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JUNIOR MORTGAGE

ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

\$ 32.00

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THIS JUNIOR MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Mortgage") is made as of this 29 day of January, 1991, by FIRST CHICAGO BANK OF RAVENSWOOD, not personally but solely as Trustee ("Trustee"), under a Trust Agreement dated November 1, 1989 known as Trust No. 25-10408 ("Trust") the sole beneficiary of which is MALDEN ARMS LIMITED PARTNERSHIP, an Illinois limited partnership (the "Borrower") (collectively the Trustee and Borrower shall be referred to as "Mortgagor") to the CITY OF CHICAGO, together with its successors and assigns, having its principal office at 121 North LaSalle Street, Chicago, Illinois 60602 ("Mortgagee").

All capitalized terms, unless defined herein, shall have the same meanings as are set forth in that certain Grant Redevelopment Agreement dated as of January 29, 1991 between Mortgagor and Mortgagee ("Grant Agreement").

W I T N E S S E T H:

WHEREAS, Mortgagee has consented to grant Mortgagor the sum of Three Hundred Ten Thousand, Two Hundred Fifty and no/100 Dollars (\$310,250.00) ("Grant") to be used for the acquisition of the premises located at 4725-4727 North Malden Street, Chicago, Illinois (legally described in Exhibit A attached hereto and made a part hereof); and

WHEREAS, Mortgagor has concurrently herewith executed and delivered the Note bearing even date herewith in the principal sum of THREE HUNDRED TEN THOUSAND, TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$310,250.00) made payable to Mortgagee ("Note") in which Mortgagor promises to pay the said principal sum, plus interest thereon, at the rate specified in the Note with the entire remaining balance of principal and interest payable on the date of the first event of default under this Mortgage or the Grant Agreement. All principal and interest payments shall be made payable to Mortgagee and delivered to Mortgagee at the offices of Mortgagee or Mortgagee's designated agent, in Chicago, Illinois or at such other place as Mortgagee, or Mortgagee's designated agent, may declare in writing; and

WHEREAS, Mortgagee desires to secure performance of the Grantee Requirements under the Grant evidenced by the Grant Agreement, together with interest thereon, in the event of a default thereunder in accordance with the terms of the Grant Documents and any additional indebtedness or obligations incurred by Mortgagor on account of any future payments, advances, or expenditures made by Mortgagee pursuant to the Grant Documents.

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NOW, THEREFORE, in order to secure performance of Mortgagor's obligations and covenants under the Grant Documents (but in an amount not to exceed \$800,000), Mortgagor does grant, assign, convey and mortgage to Mortgagee, its successors and assigns, forever and hereby represents, warrants and grants to Mortgagee, its successors and assigns forever a continuing security interest in and to, all of the following rights, interests, claims and property:

(A) All of the real estate, as more particularly described in Exhibit A attached hereto and made a part hereof, together with all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto;

(B) All buildings, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Premises, together with any fixtures or attachments now or hereafter owned by Mortgagor and located in or on forming part of, attached to, used or intended to be used in connection with or incorporated in the Premises including all extensions, additions, betterments, renewals, substitutions and replacements to any of the foregoing;

(C) Any interests, estates or other claims of every name, kind or nature, both in law and in equity, which Mortgagor now has or may acquire in the Premises;

(D) All Mortgagor's interest and rights as lessor in and to all leases, subleases and agreements, written or oral, now or hereafter entered into affecting the Premises or any part thereof, and all income, rents, issues, proceeds and profits accruing from the Premises;

(E) All rights, title and interest of Mortgagor in and to all fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Premises together with all furniture, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Premises, used or useful in connection with any present or future operation of the Premises, including, but not limited to, all apparatus and equipment used to heat, gas, air conditioning, water, light, power, refrigeration, electric, plumbing, ventilation including all renewals, additions, and accessories to and replacements of and substitutions for each and all of the foregoing;

(F) All the estate, interest, right, title or other claim or demand which Mortgagor now has or may acquire with respect to, (i) process of insurance in effect with respect to the Premises, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Premises; and

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(G) All other property rights of Mortgagor of any kind or character related to all or any portion of the Premises.

IT IS FURTHER agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Premises and be covered by this Mortgage.

TO HAVE AND TO HOLD the Premises unto Mortgagee and its successors and assigns, forever, for the purposes and uses herein set forth.

## ARTICLE I. GENERAL AGREEMENTS

To protect the security of this Mortgage, Mortgagor further covenants and agrees as follows:

(1) Grantor Requirements. Grantor shall abide by and perform all of the covenants, conditions and restrictions set forth in the Grant Agreement and the Regulatory Agreement.

(2) Principal and Interest. Mortgagor shall pay promptly when due the principal and interest and any other sums required to be paid on the Note or under this Mortgage or the Grant Documents at the times and in the manner provided therein and shall pay any other indebtedness secured hereby as the same becomes due and shall perform and observe all of the covenants, agreements and provisions contained herein and in the Grant Agreement.

Mortgagor shall pay promptly when due any sums due under any indebtedness of the Mortgagor secured by the Senior Mortgage, Assignment of Rents and Security Agreement dated January 29, 1991 from Mortgagor to Mortgagee and (collectively the "Senior Loan Documents") and shall perform promptly and fully any acts required under the Senior Loan Documents. Mortgagor will not, without prior written consent of Mortgagee, modify, extend or amend the Senior Loan Documents or increase the amount of the indebtedness secured thereby.

(3) Preservation, Restoration and Use of Premises.

Mortgagor shall:

- (a) promptly repair, restore, replace or rebuild any portion of the Premises which may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interests in, encumbrances on or reservation of title thereto arising after the date of this Mortgage;

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- (b) keep and maintain the Premises in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except the Senior Loan Documents and other liens in favor of Mortgagee Illinois Housing Authority or Institute for Community Economics, Inc. (or provide a bond or title insurance therefor);
- (c) complete, within a reasonable time any construction of improvements now or hereafter constructed upon the Premises;
- (d) comply with all statutes, rules, regulations, orders decrees and other requirements of any federal, state or local governmental body, having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning, variances, special exceptions and non-conforming uses), privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of Premises;
- (e) make no material alterations in the Premises (except those required by law) without Mortgagee's prior written consent which shall not be unreasonably withheld;
- (f) suffer or permit no change in the general nature of the occupancy or use of the Premises without Mortgagee's prior written consent which shall not be unreasonably withheld;
- (g) pay all operating costs of the Premises when due;
- (h) not initiate or acquiesce in any zoning reclassification with respect to the Premises, without Mortgagee's prior written consent which shall not be unreasonably withheld;
- (i) not abandon the Premises, nor do anything whatsoever to depreciate or impair the value of the Premises or the security of this Mortgage;
- (j) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Premises;
- (k) not permit any unlawful use or nuisance to exist upon the Premises;

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- (1) comply with all instruments and documents of record or otherwise affecting the use or occupancy of all or any portion of the Premises.

#### (4) Taxes and Charges

Mortgagor agrees to pay, cause to be paid, or protest and adequately secure, at least ten (10) days prior to delinquency, all Charges which are assessed or imposed upon the Premises, or become due and payable, and which create, may create or appear to create a lien upon the Premises or any part thereof; provided however, that if by law any such Charge is payable, or at the option of the taxpayer, may be paid in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the non-payment of any such installment and interest. ("Charge" shall mean and include all national, federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof), taxes, levies, assessments, charges, liens, claims or encumbrances related to the Premises, Borrower's Liabilities and Borrower's business.)

Mortgagor shall furnish Mortgagee within thirty (30) days after the date upon which any Charge is due and payable by Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to Mortgagee evidencing the payment thereof. Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay the collection of the contested Charges and prevent the imposition of a lien or the sale or forfeiture of the Premises to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenants to pay any such Charge at the time and in the manner provided in this Mortgage unless Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent to contest or object to a Charge and, unless at the Mortgagee's sole option, (i) Mortgagor shall demonstrate to Mortgagee's satisfaction that legal proceedings instituted by Mortgagor contesting or objecting to such Charges shall conclusively operate to prevent a lien against or the sale or forfeiture of the Premises, or any part thereof, to satisfy such Charge prior to final determination of such proceedings; and/or (ii) Mortgagor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Mortgagee, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Premises during the pendency of such contest, adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

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(5) Insurance. Mortgagor, at its sole cost and expense, shall keep the Premises insured for the combined amount of the Grant and Senior Loan and such additional coverage as Mortgagee may require, against loss or damage by fire, theft, explosion, floods and all other hazards and risks, in form, content, amount and with such insurers as may be satisfactory to Mortgagee. All insurance policies shall contain an endorsement naming Mortgagee as an additional insured and loss payee and shall provide that Mortgagee be given thirty (30) days written notice of any alteration or cancellation. Certificates or binders evidencing the required coverages, along with paid receipts, shall be delivered to Mortgagee fifteen (15) days prior to the Closing Date followed by certificate copies of the policies within thirty (30) days after Closing Date. If Mortgagor fails to obtain or maintain any of the insurance policies required under this Mortgage or to pay any premium in whole or part when due, Mortgagee may (without waiving or releasing any obligation or Event of Default by Mortgagor hereunder) obtain and maintain such insurance policies and take any other action which Mortgagee deems advisable to protect its interest in the Premises including acceleration of the Note. All sums so disbursed by Mortgagee, including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by Mortgagor upon demand by Mortgagee.

(6) Insurance Proceeds. In the event of any damage to, or destruction of the Premises, Mortgagor will give notice to Mortgagee of such damage or destruction and authorize Mortgagee, subject to rights granted under the Senior Loan Documents, to proceed as follows:

- (a) In case of loss covered by insurance policies, Mortgagee is hereby authorized at its option to either (i) settle and adjust any claim under such policies without the consent of Mortgagor, or (ii) allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to Mortgagee by Mortgagor upon demand.
- (b) In the event of any fire or other casualty to part of the Premises, Borrower shall have the right to rebuild the Premises, and to use all available insurance therefor, provided that (i) such proceeds are sufficient to keep the City Loan in balance and rebuild the Premises in a manner that provides adequate security to Mortgagee for repayment of the City Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (ii) Mortgagee shall have the right to

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approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance proceeds for rebuilding under a construction escrow or similar arrangement, and (iii) no material default then exists under the Grant Documents, provided that in the event of the total destruction to the Premises, Borrower's right to rebuild is subject to the approval of Mortgagee at its sole discretion. If the casualty affects only part of the Premises and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Mortgagee for repayment of the remaining balance of the Loan

In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, Mortgagor, subject to rights granted under the Senior Loan Documents, hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and approved by Mortgagee.

(7) Condemnation/Eminent Domain. Subject to rights granted under the Senior Loan Documents, Mortgagor shall give Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process ("Taking"), of all or any portion of the Premises or affecting any easement thereon or appurtenance thereof and shall deliver to Mortgagee copies of any and all papers served in connection with an such proceedings, and Mortgagor hereby assigns and transfers to Mortgagee the entire proceeds of all awards resulting from any Taking. Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor.

(8) Transfer and Encumbrance of Premises. Mortgagor shall not create, effect, contract for, commit to, consent to, suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the following) of all or any portion of the Premises or any interest therein, without Mortgagee's prior written consent other than liens in favor of the Illinois Housing Development Authority. Mortgagee agrees that fee title to the real estate may be conveyed to Lakefront Single Room Occupancy Corporation and subsequently leased to Mortgagor. If Mortgagor shall do any of the foregoing without Mortgagee's prior written consent, Mortgagee at its option, has the right to accelerate the maturity of the Note causing the full principal balance and accrued interest to be immediately due and payable without notice to Mortgagor. Any waiver by Mortgagee of the provisions of this

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paragraph shall not be deemed to be a waiver of the right of Mortgagee to insist upon strict compliance with the provisions of this paragraph in the future.

(9) Mortgagee's Options. In case of an Event of Default herein by Mortgagor, Mortgagee may, (but is not obligated to), make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may, (but is not obligated to), make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting its Premise or contest any tax or assessment. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorney's fees, and any other monies advanced by Mortgagee to protect the Premises and the lien hereof shall be deemed additional indebtedness secured hereby, and shall become immediately due and payable, with interest thereon at a rate of five percent (5%) per annum. In action of Mortgagee shall never be considered as a waiver of an right accruing to it on account of any default on the part of Mortgagor.

(10) Events of Default. The following shall constitute an "Event of Default" under this mortgage, subject to a fifteen (15) day cure period unless specifically provided in the following events:

- (i) Mortgagor's failure, whole or in part, to perform the Grantee Requirements; or
- (ii) Mortgagor defaults in the performance or observance of any condition, warranty, representation, covenant or term contained herein or in the Grant Documents, which remains unremedied for fifteen (15) days (whether or not consecutive) except that if such default cannot be cured within such 15 day period and if Mortgagor initiates action to cure such default within the 15 day period, such longer time as necessary shall be permitted provided however that such cure period does not exceed a period of 90 days dating from the first date of the default; or
- (iii) Mortgagor fails to pay any sum due or perform any condition, covenant, representation, warranty or other term or agreement contained in any document required by the Senior Lender in connection with the Senior Loan, which default is not timely cured pursuant to any applicable cure period as set forth in the Senior Loan Document; or

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- (iv) Mortgagor (1) is voluntarily adjudicated a bankrupt or insolvent; (2) makes a general assignment for the benefit of creditors, or (3) makes an admission in writing of its inability to pay its debts generally as they become due.
- (v) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed by or against Mortgagor seeking any reorganization, dissolution or similar relief under any present or future federal state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Mortgagor, any guarantor, all or any portion of the Premises or of royalties, revenues, rents, issues or profits thereto, shall be appointed and such appointment shall remain unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive); or
- (vi) A writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Premises or interest therein, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on all or any portion of the Premises or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within thirty (30) days (whether or not consecutive) after its entry or levy; or
- (vii) Any warranty, representation or statement made or furnished to City by or on behalf of Mortgagor that is false in any material respect when made or furnished; or
- (viii) Uninsured loss, theft, substantial damage or destruction of all or any portion of the Premises; or
- (ix) Mortgagor's sale, partial sale, transfer, unless otherwise permitted hereunder, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Premises or interest therein,

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whether by operation of law, voluntarily or otherwise (except a contract for financing to pay the Note in full); or

- (x) Mortgagor abandons all or any portion of the Premises.
- (xi) Default shall occur in the payment of any monies due and payable to the City by Mortgagor other than in connection with the Grant, or default shall occur in the performance or observance of any obligation provision or condition by Mortgagor under any written contract, agreement or other instrument heretofore or hereafter entered into with the City, other than in connection with the Grant, and in either case such default shall continue beyond any applicable grace period.
- (xii) Any event of default, as defined in a Grant or similar agreement to which Mortgagor is now or hereafter a party, or any other event or occurrence under which any holder of indebtedness outstanding thereunder may declare the same due and payable, shall occur and continue for more than applicable cure periods.
- (xiii) Mortgagor's failure to discharge any Charge as defined in Article I(4) of this Mortgage.

(11) Acceleration. Upon the occurrence of an Event of Default hereunder, Mortgagee may elect to accelerate the indebtedness evidenced by the Note and upon such election the principal sum shall become at once due and payable at the place of payment as aforesaid, and Mortgagee may proceed to foreclose the Mortgage and to exercise any rights and remedies available to Mortgagee under this Mortgage or any of the Grant Documents and to exercise any other rights and remedies against Mortgagor, or with respect to the Note, which Mortgagee may have at law, in equity or otherwise.

(12) Remedy. Mortgagee's remedies as provided in this Mortgage or the Grant Documents, shall be exclusive remedies. The liabilities under the Grant Documents are non-recourse. Failure of Mortgagee, for any period of time or on more than one occasion, to exercise its option to demand payment of the Note, shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act or omission or commission of Mortgagee, including specifically any failure to exercise any right, remedy, or recourse, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by Mortgagee and then only to the extent specifically recited

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therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to Mortgagee by the Note is not required to be given.

(13) Additional Indebtedness. In the event that: (a) the Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; or (b) if any attorney is retained to represent Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under the Note, this Mortgage or any of the Grant Documents; or (c) if an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Grant Documents; or (d) if an attorney is retained to represent Mortgagee in any other proceedings whatsoever in connection with the Note, the other Grant Documents, or any property subject thereto, then Mortgagor shall pay to the Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

(14) Waiver. Mortgagee's failure to require strict performance by Mortgagor of any provision of this Mortgage shall not waive affect or diminish any right of City thereafter to demand strict compliance and performance therewith, nor shall any waiver by City or a Mortgagor's Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. Mortgagee's delay in instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the Grant Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

(15) Expense of Litigation. In any suit to foreclose the lien of this Mortgage or enforce any other remedy of Mortgagee under this Mortgage or the Grant Documents, there shall be allowed and included, as additional indebtedness in the judgment or decree all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees and other related costs and expenses paid or incurred in connection with such proceeding.

(16) Right of Possession. Subject to rights granted under the Senior Loan Documents, in any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings whether before or after the institute of such proceedings, to foreclose the lien hereof or before or after sale thereunder, Mortgagor shall surrender to Mortgagee, and Mortgagee shall be entitled to take actual possession of all or any portion of the Premises personally or by its agent or attorneys, and Mortgagee, in its sole discretion, may enter upon

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take and maintain possession of all or any portion of the Premises.

Upon taking possession of the Premises, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Premises as it may deem judicious to insure, protect and maintain the Premises and all risks incidental to Mortgagee's possession, operation, and management thereof, and to receive all rents, issues and profits therefrom.

(17) Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Premises. Such appointment may be made either before or after foreclosure sale, without notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness hereby secured, without regard to the value of the Premises at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Premises and to collect all rents and profits thereof during the pendency of such foreclosure suit, and such other powers as the court may direct.

(18) Foreclosure Sale Subject to rights granted under the Senior Loan Documents, the Premises or any interest or estate therein sold pursuant to any court order or decree obtained under the Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or other as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, Mortgagee may bid for and acquire, as purchase, all or any portion of the Premises and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due to the amount of Mortgagee's bid.

(19) Application of Proceeds from Foreclosure Sale. Proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon, (iii) all principal and interest remaining unpaid on the Note, and (iv) any surplus or remaining funds to Mortgagor, its successors or assigns, as their rights may appear.

(20) Insurance Upon Foreclosure In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring

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the Premises, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

(21) Partial Payment. Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid, together with an accrued interest thereon immediately due and payable without notice, or any other rights of Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

(22) Delays and Omissions. No delay in the exercise of or failure to exercise any remedy or right accruing or any default under this Mortgage shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or of a different nature.

(23) Rescission of Election. Acceleration of maturity, once made by Mortgagee, may be at the option of the Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed. In either of such events, Mortgagor and Mortgagee shall be restored to their former positions, and the rights, remedies and power of Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been recommended, as the case may be.

(24) Notice. Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by the any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier; or (d) registered or certified, first class mail return receipt requested.

IF TO MORTGAGEE:

City of Chicago  
Department of Housing  
121 North LaSalle Street,  
Chicago, Illinois 60604  
Attention: Commissioner

WITH COPIES TO:

Office of the Corporation Counsel  
City of Chicago  
City Hall, Room 511  
121 North LaSalle Street  
Chicago, Illinois 60602  
Attention: Finance & Economic  
Development Division

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Comptroller  
City of Chicago  
121 North LaSalle Street  
Chicago, Illinois 60602

IF TO MORTGAGOR:

First Chicago Bank of Ravenswood,  
not personally but solely as  
Trustee under Trust Agreement dated  
November 1, 1990 and knows as Trust  
No. 25-10408  
1825 West Lawrence  
Chicago, Illinois 60640  
Attention: Trust Department

Malden Arms Limited Partnership  
4946 North Sheridan Road  
Chicago, Illinois 60640

WITH COPIES TO:

National Equity fund 1990 L.P.  
c/o National Equity Fund, Inc.  
118 North Clinton Street  
Chicago, Illinois 60606

Chicago Equity Fund 1989 Partnership  
c/o Chicago Equity Fund, Inc.  
24 West Erie Street  
Chicago, Illinois 60610

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and, if sent pursuant to subsection (d) shall be deemed received forty-eight (48) hours following deposit in the mail.

(25) Time. Time is of the essence with respect to the Note this Mortgage and all the Grant Documents.

(26) Modifications. This Mortgage may not be altered, amended, modified, cancelled, changed or discharged except by written instrument signed by the parties thereto or their respective successors and assigns.

(27) Inspection of Premises. Mortgagor shall permit Mortgagee, HUD and/or their agents to inspect the Premises at all reasonable times, and access thereto shall be permitted for that purpose.

(28) Headings. The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience

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of reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions hereof.

(29) Construction of Mortgage. This Mortgage shall be construed and enforced according to Illinois law.

(30) Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstances, is held invalid, the remainder of this Mortgage shall be construed as if such invalid part were never included herein and this Mortgage shall be and remain valid and enforceable to the fullest extent permitted by law.

(31) Grammar. As used in this Mortgage, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

(32) Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Premises or any other person having an interest therein after the date of this Mortgage), and shall inure to the benefit of Mortgagee and its successor and assigns. Whenever Mortgagor is referred to herein, such reference shall also include the Holder of the Note, whether so expressed or not.

(33) Further Assurances. Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance necessary or proper, in the sole judgment of Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by Mortgagor. Upon any failure by Mortgagor to do so, Mortgagee may make, execute and record any and all such documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee, and its agents as attorney-in-fact for that purpose. Mortgagor will reimburse Mortgagee for any sums expended by Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

(34) Indemnification. In addition to all other indemnities in favor of Mortgagee specifically provided in this Mortgage, Mortgagor shall indemnify Mortgagee and save Mortgagee harmless from and against any and all losses, liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges, and expenses, including, without limitation, reasonable architect's, engineer's and attorneys' fees and all disbursements which may be imposed upon, incurred or asserted against Mortgagee arising from or related to the Project or the Grant except for Grantee's negligence or willful misconduct.

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(35) Junior Mortgage. This is a junior Mortgage on the Premises and is subject and subordinate in each and every respect to any and all rights of any kind created by:

That certain mortgage dated January 29, 1991 and recorded as Document No. 91051883 in the Office of the Cook County Recorder of Deeds on ~~December~~ Feb 4 1991 securing a note of even date therewith in the amount of \$316,000 in favor of City of Chicago Department of Housing ("City").

(36) Security Agreement. This Mortgage shall be construed as a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgage property which constitutes fixtures. Mortgagee shall have all the rights with respect to such fixtures afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement.

(37) No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in fee simple title, it is hereby understood and agreed that should Mortgage acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee, as evidenced by an appropriate document duly recorded, this Mortgage and lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

(38) Nonrecourse. The City Grant is a nonrecourse grant. "Nonrecourse" shall mean, the City shall look solely and only to the Project for the payment and performance and observance of any amount, obligation or provision to be paid, performed or observed under the City Note, and neither the Borrower nor any disclosed or undisclosed principal for whom the Borrower may be acting, nor any of the Borrower's partners or such partners respective heirs, administrators, executors, personal representatives, employees, officers, directors, shareholders, successors and assigns, shall have any personal liability or other personal obligation or any liability for a deficiency for or with respect to any payment, performance or observance of any amount, obligation, liability or provisions to be paid, performed or observed under the City Note and the City (and any other holder of the Note by its acceptance of the Note) agrees not to seek or obtain a deficiency, money judgment or other judgment against the Borrower or against any disclosed or undisclosed principal for whom the Borrower may be acting or against any of the Borrower's partners or partners' respective heirs, administrators, executors, personal representatives, employees, officers, directors, shareholders, successors or assigns. Nothing herein contained, however, shall

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be construed (i) to impair the security offered by the City Mortgage, or the right and remedy of the City to exercise any power of sale contained in the City Mortgage, or foreclose the City Mortgage, to recover possession of the Project or to impair any other right or remedy under the City Mortgage or other City Grant Documents, or (ii) to relieve or limit the obligation of Borrower to pay City any and all sums received by Borrower in relation to the Project or the operations conducted thereon, including, without limitation, any and all condemnation awards or payments in lieu of condemnation, rents, security deposits, occupancy charges or fees, insurance proceeds and general real estate tax and special assessment refunds, it being agreed and understood that the Borrower shall be and remain personally liable for the payment to City of such sums.

(39) Neither the withdrawal, removal, addition and/or replacement of a general partner of the Borrower, nor the withdrawal, replacement, and/or addition of any of its limited or general partners nor the exercise of the purchase option pursuant to the partnership agreement of Borrower (or any other transfers contemplated thereunder) shall constitute a default hereunder, and any such action shall not accelerate the maturity of the Grant, provided however that any such substitute partner or exercise of such option is acceptable to Mortgagee and is selected with reasonable promptness.

(40) Mortgagee shall act reasonably and in good faith whenever any approval, consent or other determination by Mortgagee is required under any of the Loan Documents.

## MORTGAGE EXONERATION RIDER

This MORTGAGE is executed by First Chicago Trust Company of Illinois, not personally but as Trustee as aforesaid in the exercise of the power and authority conferred upon vested in it as such Trustee (and said First Chicago Trust Company of Illinois, hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein or in said Note contained shall be construed as creating any liability on the said Trustee or on said First Chicago Trust Company of Illinois personally to pay the said Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, or on account of any warranty or indemnification made hereunder, all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as the Trustee and its successors and said First Chicago Trust Company of Illinois personally are concerned, the legal holder or holders of said Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises hereby conveyed for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in said Note provided or by action to enforce the personal liability not the guarantor, if any.

Trustee's Exoneration Rider Attached Hereto And Made A Part Hereof

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IN WITNESS WHEREOF, Mortgagor has caused these presents to be signed and attested to on the day and year first above written.

MORTGAGOR:

FIRST CHICAGO BANK OF  
RAVENSWOOD, not personally but  
solely as Trustee under a Trust  
Agreement dated November 1, 1990  
and known as Trust No. 25-10408

ATTEST:

*Johnathan*  
Vice Officer

By:

*Mark Edward*

Title

Vice President

MALDEN ARMS LIMITED PARTNERSHIP,  
an Illinois limited partnership

BY ITS: General Partner  
MALDEN ARMS CORPORATION

First Chicago Trust Company of Illinois is the  
Successor Trustee to First Chicago Bank of  
Ravenswood, formerly known as Bank of Ravenswood  
and all references within this document to Bank  
of Ravenswood shall be deemed to mean First  
Chicago Trust Company of Illinois.

*John Butzer*  
Vice President

Prepared by: *and Mail 70*

James Walker, II  
Assistant Corporation Counsel  
City of Chicago  
Office of Corporation Counsel  
121 North LaSalle Street  
Room 511  
Chicago, Illinois 60602

DED/MALDJRMORT

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STATE OF ILLINOIS )  
  ) SS.  
COUNTY OF COOK    )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Jean Butzen, personally known to me to be the President and Secretary of Malden Arms Corporation the general partner of Malden Arms Limited Partnership and personally knows to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they are the President and Secretary of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 29<sup>th</sup> day of January, 1991.

Bennett P. Applegate  
Notary Public

OFFICIAL SEAL  
BENNETT P. APPELEGATE  
NOTARY PUBLIC STATE OF ILLINOIS  
MY COMMISSION EXP. FEB 3, 1993

My commission expires:  
\_\_\_\_\_

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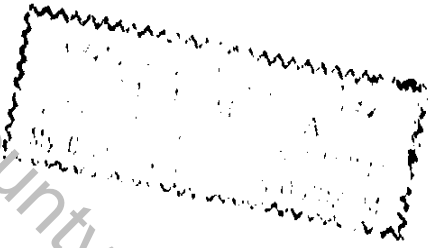
STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that MARTIN S. EDWARDS of First Chicago Bank of Ravenswood (the "Trustee"), personally known to me to be the same person whose name is subscribed to in the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument on behalf of Bank of Ravenswood not personally but solely as Trustee under Trust Agreement dated November 1, 1990 and known as Trust No. 25-10408 for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 30th day of January, 1991.

*Selma Medina*  
Notary Public

My Commission Expires: \_\_\_\_\_



Property of Cook County Clerk's Office

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## EXHIBIT A

### LEGAL DESCRIPTION

LOT 138 IN SHERIDAN DRIVE SUBDIVISION, BEING A SUB-DIVISION OF THE NORTH 3/4 OF THE EAST 1/2 OF THE NORTH WEST 1/4 OF SECTION 17, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH THAT PART OF THE WEST 1/2 OF SAID NORTH WEST 1/4 OF SAID SECTION 17, WHICH LIES NORTH OF THE SOUTH 800 FEET THEREOF AND EAST OF GREEN BAY ROAD IN COOK COUNTY.

ADDRESS COMMONLY KNOWN AS:

4725-4727 NORTH MALDEN STREET  
CHICAGO, ILLINOIS 60640

PIN 1417104007

Property of Cook County Clerk's Office