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CONSTRUCTION MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

This Construction Mortgage, Security Agreement, and Financing Statement (the "Mortgage") made this 21st day of September, 1993, by and between GERARD V. ANDERSON and JANE A. ANDERSON, husband and wife, (the "Mortgagors"), whose mailing address is 2302 Phillipa Avenue, Glenview, Illinois 60025, to and for the benefit of STEPHEN P. SULLIVAN (the "Mortgagee"), whose mailing address is 180 North Stetson Avenue, Suite 1550, Chicago, Illinois 60601.

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1993 SEP 24 09:29/93 14:35:00

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COURT CLERK

WITNESSETH THAT:

WHEREAS, the Mortgagors are justly indebted to the Mortgagee in the principal sum of six hundred, twenty thousand and no/100's Dollars (\$620,000.00), evidenced by one certain Construction Mortgage Note of the Mortgagors of even date herewith (the "Note"), made payable to the order of and delivered to the Mortgagee, whereby the Mortgagors promise to pay the said sum, late charges, and interest and the rate or rates, all as provided in the Note, the final payment of principal and interest, if not sooner paid, renewed, modified, extended or renegotiated, shall be due on July 1, 1994, or such other date on which Closing occurs under the Building Contract entered into on September 21, 1993 by Borrowers and Sullivan Builders, Inc. All such payments on account of the Indebtedness evidenced by the Note shall be applied first to interest on the unpaid principal balance, secondly to any other sums due hereunder, thirdly to all other advances and sums secured hereby, and the remainder to principal, all of said principal and interest being made payable at such place as the holder of the Note

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may from time to time, in writing, appoint, and in the absence of such appointment, then at the office of the Mortgagee in Greenwich, Connecticut.

NOW, THEREFORE, the Mortgagors, to secure the payment of the principal sum of money and interest and late charges in accordance with the terms, provisions and limitations of this Mortgage and of the Note, and the performance of the covenants and agreements herein contained by the Mortgagors to be performed, and also in consideration of the sum of one dollar in hand paid, the receipt of which is hereby acknowledged, do by these presents mortgage, grant, remise, release, alien and convey unto the Mortgagee and his successors and assigns, the following described real estate and all of its present and hereafter-acquired estate, right, title and interest therein, situated, lying and being in the County of Cook, and State of Illinois, to wit:

See legal description attached hereto and made a part hereof as Exhibit "A"

which, together with the property hereinafter described, is collectively referred to herein as the "Premises";

Together with:

(a) all improvements, tenements, reversions, remainders, easements, fixtures and appurtenances now or hereafter thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagors may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily);

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(b) all screens, screen doors, storm doors and windows, now or hereafter therein or thereon and all fixtures, apparatus, equipment and articles now or hereafter therein or thereon used to supply water, light, power, sprinkler protection, waste removal, refrigeration and ventilation (whether single units or centrally located);

(c) all machinery, devices, fixtures, appurtenances, equipment, furniture and furnishings and articles of personal property of every kind and nature whatsoever, to the extent owned by Mortgagors, now or hereafter located in or at, and used or useful in connection with the construction, occupancy, operation or maintenance of, the property described in Exhibit "A," including, without limitation: all maintenance equipment, engines, furnaces, pumps, generators, motors, ranges, refrigerators, dishwashers, furniture and furnishings; radios, telephone equipment, television sets and antennas and all rugs, mats, carpets, awnings, screens and blinds, vinyl composition and other floor, wall and ceiling coverings, partitions, doors and hardware; electrical wiring and equipment, heating plumbing, washroom toilet and lavatory fixtures and equipment; washing machines, laundry apparatus, kitchen, dining room and workshop tools, utensils and equipment; lifting, ventilating and incinerating apparatus; sprinkler and other fire extinguishing and fire prevention apparatus or systems; air-cooling and air-conditioning apparatus; gas, electric and steam fixtures; chutes, ducts, machinery, snow removal, landscaping,

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gardening, sweeping, vacuuming and other cleaning and maintenance equipment;

(d) all additions to any of the foregoing, replacements thereof, substitutions therefor, and the proceeds thereof, it being understood that the enumeration of any specific articles of property shall in nowise exclude or be held to exclude any items or property not specifically mentioned;

(e) all proceeds paid for damage done to the Collateral described hereunder or the real estate described in Exhibit "A";

(f) all proceeds of any award or claim for damages for any of the Collateral described hereunder or the real estate described in Exhibit "A" taken or damaged under the power of eminent domain or by condemnation; and

(g) all right, title and interest of Mortgagors in, to and under the following documents, and all rights, privileges, options and remedies therein contained:

(1) all present and future contracts (and amendments thereto) for construction of improvements on any of the land described in Exhibit "A";

(2) all present and future contracts (and amendments thereto) for design and architectural services and all Plans and Specifications related in any way to the land described in Exhibit "A"; and

(3) all permits, licenses, consents, agreements and authorizations, issued by each governmental authority which relate in any way to the construction, ownership,

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operation or use of or improvements and/or personal property on the land described in Exhibit "A"; and

All of the land, estate and property hereinabove described, real, personal, and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed, and declared (to the maximum extent permitted by law) to form a part and parcel of the real estate and to be appropriated to the use of the real estate, and shall be, for the purposes of this Mortgage, deemed to be real estate and conveyed and mortgaged hereby.

To have and to hold the Premises unto the Mortgagee and his successors and assigns forever, for the purposes and uses herein set forth.

It is further covenanted and agreed that:

**Maintenance, Repair and Restoration
of Improvements, Payment of Prior Liens:**

1. Mortgagors shall (a) promptly repair, restore, or rebuild any buildings and other improvements now or hereafter on the Premises which may become damaged or destroyed to substantially the same character and condition as prior to such damage or destruction, without regard to the availability or adequacy of any casualty insurance proceeds or eminent domain awards; (b) keep the Premises constantly in good condition and repair, without waste; (c) keep the Premises free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien hereof (collectively called "Liens"), subject however, to the rights of Mortgagor set

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forth in Paragraph 1A below; (d) immediately pay when due any indebtedness which may be secured by a lien or charge on the Premises on a parity with or superior to the lien hereof (no such lien to be permitted hereunder), and upon request exhibit satisfactory evidence to Mortgagee of the discharge of such lien(s); (e) complete within a reasonable time any building(s) or other improvements now or at any time in process of erection upon the Premises; (f) comply with all federal, state and local requirements of law, regulations, ordinances, orders and judgments and all covenants, easements, and restrictions of record with respect to the Premises and the use thereof; (g) make no alterations in the Premises without Mortgagee's prior written consent; (h) suffer or permit no change in the general nature of the occupancy of the Premises without Mortgagee's prior written consent; (i) not initiate or acquiesce in any zoning variation or reclassification without Mortgagee's prior written consent; (j) observe and comply with all conditions and requirements (if any) necessary to preserve and extend all rights, licenses, permits (including without limitation, zoning variations and non-conforming uses and structures), privileges, franchises and concessions applicable to the Premises or contracted for in connection with any present or future use of the Premises; and (k) pay each item of Indebtedness secured by this Mortgage when due according to the terms hereof and of the Note. As used in this Paragraph 1 and elsewhere in this Mortgage, the term "Indebtedness" means and includes the unpaid principal sum evidenced by the Note, together with all interest, additional interest, and

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late charges thereon, and all other sums at any time secured by this Mortgage.

Right to Contest:

1A Anything in Paragraphs 1(c) or 1(d) of this Mortgage to the contrary notwithstanding, Mortgagors may, in good faith and with reasonable diligence, contest the validity or amount of any Lien not expressly subordinated to the lien hereof, and defer payment and discharge thereof during pendency of such contest, provided: (i) that such contest shall have the effect of preventing the sale or forfeiture of the Premises or any part thereof, or any interest therein, to satisfy such Lien; (ii) that within ten (10) days after Mortgagors have been notified of the assertion of such Lien, Mortgagors shall have notified Mortgagee in writing of Mortgagors' intention to contest such Lien; and (iii) that Mortgagors shall have deposited with Guaranty National Title Company or Mortgagee at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the office of the Mortgagee in Greenwich, Connecticut, a sum of money or other adequate security ("deposit security") equal to 125% of the full amount of such Lien and all interest which might become due thereon, and shall keep the deposit security in an amount sufficient at all times, increasing such amount to cover additional interest whenever, in the judgment of Mortgagee, such increase is advisable. Such deposit security is to be held without any allowance of interest to Mortgagors. If Mortgagors shall fail to prosecute such contest with reasonable diligence or shall fail to pay the amount of the Lien plus any interest finally determined to be due upon the conclusion of such

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contest, to the extent such amount exceeds the amount which Mortgagee will pay as provided below, or shall fail to maintain sufficient deposit security as hereinabove provided, Mortgagee may, at his option, apply the deposit security in payment of or on account of such Lien, or that part thereof then unpaid, together with all interest thereon. If the amount of the deposit security is insufficient for the payment in full of such Lien, together with all interest thereon, Mortgagors shall forthwith, upon demand, deposit with Mortgagee a sum which, when added to the funds or other security then on deposit, shall be sufficient to make such payment in full. Mortgagee shall, upon the final disposition of such contest, apply the deposit security in full payment of such Lien or that part thereof then unpaid, together with all interest thereon (provided Mortgagors are not then in default hereunder) when so requested in writing by Mortgagors and when furnished by Mortgagors with sufficient funds to make such payment in full and with evidence satisfactory to Mortgagee of the amount of the payment to be made.

Payment of Taxes:

2. Mortgagors shall pay all general taxes before any penalty or interest attaches, and shall pay all special taxes, special assessments, water charges, sewer service charges, and all other charges against the Premises of any nature whatsoever when due, and shall, upon written request, furnish to Mortgagee duplicate receipts therefor within thirty (30) days following the date of payment. Mortgagors shall pay in full "under protest" any tax or assessment which Mortgagors may desire to contest, in the manner provided by law.

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Insurance:

3. Mortgagors shall keep all buildings and improvements and the Collateral (defined in Paragraph 22 below) now or hereafter situated on said Premises, insured against loss or damage by fire on a so-called "All Risks" basis and against such other hazards as may reasonably be required by Mortgagee. Mortgagors shall also provide liability insurance coverages with such limits for personal injury and death and property damage as Mortgagee may require. All policies of insurance to be furnished hereunder shall be in forms, companies, and amounts satisfactory to Mortgagee, with waiver of subrogation (if permitted by insurance company), and replacement cost endorsements and a standard non-contributory mortgagee clause attached to all policies, including a provision requiring that coverages evidenced thereby shall not be terminated or materially modified without thirty (30) days' prior written notice to Mortgagee. Mortgagors shall deliver all original policies, including additional and renewal policies, to Mortgagee and, in the case of insurance about to expire, shall deliver renewal policies not less than thirty (30) days prior to their respective dates of expiration.

Mortgagors shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereunder with a standard non-contributory mortgagee clause acceptable to Mortgagee. Mortgagors shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the original policy or policies of such insurance. In the

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event of a foreclosure sale, all interest in all insurance policies in force shall pass to Mortgagee, transferee, or purchaser, as the case may be.

Adjustment of Losses with Insurer and Application of Proceeds of Insurance:

4. In case of loss or damage by fire or other casualty, Mortgagee is authorized: (a) to settle and adjust any claim under insurance policies which insure against such risks, subject to Mortgagors' approval which approval shall not be unreasonably withhold; or (b) to allow Mortgagors to agree with the insurance company or companies on the amount to be paid in regard to such loss. In either case, Mortgagee is authorized to collect and receipt for any such insurance monies. Such insurance proceeds may, at the option of the Mortgagee, be: (a) applied in reduction of the Indebtedness, whether due or not; or (b) held by the Mortgagee and applied to pay for the cost of repair, rebuilding or restoration of buildings or other improvement on the Premises, such proceeds shall be made available in the manner and under the conditions that the Mortgagee may require. In any event, the buildings and other improvements shall be so repaired, restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. If the proceeds are made available by the Mortgagee to reimburse the Mortgagors for the cost of repair, rebuilding, or restoration, any surplus which may remain out of said insurance proceeds, after payment of such cost of repair, rebuilding, restoration, and the reasonable charges of the Disbursing Party (hereinafter defined) shall, at the option of the

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Mortgagee, be applied on account of the Indebtedness or paid to any party entitled thereto as the same appears on the records of the Mortgagee, and the balance, if any, shall be disbursed to Mortgagors. No interest shall be allowed to Mortgagors on any proceeds of insurance held by the Disbursing Party.

As used in this Paragraph 4, the term "Disbursing Party" refers to the Mortgagee and to any responsible trust company or title insurance company selected by the Mortgagee.

Stamp Tax; Effect of Changes in Laws Regarding Taxation:

5. If, by the laws of the United States of America, or of any State or subdivision thereof having jurisdiction over the Mortgagors, any tax is due or becomes due in respect of the issuance of the Note, the Mortgagors covenant and agree to pay such tax in the manner required by any such law. The Mortgagors further covenant to reimburse the Mortgagee for any such amount which Mortgagee may expend by reason of the imposition of any tax on the issuance of the Note.

In the event of the enactment, after this date, of any law of the State in which the Premises are located deducting from the value of the land for the purpose of taxing any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagors, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holder thereof, then, and in any such event, the Mortgagors, upon demand by

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the Mortgagee, shall pay such taxes or assessments or reimburse the Mortgagee therefore; provided, however, that if in the opinion of counsel for the Mortgagee: (a) it might be unlawful to require Mortgagors to make such payment; or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law; then and in any such event, the Mortgagee may elect, by notice in writing given to the Mortgagors, to declare all of the Indebtedness to be and become due and payable sixty (60) days from the giving of such notice.

Mortgagors and Lien Not Released:

6. From time to time Mortgagee may, at Mortgagee's option, without giving notice to or obtaining the consent of Mortgagors or Mortgagors' successors or assigns or the consent of any junior lien holder, guarantor, or tenant, without liability on Mortgagee's part and notwithstanding Mortgagors' breach of any covenant, agreement or condition of Mortgagors contained in this Mortgage: (a) release anyone primarily or secondarily liable on any of the Indebtedness; (b) accept a renewal note or notes therefore; (c) release from the lien of this Mortgage any part of the Premises; (d) take or release other or additional security for the Indebtedness; (e) consent to any plat, map, or plan of the Premises; (f) consent to the granting of any easement; (g) join in any extension or subordination agreement; (h) agree in writing with Mortgagors to modify the rate of interest or period of amortization of the Note or change the time of payment or the amount of the monthly installments payable thereunder; and (i) waive or fail to exercise any right, power or

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remedy granted by law or herein or in any other instrument given at any time to evidence or secure the payment of the Indebtedness.

Any actions taken by Mortgagee pursuant to the terms of this Paragraph 6 shall not impair or affect: (a) the obligation of Mortgagors or Mortgagors' successors or assigns to pay any sums at any time secured by this Mortgage and to observe all of the covenants, agreements, and conditions herein contained; (b) the guaranty of any individual or legal entity for payment of the Indebtedness; and (c) the lien or priority of the lien hereof against the Premises.

Mortgagors shall pay to Mortgagee a reasonable service charge, and such title insurance premiums and attorney fee as may be incurred by Mortgagee for any action described in Paragraph 6 taken at the request of Mortgagors.

Mortgagee's Performance of Defaulted Acts:

7. In case of default herein, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagors in any form and manner Mortgagee deems expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax liens or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Premises or contest any tax or assessment or cure any default of any landlord in any lease of the Premises. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorney fees and any other monies advanced by Mortgagee in regard to any tax referred to in Paragraph 5 hereof to

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protect the Premises or the lien hereof, shall be so much additional Indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the rate or rates of interest set forth in the Note applicable to a period when a default exists thereunder. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to him on account of any default on the part of Mortgagors.

Mortgagee's Reliance on Tax Bills:

8. Mortgagee, in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement, or estimate, or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for the lien which may be asserted.

Acceleration of Indebtedness in Case of Default:

9. If: (a) a default be made in the due and punctual payment of principal or interest on the Note, or any other payment due in accordance with the terms thereof; or (b) either or both of the Mortgagors shall file (i) a petition for liquidation, reorganization or adjustment of the debt under Title 11 of the United States Code Service (11 USCS Sections 101 et seq.) or any similar law, state or federal, whether now or hereafter existing, or (ii) any answer admitting insolvency or inability to pay their debts, or (iii) fail to obtain a vacation or stay of involuntary proceedings within ten

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(10) days, as hereinafter provided; or (c) any order for relief of either or both of the Mortgagors shall be entered in any case under Title 11 of the United States Code Service, or a custodian, trustee, or a receiver shall be appointed for either or both of the Mortgagors or for all or the major part of the property of either or both of the Mortgagors in any voluntary or involuntary proceeding for the reorganization, dissolution, liquidation, adjustment of debt or winding-up of either or both of the Mortgagors and such custodian, trustee or receiver shall not be discharged or such jurisdiction not be relinquished or vacated or stayed on appeal or otherwise stayed within ten (10) days; or (d) either or both of the Mortgagors shall make an assignment for the benefit of creditors, or shall admit in writing their inability to pay debts generally as they become due, or shall consent to the appointment of a custodian, receiver, trustee or liquidator of all or any major part of its property; or (e) default shall be made in the due observance or performance of any other covenant, agreement or condition hereinbefore or hereinafter contained and required to be kept or performed or observed by the Mortgagors; or (f) default shall be made in the due observance or performance of any covenant, agreement or condition required to be kept or observed by Mortgagors in any other instrument given at any time to secure the payment of the Note; then and in any such event, the whole of the Indebtedness shall at once, at the option of the Mortgagee, become immediately due and payable without notice to Mortgagors. Mortgagors shall have a period of ten (10) days following written notice from Mortgagee of a default described in subparagraphs (a), (e) and (f), above, to

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cure said default(s). If while any insurance proceeds or condemnation awards are held by or for the Mortgagee to reimburse Mortgagors the cost of repair, rebuilding or restoration of buildings or other improvements on the Premises, set forth in Paragraphs 4 and 15 hereof, the Mortgagee shall be or become entitled to accelerate the maturity of the Indebtedness, then in such event, the Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by him or for him in reduction of the Indebtedness, and any excess held by him over the amount of the Indebtedness shall be paid to Mortgagors or any party entitled thereto, without interest, as the same appear on the records of the Mortgagee.

Foreclosure; Expense of Litigation:

10. When the Indebtedness of any part thereof shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such Indebtedness or part thereof. In any civil action to foreclose the lien hereof, there shall be allowed and included as additional Indebtedness in the order or judgment for foreclosure and sale, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorney fees, appraiser fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimates as to items to be expended after entry of said order or judgment) or for procuring all such abstracts of title, title searches and examination, title insurance policies, Torrens' Certificates and similar data and assurances with respect to the title as Mortgagee may deem reasonably necessary, either to

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prosecute such civil action or to evidence to bidders at any sale which may be had pursuant to such order or judgment, the true condition of the title to, or the value of, the Premises. All expenditures and expenses of the nature in this Paragraph mentioned and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the fees of any attorneys employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including probate, appellate and bankruptcy proceedings, or in preparation for the commencement or defense of any action or proceeding or threatened action or proceeding, shall be immediately due and payable to Mortgagee, with interest thereon at the rate set forth in the Note applicable to a period when a default exists thereunder, and shall be secured by this Mortgage.

Application of Proceeds of Foreclosure Sale:

11. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding Paragraph hereof; second, all other items which may under the terms hereof constitute secured Indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; and fourth, any remaining amount to any party entitled thereto as their rights may appear.

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Appointment of Receiver or Mortgagee in Possession:

12. Upon, or at any time after, the commencement of an action to foreclose this Mortgage, the court in which such action was commenced may, upon request of the Mortgagee, appoint a receiver of the Premises either before or after foreclosure sale, without notice and without regard to the solvency or insolvency of Mortgagors at the time of application for such receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not; and the Mortgagee or any holder of the Note may be appointed as such receiver or as a mortgagee in possession. Such receiver or the mortgagee in possession shall have the power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure action and, in case of a sale and a deficiency, during the full statutory period of redemption (if any), whether there be redemption or not, as well as during any further times (if any) when Mortgagors, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases of the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver or the mortgagee in possession to apply the net income in its hands in payment in whole or in part of: (a) the Indebtedness secured hereby or by any order or judgment foreclosing the lien of this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or the lien of such order or judgment, provided such application is made prior to

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foreclosure sale; and (b) the deficiency in case of a sale and deficiency.

Rights Cumulative:

13. Each right, power and remedy conferred upon the Mortgagee by this Mortgage and by all other documents evidencing or securing the Indebtedness and conferred by law and in equity is cumulative and in addition to every other right, power, and remedy, express or implied, given now or hereafter existing, at law in equity; and each and every right, power and remedy herein or therein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagee; and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of, or discontinuance by, the Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

Mortgagee's Right of Inspection:

14. Mortgagee shall have the right to inspect the Premises at all reasonable times, and access thereto shall be permitted for that purpose.

Eminent Domain and/or Condemnation:

15. Mortgagors hereby assign, transfer and set over unto the Mortgagee the entire proceeds of any award and any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. In the event of a taking or

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condemnation, the Mortgagee may elect: (a) to apply the proceeds of the award or claim upon or in reduction of the Indebtedness, whether due or not; or (b) to make those proceeds available to Mortgagors or repair, restoration, or rebuilding of the Premises, in the manner and under the conditions that the Mortgagee may require. In any event, the buildings and improvements shall be repaired, restored or rebuilt in accordance with plans and specifications to be submitted to and approved by the Mortgagee. If the proceeds are made available by the Mortgagee, any surplus which may remain out of said award after payment of such cost of repair, rebuilding, restoration, and the reasonable charges of Disbursing Party, shall, at the option of the Mortgagee, be applied on account of the Indebtedness or paid to any party entitled thereto as the same appear on the records of the Mortgagee, and the balance, if any, shall be disbursed to Mortgagors. No interest shall be allowed to Mortgagors on the proceeds of any award held by the Disbursing Party.

Release upon Payment and Discharge of Mortgagors' Obligations:

16. Mortgagee shall release this Mortgage and the lien hereof by proper instrument upon payment and discharge of all Indebtedness secured hereby (including any prepayment charges and late charges provided for herein or in the Note) and upon payment of a reasonable fee to Mortgagee for the execution of such proper instrument.

Giving of Notice:

17. Any notice which either party hereto may desire or be required to give to other party shall be in writing and the mailing thereof, by certified mail addressed to the Mortgagors or to the Mortgagee, as the case may be, at the respective addresses set forth

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on the first page hereof or at such other place as any party hereto may be notice in writing designate as a place for the service of notice, shall constitute service of notice hereunder.

Waiver of Defense:

18. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note.

Waiver of Statutory Rights:

19. Mortgagors shall not and will not apply for or avail themselves of any appraisement, 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 of foreclosure of the lien of this Mortgage, but hereby waive the benefit of such laws. Mortgagors, for themselves, and all who may claim through or under them, waive any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agree that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety.

Filing and Recording Charges and Taxes:

20. Mortgagors will pay all filing, registration, recording and search and information fees, and all expenses incident to the execution and acknowledgment of this Mortgage and all other documents securing the Note and all federal, state, county and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution,

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delivery, filing, recording, or registration of the Note, this Mortgage, and all other documents securing the Note and all assignments thereof.

Miscellaneous:

21. Binding Nature: This Mortgage and all provisions hereof shall extend to and be binding upon the original Mortgagors named on page 1 hereof and their successors, grantees, assigns, each subsequent owner or owners of the Premises, and all persons claiming under or through the Mortgagors; and the word "Mortgagors," when used herein shall include all such persons and all persons primarily and secondarily liable for the payment of the Indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage.

21.1 Release of Previous Holder: The word "Mortgagee," when used herein, shall include the successors and assigns of the original Mortgagee named on page 1 hereof and the holder or holders, from time to time, of the Note. However, whenever the Note is sold, each prior holder shall automatically be freed and relieved, on and after the date of such sale, of all liability with respect to the performance of each covenant and obligation of Mortgagee hereunder thereafter to be performed, provided that any monies in which Mortgagors have an interest, which monies are then held by the seller of the Note, are turned over to the purchaser of the Note.

21.2 Severability and Applicable Law: In the event one or more of the provisions contained in this Mortgage or in the Note or in any other document given at any time to secure the payment of the

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Note, shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, not affect any other provision of this Mortgage, the Note or other document, and the Note or other document shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein. The validity and interpretation of this Mortgage and the Note it secures are to be construed in accordance with and governed by the laws of the State in which the Premises are situated.

21.3 Governmental Compliance: Mortgagors shall not by act or omission permit any lands or improvements not subject to the lien of this Mortgage to include the Premises or any part thereof in fulfillment of any governmental requirement, and Mortgagors hereby assign to Mortgagee any and all rights to give consent for all or any portion of the Premises to be so used. Similarly, no lands or improvements comprising the Premises shall be included with any lands or improvements not subject to the lien of this Mortgage in fulfillment of any governmental requirement. Mortgagors shall not by act or omission impair the integrity of the Premises as a single zoning-lot, separate and apart from all other premises. Any act or omission by Mortgagors which would result in a violation of any of the provisions of this Paragraph 21.3 shall be void.

21.4 Estoppel Certificate: Mortgagors, within fifteen (15) days after mailing of a written request by Mortgagee, shall furnish from time to time a signed statement setting forth the amount of Indebtedness, and whether or not any default, offset, or defense

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then is alleged to exist against the Indebtedness and, if so, specifying the nature thereof.

Security Agreement and Financing Statement:

22. Mortgagors and Mortgagee agree: (i) that this Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State in which the Premises are located (the "Code") with respect to all sums on deposit with the Mortgagee pursuant to Paragraphs 4 and 15 hereof ("Deposits") and with respect to any property included in the definition herein of the word "Premises," which property may not be deemed to form a part of the real estate described in Exhibit "A" or may not constitute a "fixture" (within the meaning of section 9-313 of the Code), and all replacements of such property, substitutions for such property, additions to such property, and the proceeds thereof (said property, replacements, substitutions, additions and the proceeds thereof being sometimes herein collectively referred to as the "Collateral"), and (ii) that a security interest in and to the Collateral and the Deposits is hereby granted to the Mortgagee; and (iii) that the Deposits and all of Mortgagors' rights, titles, and interests therein are hereby assigned to the Mortgagee, and to secure payment of the Indebtedness and to secure performance by the Mortgagors of the terms, covenants, and provisions hereof.

In the event of a default under this Mortgage, the Mortgagee, pursuant to the appropriate provisions of the Code, shall have an option to proceed with respect to both the real property and Collateral in accordance with his rights, powers and remedies with respect to the real property, in which event the default provisions

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of the Code shall not apply. The parties agree that if the Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, five (5) days' notice of the sale of the Collateral shall be reasonable notice. The reasonable expenses of re-taking, holding, preparing for sale, selling and the like, incurred by the Mortgagee, shall include but not be limited to, reasonable attorney fees and legal expenses incurred by Mortgagee. The Mortgagors agree that, without the written consent of the Mortgagee, the Mortgagors will not remove or permit to be removed from the Premises any of the Collateral, except that so long as the Mortgagors are not in default hereunder, Mortgagors shall be permitted to sell or otherwise dispose of the Collateral when obsolete, worn out, inadequate, unserviceable, or unnecessary for use in the operation of the Premises, but only upon replacing the same or substituting for the same, other collateral at least equal in value and utility to the initial value and utility of that disposed of and in such manner that said replacement or substituted Collateral shall be subject to the security interest created hereby and that the security interest of the Mortgagee shall be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and covered hereby. The Mortgagors shall, from time to time, on request of the Mortgagee, deliver to the Mortgagee at the cost of the Mortgagors: (1) such further financing statements and security documents and assurances as Mortgagee may require, to the end that the liens and security interests created hereby shall

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be and remain perfected and protected in accordance with the requirements of any present or future law; and (ii) an inventory of the Collateral in reasonable detail. The Mortgagors covenant and represent that all Collateral now is, and that all replacements thereof, substitutions therefore or additions thereto, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances, title retention devices and security interest of others. The Mortgagors and the Mortgagee agree, to the extent permitted by law, that: (i) all of the goods described within the definition of the word "Premises" herein are or are to become fixtures on the land described in Exhibit "A"; (ii) this instrument, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture filing" within the meaning of Sections 9-313 and 9-402 of the Code; and (iii) Mortgagors are record owners of the land described in Exhibit "A."

If the Collateral is sold in connection with a sale of the Premises, Mortgagors shall notify the Mortgagee prior to such sale and shall require as a condition of such sale that the purchaser specifically agree to assume Mortgagors' obligations as to the security interests herein granted and to execute whatever agreements and filings are deemed necessary by the Mortgagee to maintain Mortgagee's first perfected security interest in the Collateral, Deposits, and the deposits described in Paragraph 4 above.

Lien for Loan Commissions, Service Charges and the Like:

23. So long as the original Mortgagee named on page 1 hereof is the owner of the Note, and regardless of whether any proceeds of the loan evidenced by the Note have been disbursed, this Mortgage

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also secures the payment of all loan commissions, service charges liquidated damages, expenses and advances due to or incurred by the Mortgagee in connection with the loan transaction intended to be secured hereby.

Due on Sale or Further Encumbrance Clause:

24. Any sale, conveyance, assignment, further encumbrance, or other transfer of title to the Premises or any interest therein (whether voluntary or by operation of law), without the Mortgagee's prior written consent, shall be an event of default hereunder.

Any consent by the Mortgagee, or any waiver of an event of default, under this Paragraph shall not constitute a consent to, or waiver of any right, remedy, or power of the Mortgagee upon, a subsequent event of default under this Paragraph.

Additional Representations and Covenants; Indemnity; Survival:

25. Mortgagors represent to and covenant with Mortgagee that:

(a) all improvements on the Premises have been or will be built or installed in accordance with all applicable governmental requirements, the Premises are not now in violation of any applicable zoning, building, environmental, occupational, health, safety or other land use law, ordinance, regulation, or other legal requirement and all improvements on the Premises, when completed, will be usable for the intended purposes of Mortgagors, subject only to normal wear and tear; and

(b) Mortgagors have not received notice of any violation of any of the matters set forth in clause (a) and are not aware of any such violation.

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Construction Mortgage:

26. This Mortgage secures an obligation incurred to finance the construction of buildings and other improvements on the lands hereby mortgaged and constitutes a "construction mortgage" within the meaning of Section 9-313 of the Uniform Commercial Code of the State wherein the Premises is located.

The loan evidenced by the Note is to be disbursed by Mortgagee to or for the benefit of the Mortgagors in accordance with the provisions contained in the Construction Loan Agreement (the "CLA") between Mortgagors and Mortgagee of even date herewith. All advances and Indebtedness arising and accruing under the CLA from time to time, whether or not the total amount thereof may exceed the face amount of the Note, shall be Indebtedness of Mortgagors and secured hereby to the same extent as though the CLA was fully incorporated in this Mortgage at this point; and the occurrence of any event of default under the CLA shall constitute an event of default under this Mortgage, entitling Mortgagee to all of the rights, powers and remedies conferred upon the Mortgagee by the terms of the CLA, this Mortgage, all other security now held by Mortgagee and by law, as in the case of any other default hereunder.

On and after the date that the Note and this Mortgage may be purchased by a Permanent Lender (herein, the "Permanent Lender"), the CLA shall no longer constitute a part of, or be secured by, this Mortgage; and thereafter no defense, offset or counterclaim available to the Mortgagors or its beneficiaries or successors or assigns arising out of the CLA, or otherwise shall be valid or

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effective as against the Indebtedness or as against the Permanent Lender or its successors or assigns, all such defenses, offsets and counterclaims being waived insofar as the Indebtedness and the Permanent Lender and its successors and assigns are concerned, and no party to the CLA shall thereafter look to this Mortgage or other security delivered to the Permanent Lender for any right, power, or remedy under the CLA, nor shall any provision of the CLA thereafter operate to modify, limit, impair or prejudice any right, power or remedy of the Permanent Lender or its successors or assigns hereunder or under any other security so assigned to the Permanent Lender.

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



Gerard V. Anderson

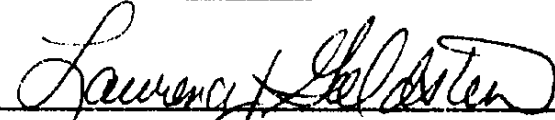


Jane A. Anderson

State of Illinois)
) SS.
County of Cook)

Signed and Sworn to before me this 21st day of September, 1993.





Notary Public

This instrument was prepared by, and after recording, filing, or registration, please return it to Bryan R. Sullivan, 180 North Stetson Avenue, Suite 1550, Chicago, Illinois 60601.

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EXHIBIT "A"

LEGAL DESCRIPTION:

LOTS 15 AND 16 IN PINEGATE SUBDIVISION OF PART OF THE SOUTH 1/2 OF THE SOUTH EAST 1/4 OF SECTION 34, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office

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