

MORTGAGE, ASSIGNMENT OF LEASES  
AND SECURITY AGREEMENT

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THIS MORTGAGE, ASSIGNMENT OF LEASES AND SECURITY AGREEMENT (hereinafter referred to as this "Mortgage") is made as of October 14, 1992 from H. Paul Moreno and Louise Moreno, his wife (collectively, the "Mortgagors", singularly, a "Mortgagor"), with a mailing address at 3460 W. Lawrence Avenue, Chicago, Illinois 60625, and Comerica Bank-Illinois, an Illinois banking corporation ("Mortgagee"), with a mailing address at 3044 Rose Street, Franklin Park, Illinois 60131;

WHEREAS, pursuant to that certain Continuing Guaranty of even date herewith (the "Guaranty"), H. Paul Moreno (the "Guarantor"), has unconditionally guaranteed to Mortgagee the payment and performance of all indebtedness, obligations and liabilities of Moreno Construction Company, an Illinois corporation ("Moreno") to Mortgagee, whether now existing or hereafter created or arising, including, without limitation, a revolving credit loan in the principal amount of \$200,000.00 extended by Mortgagee to Moreno, evidenced by a promissory note of Moreno of even date herewith in the principal sum of Two Hundred Thousand and no/100 (\$200,000.00) Dollars (the "Note"), payable to the order of Mortgagee on demand, together with interest payable monthly thereon at the variable rate per annum of two percent (2.00%) above the rate announced from time to time by the Mortgagee as its "prime" rate; and

The term "Note" as used herein, shall automatically include all modifications and refinancings thereof.

Interest on the Note after demand shall be calculated at the variable rate per annum of six percent (6.00%) above the Mortgagee's "prime" rate (the "Default Rate").

All payments due Mortgagee under the Note described hereinabove shall be paid to Mortgagee at the office of the Mortgagee at its address set forth above.

As provided in Section 11 hereinbelow, the total amount of indebtedness secured by this Mortgage may increase or decrease from time to time, but the total unpaid balance so secured at any one time shall not exceed a maximum principal amount of \$200,000.00, plus \$50,000.00 additional advances, plus interest thereon, and any disbursements made by Mortgagee for the payment of taxes, special assessments, or insurance on the Mortgaged Premises (as hereinafter defined), with interest on such disbursements (calculated at the Default Rate at the time such disbursements are made); and

WHEREAS, Mortgagee has refused to make the aforesaid \$200,000.00 revolving credit loan to Moreno and accept the Guaranty unless Louise Moreno hypothecates her interest in the Mortgaged Premises as security for the payment of the Note and Guaranty, and Louise Moreno has agreed to do so, as evidenced by her execution of this Mortgage;

Document prepared by Bennett L. Cohen, Three First National Plaza, Chicago, Illinois 60602

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Illinois State Board of Examiners  
150 North Dearborn Street  
Chicago, Illinois 60601

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NOW, THEREFORE, to secure (a) the repayment of the debt evidenced by the Note, with interest, when the same becomes due and payable (whether by demand or otherwise), including all advances now or hereafter made by Mortgagee to Moreno under the revolving line of credit loan evidenced by the Note, and all modifications and refinancings of the Note; (b) the payment and performance by Guarantor of the Guaranty; (c) the payment of all other indebtedness, obligations and liabilities which this Mortgage secures pursuant to any of its terms, including, without limitation, all expenses and charges, legal or otherwise, including reasonable attorneys' fees, paid or incurred by the Mortgagee in realizing upon or protecting this Mortgage or the indebtedness secured hereby; and (d) the performance of Mortgagors' covenants and agreements under this Mortgage, Mortgagors, do hereby GRANT, MORTGAGE, CONVEY AND ASSIGN to Mortgagee, its successors and assigns, the following described real estate located in the City of Chicago, being in the County of Cook and State of Illinois, to wit:

Lots 22, 23, 24, and 25 in Block 72 in Northwest Land Association Subdivision of the West 1/2 of Blocks 22 and 27 and all of Blocks 23, 24 and 26 in Jackson's Subdivision of the Southeast 1/4 of Section 11, Township 40 North, Range 13, East of the Third Principal Meridian, with Blocks 1 and 8 and Block 2 (except the East 1 acre thereof) in Clarke's Subdivision of the Northwest 1/4 of the Northeast 1/4 of Section 14, Township 40 North, Range 13, East of the Third Principal Meridian in Cook County, Illinois.

P.I.N. 13-11-426-027

STREET ADDRESS: 3460 West Lawrence Avenue, Chicago, IL 60625

TOGETHER WITH (1) all present and future buildings, improvements, fixtures, appurtenances, easements and hereditaments thereto belonging; and together with all equipment and machinery now or hereafter therein or thereon used to supply heat, gas, air conditioning, electrical, sprinkler systems, plumbing, water, light, power, refrigeration and ventilation; elevators, escalators, communication and electronic monitoring equipment, tanks, pumps and together with any other fixtures, equipment, machinery or other personal property now or hereafter placed on the above described property which shall be employed in connection with the operation, use, occupancy or enjoyment thereof, (2) all right, title and interest of Mortgagors, including any after-acquired title or reversion, in and to the rights-of-way, roads, streets, avenues and alleys adjoining the Mortgaged Premises; (3) all rents, issues, proceeds and profits accruing and to accrue from the Mortgaged Premises and all right, title and interest of Mortgagors in and to any and all leases approved by Mortgagee now or hereafter on or affecting the Mortgaged Premises, whether written or oral, and all other leases and agreements for the use thereof (collectively "Leases"), together with all security therefor and all monies payable thereunder, subject, however, to the conditional permission of Mortgagee given to Mortgagors to collect the rentals to be paid pursuant thereto, provided Mortgagors shall not be in default hereunder; and (4) all proceeds heretofore or hereafter payable to Mortgagors by reason of loss or damage by fire and such other hazards, casualties and contingencies insured pursuant to the insurance policies hereinafter described and awards and other compensation heretofore or hereafter payable to Mortgagors for any taking by condemnation or eminent domain proceedings of all or any part of the

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Mortgaged Premises or any easement or appurtenance thereof, including severance and consequential damage. (said real estate and all of the above collectively referred to herein as the "Mortgaged Premises")

TO HAVE AND TO HOLD the Mortgaged Premises unto Mortgagee, its successors and assigns forever (Mortgagors hereby **RELEASING AND WAIVING** all rights under and by virtue of the homestead exemption laws of the State of Illinois and all rights of homestead created by the Federal Bankruptcy Code) provided, however, that if and when the Note and all other indebtedness and obligations secured hereby shall be paid in full and Mortgagors shall perform all of the terms, covenants and agreements contained herein, then this Mortgage shall be released upon the written request and expense of Mortgagors.

Mortgagors covenant that Mortgagors are lawfully seized of the real estate hereby conveyed and have the right to mortgage, grant and convey the Mortgaged Premises; that the Mortgaged Premises are unencumbered except for a Mortgage dated December 20, 1982 in favor of the City of Chicago, recorded on March 23, 1983 as Document No. 26544973, securing an indebtedness of \$280,000.00 (the "Senior Mortgage") and that Mortgagors will warrant and defend generally the title to the Mortgaged Premises against all claims and demands, subject to any declarations, easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Mortgagee's lien of this Mortgage on the Mortgaged Premises.

Mortgagee's rights in any insurance or condemnation proceeds under Sections 2 and 8 below, shall be subject to the rights of the holder of the Senior Mortgage therein.

**MORTGAGORS HEREBY FURTHER COVENANT TO MORTGAGEE AND AGREE AS FOLLOWS:**

1. Mortgagors hereby agree: (a) to pay when due all indebtedness secured by this Mortgage, all interest thereon and all other indebtedness, obligations and liabilities which this Mortgage secures; (b) not to commit or permit to exist any waste of the Mortgaged Premises and to keep the Mortgaged Premises in good condition and repair; (c) to keep the Mortgaged Premises free of any mortgage or trust deed, except this Mortgage and the Senior Mortgage; (d) to keep the Mortgaged Premises free of any mechanic's lien, or any other lien, encumbrance or charge; (e) not to suffer or permit unlawful use or any nuisance to exist upon the Mortgaged Premises; (f) not to remove or demolish any part of the improvements of a structural nature which would adversely affect the value of the Mortgaged Premises; (g) not to abandon the Mortgaged Premises; (h) to pay when due any indebtedness or liability which may be secured by a mortgage, lien, other encumbrance or charge on all or any part of the Mortgaged Premises equal or senior in priority to this Mortgage; (i) to complete within a reasonable time any buildings or improvements now or at any time in the process of erection upon the Mortgaged Premises; (j) immediately after destruction or damage to all or any part of the Mortgaged Premises to commence and promptly complete the rebuilding or restoration of buildings, improvements and all other property now or hereafter on the Mortgaged Premises unless Mortgagee elects to apply the proceeds of insurance to the indebtedness secured by this Mortgage as hereinafter provided; (k) to comply with all laws, regulations, rulings, ordinances, orders and all other requirements imposed by any governmental or other competent authority and with all

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restrictions, covenants and conditions relating to the Mortgaged Premises or to the use of thereof; (l) to keep and maintain such books and records as required by Mortgagee and to permit Mortgagee reasonable access to and the rights of inspection of such books and records; and (m) to furnish to the Mortgagee such information and data with respect to the financial condition, business affairs and operations of the Mortgaged Premises as may be reasonably requested by Mortgagee (all such information and data to be prepared in accordance with generally accepted accounting principles consistently applied).

2. Mortgagors shall keep the Mortgaged Premises continuously insured for the benefit of Mortgagee, until the indebtedness secured hereby shall be paid in full and discharged, against fire and such other hazards and risks customarily covered by the standard form of extended coverage endorsement available in the State of Illinois, including risks of lightning, windstorm, malicious mischief, vandalism and other extended coverage hazards, for full replacement value, and shall provide comprehensive general liability insurance and flood insurance (if the Mortgaged Premises are now or hereafter situated in an area designated as a flood risk area by the Director of the Federal Emergency Management Agency or as otherwise required by the Flood Disaster Protection Act of 1973 and regulations issued under it), and such other appropriate insurance as the Mortgagee may require from time to time. All insurance policies and renewals must be acceptable to Mortgagee, must provide for payment to the Mortgagee in the event of loss, must require thirty (30) days notice to the Mortgagee in the event of nonrenewal or cancellation, must be written by insurers acceptable to Mortgagee and have such monetary limits as Mortgagee shall require, and must be delivered to the Mortgagee. Should the Mortgagors fail to insure or fail to pay the premiums on any insurance or fail to deliver the policies or certificates or renewals to the Mortgagee, then the Mortgagee at its option may have the insurance written or renewed and pay the premiums for the account of Mortgagors.

Mortgagors shall provide Mortgagee with certificates of insurance naming Mortgagee as "Mortgagee and Loss Payee" for the casualty coverages, and "Additional Insured" for the comprehensive general liability coverage. In addition, Mortgagors shall provide Mortgagee with a Lender's Loss Payable Endorsement, in form acceptable to Mortgagee.

In the event of any loss or damage sustained by casualty for which insurance policies are in effect, the Mortgagee is authorized to adjust, compromise and collect all claims thereunder without the consent of the Mortgagors, to collect, receive and receipt for any proceeds in the name of the Mortgagee and the Mortgagors, to endorse the Mortgagors' name upon any check in payment of proceeds, and to execute and deliver on behalf of Mortgagors all necessary proofs of loss, receipts, vouchers, releases and such other documents as shall be required by the insurers to be executed. The proceeds of the insurance shall be paid to the Mortgagee alone. No loss or damage shall itself reduce the indebtedness secured hereby.

The proceeds shall be applied first toward reimbursement of all costs and expenses of the Mortgagee in collecting the proceeds, and then toward payment of the indebtedness secured hereby or any portion of it, whether or not then due or payable, or may be applied to the cost of building or restoring of buildings and improvements on the Mortgaged

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Premises, or may be applied to such purposes in such proportion as the Mortgagee shall determine. That part of the Mortgaged Premises so damaged or destroyed shall be repaired or rebuilt, in accordance with plans and specifications therefor submitted to and approved by Mortgagee and all life, safety and environmental regulations, laws, ordinances (including zoning), rules and regulations of governmental authorities having jurisdiction thereover, so as to be as similar, as is reasonably possible, to the condition which existed prior to such casualty.

3. Without Mortgagee's prior written consent, Mortgagors shall not create, suffer, or permit to be created or filed against the Mortgaged Premises or any part thereof hereafter any mechanic's lien, or any other lien, encumbrance or charge. If Mortgagors shall fail to discharge any such lien, encumbrance or charge, 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 or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law, and all such advances by Mortgagee shall be payable by Mortgagors on demand and shall be secured by the lien of this Mortgage. Any waiver by Mortgagee of the provisions of this Section 3 shall not be deemed to be a waiver of the right of Mortgagee in the future to insist upon strict compliance with the provisions hereof.

4. Intentionally Omitted.

5. Mortgagors shall pay directly all general real estate taxes, special taxes, water and sewer charges and all other taxes and charges on the Mortgaged Premises before any charge for nonpayment attaches or accrues, and shall furnish the Mortgagee, upon request, with the original or duplicate receipts therefor.

6. Intentionally Omitted.

7. If an Event of Default (as hereafter defined) shall occur, Mortgagee may, at its option, at any time make any payment or perform any act herein required by Mortgagors in any form and manner deemed expedient by Mortgagee, and Mortgagee may, at its option, make full or partial payments of principal or interest on prior encumbrances, if any, pay delinquent taxes and insurance premiums and purchase, discharge or settle any tax lien or any other prior lien or claim, redeem from any tax sale or forfeiture affecting the Mortgaged Premises or contest any tax or assessment. All monies paid or incurred by Mortgagee in connection therewith including costs and attorneys' fees and any other monies advanced by Mortgagee to protect the Mortgaged Premises shall be so much additional indebtedness secured hereby and shall be immediately due and payable by Mortgagors together with interest at the Default Rate applicable to the Note at the time such advances are made.

8. In the event that the Mortgaged Premises or any part thereof are taken by condemnation, Mortgagee is hereby empowered to collect and receive any awards resulting therefrom ("Awards"), which shall, at the election of Mortgagee, be applied toward the payment of the Note or any other indebtedness secured hereby, or on account of rebuilding or restoring that part of the Mortgaged Premises not so taken or damaged. If Mortgagee elects to permit the use of Awards for rebuilding or

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restoration of the Mortgaged Premises, the Mortgaged Premises shall be so rebuilt or restored in accordance with plans and specifications therefor submitted to and approved by Mortgagee and applicable laws, so as to be as similar, as is reasonably possible, to the condition which existed prior to condemnation. In the event the Awards are insufficient to pay for all costs of rebuilding or restoration, Mortgagors shall deposit with Mortgagee an amount equal to such excess costs prior to any disbursement.

9. To further secure payment of the Note, all other indebtedness secured hereby and performance of all of the terms, covenants, conditions and agreements contained herein, Mortgagors hereby sell, assign and transfer to Mortgagee all of their right, title and interest in and to all Leases and rentals, issues, proceeds and profits now due and which may hereafter become due pursuant thereto, it being the intention hereby to establish an absolute transfer and assignment thereof to Mortgagee. Mortgagors hereby irrevocably appoint Mortgagee their agent, in their name and stead (with or without taking possession of the Mortgaged Premises), to rent, lease or let all or any part of the Mortgaged Premises to any party or parties, at such rental and upon such terms as Mortgagee shall, in its discretion, determine and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter and all presently due or which may hereafter become due pursuant to each and every Lease or any other tenancy existing or which hereafter exists on the Mortgaged Premises, with the same rights and powers and subject to the same rights and powers as Mortgagors would have. If no Event of Default under this Mortgage has occurred, Mortgagors shall have the right to collect all of the rents arising from Leases or renewals thereof. Upon an occurrence of an Event of Default, Mortgagee, at any time or times thereafter, without notice to Mortgagors may notify any and all of the tenants of the Leases that the Leases have been assigned to Mortgagee and Mortgagee may direct said tenants thereafter to make all rentals and payments due from tenants under the Leases directly to Mortgagee and shall have the right to enforce the terms of the Leases and obtain payment of and collect the rents, by legal proceedings or otherwise in the name of the Mortgagors. Mortgagors will at all times deliver to the Mortgagee duplicate originals or certified copies of all leases, agreements and documents relating to the Mortgaged Premises and shall permit access by the Mortgagee to their books and records, insurance policies and other papers for examination and making copies and extracts thereof. The Mortgagee, its agents and designees shall have the right to inspect the Mortgaged Premises at all reasonable times and access thereto shall be permitted for that purpose.

10. Prior to execution of this Mortgage, Mortgagors shall obtain and deliver to Mortgagee a commitment for an ALTA Loan Policy in the amount of \$200,000.00 issued by Land Title America, Inc. All exceptions contained in the title commitment shall be approved by and acceptable to Mortgagee.

11. This Mortgage is given to and shall secure not only existing indebtedness, but also future advances, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise (and whether such advances are made under the aforesaid \$200,000.00 revolving line of credit loan to Moreno, or otherwise), as are made within twenty years from the date hereof, to the same extent as if

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future advances were made on the date of the execution of this Mortgage, although there may be no advance made at the time of execution of this Mortgage, and although there may be no indebtedness outstanding at the time any advance is made. The lien of this Mortgage shall be valid as to all such indebtedness and future advances from the time this Mortgage is filed for record in the office of the Recorder of Deeds or the Registrar of Title of the county where the Mortgaged Premises described herein are located. The total amount of indebtedness that may be so secured may increase or decrease from time to time, but the total unpaid balance so secured at any one time shall not exceed a maximum principal amount of Two Hundred Thousand and no/100 (\$200,000.00) Dollars, plus \$50,000.00 additional advances, plus interest thereon, and any disbursements by Mortgagee made for the payment of taxes, special assessments or insurance on the Mortgaged Premises, and to protect the security of this Mortgage, with interest on all such disbursements (calculated at the Default Rate applicable to the Note at the time of such disbursements), and all costs of collection and of foreclosing this Mortgage, including reasonable attorneys' fees.

12. If Mortgagors shall transfer, convey, alienate, pledge, hypothecate or mortgage the Mortgaged Premises or any part thereof, or any beneficiary of a Trust holding title to the Mortgaged Premises shall transfer, convey, alienate, pledge or hypothecate his beneficial interest or shall alter in any way the Trust Agreement under which Mortgagors now or hereafter holds title, or shall sell, transfer or assign the shares of stock of any corporate owner of the Mortgaged Premises (which shall result in a change of control of said corporate owner) or of any corporation which is the beneficiary of the Mortgagors, Mortgagee, at its option, may accelerate the maturity of the Note and declare it to be due and payable forthwith.

13. This Mortgage shall constitute a security agreement between Mortgagors and Mortgagee with respect to that portion of the Mortgaged Premises constituting property or interests in property, whether real or personal, including any and all sums deposited by Mortgagors and held by Mortgagee which are subject to the priority and perfection provisions of the Illinois Uniform Commercial Code. Therefore, to secure payment of the Note and all other indebtedness and obligations of Mortgagors hereunder, Mortgagors hereby grant to Mortgagee a security interest in the Mortgaged Premises and in all such deposits and agree that, upon an Event of Default, Mortgagee shall have all of the rights and remedies of a secured party under the Illinois Uniform Commercial Code.

14. Mortgagors shall not and will not apply for or avail themselves of any appraisal, valuation, stay, extension or exemption laws, or any so-called "moratorium laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but do hereby waive the benefit of such laws. MORTGAGORS HEREBY EXPRESSLY WAIVE ANY AND ALL RIGHTS OF REDEMPTION UNDER ANY JUDGMENT OR DECREE OF FORECLOSURE OF THIS MORTGAGE, ON THEIR OWN BEHALF, ON BEHALF OF THE BENEFICIARIES OF MORTGAGORS, ON BEHALF OF ALL PERSONS CLAIMING OR HAVING AN INTEREST (DIRECT OR INDIRECT) BY, THROUGH OR UNDER MORTGAGORS AND ON BEHALF OF EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE MORTGAGED PREMISES SUBSEQUENT TO THE DATE HEREOF, IT BEING THE INTENT OF MORTGAGORS HEREBY THAT ANY AND ALL SUCH RIGHTS OF REDEMPTION OF MORTGAGORS AND OF ALL OTHER PERSONS ARE AND SHALL BE DEEMED TO BE HEREBY WAIVED TO THE FULL EXTENT PERMITTED BY APPLICABLE

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## LAWS.

15. The Mortgagors represent, covenant and warrant to Mortgagee that: (a) the Mortgagors have not used Hazardous Materials (as defined below), on, from or affecting the Mortgaged Premises in any manner which violates federal, state, or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials (hereafter collectively, "Environmental Laws") and, to the best of Mortgagors' knowledge, no prior owner of the Mortgaged Premises or any existing or prior tenant, or occupant has used Hazardous Materials on, from or affecting the Mortgaged Premises in any manner which violates any Environmental Laws; (b) the Mortgagors have never received any notice of any violations (and are not aware of any existing violations) of any Environmental Laws governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials at the Mortgaged Premises, and to the best of Mortgagors' knowledge, there have been no actions commenced or threatened by any party for noncompliance which affects the Mortgaged Premises; (c) Mortgagors shall keep or cause the Mortgaged Premises to be kept free of Hazardous Materials except to the extent that such Hazardous Materials are stored and/or used in compliance with all applicable Environmental Laws; and without limiting the foregoing, Mortgagors shall not cause or permit the Mortgaged Premises to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce, or process Hazardous Materials, except in compliance with all applicable Environmental Laws, nor shall Mortgagors cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagors or any tenant, subtenant or occupant, a release, spill, leak or emission of Hazardous Materials onto the Mortgaged Premises or onto any contiguous property; (d) the Mortgagors shall conduct and complete all investigations, including a comprehensive environmental audit (or such other audit or investigation acceptable to Mortgagee), studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on, under, from or affecting the Mortgaged Premises as required by all applicable Environmental Laws, to the satisfaction of the Mortgagee, in accordance with the orders and directives of all federal, state and local governmental authorities; and (e) the Mortgagors represent and warrant that there are no underground storage tanks on the Mortgaged Premises or as reasonably can be ascertainable on property adjacent to, or in close proximity to the Mortgaged Premises.

Subject to the limitations set forth below, the Mortgagors shall defend, indemnify, and hold harmless the Mortgagee its employees, agents, officers, and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses, including, without limitation, reasonable attorneys', paralegals' and consultants' fees, investigation and laboratory fees, court costs and litigation expenses, known or unknown, contingent or otherwise, arising out of or in any way related to (a) the presence, disposal, release or threatened release of any Hazardous Materials on, over, under, from or affecting the Mortgaged Premises or the soil, water, vegetation, buildings, personal property, persons or animals; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on the Mortgaged Premises, (c) any lawsuit brought or threatened, settlement reached or

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government order relating to such Hazardous Materials with respect to the Mortgaged Premises, (d) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the Mortgagee, which are based upon or in any way related to such Hazardous Materials used in or about the Mortgaged Premises, or (e) any actual or alleged violation of any applicable statute, ordinance, rule or regulation for the protection of the environment which occurs upon the Mortgaged Premises or any adjoining parcels or by reason of imposition of any governmental lien for the recovery of environmental cleanup costs expended by reason of such violation ("Environmental Costs"), provided that, to the extent that Mortgagee is strictly liable under any such statute or ordinance, Mortgagors' obligation to Mortgagee under this indemnity shall likewise be without regard to fault on the part of Mortgagors with respect to the violation of law which results in liability to the Mortgagee.

Mortgagors further agree that this indemnity shall continue to remain in full force and effect beyond the term of the Note and all other indebtedness or obligations secured by this Mortgage and shall be terminated only when there is no further obligation of any kind whether in law or in equity or otherwise of Mortgagee in connection with any such environmental cleanup costs, environmental liens or environmental matters involving the Mortgaged Premises.

The indemnity obligations under this paragraph are specifically limited as follows:

- (i) The Mortgagors shall have no indemnity obligation with respect to any Hazardous Materials that are first introduced to the Mortgaged Premises or any part of the Mortgaged Premises subsequent to the date that the Mortgagors' interest in and possession of the Mortgaged Premises or any part of the Mortgaged Premises shall have been fully terminated by foreclosure of this Mortgage or acceptance of a deed in lieu of foreclosure;
- (ii) The Mortgagors shall have no indemnity obligation with respect to any Hazardous Materials introduced to the Mortgaged Premises or any part thereof by the Mortgagee, its successors or assigns.

Mortgagors shall immediately notify the Mortgagee as soon as Mortgagors know or suspect that any Hazardous Materials have been released on the Mortgaged Premises or of any violation of any applicable Environmental Laws dealing with the presence of any Hazardous Materials or environmentally dangerous conditions affecting the Mortgaged Premises.

The Mortgagors covenant to Mortgagee that in the event this Mortgage is foreclosed or the Mortgagors tender a deed in lieu of foreclosure, the Mortgagors shall deliver the Mortgaged Premises to the Mortgagee free of any and all Hazardous Materials which are then required to be removed (whether over time or immediately) pursuant to applicable federal, state and local laws, ordinances, rules or regulations affecting the Mortgaged Premises.

For purposes of this Mortgage, "Hazardous Materials", includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, industrial wastes, pollution control wastes, hazardous or toxic substances or related materials defined in

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the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.) the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et. seq.) and in the regulations adopted and publications promulgated pursuant thereto, or in any other federal, state or local governmental law, ordinance, rule or regulation.

Mortgagors promise to pay to Mortgagee on demand all Environmental Costs incurred by Mortgagee, together with interest thereon at the Default Rate applicable to the Note at the time such costs are incurred. This Mortgage shall secure, in addition to the Note and all other indebtedness and obligations secured hereby, the payment of all Environmental Costs incurred by Mortgagee, with interest as described in the preceding sentence.

The provisions of this Section 15 shall be in addition to any and all other obligations and liabilities the Mortgagors may have to the Mortgagee under the Note and other indebtedness secured hereby, or under any loan document executed by Mortgagors, and in common law, and shall survive (a) the repayment of all sums due under the Note and all other sums secured hereby, (b) the satisfaction of all of the other obligations of the Mortgagors in this Mortgage and under any other loan document executed in connection with the Note or this Mortgage, (c) the discharge of this Mortgage, and (d) the foreclosure of this Mortgage or acceptance of a deed in lieu of foreclosure.

16. At the option of the Mortgagee and without notice to Mortgagors, all unpaid indebtedness secured by this Mortgage shall, notwithstanding anything in the Note, the Guaranty or in this Mortgage to the contrary, become due and payable upon the occurrence of any one or more of the following events of default (an "Event of Default"): (a) if Moreno shall fail to pay any portion of the principal or interest due under the Note (or any modification or refinancing thereof) when due (whether by demand or otherwise) and such default shall continue uncured for ten (10) days; or (b) an Event of Default or acceleration shall have occurred under the Security Agreement of even date herewith between Moreno and Mortgagee, or under any other loan document between Moreno and Mortgagee, and such default shall not be cured within the applicable grace period provided for therein, if any; or (c) if Guarantor shall fail to pay any amount payable under the Guaranty when due and such default shall continue uncured for ten (10) days after receipt of written notice to Guarantor to pay such sum; or (d) if Mortgagors fail to perform or observe any covenant, warranty, or other provision contained in this Mortgage for a period in excess of fifteen (15) days after the date on which the notice of such failure is given to Mortgagors; or (e) if any representation or warranty contained in the Note, the Guaranty, this Mortgage or in any other loan document or instrument executed by Moreno, or any Mortgagor, or in connection with the indebtedness hereby secured, shall have been materially false or misleading when made; or (f) the Mortgaged Premises or any part thereof, shall be assigned, sold, transferred or conveyed, whether voluntarily or involuntarily, by operation of law or otherwise; or (g) there shall be any execution, attachment or levy on the Mortgaged Premises not stayed or released within thirty (30) days; or (h) any indebtedness secured by a lien or charge on the Mortgaged Premises or any part thereof is not paid when due or proceedings are commenced to foreclose or otherwise realize upon any such lien or charge, or any

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judgment, or to have a receiver appointed for the property subject thereto or to place the holder of such indebtedness or its representative in possession thereof; or (i) admission by Moreno or any Mortgagor, in writing, including without limitation an answer or other pleading filed in any court, of Moreno's or any Mortgagor's insolvency or its, his or her inability to pay its, his or her debts generally as they fall due; or (j) institution by Moreno or any Mortgagor of bankruptcy, insolvency, reorganization, or arrangement proceedings of any kind under the United States Bankruptcy Code, whether as now existing or as hereafter amended, or any similar debtors' or creditors' rights law, federal or state, now or hereafter existing, or the making by Moreno or any Mortgagor of a general assignment for the benefit of creditors; or (k) institution of any such proceedings referred to in clause (j) above against Moreno or any Mortgagor that are consented to by such party or are not dismissed, vacated, or stayed within sixty (60) days after the filing thereof; or (l) appointment by any court of a receiver, trustee, or liquidator of or for, or assumption by any court of jurisdiction of, all or any part of the Mortgaged Premises or all or a major portion of the property of Moreno or any Mortgagor, if such appointment or assumption is consented to by Moreno or any Mortgagor, or, within sixty (60) days after such appointment or assumption, such receiver, trustee or liquidator is not discharged or such jurisdiction is not relinquished, vacated, or stayed; or (m) any financial information or other information submitted by Moreno or any Mortgagor to Mortgagee proves untrue in any material respect; or (n) the Mortgaged Premises are abandoned; or (o) any Mortgagor shall die or become incompetent, or Guarantor shall terminate, repudiate, revoke or disavow any of his obligations under the Guaranty or breach any of the terms of the Guaranty; or (p) any Mortgagor shall fail or refuse to pay Environmental Costs as herein defined within 10 (ten) days after written notice thereof is sent to Mortgagors.

17. When any Event of Default has occurred and is continuing (regardless of the pendency of any proceeding which has or might have the effect of preventing Mortgagors from complying with the terms of this instrument and of the adequacy of the security for the Note) and in addition to such other rights as may be available under applicable law, but subject at all times to any mandatory legal requirements: (a) Mortgagee may, by written notice to Mortgagors, declare the Note and all unpaid indebtedness of Mortgagors hereby secured, including any interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without other notice or demand of any kind; (b) Mortgagee shall, with respect to any part of the Mortgaged Premises constituting property of the type in respect of which realization on a lien or security interest granted therein is governed by the Illinois Uniform Commercial Code, have all the rights, options and remedies of a secured party under the Illinois Uniform Commercial Code; (c) Mortgagee may proceed to protect and enforce the rights of Mortgagee hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law; or (ii) by the foreclosure of this Mortgage in any manner permitted by law; (d) Mortgagee shall, as a matter of right, without notice and without giving bond to Mortgagors or anyone claiming by, under or through it, and without regard to the solvency or insolvency of Mortgagors or the then value of the Mortgaged

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Premises, be entitled to have a receiver appointed of all or any part of the Mortgaged Premises and rents, issues and profits thereof, with such power as the court making such appointment shall confer, and Mortgagors hereby consent to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Mortgaged Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Mortgagors or other persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise; (e) Mortgagee may enter and take possession of the Mortgaged Premises or any part thereof and manage, operate, insure, repair and improve the same and take any action which, in Mortgagee's judgment, is necessary or proper to conserve the value of the Mortgaged Premises. Mortgagee may also take possession of, and for these purposes use, any and all personal property contained on or about the Mortgaged Premises and used in the operation, rental or leasing thereof or any part thereof. Mortgagee shall be entitled to collect and receive all earnings, revenues, rents, issues and profits of the Mortgaged Premises or any part thereof (and for such purpose Mortgagors do hereby irrevocably constitute and appoint Mortgagee their true and lawful attorney-in-fact for them and in their name, place and stead to receive, collect and receipt for all of the foregoing, Mortgagors irrevocably acknowledging that any payment made to Mortgagee hereunder shall be a good receipt and acquittance against Mortgagors to the extent so made) and to apply same to the reduction of the indebtedness hereby secured. The right to enter and take possession of the Mortgaged Premises and use any personal property thereon, to manage, operate and conserve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expense (including any receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be so much additional indebtedness hereby secured which Mortgagors promise to pay upon demand together with interest at the Default Rate applicable to the Note at the time such expenses are incurred. Mortgagee shall not be liable to account to Mortgagors for any action taken pursuant hereto other than to account for any rents actually received by Mortgagee. Without taking possession of the Mortgaged Premises, Mortgagee may, in the event the Mortgaged Premises becomes vacant or is abandoned, take such steps as it deems appropriate to protect and secure the Mortgaged Premises (including hiring watchmen therefor) and all costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Rate applicable to the Note at the time such costs are incurred.

18. All rights and remedies set forth in this Mortgage are cumulative and the Mortgagee may foreclose this Mortgage, or otherwise exercise such rights and remedies that Mortgagee has hereunder, under any other loan document or instrument or applicable law, without first resorting to any rights or remedies Mortgagee may have against Moreno, any Guarantor, any other party primarily or secondarily liable for the indebtedness evidenced by the Note, or against any security or property whatsoever.

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19. Unless expressly provided in this Mortgage to the contrary, no consent or waiver, express or implied, by Mortgagee to or of any breach or default by Mortgagors in the performance by Mortgagors of any obligations contained herein shall be deemed a consent to or waiver by Mortgagee of such performance in any other instance or any other obligation hereunder. The failure of Mortgagee to exercise either or both of its remedies to accelerate the maturity of the indebtedness secured hereby and/or to foreclose the lien hereof following any Event of Default hereunder, or to exercise any other remedy granted to Mortgagee hereunder or under applicable law in any one or more instances, or the acceptance by Mortgagee of partial payments of such indebtedness shall neither constitute a waiver of any such Event of Default or of Mortgagee's remedies hereunder or under applicable law nor establish, extend or affect any grace period for payments due under the Note, but such remedies shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Mortgagee, may at Mortgagee's option be rescinded by written acknowledgment to that effect by Mortgagee and shall not affect Mortgagee's right to accelerate maturity upon or after any future Event of Default.

20. Intentionally Deleted.

21. Mortgagors represent and agree that the proceeds of the Note will be used for business purposes and that the Note and this Mortgage are exempt from limitations upon lawful interest, pursuant to the terms of the Illinois Revised Statutes, Chapter 17, Paragraph 6404.

22. All communications provided for herein shall be in writing and shall be deemed to have been given when delivered personally or three (3) business days after mailing by United States certified mail, return receipt requested, first class mail, postage prepaid, addressed to the parties hereto at their addresses as shown at the beginning of this Mortgage or to such other and different address as Mortgagors or Mortgagee may designate pursuant to a written notice sent in accordance with the provisions hereof.

23. This Mortgage shall be construed in accordance with and governed pursuant to the laws of the State of Illinois. Whenever possible, each provision of this Mortgage shall be interpreted in such a manner as to be effective and valid pursuant to applicable law; provided, however, that if any part hereof shall be prohibited by or invalid thereunder, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remaining provisions of this Mortgage.

24. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of Mortgagors, or by or on behalf of Mortgagee, shall bind and inure to the benefit of the respective heirs, executors, administrators, successors, vendees and assigns of such parties, whether so expressed or not. In addition, all covenants, promises and agreements of Mortgagors herein shall be binding upon any other parties claiming any interest in the Mortgaged Premises under Mortgagors. Mortgagors' liability under this Mortgage shall be joint and several. In addition, the term "Mortgagors" shall include all persons claiming

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under or through Mortgagors and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage.

25. THE MORTGAGEE AND THE MORTGAGORS AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS MORTGAGE OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS MORTGAGE OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS, WHETHER ORAL OR WRITTEN, OR ACTIONS OF EITHER OF THEM. NEITHER THE MORTGAGEE NOR THE MORTGAGORS SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY EITHER THE MORTGAGEE OR THE MORTGAGORS EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ALL OF THEM.

IN WITNESS WHEREOF, Mortgagors have executed this Mortgage the day and year first above written.

  
\_\_\_\_\_  
H. Paul Moreno

  
\_\_\_\_\_  
Louise Moreno

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## ACKNOWLEDGMENT

STATE OF ILLINOIS )  
 ) SS.  
 COUNTY OF COOK )

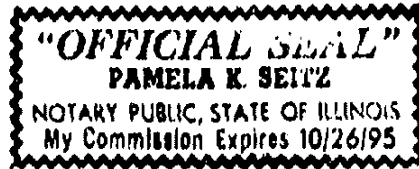
I, Pamela K. Seitz, a Notary Public in and for the said County, in the State aforesaid, DO CERTIFY THAT H. Paul Moreno and Louise Moreno, his wife, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 14th day of October, 1992.

*Pamela K. Seitz*  
 \_\_\_\_\_  
 Notary Public

My Commission expires:

10-26-95



### MAIL TO:

Comerica Bank-Illinois  
 8700 N. Waukegan Road  
 Morton Grove, Illinois 60053

Attn: Maria Esparza  
 Documentation/Closing Dept.



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