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COOK COUNTY, ILLINOIS

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91104691 ILLINOIS FEE MORTGAGE

MORTGAGE, SECURITY AGREEMENT,
FINANCING STATEMENT AND
ASSIGNMENT OF RENTS

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THIS INDENTURE ("Mortgage") is entered into as of the 7 day of March, 1991 by BAGCRAFT CORPORATION OF AMERICA, a Delaware corporation (hereinafter called "Mortgagor"), having its principal place of business at 3900 West 43rd Street, Chicago, Illinois 60632 to SPBC, INC., a Delaware corporation with an office located at One East 22nd Street, Lombard, Illinois 60148 (hereinafter called "Mortgagee");

WITNESSETH:

WHEREAS, Mortgagor has executed and delivered to Mortgagee that certain Loan and Security Agreement, dated of even date herewith (the Loan and Security Agreement and any and all amendments, renewals, extensions for any period, increases or rearrangements or restatements thereof is referred to as the "Loan Agreement"), providing for the extension of certain credit and financial accommodations by Mortgagee to Mortgagor which, combined with the outstanding principal balance of the Note (as hereinafter defined) will not exceed Thirty-Nine Million and No/100 Dollars (\$39,000,000.00); and

WHEREAS, pursuant to and in accordance with the provisions of the Loan Agreement, (i) Mortgagee has agreed to make available to the Mortgagor a revolving line of credit consisting of revolving loans and certain letters of credit in an aggregate amount not to exceed Seventeen Million and No/100 Dollars (\$17,000,000.00); (ii) Mortgagor has executed and delivered to Mortgagee that certain Term Loan Note of even date herewith in the aggregate principal amount of Eighteen Million and No/100 Dollars (\$18,000,000.00); and (iii) Mortgagor may hereafter execute and deliver to Mortgagee that certain Capital Expenditure Loan Note with an aggregate principal amount not to exceed Four Million and No/100 Dollars (\$4,000,000.00), or, in the alternative, Mortgagee may issue or cause to be issued that certain IRB Letter of Credit in an original face amount not to exceed Six Million and no/100 Dollars (\$6,000,000.00). (The Term Loan Note and the Capital Expenditure Loan Note are hereinafter collectively referred to as the "Note"); and

WHEREAS, as a condition to Mortgagee's extension of certain financial accommodations to Mortgagor, including, without limitation, the extension of credit evidenced by the Note and pursuant to the Loan Agreement, Mortgagee has required that Mortgagor enter into this Mortgage and grant to Mortgagee the liens and security interests referred to herein to secure (i) the payment of the principal amount evidenced by the Note together with any interest thereon; (ii) the payment of all Reimbursement

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

James L. Marovitz
Sidley & Austin
One First National Plaza
Chicago, Illinois 60603

Box 229

Obligations (as defined in the Loan Agreement), together with interest thereon, owing by the Mortgagor to the Mortgagee under or in connection with the Letters of Credit (as defined in the Loan Agreement) issued by the Mortgagee to or for the account of the Mortgagor; (iii) the payment of the principal amount, together with any interest thereon, of all present and future advances of money made by Mortgagee to Mortgagor, including, without limitation, the borrowing of principal previously repaid pursuant to the Loan Agreement as well as all other Obligations (all as defined and provided in the Loan Agreement) of Mortgagor to Mortgagee; and (iv) other payment and performance obligations related to this Mortgage (the aforesaid Obligations of Mortgagor, together with the obligations evidenced by the Note plus interest thereon and all other payment and performance obligations of the Mortgagor being hereinafter referred to collectively as the "Liabilities"); and

WHEREAS, the Liabilities secured hereby shall not exceed an aggregate principal amount, at any one time outstanding of SEVENTY-EIGHT MILLION and NO/100 DOLLARS (\$78,000,000.00), provided, that the foregoing limitation shall apply only to the lien upon the real property created by this Mortgage, and it shall not in any manner limit, affect or impair any grant of a security interest or other right in favor of the Mortgagee under the provisions of the Loan Agreement or under any other security agreement at any time executed by Mortgagor;

NOW, THEREFORE, in consideration of the premises contained herein and to secure payment of the Liabilities and in consideration of One Dollar (\$1.00) in hand paid, receipt whereof is hereby acknowledged, mortgagor does hereby grant, remise, release, alien, convey, mortgage and warrant to Mortgagee, its successors and assigns, and grant a security interest to Mortgagee, its successors and assigns, in and to the following described real estate (the "Land") in Cook County, Illinois;

See Exhibit A attached hereto and by this reference made a part hereof

which Land, together with all right, title and interest, if any, which Mortgagor may now have or hereafter acquire in and to all improvements, buildings and structures thereon of every nature whatsoever, is herein called the "Premises."

TOGETHER WITH all right, title and interest, if any, including any after-acquired right, title and interest, and including any right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to (a) all easements, rights of way, gores of land or any lands occupied by streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and public places adjoining said Land, and any other interests in property constituting appurtenances to the Premises, or which hereafter shall in any way belong, relate or be appurtenant thereto, and (b) all hereditaments, gas, oil, minerals (with the right to extract, sever and remove such gas, oil and minerals), and easements, of every nature whatsoever, located in or on the Premises and all other rights and privileges thereunto belonging or appertaining and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the rights and interests described in subparagraphs (a) and (b) above (hereinafter the "Property Rights").

TOGETHER WITH all right, title and interest, if any, including any after-acquired right, title and interest, and including any right of use or occupancy, which Mortgagor may now or hereafter acquire in and to all fixtures and appurtenances of every nature whatsoever now or hereafter located in, on or attached to, and used or intended to be used in connection with, or with the operation of, the Premises, including, but not limited to (a) all apparatus, machinery and equipment of

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Mortgagor; and (b) all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the foregoing (the items described in the foregoing (a) and (b) being the "Fixtures"); as well as all personal property and equipment of every nature whatsoever now or hereafter located in or on the Premises, including but not limited to (c) all screens, window shades, blinds, wainscoting, storm doors and windows, floor coverings, and awnings of Mortgagor; (d) all apparatus, machinery, equipment and appliances of Mortgagor not included as Fixtures; (e) all items of furniture, furnishings and personal property of Mortgagor; and (f) all extensions, additions, improvements, betterments, renewals, substitutions and replacements to or of any of the foregoing (c)-(e) (the items described in the foregoing (c)-(f) and any other personal property referred to in this paragraph being the "Personal Property") and in and to the proceeds of the Personal Property. It is mutually agreed, intended and declared that the Premises and all of the Property Rights and Fixtures owned by Mortgagor (referred to collectively herein as the "Real Property") shall, so far as permitted by law, be deemed to form a part and parcel of the Land and for the purpose of this Mortgage to be real estate and covered by this Mortgage. It is also agreed that if any of the property herein mortgaged is of a nature so that a security interest therein can be perfected under the Uniform Commercial Code, this instrument shall constitute a security agreement, fixture filing and financing statement, and Mortgagor agrees to execute, deliver and file or refile any financing statement, continuation statement, or other instruments Mortgagee may reasonably require from time to time to perfect or renew such security interest under the Uniform Commercial Code. To the extent permitted by law, (i) all of the Fixtures are or are to become fixtures on the Land; and (ii) this instrument, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture-filing" within the meaning of Sections 9-313 and 9-402 of the Uniform Commercial Code. Subject to the terms and conditions of the Loan Agreement, the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law, or, as to that part of the security in which a security interest may be perfected under the Uniform Commercial Code, by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at the Mortgagee's sole election.

TOGETHER WITH all the estate, right, title and interest of the Mortgagor in and to (i) all judgments, insurance proceeds, awards of damages and settlements resulting from condemnation proceedings or the taking of the Real Property, or any part thereof, under the power of eminent domain or for any damage (whether caused by such taking or otherwise) to the Real Property, or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the Real Property or any part thereof; and (except as otherwise provided herein or in the Loan Agreement) the Mortgagee is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and to apply the same as provided in the Loan Agreement; and (ii) all contract rights, general intangibles, actions and rights in action relating to the Real Property including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Real Property; and (iii) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Real Property. (The rights and interests described in this paragraph shall hereinafter be called the "Intangibles.")

As additional security for the Liabilities secured hereby, Mortgagor (i) does hereby pledge and assign to Mortgagee from and after the date hereof (including any period of redemption), primarily and on a parity with the Real Property, and not secondarily, all the rents, issues and profits of the

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Real Property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including all deposits of money as advance rent, for security or as earnest money or as down payment for the purchase of all or any part of the Real Property) (the "Rents") under any and all present and future leases, contracts or other agreements relative to the ownership or occupancy of all or any portion of the Real Property, and (ii) except to the extent such a transfer or assignment is not permitted by the terms thereof, does hereby transfer and assign to Mortgagee all such leases and agreements (including all Mortgagor's rights under any contracts for the sale of any portion of the Mortgaged Property and all revenues and royalties under any oil, gas and mineral leases relating to the Real Property) (the "Leases"). Mortgagee hereby grants to Mortgagor the right to collect and use the Rents as they become due and payable under the Leases, but not more than one (1) month in advance thereof, unless an "Event of Default" (as defined in the Loan Agreement) shall have occurred provided that the existence of such right shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and any such subsequent assignment shall be subject to the rights of the Mortgagee under this Mortgage. Mortgagor further agrees to execute and deliver such assignments of leases or assignments of land sale contracts as Mortgagee may from time to time request. In the event of an Event of Default under the Loan Agreement (1) the Mortgagor agrees, upon demand, to deliver to the Mortgagee all of the Leases with such additional assignments thereof as the Mortgagee may request and agrees that the Mortgagee may assume the management of the Real Property and collect the Rents, applying the same upon the Liabilities in the manner provided in the Loan Agreement, and (2) the Mortgagor hereby authorizes and directs all tenants, purchasers or other persons occupying or otherwise acquiring any interest in any part of the Real Property to pay the Rents due under the Leases to the Mortgagee upon request of the Mortgagee. Mortgagor hereby appoints Mortgagee as its true and lawful attorney in fact to manage said property and collect the Rents, with full power to bring suit for collection of the Rents and possession of the Real Property, giving and granting unto said Mortgagee and unto its agent or attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in the protection of the security hereby conveyed; provided, however, that (i) this power of attorney and assignment of rents shall not be construed as an obligation upon said Mortgagee to make or cause to be made any repairs that may be needful or necessary and (ii) Mortgagee agrees that until such Event of Default as aforesaid, Mortgagee shall permit Mortgagor to perform the aforementioned management responsibilities. Upon Mortgagee's receipt of the Rents, at Mortgagee's option, it may use the proceeds of the Rents to pay: (1) reasonable charges for collection thereof, costs of necessary repairs and other costs requisite and necessary during the continuance of this power of attorney and assignment of rents, (2) general and special taxes, insurance premiums, and (3) any or all of the Liabilities pursuant to the provisions of the Loan Agreement. This power of attorney and assignment of rents shall be irrevocable until this Mortgage shall have been satisfied and released of record and the releasing of this Mortgage shall act as a revocation of this power of attorney and assignment of rents. Mortgagee shall have and hereby expressly reserves the right and privilege (but assumes no obligation) to demand, collect, sue for, receive and recover the Rents, or any part thereof, now existing or hereafter made, and apply the same in accordance with the provisions of the Loan Agreement.

All of the property described above, and each item of property therein described, not limited to but including the Land, the Premises, the Property Rights, the Fixtures, the Personal Property, the Real Property, the Intangibles, the Rents and the Leases, is herein referred to as the "Mortgaged Property."

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Nothing herein contained shall be construed as constituting the Mortgagee a mortgagee-in-possession in the absence of the taking of actual possession of the Mortgaged Property by the Mortgagee. Nothing contained in this Mortgage shall be construed as imposing on Mortgagee any of the obligations of the lessor under any lease of the Mortgaged Property in the absence of an explicit assumption thereof by Mortgagee. Except as otherwise provided in the Loan Agreement, no liability shall be asserted or enforced against the Mortgagee in connection with the exercise of the powers herein granted, all such liability being expressly waived and released by Mortgagor.

TO HAVE AND TO HOLD the Mortgaged Property, properties, rights and privileges hereby conveyed or assigned, or intended so to be, unto Mortgagee, its beneficiaries, successors and assigns, forever for the uses and purposes herein set forth. Mortgagor hereby releases and waives all rights under and by virtue of the Homestead Exemption Laws, if any, of the State of Illinois (the "State") and Mortgagor hereby covenants, represents and warrants that, at the time of the ensembling and delivery of these presents, Mortgagor is well seised of the Mortgaged Property in fee simple and with lawful authority to sell, assign, convey and mortgage the Mortgaged Property, and that the title to the Mortgaged Property is free and clear of all encumbrances, except as described on Exhibit B attached hereto and made a part hereof, and that, except for the encumbrances set forth on Exhibit B, Mortgagor will forever defend the same against all lawful claims.

The following provisions shall also constitute an integral part of this Mortgage:

1. Payment of Taxes on the Mortgage. Without limiting any of the provisions of the Loan Agreement, Mortgagor agrees that, if the United States or any department, agency or bureau thereof or if the State or any of its subdivisions having jurisdiction shall at any time require documentary stamps to be affixed to this Mortgage or shall levy, assess, or charge any tax, assessment or imposition upon this Mortgage or the credit or indebtedness secured hereby or the interest of Mortgagee in the Premises or upon Mortgagee by reason of or as holder of any of the foregoing, then Mortgagor shall pay for such documentary stamps in the required amount and deliver them to Mortgagee or pay (or reimburse Mortgagee for) such taxes, assessments or impositions. Mortgagor agrees to exhibit to Mortgagee, at any time upon request, official receipts showing payment of all taxes, assessments and charges which Mortgagor is required or elects to pay under this paragraph. Mortgagor agrees to indemnify Mortgagee against liability on account of such documentary stamps, taxes, assessments or impositions, whether such liability arises before or after payment of the liabilities and regardless of whether this Mortgage shall have been released.

2. Leases Affecting the Real Property. Mortgagor agrees faithfully to perform all of its obligations under all present and future leases and other agreements relative to the occupancy of the Real Property at any time assigned to Mortgagee as additional security, and to refrain from any action or inaction which would result in termination of any such leases or agreements, or in the diminution of the value thereof or of the rents or revenues due thereunder. All future lessees under any lease of the Real Property, or any part thereof, made after the date of recording of this Mortgage shall, at Mortgagee's option and without any further documentation, attend to Mortgagee as lessor if for any reason Mortgagee becomes lessor thereunder, and, upon demand, pay rent to Mortgagee, and Mortgagee shall not be responsible under such lease for matters arising prior to Mortgagee becoming lessor thereunder.

3. Use of the Real Property. Mortgagor agrees that it shall not permit the public to use the Real Property in any

manner that might tend, in Mortgagee's reasonable judgment, to impair Mortgagor's title to such property or any portion thereof, or to make possible any claim or claims of easement by prescription or of implied dedication to public use.

4. Indemnification. Mortgagor shall not use or permit the use of any part of the Real Property for an illegal purpose, including, without limitation, the violation of any environmental laws, statutes, codes, regulations or practices. Without limiting any indemnification Mortgagor has granted in the Loan Agreement, Mortgagor agrees to indemnify and hold harmless Mortgagee from and against any and all losses, suits, liabilities, fines, damages, judgments, penalties, claims, charges, costs and expenses (including reasonable attorneys' and paralegals' fees, court costs and disbursements) which may be imposed on, incurred or paid by or asserted against the Real Property by reason or on account of or in connection with (i) the construction, reconstruction or alteration of the Real Property, (ii) any negligence or misconduct of Mortgagor, any lessee of the Real Property, or any of their respective agents, contractors, subcontractors, servants, employees, licensees or invitees, (iii) any accident, injury, death or damage to any person or property occurring in, on or about the Real Property or any street, drive, sidewalk, curb or passageway adjacent thereto, or (iv) any other transaction arising out of or in any way connected with the Mortgaged Property.

5. Insurance. Mortgagor shall, at its sole expense, obtain for, deliver to, assign and maintain for the benefit of Mortgagee, until the Liabilities are paid in full, insurance policies as specified in the Loan Agreement. In the event of a casualty loss, the net insurance proceeds from such insurance policies shall be paid and applied as specified in the Loan Agreement.

6. Condemnation Awards. Mortgagor hereby assigns to Mortgagee, as additional security, all awards of damage resulting from condemnation proceedings or the taking of or injury to the Real Property for public use, and Mortgagor agrees that the proceeds of all such awards shall be paid and applied as specified in the Loan Agreement.

7. Remedies. Subject to the provisions of the Loan Agreement, upon the occurrence of an Event of Default under the terms of the Loan Agreement, in addition to any rights and remedies provided for in the Loan Agreement, and to the extent permitted by applicable law, the following provisions shall apply:

(a) Mortgagee's Power of Enforcement. It shall be lawful for Mortgagee to (i) immediately sell the Mortgaged Property either in whole or in separate parcels, as prescribed by the State law, under power of sale, which power is hereby granted to Mortgagee to the full extent permitted by the State law, and thereupon, to make and execute to any purchaser(s) thereof deeds of conveyance pursuant to applicable law or (ii) immediately foreclose this Mortgage by judicial action. The court in which any proceeding is pending for the purpose of foreclosure of this Mortgage may, at once or at any time thereafter, either before or after sale, without notice and without requiring bond, and without regard to the solvency or insolvency of any person liable for payment of the Liabilities secured hereby, and without regard to the then value of the Mortgaged Property or the occupancy thereof as a homestead, appoint a receiver (the provisions for the appointment of a receiver and assignment of rents being an express condition upon which the loan hereby secured is made) for the benefit of Mortgagee, with power to collect the Rents, due and to become due, during such foreclosure suit and the full statutory period of redemption notwithstanding any redemption. The receiver, out of the Rents when collected, may pay costs incurred in the management and operation of the Real Property,

prior and subordinate liens, if any, and taxes, assessments, water and other utilities and insurance, then due or thereafter accruing, and may make and pay for any necessary repairs to the Real Property, and may pay all or any part of the Liabilities or other sums secured hereby or any deficiency decree entered in such foreclosure proceedings. Upon or at any time after the filing of a suit to foreclose this Mortgage, the court in which such suit is filed shall have full power to enter an order placing Mortgagee in possession of the Real Property with the same power granted to a receiver pursuant to this subparagraph and with all other rights and privileges of a mortgagee-in-possession under applicable law.

(b) Mortgagee's Right to Enter and Take Possession, Operate and Apply Income. Mortgagee shall, at its option, have the right, acting through its agents or attorneys, either with or without process of law, forcibly or otherwise, to enter upon and take possession of the Real Property, expel and remove any persons, goods, or chattels occupying or upon the same, to collect or receive all the Rents, and to manage and control the same, and to lease the same or any part thereof, from time to time, and, after deducting all reasonable attorneys' fees and expenses, and all reasonable expenses incurred in the protection, care, maintenance, management and operation of the Real Property, distribute and apply the remaining net income in accordance with the terms of the Loan Agreement or upon any deficiency decree entered in any foreclosure proceedings.

8. Application of the Rents or Proceeds from Foreclosure or Sale. In any foreclosure of this Mortgage by judicial action, or any sale of the Mortgaged Property by advertisement, in addition to any of the terms and provisions of the Loan Agreement, there shall be allowed (and included in the decree for sale in the event of a foreclosure by judicial action) to be paid out of the Rents or the proceeds of such foreclosure proceeding and/or sale:

(a) Liabilities. All of the Liabilities and other sums secured hereby which then remain unpaid; and

(b) Other Advances. All other items advanced or paid by Mortgagee pursuant to this Mortgage; and

(c) Costs, Fees and Other Expenses. All court costs, reasonable attorneys' and paralegals' fees and expenses, appraiser's fees, advertising costs, filing fees and transfer taxes, notice expenses, expenditures for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, title guarantees, title insurance policies, Torrens certificates and similar data with respect to title which Mortgagee in the reasonable exercise of its judgment may deem necessary. All such expenses shall become additional Liabilities secured hereby when paid or incurred by Mortgagee in connection with any proceedings, including but not limited to probate and bankruptcy proceedings, to which Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured or in connection with the preparations for the commencement of any suit for the foreclosure, whether or not actually commenced, or sale by advertisement. The proceeds of any sale (whether through a foreclosure proceeding or Mortgagee's exercise of the power of sale) shall be distributed and applied in accordance with the terms of the Loan Agreement.

9. Cumulative Remedies; Delay or Omission Not a Waiver. Each remedy or right of Mortgagee shall not be exclusive of but shall be in addition to every other remedy or right now or hereafter existing at law or in equity. No delay in the exercise or omission to exercise any remedy or right accruing on the

occurrence or existence of any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or acquiescence therein, nor shall it affect any subsequent Event of Default of the same or different nature. Every such remedy or right may be exercised concurrently or independently and when and as often as may be deemed expedient by Mortgagee.

10. Mortgagee's Remedies against Multiple Parcels. If more than one property, lot or parcel is covered by this Mortgage, and if this Mortgage is foreclosed upon, or judgment is entered upon any Liabilities secured hereby, or if Mortgagee exercises its power of sale, execution may be made upon or Mortgagee may exercise its power of sale against any one or more of the properties, lots or parcels and not upon the others, or upon all of such properties or parcels, either together or separately, and at different times or at the same time, and execution sales or sales by advertisement may likewise be conducted separately or concurrently, in each case at Mortgagee's election.

11. No Merger. In the event of a foreclosure of this Mortgage or any other mortgage or deed of trust securing the Liabilities, the Liabilities then due the Mortgagee shall not be merged into any decree of foreclosure entered by the court, and Mortgagee may concurrently or subsequently seek to foreclose one or more mortgages or deeds of trust which also secure said Liabilities.

12. Notices. Except as otherwise provided herein, any notices, demands, consents, requests, approvals, undertakings or other instruments required or permitted to be given in connection with this Mortgage (and all copies of such notices or other instruments as set forth below) shall be in writing, and shall be deemed to have been validly served, given or delivered if hand-delivered or if sent by a nationally recognized overnight delivery service, charges prepaid, or if mailed (effective four (4) business days following deposit thereof at any main or branch United States Post Office) by United States registered or certified mail, postage prepaid, return receipt requested, addressed to the party so notified as follows:

if to Mortgagor:

Bagcraft Corporation of America
3900 West 43rd Street
Chicago, Illinois 60632
Attention: Mark Santacrose, Vice President,
Legal Affairs
Telecopy No. (312) 254-5216

with a copy to:

Kwiat and Silverman, Ltd.
500 North Central Avenue
Northfield, Illinois 60093
Attention: Kenneth L. Kwiat
Telecopy No. (708) 441-7696

if to Mortgagee:

SPBC, Inc.
One East 22nd Street
Lombard, Illinois 60148
Attention: Assistant General Counsel
Telecopy No. (708) 691-7381

with a copy to:

SPBC, Inc.
10124 Old Grove Road
San Diego, California 92131
Attention: General Counsel
Telecopy No. (619) 549-7508

and with a copy to:

Sidley & Austin
One First National Plaza
Chicago, Illinois 60603
Attention: Jeffrey S. Rothstein, Esq.
Telecopy No. (312) 853-7312

Mortgagor or Mortgagee shall, from time to time, have the right to specify as the proper addressee and/or address for the purposes of this Mortgage any other party or address in the United States upon giving five (5) days' written notice thereof.

13. Extension of Payments. Mortgagor agrees that, without affecting the liability of any person for payment of the Liabilities secured hereby or affecting the lien of this Mortgage upon the Mortgaged Property or any part thereof (other than persons or property explicitly released as a result of the exercise by Mortgagee of its rights and privileges hereunder), Mortgagee may at any time and from time to time, on request of the Mortgagor, without notice to any person liable for payment of any Liabilities secured hereby, but otherwise subject to the provisions of the Loan Agreement, extend the time, or agree to alter or amend the terms of payment of such Liabilities. Mortgagor further agrees that any part of the security herein described may be released with or without consideration without affecting the remainder of the Liabilities or the remainder of the security.

14. Governing Law. Mortgagor agrees that this Mortgage is to be construed, governed and enforced in accordance with the laws of the State. Wherever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

15. Satisfaction of Mortgage. Upon full payment of all the Liabilities, at the time and in the manner provided in the Loan Agreement, or upon satisfaction of the conditions set forth in the Loan Agreement for release of the Mortgaged Property from this Mortgage, this conveyance or lien shall be null and void and, upon demand therefor following such payment or satisfaction of the conditions set forth in the Loan Agreement for release of the Mortgaged Property, as the case may be, a satisfaction of mortgage or reconveyance of the Mortgaged Property shall promptly be provided by Mortgagee to Mortgagor.

16. Successors and Assigns Included in Parties. This Mortgage shall be binding upon the Mortgagor and upon the successors, assigns and vendees of the Mortgagor and shall inure to the benefit of the Mortgagee's successors and assigns; all

references herein to the Mortgagor and to the Mortgagee shall be deemed to include their respective successors and assigns. Mortgagor's successors and assigns shall include, without limitation, a receiver, trustee or debtor in possession of or for the Mortgagor. Wherever used, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders.

17. Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws. Mortgagor agrees, to the full extent permitted by law, that at all times following an Event of Default, neither Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, or extension laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser thereof, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws and any and all right to have the assets comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that Mortgagee or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property in part or as an entirety. To the full extent permitted by law, Mortgagor hereby waives any and all statutory or other rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property subsequent to the date hereof.

18. Interpretation with Other Documents. Notwithstanding anything in this Mortgage to the contrary, in the event of a conflict or inconsistency between the Mortgage and the Loan Agreement, the provisions of the Loan Agreement shall govern.

19. Future Advances. This Mortgage is given for the purpose of securing loan advances which the Mortgagee may make to or for Mortgagor pursuant and subject to the terms and provisions of the Loan Agreement. The parties hereto intend that, in addition to any other debt or obligation secured hereby, this Mortgage shall secure unpaid balances of loan advances made after this Mortgage is delivered to the Recorder of Deeds, Cook County, Illinois, whether made pursuant to an obligation of Mortgagee or otherwise, provided that such advances are within twenty (20) years from the date hereof and in such event, such advances shall be secured to the same extent as if such future advances were made on the date hereof, although there may be no advance made at the time of execution hereof and although there may be no indebtedness outstanding at the time any advance is made. Such loan advances may or may not be evidenced by notes executed pursuant to the Loan Agreement.

20. Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Loan Agreement shall not be in any way affected, prejudiced or disturbed thereby. In the event that the application of any of the covenants, agreements, terms or provisions of this Mortgage is held to be invalid, illegal or unenforceable, those covenants, agreements, terms and provisions shall not be in any way affected, prejudiced or disturbed when otherwise applied.

21. Changes. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the

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change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Mortgagor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

22. Time of Essence. Time is of the essence with respect to the provisions of this Mortgage.

Property of Cook County Clerk's Office

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IN WITNESS WHEREOF, this instrument is executed as of the day and year first above written by the person or persons identified below on behalf of Mortgagor (and said person or persons hereby represent that they possess full power and authority to execute this instrument).

THE MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT THE MORTGAGOR HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

MORTGAGOR:

BAGCRAFT CORPORATION OF AMERICA,
a Delaware corporation

By: Munroe E. Redlin
Its _____ President

Attest:

Munroe E. Redlin
Its _____ Secretary

AFFIX CORPORATE SEAL

Property of Cook County Clerk's Office

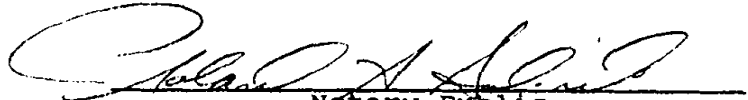
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Marshall F. Rodin and Jeanne M. Rodin whose names as President and Secretary of BAGCRAFT CORPORATION OF AMERICA, a Delaware corporation, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and Official seal this 7 day of March, 1991.


Notary Public

(Seal)



My Commission Expires: 12/21/92

Notary Public in and for the State of Illinois

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PARCEL 1:

AN IRREGULAR SHAPED PARCEL OF LAND IN THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF PRIVATE WEST 43RD STREET (A PRIVATE STREET) SAID NORTH LINE OF PRIVATE WEST 43RD STREET BEING 33.0 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SAID SECTION 2, AND A LINE 299.07 FEET (MEASURED PARALLEL TO AFORESAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2) WEST OF AND PARALLEL TO THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, SAID LAST DESCRIBED PARALLEL LINE BEING THE EASTERLY BOUNDARY LINE OF THE PREMISES CONVEYED BY THE FIRST NATIONAL BANK OF CHICAGO, TO THE THEN TRUSTEES OF THE CENTRAL MANUFACTURING DISTRICT BY DEED DATED APRIL 9, 1957 AND RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS ON MAY 27, 1957 IN BOOK 54908, AT PAGE 226 AS DOCUMENT 16915322; THENCE NORTH ALONG THE LAST DESCRIBED PARALLEL LINE, 308.29 FEET TO A POINT; SAID POINT BEING ALSO THE NORTH EAST CORNER OF THE SAID PREMISES AS CONVEYED BY DEED DATED APRIL 9, 1957 AS AFOREMENTIONED; THENCE NORTHEASTERLY ALONG A CURVE CONVEX TO THE SOUTH EAST, HAVING A RADIUS OF 295.12 FEET, AN ARC DISTANCE OF 249.84 FEET, MORE OR LESS, TO ITS INTERSECTION WITH A LINE SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, SAID POINT OF INTERSECTION BEING 160.16 FEET (MEASURED PARALLEL TO AFORESAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2), WEST OF SAID EAST LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2; THENCE EAST ALONG THE LAST DESCRIBED PARALLEL LINE TO A POINT 158.0 FEET, BY RECTANGULAR MEASUREMENT, WEST OF AND PARALLEL TO SAID EAST LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2; THENCE SOUTHEASTERLY ALONG A CURVED LINE CONVEX TO THE SOUTH WEST, HAVING A RADIUS OF 584.21 FEET, AN ARC DISTANCE OF 209.93 FEET, MORE OR LESS, TO A POINT WHICH IS 314.32 FEET, BY RECTANGULAR MEASUREMENT, NORTH OF SAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2 AND 120.7 FEET WEST OF THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, MEASURED ALONG A LINE PARALLEL TO THE SOUTH LINE THEREOF; THENCE SOUTHEASTERLY ON A STRAIGHT LINE TO A POINT WHICH IS 212.9 FEET, BY RECTANGULAR MEASUREMENT, NORTH OF THE SAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, AND 22.41 FEET WEST OF THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, MEASURED ALONG A LINE PARALLEL TO THE SOUTH LINE THEREOF; THENCE SOUTHEASTERLY ON A CURVE CONVEX TO THE NORTH EAST, HAVING A RADIUS OF 562.19 FEET, AN ARC DISTANCE OF 19.0 FEET, MORE OR LESS TO A POINT WHICH IS 195.08 FEET, BY RECTANGULAR MEASUREMENT, NORTH OF THE SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2 AND 76.02 FEET WEST OF THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, MEASURED ALONG A LINE PARALLEL WITH THE SOUTH LINE THEREOF; THENCE SOUTHERLY ON A CURVE CONVEX TO THE EAST, HAVING A RADIUS OF 317.63 FEET, AN ARC DISTANCE OF 127.55 FEET, MORE OR LESS, TO A POINT WHICH IS 69.38 FEET, BY RECTANGULAR MEASUREMENT, NORTH OF SAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, AND 60.26 FEET WEST OF THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, MEASURED ALONG A LINE PARALLEL WITH THE SOUTH LINE THEREOF; THENCE SOUTHERLY ALONG A STRAIGHT LINE TO A POINT IN THE NORTH LINE OF WEST 43RD STREET, AFORESAID, SAID POINT BEING 63.05 FEET WEST OF THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, MEASURED ALONG A LINE

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PARALLEL WITH THE SOUTH LINE THEREOF; THENCE WEST ALONG SAID NORTH LINE OF WEST 43RD STREET, A DISTANCE OF 236.01 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

ALSO

PARCEL 2:

THAT PART OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF WEST 43RD STREET (A PRIVATE STREET), SAID NORTH LINE OF WEST 43RD STREET BEING 33.0 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF WEST 1/2 OF THE NORTH WEST 1/4 OF SAID SECTION 2, AND A LINE 299.07 FEET (MEASURED PARALLEL TO AFORESAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2) WEST OF AND PARALLEL TO THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, SAID LAST DESCRIBED PARALLEL LINE BEING THE EASTERLY BOUNDARY LINE OF THE PREMISES CONVEYED BY THE FIRST NATIONAL BANK OF CHICAGO, TO THE THEN TRUSTEES OF THE CENTRAL MANUFACTURING DISTRICT BY DEED DATED APRIL 9, 1957 AND RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS, ON MAY 27, 1957 IN BOOK 54908, AT PAGE 226 AS DOCUMENT 16915322; THENCE NORTH ALONG THE LAST DESCRIBED PARALLEL LINE, 182.0 FEET; THENCE WEST ALONG A LINE PARALLEL TO THE NORTH LINE OF AFORESAID WEST 43RD STREET, 57.75 FEET TO AN EXISTING BRICK WALL OF A ONE STORY BRICK BUILDING; THENCE SOUTHERLY ALONG THE SAID BRICK WALL AND ITS SOUTHERLY EXTENSION, 182.0 FEET TO THE NORTH LINE OF SAID WEST 43RD STREET; THENCE EAST ALONG SAID NORTH LINE OF WEST 43RD STREET 60.05 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

ALSO

PARCEL 3:

THAT PART LYING WEST OF A STRAIGHT LINE PARALLEL TO AND 299.07 FEET (MEASURED PARALLEL TO THE SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, WEST OF THE EAST LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, OF THE FOLLOWING DESCRIBED PREMISES:

AN IRREGULAR SHAPED PARCEL OF LAND IN THE WEST 1/2 OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF PRIVATE WEST 43RD STREET (A PRIVATE STREET), SAID NORTH LINE OF PRIVATE WEST 43RD STREET BEING 33 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE WEST 1/2

OF THE NORTH WEST 1/4 OF SAID SECTION 2, AND A LINE 784.07 FEET, (MEASURED PARALLEL TO AFORESAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, WEST OF AND PARALLEL TO THE EAST LINE OF SAID WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2; SAID LAST DESCRIBED PARALLEL LINE BEING THE EASTERLY BOUNDARY LINE OF THE PREMISES CONVEYED BY THE FIRST NATIONAL BANK OF CHICAGO, TO THE THEN TRUSTEES OF CENTRAL MANUFACTURING DISTRICT BY DEED DATED JULY 18, 1951 AND RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS ON JULY 26, 1951 IN BOOK 47027, AT PAGE 156 AS DOCUMENT 15132507; THENCE NORTH ALONG THE LAST DESCRIBED PARALLEL LINE 248.02 FEET TO A POINT; THENCE NORTHEASTERLY ON A STRAIGHT LINE 131.28 FEET, MORE OR LESS, TO ITS INTERSECTION WITH A LINE 301 FEET, BY RECTANGULAR MEASUREMENT, NORTH OF AND PARALLEL TO SAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, SAID POINT OF INTERSECTION BEING 654.07 FEET (MEASURED PARALLEL TO AFORESAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, WEST OF SAID EAST LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2; THENCE EAST ALONG THE LAST DESCRIBED LINE TO A POINT OF CURVE; SAID POINT OF CURVE BEING 447.89 FEET (MEASURED PARALLEL TO AFORESAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2) WEST OF THE SOUTH EAST LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2; THENCE NORTHEASTERLY ALONG A CURVE, CONVEX TO THE SOUTH EAST, HAVING A RADIUS OF 295.12 FEET, AN ARC DISTANCE OF 385.82 FEET, MORE OR LESS, TO ITS INTERSECTION WITH A LINE 519.27 FEET, BY RECTANGULAR MEASUREMENT, NORTH OF AND PARALLEL TO SAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2, SAID POINT OF INTERSECTION BEING 160.16 FEET (MEASURED PARALLEL TO AFORESAID SOUTH LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2 WEST OF THE

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SAID EAST LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION 2;
THENCE EAST ALONG THE LAST DESCRIBED PARALLEL LINE TO ITS INTERSECTION
WITH A LINE 158 FEET, BY RECTANGULAR MEASUREMENT, WEST OF AND PARALLEL
TO THE SAID EAST LINE OF THE WEST 1/2 OF THE NORTH WEST 1/4 OF SECTION
2, SAID LAST DESCRIBED PARALLEL LINE BEING THE EASTERLY BOUNDARY LINE
OF THE PREMISES CONVEYED BY THE CHICAGO RIVER AND INDIANA RAILROAD
COMPANY, TO THE FIRST NATIONAL BANK OF CHICAGO BY DEED DATED MAY 23,
1951 AND RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS ON
JUNE 7, 1951 IN BOOK 46794, AT PAGE 526 AS DOCUMENT 15094225; THENCE
SOUTH ALONG THE LAST DESCRIBED PARALLEL LINE TO THE SAID NORTH LINE OF
PRIVATE WEST 43RD STREET; THENCE WEST ALONG SAID NORTH LINE OF PRIVATE
WEST 43RD STREET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS;
EXCEPTING THEREFROM THAT PART THEREOF DESCRIBED ABOVE AS PARCEL 2, ALL
IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX Nos.:

19-02-100-027-0000;

19-02-100-031-0000;

19-02-028-000

3900 West 43rd St.,
Chicago, Ill. 60632

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EXHIBIT B

Permitted Exceptions to Title

Those title exceptions listed on title commitment 7286468 dated March 7th, 1991, issued by Chicago Title Insurance Company for the property described on Exhibit A hereto.

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