

This document prepared by:

When recorded mail to:

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MORTGAGE

Property Address: 1725 West North Avenue, Chicago, Illinois

Permanent Index Number: 17-06-203-010

THIS MORTGAGE ("Mortgage") is dated August 10, 1992 and is executed by **HABERDASHER, INC.**, an Illinois corporation ("Mortgagor") for the benefit of **LASALLE EQUIPMENT LIMITED PARTNERSHIP**, an Illinois limited partnership ("Mortgagee").

Mortgagor is the owner in fee simple of that certain real estate in Cook County, Illinois legally described as follows:

Units Nos. 102, 201 to 209 inclusive, 301 to 309 inclusive, 401 to 409 inclusive, and Parking Spaces P-1 through P-27 inclusive, in the 1725 West North Avenue Condominium as delineated on a survey of the following described real estate:

Lots 15, 16, 17, 18, 19, 20, and 21 in Block 2 in McReynold's Subdivision of part of the East 1/2 of the North East 1/4, North of Milwaukee Avenue, of Section 6, Township 39 North, Range 14 East of the Third Principal Meridian,

which survey is attached as Exhibit "A" to the Declaration of Condominium recorded as document number 92-~~15332~~ together with its undivided percentage interest in the common elements, in Cook County, Illinois

and commonly known as 1725 West North Avenue, Chicago, Illinois (the "Property").

Mortgagor executed a certain Note in the principal sum of \$300,000.00 (the "Note") dated August 10, 1992 payable to Mortgagee, the terms of which Note are incorporated herein by this reference. Mortgagor and Mortgagee are parties to an Investment Agreement also dated August 10, 1992 pursuant to which Mortgagor is obligated to pay to Mortgagee a fee in an amount not to exceed \$2,000,000.00.

COOK COUNTY, ILLINOIS
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To secure the indebtedness evidenced by the Note and the Investment Agreement and in consideration of the sum of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by Mortgagor hereby, Mortgagor agrees as follows:

1. **Mortgage of Property.** Mortgagor hereby mortgages and conveys unto Mortgagee Mortgagor's aforesaid interest in the Property.
2. **Waiver of Right of Redemption.** Mortgagor hereby waives all rights of redemption as provided in Article XII or XV of the Code of Civil Procedure of Illinois or otherwise available by statute or common law.
3. **Preservation of Property.** Mortgagor shall preserve and maintain the Property in good condition and repair and shall not permit, commit, or suffer any waste, impairment or deterioration thereof or of any part thereof and will not take any action which will increase the risk of fire or other hazard to the Property or to any part thereof.
4. **Damage and Condemnation.** Mortgagor shall give Mortgagee prompt notice of damage of or destruction to the Property and of receipt of notices or information relating to condemnation of part or all of the Property. Mortgagor hereby assigns all awards and payments received in respect thereof to Mortgagee, and shall hold all awards and payments received in respect thereof in trust for the benefit of Mortgagee and shall apply the same in reduction of the balance then due under the Note or in restoration of the Property, as Mortgagee shall direct.
5. **Insurance.** From and after the date hereof and until the release of this Mortgage, Mortgagor shall carry insurance, with companies reasonably satisfactory to Mortgagee, subject to the following terms:
 - A. The Property shall be insured at replacement cost in an amount not less than the principal amount of the Note;
 - B. Mortgagor shall carry personal liability insurance against death or injury suffered by tenants or other persons on, or other events occurring on, the Property, in commercially reasonable amounts;
 - C. Mortgagee shall be named as co-insured on all policies of insurance covering the Property; and
 - D. All such policies of insurance shall not be cancelled without 15 days' prior written notice by the insurer to Mortgagee.

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If Mortgagor fails to pay the premium for any such policy of insurance, Mortgagee may, but shall not be required to, pay the same.

6. Payments by Mortgagee. Within 5 days after Mortgagee gives Mortgagor notice that Mortgagee has paid any money or incurred any obligation which payment or obligation was required to be paid or undertaken by Mortgagee under the terms hereof, including, but not limited to, payment of premiums on policies of insurance required to be carried by Mortgagor pursuant to the terms hereof, Mortgagor shall reimburse Mortgagee for such payment and shall undertake such obligation and shall cause Mortgagee to be released from liability for such obligation.

7. Default. Occurrence of any of the following events shall be an Event of Default hereunder:

- A. The occurrence of an Event of Default by Mortgagor under the Note.
- B. The occurrence of an Event of Default by Mortgagor under the Investment Agreement.
- C. A conveyance, pledge, assignment, or other transfer for any purpose (including, without limiting the generality of the foregoing, for the purpose of sale, gift, or collateral) of an interest in the Property (including, without limiting the generality of the foregoing: a conveyance of title to the Property or an interest therein to a land trustee; an assignment of part or all of the beneficial interest in a land trust holding title to the Property or an interest therein; an installment agreement for deed or for an assignment of beneficial interest of the Property or an interest therein or of part or all of the beneficial interest in a land trust holding title to the Property or an interest therein; a lease of the Property or an interest therein for a term greater than 3 years) without Mortgagee's prior written consent; provided, however, that:
 1. Conveyances of Units and Parking Spaces in the 1725 West North Avenue Condominium shall be deemed to have been made with Mortgagee's consent, and
 2. The Junior Mortgage dated April 13, 1992 mortgaging the Property to Jay R. Scanlon and Marilyn F. Bacon to secure a Note in the principal amount of \$457,293.96 shall be deemed to have been made with Mortgagee's consent if such Junior Mortgage is subordinated to the lien of this Mortgage.

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- D. The creation or existence of any lien or interest in the Property or an interest therein which is adverse to the interests of Mortgagee or to the lien of this Mortgage (excepting, however, any lien or interest to which this Mortgage is expressly subordinated).
- E. The failure of Mortgagor promptly to pay when due any tax or charge which, if paid late, may become a lien on the Property, or promptly to pay, when due, any premium for insurance required hereunder.
- F. An act of bankruptcy by Mortgagor (or by any guarantor of Mortgagor's obligations hereunder) including, without limiting the generality of the foregoing, the filing of a petition in bankruptcy under any applicable federal bankruptcy law; the failure to cause an involuntary petition in bankruptcy to be dismissed within 30 days from the date such petition is filed; an assignment for the benefit of creditors; or a declaration of insolvency.
- G. The failure of Mortgagor to give Mortgagee notice of damage to the Property, or of receipt of notice relating to condemnation of the Property, within 14 days of such damage or receipt.
- H. The failure of Mortgagor to furnish Mortgagee, not later than 15 days before each anniversary of the date hereof, with certificates of insurance satisfactory to establish that Mortgagor will not, on and after such anniversary and for one year thereafter, be in default under Paragraph 5 hereof.
- I. The failure of Mortgagor to observe or perform any covenant or obligation arising in this Mortgage.
- J. The occurrence of a delinquency or an event of default under the Senior Note or Senior Mortgage as defined in Paragraph 9 hereof.

8. Mortgagee's Rights on Default. Occurrence of an Event of Default shall allow Mortgagee to re-enter the Property, to declare the principal balance due under the Note secured hereby at once due and payable, and to all other rights and privileges provided by law, and Mortgagee shall be entitled to recover from Mortgagor all attorneys' fees and costs and expenses incurred by Mortgagee in the exercise of Mortgagee's rights hereunder. If Mortgagor is delinquent or in default of the Senior Note or Senior Mortgage as defined in Paragraph 9 hereof, Mortgagee may, but shall not be obligated to, cure such delinquencies or defaults, and Mortgagee shall be entitled to recover from Mortgagor the amounts so paid and the attorney's fees and costs

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incurred in connection therewith. Exercise of any one right shall not preclude Mortgagee from exercising any other right. Waiver of any obligation of Mortgagor or of any right arising upon occurrence of an Event of Default shall not preclude Mortgagee from enforcing such obligation or exercising such right thereafter, and shall not be nor be deemed to be a waiver of any other obligation of Mortgagor or of any right arising from another Event of Default.

9. **Subordination.** This Mortgage is subordinate to the Mortgage, Security Agreement and Financing Statement dated October 30, 1992 and recorded on November 6, 1992 by the Cook County Recorder of Deeds as document no. 92-828490 (the "Senior Mortgage"), executed by Mortgagor, as mortgagor, on behalf of Manufacturers Bank, as mortgagee (the "Senior Mortgage"), to secure a note in the principal amount of \$1,500,000.00 (the "Senior Note").

10. **Notices.** Any written notice required or desired to be given hereunder shall be delivered personally, or by United States mail (postage prepaid, registered or certified, with return receipt requested), or by delivery service. A written notice delivered by United States mail is given on the day placed in the United States mail for delivery. Notices to Mortgagor shall be addressed to:

Jay R. Scanlon
Drumlin Management Company, Inc.
1725 West North Avenue
Chicago, Illinois 60622

Notices to Mortgagee shall be addressed to:

Charles M. Gately
LaSalle Equipment Limited Partnership
40 Skokie Boulevard
Suite 310
Northbrook, Illinois 60062

A copy of any notice given to any party shall be addressed to:

Jonathan L. Mills
Gottlieb and Schwartz
111 East Wacker Drive
Suite 2700
Chicago, Illinois 60601

11. **Release of Mortgage.** When the Note has been paid in full and all other obligations of Mortgagor have been discharged, then Mortgagee shall execute and deliver to Mortgagor release deeds or other documents requested by Mortgagor for the purpose of releasing this Mortgage. All such documents shall be prepared by

