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Prepared by and after
recording return to:

Keck, Mahin & Cate

233 South Wacker

8300 Sears Tower

Chicago, Illinois 60606

Attention: Laurance P. Nathan

Permanent Index Nos.: 17-09-421-006

17-09-421-007

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17-09-421-012

17-09-421-013

Common Address: 77 W. Wacker, Chicago, Illinois

COOK COUNTY, ILLINOIS

1991 MAR 20 PM 2:31

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SUBORDINATE MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES, RENTS AND PROFITS,
FINANCING STATEMENT AND FIXTURE FILING
dated as of March 14, 1991

made by

77 WEST WACKER LIMITED PARTNERSHIP
An Illinois limited partnership

as Mortgagor,

to

KEMPER INVESTORS LIFE INSURANCE COMPANY

and

FEDERAL KEMPER LIFE ASSURANCE COMPANY,

jointly and severally,

as Mortgagees.

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EXHIBITS

- Exhibit A - Legal Description of Land and Leasehold Estate
- Exhibit B - Appurtenances
- Exhibit C - Insurance Rider
- Exhibit D - Permitted Exceptions

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3/7/91

SUBORDINATE MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES, RENTS AND PROFITS, FINANCING STATEMENT AND FIXTURE FILING

THIS SUBORDINATE MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES, RENTS AND PROFITS, FINANCING STATEMENT AND FIXTURE FILING, effective as of the 14th day of March, 1991 (this "Mortgage"), made by 77 WEST WACKER LIMITED PARTNERSHIP, an Illinois limited partnership, having an office c/o The Prime Group, Inc., 35 West Wacker Drive, Suite 3600, Chicago, Illinois 60601 ("Mortgagor"), to and for the benefit of KEMPER INVESTORS LIFE INSURANCE COMPANY, an Illinois insurance corporation, with offices at c/o Kemper Financial Services, Inc., 120 South LaSalle Street, Chicago, Illinois 60603, Attn: Real Estate Investment Group ("KILICO") and FEDERAL KEMPER LIFE ASSURANCE COMPANY, an Illinois insurance corporation, with offices at c/o Kemper Financial Services, Inc., 120 South LaSalle Street, Chicago, Illinois 60603, Attn: Real Estate Investment Group ("FKLA"); KILICO and FKLA are hereinafter referred to jointly and severally as "Mortgagee" with reference to the following facts:

W I T N E S S E T H:

WHEREAS, Mortgagor is the owner of a fee simple estate in certain land and certain air rights described on Exhibit A as Parcels 1, 2 and 4, is the holder of certain easement interests in air rights and for support described on Exhibit A as Parcels 3, 5 and 6 (collectively, the "Land"), is the holder of certain other appurtenant interests, and is the holder of a leasehold estate (the "Leasehold Estate") in certain air rights described on Exhibit A as Parcel 7 created pursuant to that certain lease (as the same may be amended from time to time, the "Air Rights Lease"), dated March 7, 1991, by and between American National Bank and Trust Company of Chicago, not individually but as Trustee under Trust Agreement dated November 26, 1985 and known as Trust No. 66121 and Mortgagor, all as described in Exhibit A attached hereto and hereby made a part hereof, such land and other rights being located in the City of Chicago, County of Cook and State of Illinois; and

WHEREAS, Mortgagor and Mortgagee are parties to a certain Subordinate Mortgage Funding Agreement dated as of the date hereof (as may be modified, supplemented or amended hereafter from time to time, the "Agreement"), pursuant to which Mortgagee has agreed

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to make certain advances and Mortgagor has agreed to pay and perform certain obligations and liabilities as described therein; and

WHEREAS, it is a condition precedent to Mortgagee's advances to Mortgagor under the Agreement that Mortgagor shall have executed and delivered to Mortgagee this Mortgage and certain other instruments and documents evidencing and securing the Obligations (as defined herein) (the Agreement, this Mortgage, the Note and such other instruments and documents are referred to herein as the "Loan Documents"); and

WHEREAS, Mortgagor desires to execute this Mortgage to satisfy the condition described in the preceding recital;

NOW, THEREFORE, in consideration of the benefits accruing to Mortgagee, the receipt and sufficiency of which are hereby acknowledged, MORTGAGOR HEREBY GRANTS, BARGAINS, SELLS, TRANSFERS AND ASSIGNS, CONVEYS, WARRANTS AND MORTGAGES TO MORTGAGEE AND ITS SUCCESSORS AND ASSIGNS FOREVER, AND GRANTS TO MORTGAGEE A CONTINUING SECURITY INTEREST in, to and under and subject to the terms and conditions hereinafter set forth, all of Mortgagor's estate, right, title and interest, whether now owned or hereafter acquired, in and to the Mortgaged Estate (defined below) including that property described on Exhibit A hereto. Any defined terms used herein not otherwise defined herein shall have the same meaning as they have in the Agreement.

The Land, the Leasehold Estate, the Improvements (as hereinafter defined), the Equipment and the Appurtenances (as hereinafter defined) are herein referred to collectively as the "Property".

TOGETHER with Mortgagor's right, title and interest in and to all appurtenant rights and easements, rights of way, and other rights used in connection with the Land, the Leasehold Estate and/or the Improvements or to provide a means of access thereto or to provide utility service thereto, privileges, franchises, development, air and other rights and appendages now or in the future belonging to or in any way appertaining to the Land, the Leasehold Estate and/or the Improvements, including, without limitation, Mortgagor's interest in the Redevelopment Agreement, as defined in the Construction Loan Agreement (as defined in the Agreement) (to the extent such interest is assignable), and Mortgagor's interest in and to those certain other agreements (collectively, the "Appurtenant Rights Agreements") identified on Exhibit B hereto, and in and to all other streets, alleys, water rights, mineral rights and all tenements, servitudes, hereditaments and appurtenances pertaining or belonging to the Property, and all underground and overhead passageways and licenses in connection therewith (collectively, the "Appurtenances");

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TOGETHER with all of Mortgagor's right, title and interest in and to any and all leases and subleases, arrangements, concessions or agreements, written or oral, relating to the use and occupancy of the Property or any portion thereof, in each case as now or hereafter existing or entered into and all rights and benefits now or hereafter accruing to Mortgagor under any and all guaranties of the obligations of any tenant thereunder, as any of the foregoing may be amended, extended, renewed or modified from time to time (collectively, the "Leases");

TOGETHER with all rents, issues and profits arising from the Leases or otherwise arising from the Property (collectively, "Rents"), for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily);

TOGETHER with Mortgagor's right, title and interest in and to (a) any and all buildings, fixtures and improvements now or hereafter erected on the Land, Appurtenances and Leasehold Estate (hereinafter sometimes collectively referred to as the "Improvements"), and (b) any and all personal property owned by Mortgagor (including, but not limited to, that portion of the personal property that constitutes fixtures, attachments, appliances, equipment, machinery and other tangible personal property) now or hereafter attached to the Improvements or now or at any time hereafter located on the Land, the Appurtenances and/or Improvements and necessary for the continued operation of the Land, the Appurtenances and/or Improvements (hereinafter sometimes collectively referred to as the "Equipment"); and

TOGETHER with each and every estate, interest, right, title, other claim or demand, including claims or demands with respect to (i) the proceeds of insurance in effect with respect thereto, which Mortgagor now has or may hereafter acquire in the Property, and (ii) any and all awards made for the taking by eminent domain, or by any proceedings or purchases in lieu thereof, which Mortgagor now has or may hereafter acquire, of the whole or any part of this Property, including without limitation any awards resulting from the change of grade of streets and awards for severance damages in each and every case.

The Property, together with all Leases, Rents and the Secured Property (as such term is defined in Section 3.01 of this Mortgage), and all other interests hereby conveyed to Mortgagee and all proceeds of any thereof may be referred to herein as the "Mortgaged Estate".

TO HAVE AND TO HOLD as provided herein the above granted and described Mortgaged Estate unto Mortgagee and to its substitutes and assigns forever, and Mortgagor hereby binds itself and its successors and assigns to warrant and forever defend the Mortgaged Estate unto Mortgagee, its successors and assigns,

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against the claims of all persons claiming the same, or any part thereof, subject, however, to the Permitted Exceptions set forth in Exhibit "D" hereto (the "Permitted Exceptions"), and further subject to Section 5.22 hereof. Mortgagor hereby expressly waives and releases any and all right, benefit, privilege, advantage or exemption under and by virtue of any and all statutes and laws of the state or other jurisdiction in which the Land is located providing for the exemption of homesteads from sale on execution or otherwise.

THIS MORTGAGE is given to secure:

(A) the payment and performance of all obligations of Mortgagor under that certain note (the "Note") of even date herewith, executed and delivered by Mortgagor to Mortgagee in the original principal sum of Sixty Million and 00/100 Dollars (\$60,000,000), wherein Mortgagor promises to pay to Mortgagee (i) the Loan Amount (as defined in the Agreement), (ii) interest thereon at the rates and times, in the manner and according to the terms and conditions specified therein, and (iii) certain additional sums payable in accordance with the terms of the Agreement;

(B) the payment and performance of all the other obligations and agreements of Mortgagor contained in the Agreement, including without limitation the payment of all sums advanced by Mortgagee pursuant thereto, with interest thereon in accordance with the terms of the Agreement;

(C) the payment and performance of all of the other obligations and agreements of Mortgagor contained herein, in the Note and in the other Loan Documents, and in each agreement of Mortgagor incorporated by reference therein or herein, or contained therein or herein; and

(D) all renewals, extensions or modifications of, or substitutions for, any of the foregoing (all of the obligations and agreements referred to in clauses (A) through (D) are hereinafter collectively referred to as the "Obligations").

PROVIDED, HOWEVER, that Mortgagee shall release and/or reconvey this Mortgage at such time as all of the Obligations have been paid and performed in full.

PROVIDED, further, that the Note and the Agreement provide for the accrual of unpaid interest and the addition of interest to principal as set forth therein, payment of which is included in the Obligations secured by this Mortgage.

PROVIDED, further, notwithstanding anything else contained herein to the contrary, the maximum amount included within the Obligations on account of principal shall not exceed \$120,000,000 plus the total amount of all advances made by Mortgagee to protect the Property and the security interest and lien created hereby.

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AND TO PROTECT THE SECURITY OF THIS MORTGAGE Mortgagor covenants and agrees as follows:

ARTICLE I REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF MORTGAGOR

1.01 Title to the Property. Mortgagor represents and warrants (a) that it (i) has good, marketable and indefeasible fee simple title to the land described on Exhibit A as Parcels 1 and 4 and the air rights described in Exhibit A as Parcel 2, and the Improvements, (ii) holds an easement interest in the parcels described in Exhibit A as Parcels 3 and 5 and 6, (iii) holds a valid leasehold interest in the Leasehold Estate, and (iv) holds the Appurtenances and has good and absolute title to the Equipment, in each case free and clear of any liens and encumbrances except Permitted Exceptions; (b) that this Mortgage is a valid second lien upon the Mortgaged Estate, subordinate only to the pari passu liens created under the Construction Mortgage and the KILICO/FKLA First Mortgage (as herein defined), as set forth in Section 5.22 hereof, and that it has not created any other lien or encumbrance upon the Mortgaged Estate which will remain undischarged after recording of this Mortgage (except Permitted Exceptions); (c) that Mortgagor has full power and lawful authority to encumber the Mortgaged Estate in the manner set forth herein; and (d) that there are no defenses or offsets to this Mortgage or to the Obligations which it secures. Mortgagor shall not, directly or indirectly, create or suffer to be created any lien upon any portion of the Mortgaged Estate (except Permitted Exceptions). Mortgagor shall, subject to Permitted Exceptions, preserve such title and the validity and priority of the lien hereof and shall forever warrant and defend the same to Mortgages against the claims of all persons and parties whatsoever.

1.02 Mortgage. The execution and delivery of this Mortgage, the Note, and the other Loan Documents have been duly authorized by Mortgagor and there is no provision in the limited partnership agreement of Mortgagor requiring further consent for such action by any other entity or person. Mortgagor is duly organized and validly existing under the laws of the State of Illinois, and has full power and authority to own its properties and carry on its business as presently conducted, and the execution and delivery by it of, and performance by it of its obligations under this Mortgage, and the other Loan Documents will not result in Mortgagor being in default under any provision of its limited partnership agreement or of any other agreement to which Mortgagor is a party or which affects the Property or any part thereof or any other property of Mortgagor.

1.03 Operation of the Property. Mortgagor has obtained or will obtain all necessary certificates, licenses, authoriza-

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tions, registrations, permits and/or approvals necessary for the construction of any Improvements on or over the Land, Leasehold Estate and Appurtenances and, during the term hereof, will obtain a certificate of occupancy and any other certificates, licenses, authorizations, registrations, permits and/or approvals necessary with respect to the ownership, operation and management of the Property, including, without limitation, all required environmental permits, all of which are or will be in full force and effect and not subject to any revocation, undisclosed amendment, release, suspension, forfeiture or the like. The contemplated use and occupancy of the Improvements as an office building will not conflict with or violate any such certificate, license, authorization, registration, permit or approval and will conform to and comply with all state and local zoning, environmental, land use, and other applicable ordinances, laws, rules and regulations applicable thereto. Mortgagor will promptly deliver to Mortgagee, at its request, true copies of all such certificates, licenses, authorizations, registrations, permits and approvals.

1.04 Agreements. Except for (a) any prior encumbrance which has been or will be discharged upon recordation of this Mortgage and (b) any Permitted Exception, Mortgagor has not entered into any contract or other agreement providing for the transfer, conveyance or encumbrance of the Mortgaged Estate or any part thereof or interest therein.

1.05 Payment and Performance of Obligations. Mortgagor shall pay all of the obligations when due and without offset or counterclaim. Mortgagor shall observe and comply in all respects with all of the terms, provisions, conditions, covenants and agreements to be observed and performed by it under this Mortgage and under the other Loan Documents.

1.06 Maintenance, Repair, Alterations, Etc. (a) When the Improvements are completed, Mortgagor will keep and maintain the Improvements and Equipment in good condition and repair as a first class office building (ordinary wear and tear excepted); make or cause to be made, as and when necessary, all repairs, renewals and replacements, structural and non-structural, exterior and interior, ordinary, and extraordinary, foreseen and unforeseen to, and except if permitted under the Agreement or under clause (b) of this Section 1.06 not remove, demolish, change or alter any of the Improvements; promptly restore any Improvement which may be damaged or destroyed so that the same shall be at least equal to its value, condition, character, bulk, floor area and height immediately prior to the damage or destruction, and, subject to the contest rights set forth in Section 1.20 hereof, promptly pay when due all claims for labor performed and materials furnished therefor; subject to the contest rights set forth in Section 1.20 hereof, comply with all laws, ordinances, regulations, covenants, conditions and restrictions (collectively, "Law") now or hereafter affecting the Property or any part thereof or the use thereof or requiring any

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alterations or improvements; not commit or permit any waste or deterioration (ordinary wear and tear excepted) of the Property; keep and maintain the grounds, sidewalks, parking and landscape areas, if any, which are part of the Property in good and neat order and repair (ordinary wear and tear excepted); subject to the contest rights set forth in Section 1.20 hereof, comply in all material respects with the provisions of any easement or other agreement affecting all or any part of the Property; and not permit the Improvements or any part thereof to become deserted or unguarded.

(b) Subject to any provisions of Sections 1.09 and 1.15 hereof to the contrary, Mortgagor shall have the right from time to time, at its sole cost and expense, to make repairs, renewals, replacements, changes and alterations in or additions to the Improvements (collectively, "Repairs"), subject, however, to the following:

(i) no Repairs shall be undertaken without Mortgagee's prior written consent, not to be unreasonably withheld, if the Repairs involve an estimated cost of \$250,000 or more;

(ii) no Repairs shall be undertaken until Mortgagor shall have procured and paid for, so far as the same may be required from time to time, all permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction;

(iii) any Repairs whose estimated cost exceeds \$500,000 shall be conducted under the supervision of an architect and/or engineer selected by Mortgagor (who may be an employee of Mortgagor) and approved in writing by Mortgagee, such approval not to be unreasonably withheld, and no such Repairs shall be made except in accordance with detailed plans and specifications and cost estimates prepared and approved in writing by such architect and/or engineer, and approved in writing by Mortgagee, such approval not to be unreasonably withheld;

(iv) the Repairs shall, when completed, be of such a character as not to change the nature of the use of the Improvements or reduce the economic value thereof below its value immediately before such Repairs were performed;

(v) the Repairs once commenced shall be made promptly and in a good and workmanlike manner and in compliance with all applicable permits and authorizations and building and zoning laws and with all other laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and officers, any national or local Board of Fire Underwriters,

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or any other body hereafter exercising functions similar to those of any of the foregoing;

(vi) if the estimated cost of the Repairs shall be in excess of \$250,000, Mortgagee shall have the right to require Mortgagor to cause the contractor to furnish to Mortgagee and Mortgagor a performance bond or other security in an amount at least equal to the estimated cost of such Repairs, guaranteeing the completion thereof free and clear of all liens, encumbrances, chattel mortgages, conditional bills of sale and other charges, and in accordance with the plans and specifications approved by Mortgagee;

(vii) Mortgagor shall pay to Mortgagee all out-of-pocket fees and expenses incurred by Mortgagee in connection with such Repairs, including but not limited to the fees and expenses of any architect selected by Mortgagee to review the plans and specifications and inspect the Repairs on behalf of Mortgagee, and

(viii) This Section 1.06(b) shall not apply to Tenant Work (as defined in the Construction Loan Agreement) performed by Mortgagor at the Property, which Tenant Work shall be performed in accordance with the terms of the Construction Loan Agreement including, without limitation, Article 8 thereof.

1.07 Required Insurance. Mortgagor will, at its expense, at all times provide, maintain and keep in force the following policies of insurance:

(a) All Risk Builder's Risk and installation Insurance (non-reporting form) issued with respect to the Property in an amount equal to the completed value thereof with extended coverage, and vandalism and malicious mischief coverage, offsite storage coverage, in transit coverage, including construction period business interruption insurance if required by Mortgagee in its sole discretion; and upon completion of the Improvements, such policy shall be converted to an "All Risks of Physical Loss" policy, including, without limitation, insurance against loss or damage by fire, lightning, windstorm, civil commotion, smoke, hail, aircraft, vandalism, explosion, riot, strike, water damage, sprinkler leakage, collapse and malicious mischief, in amounts at all times sufficient to prevent Mortgagor from becoming coinsurer within the terms of the applicable policies, but in any event such insurance shall be maintained in the full insurable value of the Improvements (the term "full insurable value" to mean 100% of the actual replacement cost of the Improvements, including the cost of debris removal but excluding any depreciation, footings or foundations); with insurers meeting the criteria set forth below;

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(b) comprehensive general liability insurance, including bodily injury and property damage liability, and umbrella liability insurance against any and all claims, including, without limitation, "X", "C" and "U" coverage and all legal liability (to the extent insurable) imposed upon Mortgagee and all court costs and attorneys' fees, arising out of or connected with the possession, use, operation or condition of the Property in an amount not less than \$10,000,000.00 for Mortgagor and \$25,000,000.00 for the General Contractor (as defined in the Construction Loan Agreement);

(c) statutory workers, compensation insurance with respect to any work on or about the Property and employer's liability insurance for Mortgagor and all contractors and subcontractors in such amounts as may be required by law;

(d) flood insurance if the Property is located in an area designated by the Secretary of the United States Department of Housing and Urban Development as a special flood hazard area;

(e) to the extent not covered by any of the foregoing, collapse insurance, in an amount satisfactory to Mortgagee, which policy may be cancelled by Mortgagor upon completion of all structural work relating to the Improvements;

(f) architect's errors and omissions insurance, in an amount equal to at least \$1,000,000; and

(g) such other insurance policies and coverages as may be required under the Agreement or as Mortgagee may otherwise reasonably require or which may be required to be maintained by Mortgagor pursuant to the terms of the Air Rights Lease or any of the Appurtenant Rights Agreements.

1.08 Policy Provisions, Etc. (a) Each policy of insurance maintained by Mortgagor pursuant to Section 1.07 shall (i) name the Mortgagee as an additional insured, as its interest may appear with respect to liability insurance coverage; (ii) contain the standard non-contributory New York type mortgagee clause endorsement in favor of Mortgagee with respect to hazard insurance coverage; (iii) name Mortgagee as loss payee and provide that all insurance proceeds for losses be adjusted and be payable in accordance with Section 1.09 hereof with respect to hazard insurance coverage; (iv) include effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all loss payees and named insured other than Mortgagor (provided that Mortgagee shall have the right to pay premiums and continue any insurance upon the failure to do so of Mortgagor) and all rights of subrogation against any named insured; (v) except in the case of public liability insurance and workers' compensation insurance, provide that any losses shall be payable notwithstanding (A) any act, failure to act, negligence of, or violation or breach of warranties, declarations or conditions

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contained in such policy by Mortgagor, Mortgagee, or any other named insured or loss payee, (B) the occupation or use of the insured properties for purposes more hazardous than those permitted by the terms of the policy, (C) any foreclosure or other proceeding or notice of sale relating to the insured properties or (D) any change in the title to or ownership or possession of the insured properties; (vi) provide that if all or any part of such policy is cancelled, terminated or expires, the insurer will forthwith give notice thereof to each named insured and loss payee and that no cancellation, termination, expiration or reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by each named insured and loss payee of written notice thereof; and (vii) not be subject to a deductible in excess of \$10,000.

(b) Mortgagor shall pay as and when the same become due and payable the premiums for all insurance policies that Mortgagor is required to maintain hereunder, and all such policies shall be non-assessable. Mortgagor will deliver to Mortgagee concurrently herewith certificates setting forth in reasonable detail the terms (including, without limitation, any applicable notice requirements) of all insurance policies that Mortgagor is required to maintain hereunder together with true and complete copies of such policies. Mortgagor shall also provide to Mortgagee copies of such policies certified by the insurance companies issuing them promptly after Mortgagee's request therefor. Mortgagor will deliver to Mortgagee, concurrently with each change in any such insurance policy, a certificate with respect to such changed insurance policy certified by Mortgagor, in the same form and containing the same information as the certificates required to be delivered by Mortgagor pursuant to the first sentence of this subparagraph and with each renewal a certificate of Mortgagor certifying that all premiums then due thereon have been paid to the applicable insurers and that the same are in full force and effect.

(c) Not later than fifteen (15) days prior to the expiration, termination or cancellation of any insurance policy which Mortgagor is required to maintain hereunder, Mortgagor shall obtain a replacement policy or policies (or a binding commitment for such replacement policy or policies), which shall be effective no later than the date of the expiration, termination or cancellation of the previous policy, and shall deliver to Mortgagee a certificate and a true and complete copy of such policy or policies which comply with the requirements of Section 1.08(b) or a copy of the binding commitment for such policy or policies. Mortgagor shall also provide to Mortgagee originals of such policies or copies thereof certified by the insurance companies issuing them as soon as reasonably possible after Mortgagee's request therefor.

(d) Within fifteen (15) days following the end of each policy period, and concurrently with the delivery of each

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replacement policy or binder pursuant to Section 1.08(c), Mortgagor will deliver to Mortgagee a report or reports by Mortgagor setting forth the particulars as to all insurance obtained by Mortgagor pursuant to Section 1.07 or Section 1.08 and then in effect and stating that all premiums then due thereon have been paid to the applicable insurers, and that the same are in full force and effect.

(e) From time to time, upon the occurrence of any material change in the use or operation of the Property, or in the availability of insurance required hereunder in the area in which the Property is located, Mortgagor will give Mortgagee notice of such change. Mortgagor will not take out separate or additional insurance concurrent in form or contributing in the event of loss with that required to be maintained pursuant to this Mortgage unless such insurance complies with this Section 1.08.

(f) All insurers shall be authorized to issue insurance in the State of Illinois and all insurers and reinsurers shall have the A.M. Best rating of "A" or better and a financial size rating of XII in the current edition of Best Insurance Reports.

1.09 Insurance Proceeds. (a) Mortgagor shall give prompt written notice to Mortgagee of the occurrence of any damage to or destruction of the Improvements in an amount exceeding \$250,000 to repair or replace.

(b) In the event of any damage to or destruction of the Improvements or any part thereof and if an Event of Default shall have occurred and be continuing hereunder, Mortgagee shall receive all insurance proceeds and shall have the right to apply such proceeds to the payment of the Obligations, in which event the following provisions shall apply:

(1) Mortgagee shall apply all of the insurance proceeds in the following order and priority: (A) first, to the payment of all reasonable costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorney's fees, incurred by it in connection with the collection of such proceeds; (B) second, to the payment of all amounts of interest at the time due and payable on the Note (whether at maturity or by declaration or acceleration or otherwise); (C) third, to the payment of all amounts of principal outstanding under the Note whether or not then due and payable on the Note (whether at or prior to maturity or by declaration or acceleration or otherwise); (D) fourth, to the payment of any other Obligations secured hereby then due and payable; and (E) fifth, Mortgagee shall deliver the balance, if any, to Mortgagor or to the person or persons legally entitled thereto.

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(ii) All insurance proceeds shall be payable to Mortgagee, and Mortgagor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Mortgagee.

(c) In the event of any damage to or destruction of the Improvements, and if a Default or an Event of Default shall not have occurred and be continuing hereunder or under the Agreement, or if a Default or an Event of Default shall have occurred and be continuing hereunder or under the Agreement but Mortgagee shall not have elected to avail itself of its rights under Section 1.09(b), the following provisions shall apply:

(i) In the event that the insurance proceeds are estimated by Mortgagee to be in the amount of \$500,000 or more, Mortgagor shall, upon written request of Mortgagee, furnish to Mortgagee (A) plans and specifications for such repair and restoration and construction estimates; (B) evidence that Mortgagor has in force rental and business interruption insurance covering the longer of one year or the time Mortgagee reasonably estimates will be necessary to complete the restoration and rebuilding, provided such insurance is available at commercially reasonable rates for periods in excess of one year; (C) financial plans and projections and other information reasonably requested by Mortgagee to enable it to determine that Mortgagor's net income during the period from the time of damage until restoration and rebuilding is completed ("Gap Period") from (1) all Leases which may continue without full abatement of rent during such Gap Period, ~~plus~~ (2) all Leases in effect during the Gap Period without full abatement of rent which Mortgagor may obtain in substitution for any of the same which did not continue during such Gap Period, ~~plus~~ (3) the proceeds of rental continuation and business interruption insurance, ~~plus~~ (4) the insurance proceeds, ~~plus~~ (5) other funds committed by Mortgagor or any guarantor in accordance with the balancing requirements of the Construction Loan Agreement, ~~plus~~ (6) other funds not yet disbursed to Mortgagor which are for any category of costs included in a Budget Line Item (as defined in the Construction Loan Agreement) and described in the following clauses (a), (b) or (c) and are not in excess of the amounts which would have been disbursed during the restoration and rebuilding period in the absence of the damage or destruction, is sufficient to pay (a) all costs and expenses associated with the restoration of the Improvements, as such costs and expenses are incurred; (b) the expenses of operating and maintaining the Improvements, as such expenses are incurred; and (c) installments of principal and interest, when and as due, of any indebtedness secured by the Improvements until the Property is restored or is generating sufficient revenues to cover such costs, expenses and installments of principal and interest, whichever is earlier; and (D) evi-

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dence that Mortgagor is not in default under any of the material terms, covenants and conditions of any of the Leases and (x) in the event the damage or destruction occurs prior to the Stabilization Date, that Leases sufficient to maintain at least the same Coverage Ratio (as such term is defined in the Operating Deficits Guaranty, as defined in the Agreement) which existed before such damage or destruction will be in effect at the time restoration is completed and (y) in the event the damage or destruction occurs after the Stabilization Date that Leases sufficient to insure a Coverage Ratio of 1.1:1.0 will be in effect.

(ii) If Mortgagor is unable to satisfy the conditions set forth in subparagraph 1.09(c)(i) above within sixty (60) days of receipt of a written request therefor, Mortgagee may, at its option, to be exercised within fifteen (15) days thereafter, require Mortgagor to deliver to Mortgagee all such insurance proceeds paid to Mortgagor and Mortgagee may avail itself of all of its rights under Section 1.09(b).

(iii) In the event that the insurance proceeds are estimated by Mortgagee to be in an amount less than \$500,000, Mortgagor shall be entitled to receive all such proceeds and to apply such proceeds to the payment of the costs and expenses of repairing, restoring and operating the Improvements.

(iv) In the event that Mortgagee does not have the right (or does not elect to exercise the right) to apply the insurance proceeds pursuant to Section 1.09(c)(ii) hereof and in the event such proceeds are in an amount of \$500,000 or more, Mortgagor shall, at Mortgagee's request, deposit all such insurance proceeds with Mortgagee or a bank or other financial institution as shall be designated by Mortgagee and reasonably acceptable to Mortgagor (the "Depository Institution"). Mortgagee shall instruct the Depository Institution to disburse such proceeds to or for the account of Mortgagor, in installments, to first pay the costs and expenses associated with the restoration, and, after payment for such restoration to pay (A) the costs and expenses of, maintenance and operation of Property, as such costs and expenses are incurred, and, (B) all payments, when and as due, under the terms of any indebtedness secured by the Mortgaged Estate including the indebtedness due on the Note, in accordance with the procedures set forth in Exhibit C attached hereto and hereby made a part hereof. Upon the payment of such costs and expenses, and any payments then due of any indebtedness then secured by the Mortgaged Estate, the balance of such proceeds, if any, shall be delivered to Mortgagor.

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(d) If Sections 1.09(b) or 1.09(c)(ii) shall be applicable, Mortgagee alone shall have the right to settle, adjust or compromise any claim under any policy of insurance (which shall be subject to Mortgagor's reasonable approval only if Section 1.09(c)(ii) is applicable). In all other cases, (i) Mortgagor may settle, adjust or compromise any claim which is in the amount of \$250,000 or less; and (ii) with respect to any claim in excess of \$250,000, Mortgagee and Mortgagor shall consult and cooperate with each other and each shall be entitled to participate in all meetings and negotiations with respect to the settlement of such claim. Any adjustment or settlement by Mortgagor of any claim which is in excess of \$250,000 shall be subject to the approval of Mortgagee.

(e) In the event of foreclosure of the lien of this Mortgage or other transfer of title or assignment of the Mortgaged Estate in extinguishment, in whole or in part, of the Obligations, all right, title and interest of Mortgagor in and to all proceeds then payable under any policy of insurance required by this Mortgage shall inure to the benefit of and pass to the successor in interest of Mortgagor, or the purchaser or grantee of the Mortgaged Estate.

(f) All insurance proceeds and other Proceeds (as such term is defined in Section 1.15(b)(1) hereof) deposited with the Depository Institution shall be invested in Permitted Investments (as such term is defined in Section 5.01 hereof) and all interest earned thereon shall become a part of the principal of such proceeds, and shall be disbursed by the Depository Institution in accordance with this Section 1.09. In the event that such proceeds are to be applied to the restoration of the Improvements and/or the Equipment incorporated therein, Mortgagor shall have the right to choose the Permitted Investments in which such proceeds will be invested, subject to the prior approval of Mortgagee. In the event Mortgagor fails to choose the Permitted Investments within ten (10) days of the deposit of such proceeds with the Depository Institution or by the time any Permitted Investment must be re-invested, Mortgagee shall have the right to choose the Permitted Investments. In no event shall Mortgagee or the Depository Institution be liable for any loss which may be incurred by reason of any Permitted Investments. To the extent that Mortgagee or the Depository Institution becomes liable for the payment of any taxes (including, without limitation, withholding taxes) in respect of income derived from Permitted Investments, Mortgagee may cause such taxes to be paid from any monies held by it or the Depository Institution hereunder.

(g) Mortgagor shall repair and restore all damage or destruction to the Improvements regardless of whether there are insurance proceeds available or whether any such proceeds are sufficient in amount. Notwithstanding anything in this Section 1.09 to the contrary, in the event of damage to or destruction of

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any Improvements located on the property devised under the Air Rights Lease, Mortgagor shall not be obligated to repair or restore such damage or destruction if such repair or restoration requires the repair or restoration of the Landlord's Building (defined herein as defined in the Air Rights Lease) and the landlord under the Air Rights Lease elects not to repair or restore. In any such case, notwithstanding anything in this Section 1.09 to the contrary, Mortgagee alone shall have the right to settle, adjust or compromise all insurance proceeds arising from such damage or destruction and Mortgagee shall receive all such insurance proceeds and shall have the right to apply the same in accordance with Section 1.09(b).

1.10 Indemnification; Subrogation; Waiver of Offset.

(a) If Mortgagee is made a party defendant to any litigation concerning this Mortgage or the Mortgaged Estate or any part thereof, or the construction, operation or occupancy thereof by Mortgagor or anyone else, Mortgagor shall indemnify, defend and hold Mortgagee harmless from all liability by reason of said litigation, including attorneys' fees and expenses incurred by Mortgagee in any such litigation, whether or not any such litigation is prosecuted to judgment; provided, however, that nothing herein shall be deemed to require Mortgagor to indemnify, defend and hold harmless Mortgagee with respect to Mortgagee's gross negligence or willful misconduct. If Mortgagee commences an action against Mortgagor to enforce any of the terms hereof or because of the breach by Mortgagor of any of the terms hereof or for the recovery of any sum secured hereby, Mortgagor shall pay the attorneys' fees and expenses incurred by Mortgagee, and the right to such attorneys' fees and expenses shall be enforceable whether or not such action is prosecuted to judgment; provided that Mortgagor shall not be responsible for such reimbursement if such action results in a judgment or other determination that Mortgagor has not breached the terms of this Mortgage or is not otherwise in default hereunder. If Mortgagor breaches any term of this Mortgage, Mortgagee may employ an attorney or attorneys to protect its rights hereunder, and Mortgagor shall pay the reasonable attorneys' fees and expenses incurred by Mortgagee, whether or not an action is actually commenced against Mortgagor by reason of such breach.

(b) Mortgagor waives any and all right to claim or recover against Mortgagee, its officers, employees, agents and representatives, for loss or damage to Mortgagor, the Property, Mortgagor's property or the property of others under Mortgagor's control from any cause to the extent that such loss or damage is recoverable, or would be recoverable under the insurance policies required to be carried hereunder whether or not such policies are then in effect.

(c) All sums payable by Mortgagor hereunder shall be paid without counterclaim, setoff, or deduction except with respect

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to insurance proceeds and other Proceeds received by Mortgagee and applied to amounts owing hereunder and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Property or any part thereof except that occasioned by Mortgagee without lawful right or authority; (iii) any title defect or encumbrance or any eviction from the Property or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagee, or Mortgagor, or any action taken with respect to this Mortgage by any trustee or receiver of Mortgagee or Mortgagor; (v) any claim which Mortgagor has or might have against Mortgagee; (vi) any default or failure on the part of Mortgagee to perform or comply with any of the terms hereof or of any other Loan Documents other than a default or failure on the part of Mortgagee to deliver funds to Mortgagor if required to do so by the terms hereof or of any of the other Loan Documents; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Mortgagor shall have notice or knowledge of any of the foregoing.

1.11 Impositions. (a) Subject to the provisions of Section 1.20 hereof, Mortgagor will pay prior to delinquency all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including, without limitation, nongovernmental levies or assessments such as maintenance charges, owner association dues or charges or fees, levies or charges resulting from covenants, conditions and restrictions affecting the Property, which are assessed or imposed upon any of the Property, or arising in respect of the operation, occupancy, use or possession thereof (all of which taxes, assessments and other governmental or nongovernmental charges of like or different nature are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the payer be paid, in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same may become due.

(b) If under the provisions of any law or ordinance now or hereafter in effect there shall be assessed or imposed: (i) a tax or assessment on the Property in lieu of or in addition to the Impositions payable by Mortgagor pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Mortgagee and measured by or based in whole or in part upon the amount of the outstanding Obligations, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and Mortgagor

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shall pay and discharge or cause to be paid and discharged the same as herein provided or shall reimburse or otherwise compensate Mortgagee for the payment thereof. In the event any such law or ordinance specifically provides that Mortgagor may not pay, reimburse or otherwise compensate Mortgagee for the payment of such tax, assessment or fee, then, at the option of Mortgagee, Mortgagee may declare all of the Obligations to be due and payable within ninety (90) days of delivery of written notice and the failure of Mortgagor to pay the Obligations within such period shall be an Event of Default entitling Mortgagee to exercise any of the remedies set forth in this Mortgage. Anything to the contrary herein notwithstanding, Mortgagor shall not have any obligation to pay any franchise, doing business, estate, inheritance, income, excess profits or similar taxes levied on Mortgagee or on the Obligations.

(c) Subject to the provisions of subparagraph (d) hereof, Mortgagor covenants to furnish to Mortgagee, prior to the date when any interest or penalty shall accrue for nonpayment of Impositions official receipts of the appropriate taxing or other authority, or other proof reasonably satisfactory to Mortgagee, evidencing the payment thereof.

(d) If an Event of Default shall occur and be continuing, at the request of Mortgagee, and in any event whenever required under the Redevelopment Agreement, Mortgagor shall pay to the Depository Institution (i) within five (5) Business Days after demand, the amount of all Impositions accrued to date and unpaid, as reasonably estimated by Mortgagee, and (ii) thereafter on the first Business Day of each month an amount equal to one-twelfth of the annual total of Impositions estimated by Mortgagee to be assessed against the Property in order to pay the installment of Impositions next due on the Property. In such event, Mortgagor further agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to Mortgagee. Provided Mortgagor has deposited sufficient funds with the Depository Institution pursuant to this Section 1.11(d), Mortgagee shall instruct the Depository Institution to pay on or prior to the due date thereof, such amounts as may be due thereunder out of the funds so deposited with the Depository Institution. Notwithstanding the foregoing, nothing contained herein shall cause Mortgagee to be deemed a trustee of said funds or obligate Mortgagee to pay any amount in excess of the amount deposited with the Depository Institution pursuant to this Section 1.11. If at any time and for any reason the funds deposited with the Depository Institution are or will be insufficient to pay such amounts as may then be due, Mortgagee shall notify Mortgagor and Mortgagor shall promptly deposit an amount equal to such deficiency with the Depository Institution. Should Mortgagor fail to deposit with the Depository Institution sums sufficient to fully pay such Impositions when due, Mortgagee may, at Mortgagee's election, but without any obligation to do so, advance any amounts required to make up the deficiency.

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Any such advance shall be secured hereby and shall be repayable to Mortgagee as provided in this Mortgage. Should an Event of Default occur and be continuing hereunder, Mortgagee may, at any time at Mortgagee's option, apply any sums or amounts then held by the Depository Institution pursuant to this paragraph (including, without limitation, any income earned thereon) to the payment or discharge of the Obligations in the manner set forth in subparagraph 1.09(b) hereof as if the same were insurance proceeds. The receipt, use or application of any such sums paid by Mortgagor to Mortgagee hereunder shall not be construed to affect the maturity of any of the Obligations or to otherwise affect any of the rights or powers of Mortgagee hereunder or any of the obligations of Mortgagor hereunder.

(e) Mortgagor will pay all taxes, charges, filing, registration and recording fees, excises and levies imposed in connection with the recording of this Mortgage, any security instrument filed with respect to any Secured Property (as hereinafter defined) or any of the other Loan Documents or imposed upon Mortgagee by reason of its ownership of the indebtedness secured by the Property, this Mortgage or any mortgage supplemental hereto, other than income, estate, inheritance, excess profits, franchise and doing business taxes or similar taxes, and shall pay any and all stamp taxes issued or administered by the Internal Revenue Service and other taxes required to be paid on the Note or any of the other Obligations. In the event Mortgagor fails to make any such payment within five (5) Business Days after written notice thereof from Mortgagee, then Mortgagee shall have the right, but shall not be obligated to, pay the amount due and Mortgagor shall, on demand, reimburse Mortgagee for said amount.

(f) At the request of Mortgagee, Mortgagor shall cause to be furnished to Mortgagee a tax reporting service covering the Property, of the type, duration and with a company reasonably satisfactory to Mortgagee for the purpose of making semi-annual tax searches to assure the prompt payment of real estate taxes and assessments levied against the Property.

1.12 Utilities. All utility services and facilities necessary for the construction of the Improvements (including without limitation, gas, electrical, water and sewerage services and facilities) are either available at the boundaries of the Property or can be made available at such boundaries pursuant to the Plans and Specifications. All such utilities shall be available for the operation of the Improvements upon completion thereof and Mortgagor will pay when due all utility charges which are incurred by Mortgagor for the benefit of the Property or which may become a charge or lien against the Property for gas, electricity, steam, water or sewer services furnished to the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property whether or not such taxes, assessments or charges are liens thereon.

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1.13 Actions Affecting the Mortgaged Estate. Mortgagor will appear in and contest at its own expense any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee hereunder; and Mortgagor will pay all costs and expenses incurred by Mortgagor, including cost of evidence of title and attorneys, fees, in any such action or proceeding.

1.14 Actions by Mortgagee to Preserve the Mortgaged Estate. Should an Event of Default occur and be continuing, Mortgagee may pay or take such other action as it may deem necessary in order to cure such Event of Default. In connection therewith, without limiting its general powers, Mortgagee shall have and is hereby given the right, but not the obligation: (a) to enter upon and take possession of the Property; (b) to make additions, alterations, repairs and improvements to the Property which are reasonably necessary or proper to keep the Property in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Mortgagee; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which may affect the security of this Mortgage or be prior or superior hereto; and (e) in exercising such powers, to pay all necessary expenses, including the reasonable fees and expenses of counsel or other necessary or desirable consultants. Mortgagor shall, promptly upon demand therefor by Mortgagee, pay or reimburse Mortgagee for all reasonable costs and expenses incurred by Mortgagee in connection with the exercise by Mortgagee of the foregoing rights, including, without limitation, cost of evidence of title, court costs, appraisal costs, surveys and attorneys, fees' together with interest thereon at the Default Rate from the date of demand until paid. In the event this Mortgage is placed in the hands of an attorney for the collection of any sum secured hereby, Mortgagor agrees to pay on demand all reasonable costs of collection, including attorneys' fees, incurred by Mortgagee, either with or without the institution of any action or proceeding, and in addition to all costs, disbursements and allowances provided by law, together with interest thereon at the Default Rate from the date of demand until paid. All such costs so incurred, together with interest thereon at the Default Rate from the date of demand until paid, shall be deemed to be secured by this Mortgage.

1.15 Eminent Domain. (a) Should the Property or any part thereof or interest therein, be taken or damaged by reason of any public improvements or condemnation proceeding or in any other similar manner ("Condemnation"), or should Mortgagor receive any notice or other information thereof, Mortgagor shall give prompt written notice thereof to Mortgagee.

(b) In the event of a Condemnation of all or substantially all of the Property or, without regard to the portion

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of the Property subject to Condemnation, if an Event of Default shall have occurred and be continuing hereunder:

(i) Mortgagee shall receive all compensation, awards and other payments or relief therefor made or granted and shall be entitled, at Mortgagee's option, to commence, appear in and prosecute in its own name any action or proceeding in connection therewith and if an Event of Default has not occurred, Mortgagor may prosecute jointly with Mortgagee such proceeding. All such compensation, awards, damages and proceeds (the "Proceeds") shall be deemed assigned to Mortgagee, and Mortgagor agrees to execute such further assignments of the Proceeds as Mortgagee may require.

(ii) Mortgagee shall have the right to receive and apply all such Proceeds in the manner set forth in Section 1.09(b) hereof as if the Proceeds were insurance proceeds. Such application or release shall not, by itself, cure or waive any default hereunder or notice of default under this Mortgage or invalidate any act done pursuant to such notice, but shall affect the lien of this Mortgage only to the extent of a reduction in the amount of said lien by the amount so applied.

(c) If a Default or an Event of Default shall not have occurred and be continuing hereunder or under the Agreement, or if a Default or an Event of Default shall have occurred and be continuing hereunder or under the Agreement but Mortgagee shall not have elected to avail itself of its rights under Section 1.15(b) or in the event of a Condemnation of less than all or substantially all of the Property, the following provisions shall apply:

(i) In the event that the parties agree, or the arbitrator determines as provided in Section 1.15(c)(vi), that after restoration or replacement, the remainder of the Property cannot be operated as an economically viable unit, Mortgagee shall have the option to declare the Obligations due and payable in full whereupon the same shall become immediately due and payable and Mortgagee may avail itself of its rights under Section 1.15(b) hereof.

(ii) In the event that the parties agree, or the arbitrator determines as provided in Section 1.15(c)(vi), that after restoration or replacement, the remainder of the Property cannot be operated as an economically viable unit, and Mortgagee shall not have elected to avail itself of its rights under Section 1.15(c)(i), Mortgagor shall, upon the written request of Mortgagee, furnish to Mortgagee (A) plans and specifications for such repair and restoration and construction estimates; (B) evidence that Mortgagor has in force rental and business interruption insurance covering the longer of one year or the time Mortgagee reasonably estimates will be necessary to complete the restoration and rebuilding,

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provided such insurance is available at commercially reasonable rates for periods in excess of one year; (C) financial plans and projections and other information reasonably requested by Mortgagee to enable it to determine that Mortgagor's net income during the Gap Period from (1) all Leases which may continue without abatement of rent during such Gap Period, plus (2) all Leases in effect during the Gap Period without abatement of rent which Mortgagor may obtain in substitution for any of the same which did not continue during such Gap Period, plus (3) the proceeds of rental continuation and business interruption insurance, plus (4) the Proceeds, plus (5) other funds committed by Mortgagor or any guarantor in accordance with the balancing requirements of the Construction Loan Agreement, plus (6) other funds not yet disbursed to Mortgagor which are for any category of costs included in a Budget Line Item (as defined in the Construction Loan Agreement) and described in the following clauses (a), (b) or (c) and are not in excess of the amounts which would have been disbursed during the restoration and rebuilding period in the absence of the Condemnation, is sufficient to pay (a) costs and expenses associated with restoration of the Property, as such costs and expenses are incurred until the Property is restored; (b) the expenses of operating and maintaining the Improvements, as such expenses are incurred; and (c) installments of principal and interest, when and as due, of any indebtedness secured by the Improvements until the Property is restored or is generating sufficient revenues to cover such costs, expenses and installments of principal and interest, whichever is earlier; and (D) evidence that Mortgagor is not in default under any of the material terms, covenants and conditions of any of the Leases and (x) in the event the Condemnation occurs prior to the Stabilization Date, that Leases sufficient to maintain at least the same Coverage Ratio which existed before such Condemnation will be in effect at the time restoration is completed and (y) in the event the Condemnation occurs after the Stabilization Date that Leases sufficient to insure a Coverage Ratio of 1.1:1.0 will be in effect.

(iii) If Mortgagor is unable to satisfy the conditions set forth in subparagraph 1.15(c)(ii) hereof within ninety (90) days of receipt of a written demand therefor, Mortgagee may, at its option, require Mortgagor to deliver to Mortgagee any Proceeds awarded to and received by Mortgagor and Mortgagee may avail itself of all of its rights under Section 1.09(b) as if such Proceeds were insurance proceeds.

(iv) In the event that Section 1.15(c)(i) does not apply and the remainder of the Property can be operated, after restoration or replacement, as an economically viable unit, as determined by the mutual agreement of the parties hereto or by the arbitrator as provided in Section 1.15(c)(vi),

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Mortgagor shall be entitled to receive all such Proceeds and to apply such Proceeds to the payment of the costs and expenses of repairing, restoring and operating the Property.

(v) In the event Mortgagee does not have the right (or does not elect to exercise the right) to apply the Proceeds pursuant to Section 1.15(c)(iii) hereof and in the event that such Proceeds are in the amount of \$500,000 or more, Mortgagor shall, at Mortgagee's request, deposit all of such Proceeds with the Depository Institution. Mortgagee shall instruct the Depository Institution to disburse such Proceeds to Mortgagor, in installments, to first pay the costs and expenses associated with restoration, as such costs and expenses are incurred and after payment for such restoration to pay (A) the costs and expenses of maintenance and operation of the Property, as such costs and expenses are incurred and (B) all payments when and as due, under the terms of any indebtedness secured by the Property, including the indebtedness evidenced by the Note, in accordance with the procedures set forth in Exhibit C attached hereto and hereby made a part hereof. Upon the payment of such costs and expenses and any installments of principal and interest then due under the terms of any indebtedness then secured by the Property, the balance of such Proceeds, if any, shall be delivered to Mortgagor.

(vi) If, pursuant to Section 1.15(c)(i), the parties do not agree on whether the remainder of the Property can be operated as an economically viable unit following restoration or replacement, either party may elect to have such decision determined by arbitration in accordance with the rules of the American Arbitration Association. In the event either party shall so elect, notice of demand for arbitration shall be filed in writing with the other party. This provision shall not be deemed to be a consent by either party to arbitration of any dispute other than the dispute specifically contemplated by this Section 1.15(c)(vi). The decision of the arbitrator or arbitrators shall be final. The cost of such arbitration, including the fees and expenses of the arbitrator(s), shall be borne by Mortgagor.

(d) If Section 1.15(b) or 1.15(c)(iii) shall govern and the Proceeds of the Condemnation are estimated by Mortgagee to be substantially less than the amount then due to Mortgagee by Mortgagor, Mortgagee alone shall have the right to settle, adjust or compromise any claim in connection with a Condemnation of the Property (which shall be subject to Mortgagor's reasonable approval unless Section 1.15(b) governs due to the occurrence of an Event of Default). In all other cases, (i) Mortgagor may settle, adjust or compromise any claim which is estimated by Mortgagee to be in an amount less than \$250,000; and (ii) with respect to any claim which is estimated by Mortgagee to be in the amount of \$250,000 or more, Mortgagee and Mortgagor shall consult and cooperate with each

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other and each shall be entitled to participate in all meetings and negotiations with respect to the settlement of such claim. Any adjustment or settlement by Mortgagor of any claim which is in an amount in excess of \$250,000 shall be subject to the approval of Mortgagee, which approval shall not be unreasonably withheld or delayed.

1.16 Additional Security. In the event Mortgagee at any time holds additional security for any of the Obligations and an Event of Default has occurred and is continuing, it may enforce, sell or otherwise realize upon the same, at its option, either before or concurrently herewith or after enforcing its remedies hereunder or under any of the other Loan Documents.

1.17 Successors and Assigns. This Mortgage applies to, inures to the benefit of and binds the parties hereto and their respective successors and assigns permitted under the Agreement. In the event the ownership of the Mortgaged Estate becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and the Obligations in the same manner as with Mortgagor, and may alter the interest rate and/or alter or extend the terms of payment of any of the Obligations without notice to Mortgagor and such action shall not in any way affect the liability of Mortgagor hereunder or under the Note or the other Loan Documents or the lien or priority of this Mortgage with respect to any part of the Mortgaged Estate covered hereby.

1.18 Liens. Subject to Section 1.20 hereof, Mortgagor will pay or procure the discharge of, at Mortgagor's cost and expense, all Liens (other than Permitted Exceptions) upon the Mortgaged Estate or any part thereof or interest therein within thirty (30) days after Mortgagor learns of the filing thereof. If Mortgagor shall fail to discharge any such Lien within such thirty (30) day period, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such Lien by depositing in court a bond for the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law; and all funds advanced by Mortgagee to pay such obligations, liabilities, costs and expenses (together with interest thereon at the Default Rate from the date of demand until paid) shall be reimbursed by Mortgagor upon demand by Mortgagee; and all such advances with interest thereon as aforesaid shall be secured hereby.

1.19 Mortgagee's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Mortgage upon any portion of the Mortgaged Estate not then or theretofore released as security for the Obligations, Mortgagee may, from time to time and without notice: (a) release any person

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so liable; (b) extend the maturity or alter any of the terms of any such obligation; (c) grant other indulgences; (d) release or cause to be released at any time at Mortgagee's option any parcel, portion or all of the Mortgaged Estate; (e) take or release any other or additional security for any obligation herein mentioned; (f) while an Event of Default is continuing, make compositions or other arrangements with debtors or other mortgagors in relation to this Mortgage; (g) while an Event of Default or Emergency as defined in the Construction Mortgage is continuing, advance additional funds to protect the security hereof; (h) while an Event of Default is continuing, pay or discharge any or all of the Obligations; (i) consent in writing to the making of any map or plat thereof; (j) join in granting any easement thereon; or (k) join in any extension agreement or any agreement subordinating the lien or charge hereof; and, in any case referred to in clauses (g) or (h), all amounts so advanced, with interest thereon at the Default Rate from the date of demand until paid, shall be secured hereby.

1.20 Permitted Contests. Notwithstanding anything to the contrary contained in this Mortgage, Mortgagor at its expense may contest (after prior written notice to Mortgagee if the contested amount is in excess of \$100,000 or if the aggregate amount being contested at any one time exceeds \$250,000) by appropriate legal, administrative or other proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition or lien therefor or any Law or the application of any instrument of record affecting the Mortgaged Estate or any part thereof or any claims of mechanics, materialmen, suppliers or vendors and lien therefor, or any utility charges and lien therefor, and may withhold payment of the same pending such proceedings if permitted by law; provided that (a) in the case of any Impositions or lien therefor or any claims of mechanics, materialmen, suppliers or vendors and lien therefor, or any Lien (as herein defined), such proceedings shall suspend the collection thereof from Mortgagee and the Mortgaged Estate, (b) neither the Mortgaged Estate nor any part thereof or interest therein will be sold, forfeited or lost if Mortgagor pays the amount or satisfies the condition being contested, and Mortgagor would have the opportunity to do so in the event of Mortgagor's failure to prevail in the contest, (c) Mortgagee shall not, by virtue of such permitted contest, be in any danger of any criminal liability, or any civil liability for which Mortgagor has not furnished security as provided in clause (d) below, and neither the Mortgaged Estate nor any interest therein would be subject to the imposition of any lien which would have priority over the lien of this Mortgage for which Mortgagor has not furnished security as provided in clause (d) below, and (d) Mortgagor shall have furnished to Mortgagee a good and sufficient bond, surety or title endorsement as reasonably requested by and reasonably satisfactory to Mortgagee if so required pursuant to clause (c) above.

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1.21 Continued Occupancy. If at any time the then existing use or occupancy of any part of the Property shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, Mortgagor will not cause or permit such use or occupancy to be discontinued without the prior written consent of Mortgagee.

1.22 Inspections. Mortgagor hereby authorizes Mortgagee, its agents, representatives or workmen, upon reasonable notice to Mortgagor (except if an Event of Default occurs and is continuing no such notice shall be required), to enter at any reasonable time upon or in any part of the Property for the purpose of inspecting the same, and for the purpose of performing any of the acts which Mortgagee is authorized to perform under the terms of this Mortgage or any of the other Loan Documents.

1.23 Management. The Property shall be operated, maintained and managed as a first class office building by The Prime Group, Inc. or otherwise pursuant to operating and management arrangements as are acceptable to Mortgagee in its sole discretion.

1.24 Leases. (a) Mortgagor shall (i) fulfill or perform all of its material obligations under the Leases on its part to be fulfilled or performed; provided, however, that so long as the tenant is in default thereunder Mortgagor may elect not to perform such obligations; provided, further, that Mortgagor notifies Mortgagee of such election and that such election is, in Mortgagee's judgment, reasonably exercised, a prudent business decision, (ii) promptly send to Mortgagee copies of all written notices of default which Mortgagor shall send or receive under any of the Leases, and (iii) enforce the performance or observance of the material provisions of the Leases by the tenants thereunder. Except in connection with the Construction Mortgage or the KJLICO/FKLA Mortgage (as herein defined), Mortgagor will not make any subsequent assignment of its interest in any Lease, or consent to any subordination of the interest of the tenant or landlord in any such Lease, without the prior written consent of Mortgagee in each instance.

(b) All Leases hereafter entered into by Mortgagor shall be subordinate to the lien of this Mortgage unless expressly made superior to this Mortgage in the manner hereinafter provided. In connection with such Leases, Mortgagee may require, in its sole discretion, that all or some of the tenants under such Leases execute, at the time such Leases are entered into, a Subordination, Non-Disturbance and Attornment Agreement substantially in the form annexed as an Exhibit to the Construction Loan Agreement, or in the form annexed to a Lease approved by Mortgagee. At any time or times Mortgagee may execute and record in the County and State in which the Property is located, a notice of subordination reciting that the Lease therein described shall be superior to the lien of this Mortgage. From and after the recordation of such notice of subordination, the Lease therein described shall be superior to the

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lien of this Mortgage and shall not be extinguished by any foreclosure sale hereunder.

1.25 Transfers. Mortgagor or its partners will not sell, assign, convey, transfer or otherwise dispose of all or any part of the Mortgaged Estate or any legal or beneficial ownership interest therein or in the partnership that constitutes Mortgagor without the prior consent of the City in each instance where such consent is required under the terms and provisions of the Redevelopment Agreement, and (other than a Permitted Transfers, as defined in the Construction Loan Agreement), without the prior written consent of Mortgagee in each instance; provided, however, that Mortgagee agrees not to unreasonably withhold its consent to the admission of a new general or limited partner into Mortgagor, provided that (i) Prime and KILICO Realty shall continue to be general partners in Borrower and to maintain day-to-day management responsibility for, and control of major decisions relating to, the Property, (ii) Prime and any of its transferees who acquired their interest pursuant to a Permitted Transfer made by Prime shall retain not less than a 25% ownership interest in Mortgagor, (iii) KILICO Realty, FKL and KILICO shall collectively retain not less than a 25% ownership interest in Mortgagor, and (iv) any sums paid by such new general or limited partner in consideration of its becoming a partner in the partnership shall remain with Mortgagor or be invested by Mortgagor in the Property, and such sums shall not be distributed to individual partners of Mortgagor unless permitted under the Agreement.

1.26 Indebtedness. Without the prior written consent of Mortgagee in each instance, Mortgagor shall not create, incur or suffer to exist, directly or indirectly, any lien, encumbrance or other exception to title or ownership upon or against the Mortgaged Estate or any interest (legal or beneficial) therein or any part of any thereof or any rents or income arising therefrom, other than Permitted Exceptions. Mortgagor will not, without first having obtained the prior written consent of Mortgagee in each instance, suffer or permit a General Partner, any officer, director or shareholder of a General Partner or any limited partner of Mortgagor to incur any indebtedness secured in whole or in part by any partnership interest in Mortgagor. Notwithstanding anything in this Section 1.26 to the contrary, Prime shall be entitled to pledge its interest in Partnership Distributions to Kemper Corporation, ("Kemper"), or KILICO or Affiliates of Kemper or KILICO.

1.27 Single Purpose Entity; Modification to Partnership Agreement. Mortgagor is and shall remain a single purpose entity whose only purpose is to own, manage, operate and develop the Property. Mortgagor shall not materially amend or modify, or terminate, or permit the material amendment or modification, or termination, of Mortgagor's partnership agreement, nor shall either of the general partners materially modify or amend, or terminate or permit the material amendment or modification, or termination, of their

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organizational documents in a manner which will, in Mortgagee's judgment, reasonably exercised, adversely affect the Project or result in a change of control of Mortgagor or either of the general partners in each case, without the prior written approval of Mortgagee, except in order to effectuate a Permitted Transfer, a transfer permitted pursuant to Section 1.25 hereof, or to maintain Mortgagor's status as a limited partnership.

1.28 General Partners. The sole General Partners of Mortgagor on the date hereof are presently Prime and KILICO Realty, and shall remain so subject to their rights to make Permitted Transfers or transfers permitted pursuant to Section 1.25 hereof.

1.29 Survival. All representations, covenants and agreements of Mortgagor contained herein or in any of the other Loan Documents or incorporated by reference herein or therein shall survive the execution and delivery hereof and thereof.

1.30 Tradenames; Fictitious Name Registration. At the request of Mortgagee, Mortgagor shall execute a certificate in form satisfactory to Mortgagee listing the tradenames under which Mortgagor operates the Property, and representing that Mortgagor does business under no other tradenames with respect to the Property. Mortgagor shall promptly notify Mortgagee in writing of any change in said trade names, and will, upon request of Mortgagee, execute any additional financing statements and other instruments necessary to reflect the change in tradename. Mortgagor shall make all filings and take all other steps required in order to comply with applicable fictitious name statutes, and shall provide evidence of such compliance to Mortgagee.

1.31 ERISA. Neither Mortgagor nor any of its Subsidiaries or ERISA Affiliates has ever maintained or contributed to (or been obligated to contribute to) any Plan (as such terms are herein defined).

1.32 Covenants Regarding Air Rights Lease. Notwithstanding anything contained herein to the contrary, and in addition to any rights, privileges and remedies granted to Mortgagee elsewhere in this Mortgage, Mortgagee shall have, and Mortgagor hereby grants to Mortgagee, any and all rights, privileges and remedies of a "Mortgagee" of the Leasehold Estate provided for in the Air Rights Lease including, without limitation, Article XI thereof, as fully as though all of such rights, privileges and remedies were set out herein. Mortgagor hereby represents, covenants and agrees that:

(a) This Mortgage is lawfully executed and delivered in conformity with the Air Rights Lease;

(b) Except as otherwise permitted in the Air Rights Lease, Mortgagor will pay when due all rents, taxes and other sums

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and charges mentioned in and made payable by Mortgagor under the Air Rights Lease;

(c) Mortgagor will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by it under the Air Rights Lease, within the periods (including any grace or cure periods) provided therein so as not to result in an "Event of Default" by Mortgagor thereunder;

(d) Mortgagor covenants that within five (5) years after the Commencement Date (defined here as defined in the Air Rights Lease) of the Air Rights Lease, Mortgagor shall sublease the Leasehold Estate and obtain the consent of the U.S. Department of Housing and Urban Development ("HUD") to such sublease (if such consent is otherwise required) in a manner sufficient to qualify such sublease as an Initial Sublease (defined herein as defined in the Air Rights Lease) of the Air Rights Lease which is sufficient to establish an Initial Sublease Termination Date of not less than 35 years from the Commencement Date (defined herein as defined in the Air Rights Lease) of the Air Rights Lease or that Mortgagor shall take any other action to cause the initial term of the Air Rights Lease to end not earlier than 35 years from the Commencement Date of the Air Rights Lease. The terms and conditions of such Initial Sublease and of any modifications thereto must be approved by Mortgagee to the extent Mortgagee's approval is required under the Agreement or other Loan Documents for Leases of the Improvements. Mortgagor will do, or cause to be done, all things necessary to preserve and keep unimpaired the rights of Mortgagor as lessee under the Air Rights Lease, and to prevent any default under the Air Rights Lease, or any termination, surrender, cancellation, forfeiture, subordination or impairment thereof, other than exercise by lessor under the Air Rights Lease of its termination rights under Section 1.4 of the Air Rights Lease for a termination effective not earlier than 35 years after the Commencement Date under the Air Rights Lease. In the event of the failure of Mortgagor to make any payment required to be made by the lessee pursuant to the provisions of the Air Rights Lease or to observe, abide by, discharge or perform, or cause to be observed, kept, discharged or performed, any of the terms, obligations, covenants, conditions, agreements, indemnities, representations, warranties or liabilities of the Air Rights Lease on the part of lessee thereunder to be observed, kept, discharged and performed, Mortgagor does hereby irrevocably appoint and constitute Mortgagee as its true and lawful attorney in fact, which appointment is coupled with an interest, in Mortgagor's name, place and stead, to take (after providing written notice to Mortgagor) any and all actions deemed necessary or desirable by Mortgagee to perform and comply with all the obligations of Mortgagor under the Air Rights Lease, to do and take, but without any obligation so to do, any action which Mortgagee deems necessary or desirable to prevent or cure any default by Mortgagor under the Air Rights Lease, to enter into and upon the Property or any part thereof to such extent and

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as often as Mortgagee, in its sole discretion, deems necessary or desirable in order to prevent or cure any default of any Mortgagor pursuant thereto, to the end that the rights of Mortgagor in and to the Leasehold Estate created by the Air Rights Lease shall be kept unimpaired and free from default, and all sums so expended by Mortgagee, and with interest thereon at the Default Rate from the date of each such expenditure, shall be paid by Mortgagor to Mortgagee promptly upon demand by Mortgagee and shall be added to the Obligations secured hereby and Mortgagee shall have, in addition to any other remedy of Mortgagee, the same rights and remedies in the event of non-payment of any such sum by Mortgagee as in the case of a default by Mortgagee in the payment of any sums due under the Note. Mortgagor shall, within five (5) Business Days after written request by Mortgagee, execute and deliver to Mortgagee, or to any person designated by Mortgagee, such further instruments, agreements, powers, assignments, conveyances or the like as may be necessary to complete or perfect the interest, rights or powers of Mortgagee pursuant hereto.

(e) If any action or proceeding shall be instituted to evict Mortgagor or to recover possession of the Leasehold Estate or any part thereof or interest therein or for any other purpose affecting the Air Rights Lease or the Mortgage, Mortgagor will, immediately upon service thereof on or to Mortgagor, deliver to Mortgagee a true and complete copy of each petition, summons, complaint, notice of motion, order to show cause and of all other provisions, pleadings, and papers, however designated, served in any such action or proceeding.

(f) Mortgagor covenants and agrees that unless Mortgagee shall otherwise expressly consent in writing, Mortgagor shall not cause or permit (if within its power to prevent) a merger of the fee title to the property demised by the Air Rights Lease and the Leasehold Estate; and in case Mortgagor requires the fee title or any other estate, title or interest in and to the property which is subject to the Leasehold Estate, the lien of this Mortgage shall without further conveyance, simultaneously with such acquisition, be spread to cover and attach to such acquired estate and as so spread and attached shall be prior to the lien of any deed of trust placed on the acquired estate subsequent to the date of this Mortgage.

(g) Except for any release agreed to in writing by the lessor under the Air Rights Lease and HUD (if such HUD consent is required), or as otherwise provided in the Air Rights Lease, no release or forbearance of Mortgagor's obligations under the Air Rights Lease, pursuant to the Air Rights Lease, or otherwise, shall release Mortgagor from any of its obligations under this Mortgage, including its obligation with respect to the payment of rent as provided for in the Air Rights Lease and the performance of all of the terms, provisions, covenants, conditions and agreements

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contained in the Air Rights Lease to be kept, performed and complied with by the lessee therein.

(h) Mortgagor shall not without the prior written consent of the Mortgagee or HUD in each case where HUD's consent is required (i) enter into or amend in any material respect any Collateral Agreement (defined herein as defined in the Air Rights Lease) or (ii) exercise its election to enter into or amend in any material respect any New Lease (defined herein as defined in the Air Rights Lease) or (iii) exercise its right to terminate, or otherwise agree to or suffer the termination or surrender of the Air Rights Lease or the Leasehold Estate, whether pursuant to any right granted to the Mortgagor as lessee under the Lease or pursuant to any other right at law or equity. Upon the occurrence of any Event of Default hereunder, all such rights, together with the right of termination, cancellation, modification, changes, supplement, alteration or amendment of the Air Rights Lease, any Collateral Agreement or any New Lease all of which have been assigned for collateral purposes to Mortgagee, shall automatically vest exclusively in and be exercisable solely by Mortgagee. In the event Mortgagor shall enter into any such New Lease with the consent of Mortgagee, all references herein to the Air Rights Lease shall be deemed to refer to such New Lease.

(i) Mortgagor will promptly (i) notify Mortgagee in writing of any written notice noting or claiming any default by it in the performance or observance of any of the terms, covenants, or conditions on its part to be performed or observed under the Air Rights Lease; (ii) notify Mortgagee in writing of the receipt by it of any written notice under the Air Rights Lease of the termination of the Air Rights Lease; (iii) cause a copy of each such written notice received by Mortgagor from the lessor or HUD under the Air Rights Lease or HUD to be delivered to Mortgagee; and (iv) cause a copy of any written notice sent by it to the lessor under the Air Rights Lease, including, without limitation, any notice of election or the exercise of any rights of option, purchase or renewal under said instrument, to be delivered to Mortgagee;

(j) Mortgagor will not, without the prior written consent of Mortgagee or HUD (if such HUD consent is required), modify or permit any material modification of the Air Rights Lease but Mortgagee shall not unreasonably withhold or delay consent to any modifications to Exhibit B of the Air Rights Lease which do not materially alter the demised premises under the Air Rights Lease;

(k) Mortgagor will, within fifteen (15) Business Days after written demand from Mortgagee, use its best efforts to obtain from the lessor under the Air Rights Lease and deliver to Mortgagee an estoppel certificate covering the matters provided for in the Air Rights Lease and with such additional information reasonably requested by Mortgagee;

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(l) Mortgagor will within fifteen (15) days furnish to Mortgagee upon demand, proof of payment of all items which are required to be paid by Mortgagor pursuant to the Air Rights Lease and a statement of any such payments which Mortgagor is contesting or arbitrating pursuant to the terms of the Air Rights Lease;

(m) Mortgagor will not consent to any waiver, modification or cancellation of any material provision of the Air Rights Lease, nor to the subordination of the Air Rights Lease to any lien on the fee estate of the lessor under the Air Rights Lease other than the Permitted Exceptions;

(n) The generality of the provisions of this Section 1.32 shall not be limited by other provisions of this Mortgage setting forth particular obligations of Mortgagor which are also required of Mortgagor as the lessee under the Air Rights Lease;

(o) If the Air Rights Lease shall be terminated prior to the natural expiration of its term due to default and failure to cure by the lessee thereunder, and if, pursuant to any provision of the Air Rights Lease, Mortgagee or its designee shall acquire from the lessor a new lease of the subject parcel, Mortgagor shall have no right, title, or interest in or to such new lease or the leasehold estate created thereby, or renewal privileges therein contained; and

(p) In the event that Mortgagor and the lessor under the Air Rights Lease desire to amend the legal description of the Leasehold Estate, without limiting Mortgagor's obligation to obtain Mortgagee's prior written consent to such amendment, Mortgagor also agrees that contemporaneously with such amendment it will enter into an amendment of this Mortgage to reflect such new legal description, and will furnish an amendment to Mortgagee's title insurance policy to reflect such new legal description.

1.33 Appurtenant Rights Agreements. Mortgagor shall fully and timely comply in all material respects with all of its obligations under the Appurtenant Rights Agreements. Mortgagor shall not amend or modify any of the Appurtenant Rights Agreements in any material respect without in each case obtaining the prior written consent of Mortgagee.

ARTICLE II

ASSIGNMENT OF LEASES AND RENTS

2.01 Assignment of Leases and Rents. Mortgagor hereby assigns and transfers to Mortgagee, all of Mortgagor's right, title and interest in, to and under all Leases at the Property or any part thereof now or hereafter existing and all of the Rents now or

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hereafter existing, and hereby gives to and confers upon Mortgagee the right, power and authority to collect such Rents. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee at any time and from time to time, to demand receive and enforce payment, to give receipts, releases and satisfactions and to sue, in the name of Mortgagor or Mortgagee, for all such Rents in the manner set forth in Section 2.04 hereof; provided, however, that nothing herein shall be construed to bind Mortgagee to the performance of any of the terms and conditions of any of the Leases or otherwise to impose any obligation on Mortgagee thereunder; and provided, further, that absent the occurrence and continuance of an Event of Default hereunder, Mortgagor shall have the right to collect, use and enjoy such Rents, but not for more than the current month plus one (1) month in advance unless otherwise approved by Mortgagee or as otherwise provided in leases approved by Mortgagee. The assignment of the Leases and Rents in this Article II is intended to be an absolute assignment from Mortgagor to Mortgagee, subject to the terms and conditions hereof. The Leases and Rents are hereby assigned absolutely by Mortgagor to Mortgagee with a license being granted to Mortgagor to collect the Rents, which is revocable upon the occurrence and continuance of an Event of Default.

2.02 Collection Upon Default. If an Event of Default occurs and is continuing, Mortgagee may, at any time and from time to time without notice or demand of any kind, before or after institution of legal proceedings, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligation hereby secured, enter upon and take possession of the Property or any part thereof, and exclude Mortgagor therefrom, in its own name or in the name of Mortgagor and sue for or otherwise collect such Rents, including those past due and unpaid, and apply the same in the manner set forth in Section 2.04 hereof. The collection of such Rents or the entering upon and taking possession of the Property or the application thereof as aforesaid, shall not, by itself, cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

2.03 Further Assignment of Leases. Mortgagor hereby assigns and transfers to Mortgagee as additional security for the payment of the Obligations secured hereby all of Mortgagor's right, title and interest in, to and under all future Leases and further agrees to execute and/or deliver, at the request of Mortgagee, an executed counterpart or true and complete copy of each Lease and all such further customary assurances and assignments of Leases as Mortgagee shall from time to time reasonably require.

2.04 Application of Income Received by Mortgagee. Mortgagee, in the exercise of the rights and powers herein conferred upon it, shall have full power to use and apply the Rents

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to the payment of or on account of any or all of the following, in such order as Mortgagee may determine:

(a) Costs and expenses of collection, including attorneys' fees;

(b) to the payment of the operating expenses of the Property, including cost of management and leasing thereof (which shall include reasonable compensation to Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), claims for damages, if any, and premiums on insurance;

(c) to the payment of Impositions now due or which may hereafter become due;

(d) to the payment of all repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements of the Property, including the cost from time to time of placing the Property in such condition as will, in the reasonable business judgment of Mortgagee, make it readily rentable;

(e) to the payment of any of the Obligations secured hereby in such order of application as Mortgagee may from time to time, in its sole discretion, elect; and

(f) any other expenses or costs incurred by Mortgagee in connection with the Mortgaged Estate.

2.05 Mortgagee Not Obligated to Perform. Mortgagee shall not be obligated to perform or discharge any obligation of Mortgagor under any of the Leases by reason of the assignment contained in this Mortgage. Mortgagor hereby agrees to indemnify and defend Mortgagee against, and to hold Mortgagee harmless from (i) any and all liability, loss or damage which Mortgagee may incur under any of the Leases by reason of the assignment contained in this Mortgage, and (ii) any and all claims and demands whatsoever (other than claims or demands resulting from Mortgagee's gross negligence or willful misconduct) which may be asserted against Mortgagee by reason of any alleged obligation on the part of Mortgagee to perform or discharge any of the terms of the Leases. Should Mortgagee incur any such liability, loss or damage under the Leases, or in defense against any such claims or demands, the amount thereof, including costs, expenses and attorneys' fees, together with interest thereon at the Default Rate, shall be added to the Obligations and Mortgagor shall pay or reimburse Mortgagee therefor immediately upon demand.

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2.06 Mortgagee's Rights with Respect to Leases.

Mortgagee shall have the right and power after an Event of Default has occurred hereunder (a) to collect the Rents; (b) to enforce payment of the Rents and the performance of any and all of the other terms and provisions of each of the Leases; (c) to exercise all of the rights and privileges of Mortgagor under each of the Leases, including the right to fix or modify Rents or cancel, terminate, amend or modify any Lease; (d) in accordance with the terms of any such Lease, to demand and sue for possession of the premises covered by each of the Leases; (e) in accordance with the terms of any such Lease, to re-let the premises covered by each of the Leases in whole or in part or to enter into new Leases for the Property and collect the Rents under such new Leases; (f) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions and improvements that in its discretion may seem appropriate; provided, however, that nothing herein shall require Mortgagee to take any of the actions described in this Section 2.06.

2.07 Mortgagor's Representations.

Mortgagor represents and covenants that: (a) Mortgagor has full right and title to assign the Leases and the Rents; (b) the terms of existing Leases have not been changed from the terms set forth in the copies of said Leases submitted to Mortgagee on or prior to the date hereof; (c) no other assignment of any interest in the Leases or the Rents has been made except as made in connection with the Construction Mortgage or the KILICO/FKLA First Mortgage; and (d) Mortgagor shall remit forthwith to Mortgagee any Rents received by Mortgagor following the occurrence and during the continuation of an Event of Default.

2.08 Notices to Tenants.

Mortgagor hereby authorizes Mortgagee to give notice in writing of this assignment at any time to any party under any of the Leases.

2.09 Assignment of Guaranties.

This assignment includes an assignment of any and all guaranties of the lessees' obligations under any of the Leases covered hereby.

2.10 Subsequent Assignment by Mortgagee.

Mortgagee may assign Mortgagee's right, title and interest in the Leases and Rents or any of them, to any subsequent permitted holder of this Mortgage and the Note secured hereby, and may assign the same to any person acquiring title to the Mortgaged Estate through foreclosure or otherwise.

2.11 Assignment of Awards.

Notwithstanding any agreement, law, custom or usage to the contrary, Mortgagor hereby assigns, as collateral, to Mortgagee all of Mortgagor's right, title and interest in and to any award made hereafter to Mortgagor by any state or federal court in any bankruptcy, insolvency or reorganization proceedings involving any of the tenants under the

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Leases, and any and all payments made in lieu of rent. So long as no Event of Default shall have occurred, Mortgagor shall have the right to collect such awards and to retain, use and enjoy the same. The revocable license granted hereby may be deemed automatically revoked upon notice to Mortgagor upon the occurrence of an Event of Default. Mortgagor shall give Mortgagee immediate notice of any actual or threatened commencement of any such proceedings. Mortgagor hereby appoints Mortgagee as its irrevocable attorney-in-fact to appear in any action and/or to collect any such award or payment upon the occurrence and continuance of an Event of Default.

ARTICLE III

SECURITY AGREEMENT

3.01 Creation of Security Interest. As security for its performance of the Obligations, Mortgagor, as debtor, hereby grants to Mortgagee, as secured party, a security interest in, and lien on, Mortgagor's right, title and interest in the following property, whether now owned or hereafter acquired by Mortgagor (collectively, the "Secured Property"):

(a) All proceeds of insurance policies required to be maintained by Mortgagor hereunder, together with all general intangibles, contract rights and accounts arising therefrom;

(b) All Leases and Rents and all proceeds of any judgment, award or settlement in any condemnation or eminent domain proceeding pertaining to the Property, together with all general intangibles, contract rights and accounts arising therefrom;

(c) All Equipment;

(d) All maintenance, management, leasing and service contracts relating to the construction, development or operation of the Property;

(e) Any other agreements relating to the construction, development, leasing or operation of the Property and any damages and amounts payable to the assignor thereunder;

(f) All amendments, supplements, substitutions and renewals to any of the aforesaid agreements;

(g) All building permits, special permits, development rights, including those granted pursuant to the Redevelopment Agreement, approvals, governmental permits, licenses and authorizations in connection with the construction, development or operation of the Property;

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(h) All trademarks, trade names, logos, and all other materials used to identify or advertise the Property;

(i) Any and all renewals or replacements of or additions or substitutions to any of the above-mentioned items;

(j) All proceeds of the above-mentioned items;

(all of the Secured Property described in foregoing clauses (d) through (f) being herein collectively called the "Contracts").

In order to effectuate the foregoing, Mortgagor has heretofore delivered to Mortgagee an executed counterpart (or a photostatic copy of an executed counterpart) of each currently existing Contract, and will deliver an executed counterpart (or a photostatic copy of an executed counterpart) of each future Contract, and any amendment or supplement thereto, as they are entered into by Mortgagor, will likewise be delivered to Mortgagee promptly upon the execution thereof. Mortgagee may, in its sole discretion at any time after the occurrence of an Event of Default, notify any person obligated to Mortgagor under or with respect to any Contract of the existence of an Event of Default, require that performance be made directly to Mortgagee at Mortgagor's expense, and advance such sums as are necessary or appropriate to satisfy Mortgagor's obligations thereunder; and Mortgagor agrees to cooperate with Mortgagee in all ways reasonably requested by Mortgagee (including the giving of any notices requested by, or joining in any notices given by, Mortgagee) to accomplish the foregoing. Anything herein contained to the contrary notwithstanding, however, Mortgagor shall remain liable under each of the Contracts to which it is a party to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and Mortgagee shall have no obligation or liability under any of such Contracts by reason of or arising out of this Security Agreement or the exercise of Mortgagee's rights hereunder, nor shall Mortgagee be required or obligated in any manner to perform or fulfill any obligations thereunder or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times. If any default by Mortgagor under any of the Contracts shall occur, Mortgagee shall, at its option, be permitted (but shall not be obligated) to remedy any such default. Any curing by Mortgagee of a default under any of the Contracts shall not be construed as an assumption by Mortgagee of any obligations, covenants or agreements of Mortgagor under such Contract. This Security Agreement shall not be deemed to release or to affect in any way the obligations of Mortgagor under the Contracts.

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3.02 Representations, Warranties and Covenants of Mortgagor. Mortgagor hereby represents, warrants and covenants as follows:

(a) Mortgagor is, and as to all Secured Property acquired after the date hereof will be, the sole owner of the Secured Property, free from any lien, security interest, encumbrance or claim thereon of any kind whatsoever (other than Permitted Exceptions). The Mortgagor will notify Mortgagee of, and will defend the Secured Property against, all claims and demands of all persons at any time claiming the Secured Property or any interest therein other than such interests as are permitted herein.

(b) Except as otherwise provided in clause (d) of this Section 3.02, or in connection with the conveyance of the Mortgaged Estate, or a portion thereof, permitted elsewhere in this Mortgage, and except for the Permitted Exceptions, Mortgagor will not assign, pledge, encumber, lease, sell, convey or in any manner transfer any item of the Secured Property, without the prior written consent of Mortgagee.

(c) The Secured Property is not used or bought for personal, family or household purposes.

(d) The Secured Property will be kept on or at the Property or at such other location as Mortgagee may reasonably approve (except with respect to Secured Property such as motor vehicles which are customarily used both on and off the Property, which such Secured Property shall be returned to the Property after such use), and Mortgagor will not remove any portion or item of Secured Property affixed or attached to the Property without the prior written consent of Mortgagee, such consent not to be unreasonably withheld, except such portions or items of Secured Property which are consumed or worn out in ordinary usage or removed in the ordinary course of business and promptly replaced by Mortgagor with new items of equal or greater quality or utility.

(e) Mortgagor maintains its principal place of business and chief executive office at the address above stated for Mortgagor and Mortgagor will immediately notify Mortgagee in writing of any change in its principal place of business.

(f) Mortgagor shall cooperate with Mortgagee so that Mortgagee may cause all financing and continuation statements and other instruments with respect to the Secured Property at all times to be kept recorded, filed or registered in such manner and in such places as may be required by law fully to evidence, perfect and secure the interests of Mortgagee in the Secured Property, and Mortgagor shall pay all filing fees in connection therewith. At the request of Mortgagee, Mortgagor will join Mortgagee in

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executing one or more financing statements with respect to the Secured Property, and renewals, continuation statements and amendments thereof, pursuant to the Uniform Commercial Code of Illinois in customary form, and will pay the cost of filing the same in all public offices wherever filing is deemed appropriate by Mortgagee to the efficacy thereof. Without limiting the foregoing, Mortgagor hereby irrevocably appoints Mortgagee its attorney-in-fact to execute, deliver and file such instruments for or on behalf of Mortgagor upon Mortgagor's failure to do so within a reasonable time after demand, and Mortgagor will pay the cost of any such filing.

(g) This Mortgage constitutes a Security Agreement and Financing Statement as those terms are used in the Uniform Commercial Code of Illinois (the "UCC") to the extent that it conveys, grants a security interest in, or otherwise deals with personal property or with items of personal property which are or may become fixtures, with Mortgagor as debtor (with its address as set forth above) and with Mortgagee as secured party (with its address as set forth above). The lien upon the Secured Property granted herein shall be in addition to and not in lieu of any lien acquired under real property law. Upon the occurrence of an Event of Default, the Mortgagee may proceed against the Secured Property as provided in and in accordance with the applicable provisions of the UCC, or Mortgagee may proceed as to the Secured Property in accordance with its rights and remedies under the Mortgage or Mortgagee may exercise from time to time any other rights and remedies available to it under applicable law.

(h) Mortgagor will perform and comply with all material obligations and conditions on its part to be performed under the Contracts; provided however, that so long as the other party to each such Contract is in default thereunder, Mortgagor may elect not to perform such obligations provided, further, that Mortgagor notifies Mortgagee of such election and that such election is, in the Mortgagee's judgment, reasonably exercised, a prudent business decision.

3.03 Survival of Security Agreement. Notwithstanding any release of any or all of the property included in the Property which is deemed "real property", any proceedings to foreclose this Mortgage or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the Obligations.

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ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

4.01 Events of Default. The occurrence of any of the following events shall be deemed to be an Event of Default hereunder:

(a) the occurrence of an Event of Default under and as defined in the Agreement;

(b) if Mortgagor shall fail to comply with terms, covenants and conditions contained in Sections 1.25, 1.26 or 1.27 hereof;

(c) if Mortgagor shall fail to comply with any other term, covenant or condition contained in this Mortgage for thirty (30) days after notice from Mortgagee of such failure to comply; provided, however, that if the nature of such default is such that the same cannot be cured within such thirty (30) day period Mortgagor shall not be deemed to be in default if Mortgagor shall, within such period, commence to correct and thereafter diligently prosecute the correction to completion, which correction shall be completed no later than ninety (90) days after such notice of default;

(d) the occurrence of an "Event of Default" under the Air Rights Lease (following the expiration of any applicable cure periods); or

(e) an Event of Default occurs, with expiration of applicable notice and cure periods, under the Construction Loan Agreement, the Construction Mortgage or the KILICO/FKLA First Mortgage.

4.02 Acceleration Upon Default. Additional Remedies. Upon the occurrence of any Event of Default, Mortgagee may, at Mortgagee's option, all the Obligations secured hereby shall be immediately due and payable without any presentment, demand, protest or notice of any kind. Mortgagor hereby waives notice of intent to accelerate. Thereafter, and irrespective of whether Mortgagee exercises such option, Mortgagee may, at its option and at its sole discretion, without any notice or demand to or upon Mortgagor, do one or more of the following:

(a) Either in person or by agent with or without bringing any legal action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Estate or any part thereof, in its own name or in the name of Mortgagor, (and from and after an Event of Default, Mortgagor hereby expressly waives all right to the possession, income and Rents of the Property) and do

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or cause to be done any acts (including, without limitation, the completion of any construction on the Property in such form and manner as Mortgagee may desire and the making of any alterations, additions, renewals, replacements and improvements to or on the Property) which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Estate or any part thereof or interest therein, increase the income therefrom or protect the security hereof (and disburse any advances under the Agreement for such purpose) and, with or without taking possession of the Mortgaged Estate, make, cancel or modify Leases in accordance with their terms and sue for or otherwise collect the Rents thereof, including those past due and unpaid, and apply the same, less costs and expenses of collection, including attorneys' fees, either for the care, operation and preservation of the Premises, or at the election of Mortgagee in its sole discretion, to a reduction of the Obligations in such order as Mortgagee may elect. The entering upon and taking possession of the Mortgaged Estate, the collection of such Rents and the application thereof as aforesaid, shall not, by itself, cure or waive any Event of Default or notice of default hereunder or invalidate any act done in response to such Event of Default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Property or the collection, receipt and application of Rents, Mortgagee shall be entitled to exercise every right provided for herein or in any other Loan document or by law upon the occurrence of any Event of Default;

(b) Commence and maintain one or more actions at law or in equity or by any other appropriate remedy (i) to protect and enforce Mortgagee's rights, whether for the specific performance of any covenant or agreement herein contained (which covenants and agreements, except those to pay money, Mortgagor agrees shall be specifically enforceable by injunctive or other appropriate equitable remedy), (ii) to collect any sum then due hereunder or under any Secured Property, (iii) to aid the execution of any power herein granted, (iv) to foreclose this Mortgage or (v) to sell in the manner provided by law the Mortgaged Estate or any portion thereof and without prejudice to the right of Mortgagee thereafter to pursue and enforce any other appropriate remedy against Mortgagor whether such remedy is provided for hereunder or by any applicable law; or

(c) Exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of Illinois including, but not limited to:

(i) Either personally or by means of a court appointed receiver, take possession of all or any of the Secured Property and exclude therefrom Mortgagor and all others claiming under Mortgagor, and thereafter construct, hold, store, use, operate, manage, maintain, lease and control, make repairs, replacements, alterations, additions and improvements

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to and exercise all rights and powers of Mortgagor with respect to the Secured Property or any part thereof, including endorsing any checks, drafts or other writings in the name of Mortgagor to allow collection of the Secured Property. In the event Mortgagee demands or attempts to take possession of the Secured Property in the exercise of any rights hereunder or under any other Loan Document, Mortgagor promises and agrees to promptly assemble, turn over and deliver complete possession thereof to Mortgagee;

(ii) Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the Secured Property, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and, in exercising any such powers or authority, pay all expenses incurred in connection therewith;

(iii) Require Mortgagor promptly to deliver the Secured Property to Mortgagee, or an agent or representative designated by it. Mortgagee and its agents and representatives shall have the right to enter upon any or all of the Property to exercise Mortgagee's rights hereunder; and

(iv) Sell, lease or otherwise dispose of the Secured Property at private or public sale, with or without having the Secured Property at the place of sale, and upon such terms and in such manner as Mortgagee may determine. Mortgagee may be a purchaser at any such sale.

(d) Any notification required by law of intended disposition by Mortgagee of any of the Secured Property shall be deemed reasonably and properly given if given at least ten (10) days before such disposition.

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

4.03 Right of Foreclosure. Upon the occurrence of any Event of Default, Mortgagee shall also have the right, immediately or at any time thereafter (in Mortgagee's sole discretion), to foreclose this Mortgage. Upon the filing of any complaint for that purpose, the court in which such complaint is filed may, upon application of Mortgagee or any time thereafter, either before or after foreclosure sale and without notice to Mortgagor or to any

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party claiming under Mortgagor and without regard to the solvency or insolvency at the time of such application of any person then liable for the payment of any of the Obligations, without regard to the then value of the Mortgaged Estate or whether the same shall then be occupied, in whole or in part, as a homestead, by the owner of the equity of redemption, and without regarding any bond from the complainant in such proceedings, appoint a receiver for the benefit of Mortgagee (and Mortgagor hereby irrevocably and unconditionally agrees and consents to the appointment of any such receiver that Mortgagee may designate or request or that such court may appoint), with power to take possession, charge, and control of the Mortgaged Estate, to lease the same, to keep the buildings thereon insured and in good repair, and to collect all Rents during the pendency of such foreclosure suit and during any period from the end of the redemption period up to and including the date which is 30 days after the confirmation of sale. The court may, from time to time, authorize said receiver to apply the net amounts remaining in his hands, after deducting reasonable compensation for the receiver and his counsel as allowed by the court, in payment (in whole or in part) of any or all of the Obligations, including, without limitation the following, in such order of application as Mortgagee in its sole discretion may elect: (i) amounts due under the Note or the Agreement, (ii) amounts due upon any decree entered in any suit foreclosing this Mortgage, (iii) costs and expenses (including, without limitation, attorneys' fees and expenses) of foreclosure and litigation upon the Mortgaged Estate, (iv) insurance premiums, repairs, taxes, special assessments, water charges and interest, penalties and costs, in connection with the Mortgaged Estate, (v) any other lien or charge upon the Mortgaged Estate that may be or become superior to the lien of this Mortgage, or of any decree foreclosing the same and (vi) all monies advanced by Mortgagee to cure or attempt to cure any default by Mortgagor in the performance of any obligation or condition contained in the Note, the Agreement, the other Loan Documents or this Mortgage or otherwise, to protect the security hereof provided herein, in the Agreement or in any of the other Loan Documents, with interest on such advances at Default Rate. The overplus of the proceeds of sale, if any, shall then (to the fullest extent permitted by applicable law) be paid to Mortgagor upon its written request (and, if not permitted by law to be paid to Mortgagor, such overplus shall be paid and applied as required by applicable law). This Mortgage may be foreclosed once against all, or successively against any portion or portions, of the Mortgaged Estate, as Mortgagee may elect, until all of the Mortgaged Estate has been foreclosed against and sold. In case of any foreclosure of this Mortgage (or the commencement of or preparation therefor) in any court, all expenses of every kind paid or incurred by Mortgagee for the enforcement, protection or collection of this security, including court costs, attorneys' fees, stenographers' fees, costs of advertising, and costs of title insurance and any other documentary evidence of title, shall be paid by Mortgagor.

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Mortgagee shall have the right to bid at any foreclosure sale of the Mortgaged Estate.

4.04 Remedies Not Exclusive. Mortgagee shall be entitled to enforce payment and performance of any Obligations secured hereby and to exercise all rights and powers under this Mortgage or under any other Loan Document or other agreement or any other applicable laws now or hereafter in force, notwithstanding that some or all of the said Obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as Mortgagee may in its absolute discretion determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy herein or in any Loan Document or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given to Mortgagee herein by any Loan Document, or to which Mortgagee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee, and Mortgagee may pursue inconsistent remedies.

4.05 Waiver of Notice, Marshalling, Etc. MORTGAGOR, ON BEHALF OF ITSELF AND ALL PERSONS NOW OR HEREAFTER INTERESTED IN THE PROPERTY, VOLUNTARILY AND KNOWINGLY HEREBY, ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A TRANSACTION WHICH DOES NOT INCLUDE EITHER AGRICULTURAL REAL ESTATE (AS DEFINED IN THE ILLINOIS MORTGAGE FORECLOSURE LAW, ILL. REV. STAT. CH. 110, SECTION 15-1101 ET SEQ., HEREIN THE "ACT"), OR RESIDENTIAL REAL ESTATE (AS DEFINED IN THE ACT); WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO REINSTATEMENT OR REDEMPTION AND ANY AND ALL RIGHTS AND BENEFITS UNDER ALL PRESENT AND FUTURE APPRAISEMENT, HOMESTEAD, MORATORIUM, VALUATION, EXEMPTION STAY, EXTENSION, REDEMPTION AND MARSHALLING STATUTES, LAWS OF EQUITIES NOW OR HEREAFTER EXISTING, AND AGREES THAT NO DEFENSE, CLAIM OR RIGHT BASED ON ANY THEREOF WILL BE ASSERTED, OR MAY BE ENFORCED, IN ANY ACTION ENFORCING OR RELATING TO THIS MORTGAGE OR ANY OF THE PROPERTY. WITHOUT LIMITING THE GENERALITY OF THE PRECEDING SENTENCE, MORTGAGOR, ON ITS OWN BEHALF AND ON BEHALF OF EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE MORTGAGED ESTATE SUBSEQUENT TO THE DATE OF THIS MORTGAGE, HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS OF REINSTATEMENT (INCLUDING, WITHOUT LIMITATION, ALL RIGHTS OF REINSTATEMENT PROVIDED FOR IN ILL. REV. STAT. CH. 110, SECTION 15-1602) OR REDEMPTION FROM SALE OR FROM OR UNDER ANY ORDER, JUDGMENT OR DECREE OF FORECLOSURE OF THIS MORTGAGE

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(INCLUDING, WITHOUT LIMITATION, ALL RIGHTS OF REDEMPTION PROVIDED FOR IN ILL. REV. STAT. CH. 110, SECTION 15-1603) OR UNDER ANY POWER CONTAINED HEREIN OR UNDER ANY SALE PURSUANT TO ANY STATUTE, ORDER, DECREE OR JUDGMENT OF ANY COURT. FURTHER, MORTGAGOR WAIVES ANY RIGHT, WHETHER AT LAW OR IN EQUITY, TO REQUIRE MORTGAGEE TO: (i) CONDUCT SEPARATE FORECLOSURE SALES OF ALL PROPERTY SECURING REPAYMENT OF THE OBLIGATIONS; (ii) PROCEED AGAINST ANY OTHER SECURITY FOR THE OBLIGATIONS, WHETHER PROVIDED FOR HEREUNDER OR UNDER ANY OTHER DOCUMENT, PRIOR TO FORECLOSING ON THE MORTGAGED ESTATE; AND (iii) EXHAUST ANY OF MORTGAGEE'S OTHER REMEDIES AGAINST OTHER PROPERTY OF OTHER PERSONS IN CONNECTION WITH DEFAULT BY MORTGAGOR, PRIOR TO FORECLOSING ON THE MORTGAGED ESTATE. TO THE FULLEST EXTENT PERMITTED BY LAW, MORTGAGEE ALSO WAIVES ALL NOTICES, DEMANDS, ADVERTISEMENTS OR PROCESS OF LAW IN CONNECTION WITH THE EXERCISE BY MORTGAGEE OF ITS RIGHTS AND REMEDIES HEREUNDER.

4.05 No Liability on Mortgagee. Notwithstanding anything contained in this Mortgage to the contrary, Mortgagee shall not be obligated to perform or discharge, and does not undertake to perform or discharge, any obligation, duty or liability of Mortgagor, whether under this Mortgage, under any of the Leases, under any Contract or under any other Secured Property, and Mortgagor shall and does hereby agree to indemnify against and hold Mortgagee harmless of and from: any and all liabilities, losses or damages which Mortgagee may incur or pay under or with respect to any of the Mortgaged Estate or under or by reason of its exercise of rights hereunder; and any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements relating to the Mortgaged Estate or in any of the contracts, documents or instruments evidencing or creating any of the Mortgaged Estate; provided, however, that nothing herein shall be deemed to require Mortgagor to indemnify, defend and hold harmless Mortgagee with respect to Mortgagee's gross negligence or willful misconduct. Mortgagee shall not have responsibility for the control, care, management or repair of the Property or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Property resulting in loss, injury or death to any tenant, licensee, employee, stranger or other person. No liability shall be enforced or asserted against Mortgagee in its exercise of the powers herein granted to it, and Mortgagor expressly waives and releases any such liability. Should Mortgagee incur any such liability, loss or damage under any of the Leases or under or by reason hereof, or in the defense of any claims or demands, Mortgagor agrees to reimburse Mortgagee immediately upon demand for the full amount thereof, including costs, expenses and attorneys' fees except to the extent caused by the gross negligence or willful misconduct of Mortgagee.

4.07 Compliance with Illinois Mortgage Foreclosure Law.

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(a) If any provision of this Mortgage is inconsistent with any applicable provision of the Act (as defined above), the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can fairly be construed in a manner consistent with the Act.

(b) Without in any way limiting or restricting any of Mortgagee's rights, remedies, powers and authorities under this Mortgage, and in addition to all of such rights, remedies, powers, and authorities, Mortgagee shall also have and may exercise any and all rights, remedies, powers and authorities which the holder of a mortgage is permitted to have or exercise under the provisions of the Act, as the same may be amended from time to time. If any provision of this Mortgage shall grant to Mortgagee any rights, remedies, powers or authorities upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with all of the rights, remedies, powers and authorities granted in the Act to the fullest extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee, to the extent reimbursable under Section 15-1510, 15-1512, or any other provision of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in any other provision of this Mortgage, shall be added to the indebtedness secured by this Mortgage and by the judgment of foreclosure.

ARTICLE V

MISCELLANEOUS

5.01 Certain Definitions. As used in this Mortgage, the following terms have the following respective meanings:

Accounts Receivable: Any right of Mortgagor arising from the operation of the Project (or any other facility on the Property) to payment for the rental of space or for goods sold or leased or for services rendered, whether or not yet earned by performance, including, without limiting the generality of the foregoing, (i) all accounts arising from the operation of the Project, and (ii) all rights to payment from any consumer credit charge card organization; whether now existing or hereafter created, substitutions therefor, proceeds thereof whether cash or non-cash, movable or immovable, tangible or intangible received from the sale, exchange, transfer, collection or other disposition or substitution thereof.

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Code: The Internal Revenue Code of 1986, as amended from time to time. Section references to the Code are to the Code as in effect at the date of this Agreement, and to any subsequent provisions of the Code amendatory thereof, supplemental thereto or substituted therefor.

ERISA Affiliate: Each person (as defined in Section 3(9) of ERISA) including each trade or business (whether or not incorporated) which together with Mortgagor or any of its Subsidiaries would be deemed to be a member of the same "controlled group" or otherwise treated as a single employer within the meaning of Section 414(b), (c), (m) and (o) of the Code.

General Partners: The Prime Group, Inc. ("Prime") and KILICO Realty Corporation ("KILICO Realty").

Lien: Any interest in the Mortgaged Estate securing an obligation owed to, or a claim by, a Person other than Mortgagee, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, pledge, conditional sale or trust receipt or a lease, consignment, bailment or other encumbrance for security purposes. For the purposes of this Mortgage, the Mortgaged Estate shall be deemed to be owned when it has been acquired or is held subject to a conditional sale agreement, financing lease or other arrangement pursuant to which title to the Mortgaged Estate has been retained by or vested in some other Person for security purposes.

Loan Documents: The Note, this Mortgage, and all other documents evidencing or securing the Obligations or delivered in connection herewith.

Permitted Investments: (i) direct obligations of the United States of America, or obligations for which the full faith and credit of the United States of America is pledged, and obligations of any agency or instrumentality of the United States of America, (ii) obligations of any State of the United States of America or any political subdivision or agency or instrumentality of any thereof rated in the third highest grade or better by Standard & Poor's Corporation or Moody's Investors Service Inc. (or their successors), (iii) any commercial paper issued by a corporation organized under the laws of the United States of America or any State thereof or by any foreign bank having a branch or agency in the United States of America and rated in the second highest grade or better by Standard & Poor's Corporation or Moody's Investors Service Inc. (or their successors) and having a maturity not in excess of nine months, (iv) certificates of deposit of, or drafts or bills of exchange accepted generally by, any bank or trust company or any savings and loan association incorporated under the laws of the United States of America or any State thereof or by any foreign bank having a branch or agency in the United

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