payable whether at maturity or by acceleration or otherwise under the Note, this Mortgage, or any other Loan Document;

(b) Mortgagor's failure to perform or observe any other covenant, agreement, representation, warranty or other provision contained in the Note, this Mortgage (other than an Event of Default described elsewhere in this Paragraph 18) or any other document or instrument evidencing, guaranteeing or securing the Secured Indebtedness, and such failure continues for a period of ten days;

(c) A Prohibited Transfer occurs;

(d) Mortgagor, or any person in control of Mortgagor, shall: (i) file a voluntary petition in bankruptcy, insolvency, debtor relief or for arrangement, reorganization or other relief under the Federal Bankruptcy Act or any similar state or federal law; (ii) consent to or suffer the appointment of or taking possession by a receiver, liquidator, or trustee, (or similar official) of the Mortgagor or for any part of the Property or any substantial part of the Mortgagor's other property; (iii) make any assignment for the benefit of Mortgagor's creditors; (iv) fail generally to pay Mortgagor's debts as they become due; (v) court having

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jurisdiction shall enter a decree or order for relief in respect of Mortgagor in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law, provided, however, that Mortgagor shall have a period of 60 days during which to vacate any such involuntary action brought against it and shall not be in default solely by reason thereof during such 60 day period;

(e) All or a substantial part of Mortgagor's assets are attached, seized, subjected to a writ or distress warrant, or are levied upon;

(f) If Mortgagor is other than a natural person or persons, (i) the dissolution or termination of existence of Mortgagor, voluntarily or involuntarily; (ii) the amendment or modification in any respect of Mortgagor's articles or agreement of partnership or its corporate resolutions or its articles of incorporation or bylaws that would affect Mortgagor's performance of its obligations under the Note, this Mortgage or the other Loan Documents; or

(g) The filing of formal charges, by any governmental or quasi-governmental entity, including, without limitation, the issuance of an indictment, under any federal or state law, including without limitation, the Racketeer Influenced and Corrupt Organizations Act of 1970, for which forfeiture of assets is a potential penalty (a "RICO Related Law") against Borrower, any of its partners, shareholders or affiliates, or Guarantors of the Loan, if any.

(h) This Mortgage shall not constitute a valid lien on and security interest in the Property (subject only to the Permitted Encumbrances), or if such lien and security interest shall not be perfected.

19. ACCELERATION; REMEDIES. AT ANY TIME AFTER AN EVENT OF DEFAULT, LENDER, AT LENDER'S OPTION, MAY DECLARE ALL SUMS SECURED BY THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS TO BE IMMEDIATELY DUE AND PAYABLE WITHOUT FURTHER DEMAND AND MAY FORECLOSE THIS MORTGAGE BY JUDICIAL PROCEEDING. LENDER SHALL BE ENTITLED TO COLLECT IN SUCH PROCEEDING ALL EXPENSES OF FORECLOSURE, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES AND COSTS INCLUDING ABSTRACTS AND TITLE REPORTS, ALL OF WHICH SHALL BECOME A PART OF THE SECURED INDEBTEDNESS AND IMMEDIATELY DUE AND PAYABLE, WITH INTEREST AT THE DEFAULT RATE. THE PROCEEDS OF ANY FORECLOSURE SALE OF THE PROPERTY SHALL BE APPLIED AS FOLLOWS: FIRST, TO ALL COSTS, EXPENSES AND FEES INCIDENT TO THE FORECLOSURE PROCEEDINGS; SECOND, AS SET FORTH IN PARAGRAPH 3 OF THIS MORTGAGE; AND THIRD, ANY BALANCE TO MORTGAGOR.

20. Assignment of Leases and Rents. All right, title, and interest of Mortgagor in and to those leases, if any, listed on Exhibit C, and all present and future leases affecting the Property, written or oral (collectively, "Leases"), and all rents, income, receipts, revenues, issues, avails and profits from or arising out of the Property (collectively "Rents") are hereby transferred and assigned to Lender as further security for the payment of the Secured Indebtedness, and Mortgagor hereby grants a security interest to Lender in and to the same. If requested by Lender, Mortgagor shall submit all future Leases affecting the Property to the Lender for its approval prior to execution, and all approved and executed Leases shall be specifically assigned to Lender by an instrument satisfactory to Lender. Each Lease shall, at the option of Lender, be paramount or subordinate to this Mortgage. Mortgagor shall furnish Lender with executed copies of each Lease and, if requested by Lender, with estoppel letters from each tenant, which estoppel letters shall be in a form satisfactory to Lender and shall be delivered not later than thirty (30) days after Lender's written demand.

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If, without Lender's prior written consent, Mortgagor: (i) as lessor, fails to perform and fulfill any term, covenant, or provision in any Lease; (ii) suffers or permits to occur any breach or default under the provisions of any separate assignment of any Lease given as additional security for the Secured Indebtedness; (iii) fails to fully protect, insure, preserve, and cause continued performance or fulfillment of the terms, covenants, or provisions, which are required to be performed by the lessee or lessor of any other Lease or Leases hereafter assigned to Lender; (iv) cancels, terminates, or materially amends or modifies any Lease; or (v) permits or approves an assignment by lessee of a Lease or a subletting of all or any part of the Property demised in the Lease such occurrence shall constitute an Event of Default hereunder.

Lender shall have the right to assign Mortgagor's right, title and interest in any Leases to any subsequent holder of this Mortgage or the Note and other Loan Documents or to any person acquiring title to all or any part of the Property through foreclosure or otherwise.

Upon an Event of Default, this Mortgage shall constitute a direction to each lessee under the Leases and each guarantor thereof, if any, to pay all Rents directly to Lender without proof of the Event of Default. Upon an Event of Default, Lender shall have the authority, as Mortgagor's attorney-in-fact (such authority being coupled with an interest and irrevocable) to sign the name of Mortgagor and to bind Mortgagor on all papers and documents relating to the operation, leasing and maintenance of the Property. While this assignment is a present assignment, Lender shall not exercise any of the rights or powers conferred upon it by this paragraph until an Event of Default shall occur under this Mortgage.

If Mortgagor, as lessor, shall neglect or refuse to perform and keep all of the covenants and agreements contained in the Lease or Leases, then Lender may perform and comply with any such Lease covenants and agreements. All related costs and expenses incurred by the Lender shall become a part of the Secured Indebtedness and shall be due and payable upon demand by Lender with interest thereon accruing thereafter at the Default Rate.

Lender, however, shall not be obligated to perform or discharge any obligation, duty or liability under any Lease. Mortgagor shall, defend, protect, indemnify and hold Lender harmless from and against any and all liability, loss or damage to Lender under the Leases or under or by reason of their assignments and of and from any and all claims and demands whatsoever which may be asserted against Lender by reason of all alleged obligations or undertakings on its part to perform or discharge any Lease terms, covenants or agreements. The amount of any such liability, loss or damage arising under the Leases or under or by reason of their assignment, or in the defense of any claims or demands, including costs, expenses and reasonable attorneys' fees, incurred by Lender shall be a part of the Secured Indebtedness due and payable upon demand with interest thereon accruing thereafter at the Default Rate.

21. Appointment of Receiver. Upon acceleration under Paragraphs 17, 19 or abandonment of the Property, and without further notice to Mortgagor, Lender shall be entitled to have a receiver appointed by a court to enter upon, take possession of and manage the Property and to collect the Rents including those past due. The receiver shall have the power to collect the Rents from the time of acceleration through the pendency of any foreclosure proceeding and during the full statutory period of redemption, if any. All Rents collected by the receiver shall be applied as the appointing court may direct and, in the absence of such direction, first to payment of the costs and expenses of the management of the Property and collection of rents, including, but not limited to,

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receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then as provided in Paragraph 3. The receiver shall be liable to account only for those Rents actually received.

22. Release. Upon payment of all Secured Indebtedness, Lender shall release this Mortgage upon payment by Mortgagor of all costs and fees to release same, if any. Mortgagor shall be responsible for recording the release, including all related costs of recordation.

23. Security Agreement. Without limiting any other provisions of this Mortgage, this Mortgage constitutes a Security Agreement under the Uniform Commercial Code of the State of Illinois (herein called the "Code") with respect to all fixtures, apparatus, equipment or articles, and all replacements and substitutions, now or hereafter located on the Property as set forth in the description of the Property above, including but not limited to the air-conditioning, heating, gas, water, power, light, refrigeration, and ventilation systems which are presently located at the Property, and with respect to all Funds and other sums which may be deposited with Lender pursuant hereto (all for the purposes of this paragraph called "Collateral"), and Mortgagor hereby grants to Lender a security interest in such Collateral. All of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Property. When the Secured Indebtedness shall become due, whether by acceleration or otherwise, Lender shall have all remedies of a secured party under the Code. Mortgagor shall execute and deliver to Lender any financing statements necessary to perfect the security interest in the Collateral created hereby. However, the Collateral described in this paragraph shall exclude property owned by any of Mortgagor's tenants.

24. Waiver of Redemption. Notwithstanding anything to the contrary herein contained, to the fullest extent permitted by the laws of the State of Illinois, Mortgagor, if a corporation or Land Trust, hereby waives any and all rights of redemption from sale under any order, judgment or decree of foreclosure, on behalf of Mortgagor, and on behalf of (i) each and every person acquiring any interest in or title to the Property subsequent to the date of this Mortgage; (ii) any trust estate of which the Property is a part and all beneficiaries of such trust estate and (iii) all other persons.

25. Principal Amount of Mortgage. At no time shall the principal amount of the indebtedness secured by this Mortgage not including sums advanced for Impositions and insurance premiums or to protect the security of this Mortgage, exceed the stated principal amount of the Note plus \$2,100,000.00.

26. Business Loan. Mortgagor hereby represents and warrants that (a) the proceeds of the Secured Indebtedness (the "Loan") will be used for the purposes specified in Section 6404(1)(a) or (c) of Chapter 17 of the Illinois Revised Statutes, as amended; (b) the Loan constitutes a "business loan" within the purview of that Section; (c) the Loan is a transaction exempt from the Truth in Lending Act, 15 U.S.C. §1601, et seq.; and (d) the proceeds of the Indebtedness will not be used for the purchase of registered equity securities within the purview of Regulation "U" issued by the Board of Governors of the Federal Reserve System.

27. Environmental Compliance. Mortgagor hereby represents, and warrants to Lender and covenants with Lender that:

(i) The Property, and the use and operation thereof, are currently in compliance and will remain in compliance with all applicable laws and regulations (including all environmental,

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health and safety laws and regulations). All required governmental permits are in effect and will remain in effect.

(ii) There are and will be no environmental, health or safety hazards that pertain to any of the Property or the business or operations conducted thereon. No storage, treatment or disposal of hazardous waste or material (collectively, "Hazardous Materials") has or will occur on the Property. (for purposes of these representations and warranties, the term "Hazardous Materials" shall include substances defined as "hazardous substances": or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9061 et seq.; Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1802; The Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; and those substances defined as "hazardous waste" in Section 1003(j) of the Illinois Environmental Protection Act, Ill. Rev. State ch. 111 1/2 Part. 1001 et seq.; and the regulations adopted and publications promulgated pursuant to said laws); The business and all operations conducted on the Property have and will lawfully dispose of their Hazardous Materials.

(iii) There are no pending or threatened: (i) actions or proceedings from any governmental agency or any other entity regarding the condition or use of the Property, or regarding any environmental, health or safety law; or (ii) "superliens" or similar governmental actions or proceedings that could impair the value of the Property, or the priority of the lien of this Mortgage or any of the other Loan Documents (collectively "Environmental Proceedings"). Mortgagor will promptly notify Lender of any notices, or other knowledge obtained by Mortgagor hereafter of any pending or threatened Environmental Proceedings, and Mortgagor will promptly cure and have dismissed with prejudice any such Environmental Proceedings to the satisfaction of Lender.

(iv) Any fees, costs and expenses imposed upon or incurred by Lender on account of any breach of this Paragraph 18 shall be immediately due and payable by Mortgagor to Lender upon demand, and shall (together with interest thereon at the Default Rate accruing from the date such fees, costs and expenses are so imposed upon or incurred by Lender) become part of the Secured Indebtedness. Mortgagor shall keep, save and protect, defend, indemnify and hold Lender harmless from and against any and all claims, loss, cost, damage, liability or expense, including reasonable attorneys' fees, sustained or incurred by Lender by reason of any Environmental Proceedings or the breach or default by Mortgagor of any representation, warranty or covenant contained in this Paragraph 27.

28. Waiver of Jury Trial. BORROWER WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THE LOAN DOCUMENTS. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY BORROWER AND BORROWER ACKNOWLEDGES THAT NEITHER BANK NOR ANY PERSON ACTING ON BEHALF OF BANK HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. BORROWER FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THE LOAN DOCUMENTS AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. BORROWER FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION AND AS EVIDENCE OF THIS FACT SIGNS ITS INITIALS.

29. Interpretation. This Mortgage shall be construed pursuant to the laws of the State of Illinois. The headings of

sections and paragraphs in this Note are for convenience only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions. The use of singular and plural nouns, and masculine, feminine, and neuter pronouns, shall be fully interchangeable, where the context so requires. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstances, is adjudicated to be invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included. Time is of the essence of the payment and performance of this Mortgage.

30. Accountant's Letters. The Mortgagor shall have delivered to Lender one or more letters addressed to Lender and signed by each accountant or firm of accountants who prepared or certified any of the financial statements furnished, or who will prepare or certify any financial statement to be furnished, to Lender hereunder or under any of the Loan Documents, affirming that such accountant or firm of accountants understands that the Lender will rely on such financial statements and that the liability and responsibility of such accountant or firm of accountants to the Lender with respect thereto will not be eliminated, diminished or affected in any way by Illinois Public Act 84-1251 (Laws 1986) or any other statutory, regulatory, administrative or other law, regulation, rule, enactment, or ordinance.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage.

**Mortgagor's Address:**

1530 Artaius Parkway  
Libertyville, Illinois 60048  
Attention: Leonard Sandberg

**Mortgagor**

ARTAIUS CORPORATION, an Illinois corporation

By: *Leonard M. Sandberg*

Name: LEONARD M. SANDBERG

Title: Pres  
(SEAL)

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STATE OF ILLINOIS )

COUNTY OF COOK ) ss.

I, MARGARET BRAUN, a Notary Public in and for said county and state, do hereby certify that

15 person(s) whose name(s) LEONARD SANDBERG subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this 18th day of December, 1991.

My Commission expires: 5-5-92

Margaret Braun  
Notary Public



STATE OF ILLINOIS )

COUNTY OF \_\_\_\_\_ ) ss.

I, \_\_\_\_\_, a Notary Public in and for said county and state, do hereby certify that \_\_\_\_\_ personally known to me to be the same person(s) whose name(s) \_\_\_\_\_ subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that \_\_\_\_\_ he signed and delivered the said instrument as \_\_\_\_\_ free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires: \_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Notary

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## EXHIBIT A

Block 7 (except the West 27 feet) in Harlem 63rd Resubdivison in the West 1/2 of the South West 1/4 of Section 18, Township 38 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

PIN: 19-18-308-029

COMMON STREET ADDRESS: 7131 West 61st Street  
Chicago, Illinois

EWM639.DOC  
12/19/91

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Exhibit B

Permitted Exceptions

1. General Taxes for the year 1991.  
General Taxes for the year 1991 are not yet due or payable.
2. Those matters as disclosed by Survey prepared by Chicago Guarantee Survey Company, dated April 24, 1991, as Job No. 9104012.
  - a. Unrecorded easements affecting subject property as evidenced by manholes, Illinois Bell Service, catch basins, transformers, wood poles and overhead wires.
3. An unrecorded lease affecting the land with Glass Tempering of Chicago as Lessee.
4. Rights of parties in possession under unrecorded leases, if any.

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