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## MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS INDENTURE is made as of March 1, 1993, by and between ANDRES E. SCHCOLNIK and CATHERINE A. CONNOR,\*having an office located at 1624 N. Winchester, Chicago, Illinois (the "Mortgagor"), and LASALLE NATIONAL BANK, a national banking association, having its main office at 120 South LaSalle Street, Chicago, Illinois (the "Mortgagee"). \*his wife

### W I T N E S S E T H:

WHEREAS, Mortgagor is justly indebted to Mortgagee in the principal sum of One Hundred Ninety Five Thousand Dollars (\$195,000), evidenced by that certain Note of Mortgagor of even date herewith, a copy of which is attached hereto as Exhibit A, made payable to the order of and delivered to Mortgagee, in and by which Note Mortgagor promises to pay the principal sum together with interest thereon prior to maturity or the occurrence of a Default at the rate of interest as not forth therein (the "Interest Rate") and following maturity or the occurrence of a Default at the Interest Rate plus two percent (2%) (the "Default Rate") (such note and any and all notes issued in renewal thereof or in substitution or replacement therefor are hereinafter referred to as the "Note"). Each installment shall be paid at such place as the holder of the Note may, from time to time, in writing appoint, and in the absence of such appointment, then at the office of LaSalle National Bank, 120 South LaSalle, Chicago, Illinois 60603.

NOW, THEREFORE, in consideration of the debt evidenced by the Note and to secure the payment of said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Mortgage, and of the Note secured hereby (collectively, the Note, this Mortgage and all other documents executed in connection therewith are referred to herein as the "Loan Documents"), including any and all extensions, modifications and renewals of the foregoing indebtedness, and the performance of the covenants and agreements herein contained, by

AFTER RECORDING RETURN TO:

Kristin Faust  
LaSalle National Bank  
120 South LaSalle Street  
Chicago, Illinois 60603

PERMANENT REAL ESTATE TAX  
IDENTIFICATION NOS.:

20-27-227-001

PROPERTY ADDRESS:

7401 S. Rhodes  
Chicago, Illinois



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Mortgagor to be performed, and also in consideration of the sum of One Dollar (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, Mortgagor does by these presents GRANT, MORTGAGE, WARRANT and CONVEY unto the Mortgagee, its successors and assigns, the following:

(a) All that certain described real estate and all of its estate, right, title and interest therein, situate, lying and being in the City of Chicago, County of Cook, State of Illinois, which is more specifically described on Exhibit B attached hereto, which, with the property hereinafter described, is referred to herein as the "Premises";

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

(c) If and to the extent owned by Mortgagor, all fixtures, fittings, furnishings, appliances, apparatus, equipment and machinery including, without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, ovens, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other air-conditioning, plumbing and heating fixtures, mirrors, mantles, refrigerating plants, refrigerators, iceboxes, dishwashers, carpeting, furniture, laundry equipment, cooling apparatus and appurtenances, and all building material, supplies and equipment now or hereafter delivered to the Premises and intended to be installed therein; all other fixtures and personal property of whatever kind and nature at present contained in or hereafter placed in any building standing on said Premises; such other goods, equipment, chattels and personal property as are usually furnished by landlords in letting other premises of the character of the Premises; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof and all of the estate, right, title and interest of the Mortgagor in and to all property of any nature whatsoever, now or hereafter situated on the Premises or intended to be used in connection with the operation thereof;

(d) All of the right, title and interest of Mortgagor in and to any fixtures or personal property subject to a lease agreement, conditional sale agreement, chattel mortgage, or security agreement, and all deposits made thereon or therefor, together with the benefit of any payments now or hereafter made thereon;

(e) All leases and use agreements of machinery, equipment and other personal property of Mortgagor in the categories

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hereinabove set forth, under which Mortgagor is the lessee of, or entitled to use, such items;

(f) All rents, income (including income and receipts from the use and occupancy of any hotel rooms), profits, revenues, receipts, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits and guarantees under any and all leases, tenancies, licenses or other use agreements or arrangements now existing or hereafter created of the Premises or any part thereof (including any business conducted thereon) with the right to receive and apply the same to indebtedness due Mortgagee and Mortgagee may demand, sue for and recover such payments but shall not be required to do so;

(g) All judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises of any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Premises or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets;

(h) All proceeds of the conversion, voluntary or involuntary of any of the foregoing into cash or liquidated claims;

(i) Any monies on deposit with Mortgagee for the payment of real estate taxes or special assessments against the Premises or for the payment of premiums on policies of fire and other hazard insurance covering the collateral described hereunder or the Premises, and all proceeds paid for damage done to the collateral described hereunder or the Premises;

(j) All substitutions, replacements, additions and proceeds, including insurance and condemnation award proceeds, of any of the foregoing property; it being understood that the enumeration of any specific articles of property shall in no wise exclude or be held to exclude any items of property not specifically mentioned. 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 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.

As to any of the property aforesaid which (notwithstanding the aforesaid declaration and agreement) does not so form a part and parcel of the real estate, this Mortgage is hereby deemed to be, as well, a Security Agreement under the Uniform Commercial Code in effect in the jurisdiction in which the Premises are located (hereinafter referred to as the "UCC") for the purpose of creating hereby a security interest in such property, which

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Mortgagor hereby grants to Mortgagee as Secured Party (as said term is defined in the UCC), securing said indebtedness and obligations and Mortgagee shall have in addition to its rights and remedies hereunder all rights and remedies of a Secured Party under the UCC. As to above personal property which the UCC classifies as fixtures, this instrument shall constitute a fixture filing and financing statement under the UCC.

Mortgagor covenants (i) that it is lawfully seized of the Premises, (ii) that the same are subject only to the liens, encumbrances, conditions, restrictions, easements, and other matters, rights or interests disclosed in Exhibit C attached hereto and made a part hereof, and (iii) that it has good right, full power and lawful authority to convey and mortgage the same and that it will warrant and forever defend said Premises and the quiet and peaceful possession of the same against the lawful claims of all persons whomsoever.

As used in this Mortgage, the term "indebtedness" shall mean and include the principal sum evidenced by said Note, together with all interest and late charges thereon, any other payments due to the Mortgagee thereunder, and all other sums at any time secured by this Mortgage. Further, as used in this Mortgage, the term "Note" shall mean and include any renewals, modifications, extensions, amendments and replacements thereof.

TO HAVE AND TO HOLD the Premises unto Mortgagee, its successors and assigns, for the purposes and uses herein set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Maintenance, Repairs, Prior Liens, etc. Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep said Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien hereof, other than any such liens which are being contested in a diligent and good faith manner by appropriate proceedings; (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said Premises; (e) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to the Premises and the use thereof; (f) make no alterations in said Premises; (g) suffer or permit no change in the general nature of the occupancy of the Premises, without Mortgagee's prior written consent; (h) initiate or acquiesce in no zoning variation or reclassification, without Mortgagee's prior written consent; (i) pay each item of indebtedness secured by this Mortgage when due according to the terms hereof or of said Note.

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2. Payment of Taxes. Mortgagor shall pay, before any penalty attaches, all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises when due, and shall, upon written request, furnish to Mortgagee duplicate receipts therefor.

3. Tax Deposits. Mortgagor covenants and agrees to deposit with Mortgagee at the office of Mortgagee set forth on the first page of this Mortgage, commencing on the first payment date under the Note, and on the first day of each calendar month thereafter until the indebtedness secured by this Mortgage is fully paid, a sum equal to one-twelfth of the last total annual taxes and general and/or special assessments (collectively, the "Taxes") for the last ascertainable year on said Premises (unless such Taxes are based upon assessments which exclude the improvements or any part thereof now constructed or to be constructed, in which event the amount of such deposits shall be based upon the Mortgagee's reasonable estimate as to the amount of Taxes to be levied and assessed). Such deposits shall be held without allowance for interest and shall be used for the payment of Taxes on said Premises next due and payable when they become due. If the funds so deposited are insufficient to pay any the Taxes for any year when the same shall become due and payable, Mortgagor shall, within 10 days after receipt of demand therefor, deposit such additional funds as may be necessary to pay the Taxes in full. If the funds so deposited exceed the amount required to pay the Taxes for the year, the excess shall be applied on a subsequent deposit or deposits. Said deposits need not be kept separate and apart from other funds of Mortgagee.

Anything in this Paragraph 3 to the contrary notwithstanding, if the funds so deposited are insufficient to pay the Taxes or any installment thereof, Mortgagor will, not later than 30 days prior to the last day on which the same may be paid without penalty or interest, deposit with Mortgagee the full amount of any such deficiency.

If any Taxes shall be levied, charged, assessed or imposed upon or for the Premises, or any portion thereof, and if such Taxes shall also be a levy, charge, assessment or imposition upon or for any other premises not covered by the lien of this Mortgage, then the computation of any amount to be deposited under this Paragraph 3 shall be based upon the entire amount of such Taxes, and Mortgagor shall not have the right to apportion the amount of any such taxes or assessments for the purpose of such computation.

4. Mortgagee's Interest In and Use of Deposits. In the event of a Default hereunder or the Note secured hereby, Mortgagee may at its option, without being required to do so, apply any monies at the time of deposit pursuant to Paragraphs 3 and 5 hereof, on any of Mortgagor's obligations herein or in said Note contained, in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any

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remaining deposits shall be paid to Mortgagor or to the then owner of the Premises. A security interest within the meaning of the UCC is hereby granted to Mortgagee in and to any monies on deposit pursuant to Paragraphs 3 and 5 hereof, as additional security for the indebtedness hereunder and shall be applied by Mortgagee for the purposes made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, while not in Default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment of the particular taxes, assessments and insurance premiums for payment of which they were deposited, accompanied by the bills for such taxes, assessments and insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party but shall be liable only for its gross negligence or willful misconduct.

5. Insurance. Mortgagor shall keep all buildings and improvements now or hereafter situated on the Premises insured against loss or damage by policies of All Risk Replacement Cost Insurance with an Agreed Amount Endorsement and such other appropriate insurance as may be required by Mortgagee, all in form and substance satisfactory to Mortgagee, including, without limitation, rent insurance, business interruption insurance, flood insurance (if and when the Premises lie within an area designated by an agency of the federal government as a flood risk area) and war risk insurance whenever in the opinion of Mortgagee such protection is necessary and such war risk insurance is obtainable from an agency of the United States Government. Mortgagor shall also provide liability insurance 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, each insurer to have a Best's rating of A+:XV, with mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without 10 days' prior written notice to Mortgagee. Mortgagor shall deliver all policies including additional and renewal policies, to Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than 10 days prior to their respective dates of expiration.

Mortgagor 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 thereon under a standard mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

Mortgagor shall deposit with Mortgagee, beginning on the first payment date under the Note and continuing on the first day

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of each month thereafter, an amount equal to the premiums that will next become due and payable on such policies divided by the number of months to elapse prior to the date when such premiums become delinquent. No interest shall be payable on such deposits, and such deposits need not be kept in a separate account.

6. Adjustment of Losses With Insurer and Application of Proceeds of Insurance. 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, or (b) to allow Mortgagor 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 issue a receipt for any such insurance money. At the option of Mortgagee, such insurance proceeds shall be applied either to reduce the indebtedness secured hereby or to reimburse Mortgagor for the cost of rebuilding and restoration. Irrespective of whether such insurance proceeds are used to reimburse Mortgagor for the cost of said rebuilding or restoration or not, and irrespective of whether such insurance proceeds are or are not adequate for such purpose, the buildings and improvements shall be so 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 cost of rebuilding, repairing or restoring the building and improvements can reasonably exceed the sum of \$25,000, then Mortgagee shall approve plans and specifications of such work before such work shall be commenced. In any case, where the insurance proceeds are used for rebuilding and restoration, such proceeds shall be disbursed in the manner and under the conditions that the Mortgagee may require and upon Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with architect's certificates, waivers of lien, contractor's and subcontractors' sworn statements and other evidence of cost and payments so that Mortgagee can verify that the amounts disbursed from time to time are represented by completed and in place work and that said work is free and clear of mechanics' lien claims. If the estimated cost of completion exceeds the amount of the insurance proceeds available, Mortgagor immediately shall, on written demand of Mortgagee, deposit with Mortgagee in cash the amount of such estimated excess cost. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of the disbursing party shall be at least sufficient to pay for the cost of completion of the work free and clear of liens. Any surplus which may remain out of said insurance proceeds after payment of such cost of building or restoration shall, at the option of the Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any party entitled thereto without interest.

7. Stamp Tax. If, by the laws of the United States of America, or of any state having jurisdiction over the Mortgagor, any tax is due or becomes due in respect of the issuance of the

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Note hereby secured, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The Mortgagor further covenants to reimburse the Mortgagee for any sums which Mortgagee may expend by reason of the imposition of any tax on the issuance of the Note secured hereby.

8. Lease of Premises. As additional security for the payment of the Note secured hereby and for the faithful performance of the terms and conditions contained herein, Mortgagor, as landlord, has assigned to the Mortgagee all of their right, title and interest as landlord in and to all existing leases and occupancy agreements with respect to the Premises. All future leases of the Premises are subject to the approval of the Mortgagee as to form, content and tenants.

Mortgagor shall not, without Mortgagee's prior written consent, (i) execute an assignment or pledge of any rents of the Premises and/or any leases of the Premises; (ii) accept any prepayment of any installment of any rents more than thirty (30) days before the due date of such installment; or (iii) make any lease of the Premises with the exception of residential leases for occupancy only.

Mortgagor, at its sole cost and expenses, shall (i) at all times promptly and faithfully abide by, discharge and perform all of the material covenants, conditions and agreements contained in all leases or occupancy agreements of the Premises, on the part of the landlord thereunder to be kept and performed, following any applicable grace or cure period; (ii) enforce or secure the performance of all of the material covenants, conditions and agreements of such leases on the part of the lessee or occupant to be kept and performed; (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with such leases or occupancy agreements or the obligations, duties or liabilities of landlord or of the lessees thereunder; (iv) furnish Mortgagee, within ten (10) days after a request by Mortgagee to do so, a written statement containing the names of all lessees or occupants, terms of all leases or occupancy agreements of the Premises, including the spaces occupied and the rentals payable thereunder; (v) exercise within five (5) days of any demand therefor by Mortgagee any right to request from the lessee under any lease of the Premises a certificate with respect to the status thereof; and (vi) not permit any leases of the Premises to become subordinate to any lien on the Premises without the prior written consent of Mortgagee and will include in each lease or occupancy agreement of the Premises a provision whereby the tenant thereunder covenants that it will not subordinate its leasehold interest therein to any lien on the Premises without the prior written consent of Mortgagee.

Nothing in this Mortgage or in any other documents relating to the loan secured hereby shall be construed to obligate Mortgagee, expressly or by implication, to perform any of the covenants as landlord under any of the leases or occupancy

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agreements assigned to Mortgagee or to pay any sum of money or damages therein provided to be paid by the landlord, each and all of which covenants and payments Mortgagor agrees to perform and pay. Unless waived by Mortgagee, all leases of space in the Premises shall have subordination provisions, in form and substance reasonably satisfactory to Mortgagee, subordinating the interest of the tenants under such leases to this Mortgage, and all renewals, modifications, consolidations, replacements and extensions hereof and shall have attornment and noncancellation clauses in form and substance reasonably satisfactory to Mortgagee. Until the indebtedness and other sums secured by this Mortgage are paid in full, Mortgagee reserves the right to require that specific leases be made either superior to or inferior to the lien of this Mortgage.

In the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee or occupant under each lease or occupancy agreement of the Premises shall attorn to any person succeeding to the interest of Mortgagor as a result of such enforcement and shall recognize such successor in interest as landlord under such lease without change in the terms or other provisions thereof; provided, however, that said successor in interest shall not be bound by any payment of rent or additional rent for more than one month in advance, and shall not be bound by any amendment or modification to any lease made without the consent of Mortgagee or said successor in interest. Each lessee, upon request by said successor in interest, shall execute and deliver an instrument or instruments confirming such attornment.

Mortgagee shall be entitled to cure any default of landlord, following any applicable grace or cure period, in any lease of the Premises, and the cost to effect any curing of default (including reasonable attorneys' fees), together with interest thereon at the Default Rate shall be so much additional indebtedness secured hereby and shall be immediately due and payable without notice.

9. Effect of Extensions of Time. If the payment of said indebtedness or any part thereof is extended or varied or if any part of any security for the payment of the indebtedness is released or additional security is taken, all persons now or at any time hereafter liable therefor, or interested in said Premises, shall be held to assent to such extension, variation, or taking of additional security or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by the Mortgagee, notwithstanding such extension, variation, taking of additional security or release.

10. Effect of Changes in Laws Regarding Taxation. 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 taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the

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taxes or assessments or charges or liens herein required to be paid by Mortgagor, 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 holders thereof, then, and in any event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee (a) it might be unlawful to require Mortgagor 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 such event, the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

11. Mortgagee's Performance of Defaulted Acts. In the event of a Default hereunder, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed 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 lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Premises or consent to any tax or assessment or cure any default of 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 attorneys' fees, and any other monies advanced by Mortgagee in regard to any stamp tax or any leases of the Premises or to protect the Premises and 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 Default Rate. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any Default hereunder.

12. Mortgagee's Reliance on Tax Bills, Etc. 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 lien which may be asserted.

13. Acceleration of Indebtedness in Case of Default. The occurrence of any one or more of the following shall constitute a default under this Mortgage (herein, a "Default"):

(a) any payment of the Note secured hereby, or any payment due in accordance with the terms thereof, either of principal or interest shall not be paid within ten (10) days when due; or

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(b) default shall be made in the due observance or performance of any of the other covenants, agreements or conditions contained in the Note or any other Loan Document, and such default continues for twenty (20) days following notice and opportunity to cure; or

(c) default shall be made in the due payment, observance or performance of any of the covenants and agreements or conditions contained in any other agreements or financing arrangements now existing or hereafter entered into between Mortgagor and Mortgagee; or

(d) Mortgagor or any guarantor of the Note secured hereby (herein a "Guarantor") shall file a petition seeking relief under the Federal Bankruptcy Code (11 U.S.C. 101 et seq.) or any similar law, state or federal, whether now or hereafter existing, or any answer admitting insolvency or inability to pay its or their debts, or fail to obtain a vacation or stay of involuntary proceedings within 30 days; or

(e) an order for relief shall be entered in an involuntary case against the Mortgagor or a Guarantor, or a trustee or a receiver shall be appointed for the Mortgagor or a Guarantor, or for all of the property of Mortgagor or a Guarantor, or the major part thereof, in any involuntary proceeding, or any court shall have taken jurisdiction of the property of the Mortgagor or a Guarantor, or the major part thereof, in any voluntary or involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Mortgagor or a Guarantor and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within 30 days; or

(f) the Mortgagor or a Guarantor shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; or

(g) any event occurs or condition exists which constitutes a default under any of the Loan Documents; or

(h) an unpermitted transfer as described in Section 30 of this Mortgage shall occur.

Upon the occurrence of a Default, the whole of the indebtedness hereby secured shall, at once, at the option of Mortgagee, become immediately due and payable without notice to Mortgagor. If, while any insurance proceeds or condemnation awards are being held by Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Premises, as set forth in Paragraph 6 or 21 hereof, Mortgagee shall be or become entitled to, and shall accelerate the indebtedness secured hereby, then and in such event, Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by it in reduction of the indebtedness hereby secured (less the amount thereof, if any,

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which is then currently payable for work completed and in place in connection with such rebuilding or restoration), and any excess held by it over the amount of indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

14. Foreclosure; Expense of Litigation. When the indebtedness hereby secured, or 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 sale all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the order or judgment) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such civil actions 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 said Premises and maintenance of the lien of this Mortgage including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, said Note or said Premises, including probate, bankruptcy and appellate proceedings, or in preparations for the commencement or defense of any proceeding or threatened civil actions or proceeding shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate, and shall be secured by this Mortgage.

15. Application of Proceeds of Foreclosure Sale. 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 overplus to Mortgagor, its successors or assigns, as their rights may appear.

16. Appointment of Receiver. Upon, or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of said Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such

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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 hereunder or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said Premises during the pendency of such foreclosure suit and during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, 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 for 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 to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any judgment or order foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; (b) the deficiency in case of a sale and deficiency.

17. Mortgagee's Right of Possession in Case of Default. In the event of a Default, whether before or after the whole principal sum secured hereby is declared to be immediately due, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, forthwith, upon demand of Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the Premises or any part thereof personally, or by its agent or attorneys, as for condition broken. In such event Mortgagee in its discretion may, in accordance with law, enter upon and take and maintain possession of all or any part of said Premises, together with all documents, books, records, papers and accounts of Mortgagor or then owner of the Premises relating thereto, and may exclude Mortgagor, its agents or servants, wholly therefrom and may as attorney in fact or agent of Mortgagor, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (b) to elect to disaffirm any lease or sublease which is then subordinate to the lien hereof; (c) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being

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understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from a foreclosure of this Mortgage, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Premises as to it may seem judicious; (e) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; and (f) to receive all of such avails, rents, issues and profits; hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagor.

Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which Mortgagee may or might incur under said leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases, excepting any of the foregoing which result from the gross negligence or willful misconduct of Mortgagee. Should Mortgagee incur any such liability, loss or damage, under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

## 18. Application of Income Received by Mortgagee.

Mortgagee, in the exercise of the rights and powers conferred herein and upon the occurrence of a Default, shall have full power to use and apply the avails, rents, guest room receipts and income, issues and profits of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

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

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b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and, if this is a leasehold mortgage, of all rents due or which may become hereafter due under the underlying lease;

c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises and of placing the Premises in such condition as will, in the reasonable judgment of Mortgagee, make it readily rentable and otherwise in a condition which is comparable to the condition of the Premises preceding the occurrence of the Default;

d) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

19. Rights Cumulative. No right, power or remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other right, power or remedy, and each right, power and remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein 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 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.

20. Mortgagee's Right of Inspection. Mortgagee shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

21. Condemnation. Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the entire proceeds of any award or any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. At the option of Mortgagee, such condemnation proceeds shall be applied either to reduce the indebtedness secured hereby or to reimburse Mortgagor for the cost of rebuilding and restoration. Irrespective of whether such proceeds are made available for restoration or rebuilding, and irrespective of whether such proceeds are adequate for such purpose, the buildings and improvements shall be restored or rebuilt in accordance with plans and specifications to be submitted to and approved by the Mortgagee. In the event said proceeds are used for rebuilding or restoration, the proceeds of the award shall be disbursed in the manner and under the conditions that the Mortgagee may require and paid out in the same manner as provided in Paragraph 6 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration. In such event, if the estimated cost to

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all rights of reinstatement of this Mortgage pursuant to Section 15-1602 of the Illinois Mortgage Foreclosure Law

25. Furnishing of Financial Statements to Mortgagee.

Mortgagor shall keep and maintain books and records of account in which full, true and correct entries shall be made of all dealings and transactions relative to the Premises, which books and records of account shall be open to the inspection of Mortgagee and its accountants and other duly authorized representatives during business hours. Such books of record and account shall be kept and maintained in accordance with generally accepted accounting practice consistently applied.

26. Filing and Recording Fees. Mortgagor shall pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgement of this Mortgage 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 and delivery of the Note and this Mortgage.

27. Compliance with Laws; Environmental. The Premises and their present use complies, and at all times shall comply, with all applicable laws and governmental regulations including, without limitation, all federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal, air emissions and other environmental matters, all zoning and other land use matters, and utility availability.

Mortgagor shall take all actions necessary to cause the Premises to be kept free of any "Hazardous Materials". For the purposes of this Mortgage, the phrase Hazardous Materials shall mean any (a) petroleum product, (b) toxic or hazardous chemical, material, substance, pollutant, contaminant or waste or (c) any chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state, county, regional or local authority or which, even if not so prohibited, limited or regulated, may or could pose a hazard to the health and safety of the occupants of the Premises or the occupants or owners of property near the Premises.

Mortgagor shall not cause or permit the 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 federal, state, and local laws and regulations, nor shall Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant, subtenant, occupant or other entity or person, a release of Hazardous Materials onto the Premises or onto any other property.

Mortgagor shall conduct and complete all investigations, 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 Premises in

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accordance with all applicable federal, state, and local laws, ordinances, rules, regulations and policies, to the reasonable satisfaction of Mortgagee, and in accordance with the orders and directives of all federal, state and local governmental authorities.

Neither Mortgagor nor, to the best of Mortgagor's knowledge, any previous owner, occupier, or user of the Premises, has used, generated, stored or disposed of, on, under or about the Premises any Hazardous Materials. Further, the Premises do not contain, and, to the best of Mortgagor's knowledge, have not in the past contained, any asbestos containing material in friable form and there is no current or potential airborne contamination that would be caused by maintenance or tenant finish activities in any building located on the Premises. Mortgagor shall protect, indemnify and hold harmless Mortgagee, its directors, officers, employees, agents, successors and assigns, from and against any and all loss, damage, cost, expense or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of Hazardous Materials or asbestos on, under or about the Premises including without limitation (i) all foreseeable consequential damages; and (ii) the costs of any required or necessary repair, cleanup or detoxification of the Premises and the preparation and implementation of any closure, remedial or other plans as required by applicable law, regulation or ordinance or by any court or administrative order. This indemnity shall survive the reconveyance of the lien of this Mortgage, or the extinguishment of the lien by foreclosure or action in reconveyance or extinguishment or deed in lieu of foreclosure.

28. Security Agreement. In the event of a Default hereunder, Mortgagee, pursuant to the appropriate provisions of the UCC, shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies with respect to the real property, in which event the default provisions of the UCC shall not apply. The parties agree that, in the event the Mortgagee shall elect to proceed with respect to the personal property collateral securing the indebtedness separately from the real property, ten (10) days notice of the sale of the personal property collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Mortgagee. Mortgagor agrees that, without the written consent of Mortgagee, the Mortgagor will not remove or permit to be removed from the Premises any of the personal property or fixtures securing the indebtedness except that so long as Mortgagor is not in Default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of such property when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Premises, upon replacing the same or substituting for the same other property at least equal in

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value to the initial value to that disposed of and in such a manner so that said other property shall be subject to the security interest created hereby and so that the security interest of the Mortgagee shall always be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the property securing the indebtedness shall be and become immediately subject to the security interest of this Mortgage and covered hereby. The Mortgagor shall, from time to time, on request of the Mortgagee, deliver to the Mortgagee in reasonable detail an inventory of the personal property securing the indebtedness. The Mortgagor covenants and represents that all personal property securing the indebtedness now is, and that all replacements thereof, substitutions therefor or additions thereto, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances or security interest of others.

29. Indemnity. Mortgagor agrees to indemnify and hold harmless Mortgagee from and against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, costs and expenses (including reasonable attorneys' fees and disbursements) which may be imposed on, incurred or paid by or asserted against Mortgagee by reason or on account of, or in connection with, (i) any willful misconduct of Mortgagor or any event of Default hereunder or under the other Loan Documents given at any time to secure the payment of the Note secured hereby, (ii) Mortgagee's good faith and commercially reasonable exercise of any of its rights and remedies, or the performance of any of its duties, hereunder or under the other Loan Documents to which Mortgagor is a party, (iii) the construction, reconstruction or alteration of the Premises, (iv) any negligence of Mortgagor, or any negligence or willful misconduct of any lessee of the Premises, or any of their respective agents, contractors, subcontractors, servants, employees, licensees or invitees or (v) any accident, injury, death or damage to any person or property occurring in, on or about the Premises or any street, drive, sidewalk, curb or passageway adjacent thereto. Any amount payable to Mortgagee under this Paragraph shall be due and payable within ten (10) days after demand therefor and receipt by Mortgagor of a statement from Mortgagee setting forth in reasonable detail the amount claimed and the basis therefor, and such amounts shall bear interest at the Default Rate from and after the date such amounts are paid by Mortgagee until paid in full by Mortgagor.

Mortgagor's obligations under this Paragraph shall not be affected by the absence or unavailability of insurance covering the same or by the failure or refusal by any insurance carrier to perform any obligation on its part under any such policy of covering insurance. If any claim, action or proceeding is made or brought against Mortgagor and/or Mortgagee which is subject to the indemnity set forth in this Paragraph, Mortgagor shall resist or defend against the same, if necessary in the name of Mortgagee, by attorneys for Mortgagor's insurance carrier (if the same is covered by insurance) or otherwise by attorneys approved

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by Mortgagee. Notwithstanding the foregoing, Mortgagee, in its reasonable discretion, may engage its own attorneys to resist or defend, or assist therein, and Mortgagor shall pay, or, on demand, shall reimburse Mortgagee for the payment of, the reasonable fees and disbursements of said attorneys.

30. Prohibition on Sale or Financing. Any sale, conveyance, assignment, pledge, hypothecation, mortgage, encumbrance, lease or other transfer of title to, or any interest in, the Premises, or any portion thereof, or of any entity or any person owning, directly or indirectly, any interest therein (whether voluntary or by operation of law) without the Mortgagee's prior written consent shall be a Default hereunder.

It is understood and agreed that the indebtedness secured hereby was created solely due to the financial sophistication, creditworthiness, background and business sophistication of Mortgagor, and Mortgagee continues to rely upon same as the means of maintaining the value of the Premises. It is further understood and agreed that any junior financing placed upon the Premises or the improvements located thereon, or upon the interests of Mortgagor may divert funds which would otherwise be used to pay the indebtedness secured hereby, and could result in acceleration and/or foreclosure by any such junior lienor. Any such action would force the Mortgagee to take measures, and incur expenses, to protect its security, and would detract from the value of the Premises mortgaged hereby, and impair the rights of the Mortgagee granted hereunder. Without limitation by the foregoing, the Mortgagor shall not incur any additional indebtedness, whether secured or unsecured, without the prior written consent of Mortgagee.

Any consent by Mortgagee to, or any waiver of any event which is prohibited under this Paragraph shall not constitute a consent to, or waiver of, any right, remedy or power of Mortgagee upon a subsequent event of Default.

31. Future Advances. Without limiting the generality of any other provision hereof, the indebtedness of Mortgagor hereunder shall include (a) all existing indebtedness of Mortgagor to Mortgagee evidenced by the Note and all renewals, extensions, modifications and replacements thereof, and (b) all future advances that may be subsequently made by Mortgagee and all renewals, extensions, modifications and replacements thereof. Mortgagor hereby agrees to execute any and all supplemental notes, agreements or other documents as Mortgagee may reasonably request to evidence such future advances, which such supplemental notes, agreements or other documents shall be similar in form and substance to the existing notes, agreements and other documents from Mortgagor in favor of Mortgagee.

32. Enforceability. This Mortgage and the indebtedness arising hereunder shall be governed by, and construed in accordance with, the internal laws of the State of Illinois

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applicable to contracts made and performed in such State and any applicable laws of the United States of America.

33. Miscellaneous. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and its successors, grantees and assigns, any subsequent owner or owners of the Premises, and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed said Note or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Note secured hereby.

In the event one or more of the provisions contained in this Mortgage or the Note secured hereby or in any other security documents given to secure the payment of the Note secured hereby 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, and this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

No offset or claim that Mortgagor now has or may have in the future against Mortgagee shall relieve Mortgagor from paying any amounts due under the Note secured hereby or from performing any other obligations contained herein or secured hereby.

At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all expenses and advances due to or incurred by Mortgagee in connection with the indebtedness secured hereby, provided, however, notwithstanding anything to the contrary herein, the total aggregate indebtedness secured by this Mortgage shall not exceed an amount equal to 500% of the face amount of the Note.

Mortgagor shall not by act or omission permit any building or other improvement on the Premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor 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 Mortgagor which would result in a violation of any of the provisions of this paragraph shall be void.

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Mortgagor on written request of the Mortgagee will furnish a signed statement of the amount of the indebtedness secured hereby and whether or not any Default then exists hereunder and specifying the nature of any such Default.

Mortgagee shall have the right at its option to foreclose this Mortgage subject to the rights of any tenant or tenants of the Premises and the failure to make any such tenant or tenants a party defendant to any such civil action or to foreclose their rights will not be asserted by the Mortgagor as a defense in any civil action instituted to collect the indebtedness secured hereby, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

At the option of the Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all leases of all or any part of the Premises upon the execution by Mortgagee and recording or registering thereof, at any time hereafter, in the Office wherein this Mortgage was recorded or registered, of a unilateral declaration to that effect.

Any property management agreement for the Premises, whether now in effect or entered into hereafter by Mortgagor with a property manager, shall contain a "no lien" provision whereby the property manager waives and releases, to the extent permitted by law, any and all mechanics' lien rights, if any, that it or anyone claiming through or under it may have pursuant to applicable law. Such property management agreement or a short form thereof shall, at Mortgagee's request, be recorded with the Office of the Recorder of Deeds for the county in which the Premises are located. In addition, Mortgagor shall cause the property manager to enter into a subordination agreement with Mortgagee, in recordable form, whereby the property manager subordinates, to the extent permitted by law, its present and future lien rights and those of any party claiming by, through or under it, to the lien of this Mortgage. Mortgagor's failure to require the "no lien" provision or the subordination agreement described herein shall constitute a Default hereunder.

The terms "Mortgage," "Security Agreement" and "Mortgage and Security Agreement" wherever used herein or in the Note secured hereby or in any other instrument evidencing or securing the Note secured hereby shall mean this Mortgage and the Security Agreement herein contained or any other security agreement securing the Note, as the context may so require.

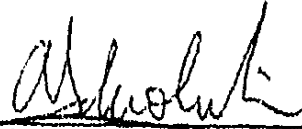
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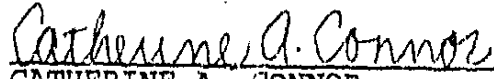
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IN WITNESS WHEREOF, Mortgagor executed this Mortgage the day and year first above written.



ANDRES E. SCHOLNIK



CATHERINE A. CONNOR

THIS DOCUMENT WAS PREPARED BY:

Harrison J. McCown, Esq.  
ABN AMRO North America, Inc.  
135 South LaSalle Street  
Chicago, Illinois 60603

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Exhibit A

Note

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EXHIBIT A

## NOTE

\$195,000

Chicago, Illinois  
March 1, 1993

1. Agreement to Pay. FOR VALUE RECEIVED, the undersigned, ANDRES E. SCHCOLNIK AND CATHERINE A. CONNOR (collectively, the "Maker"), jointly and severally, promise to pay to the order of LASALLE NATIONAL BANK (the "Bank"), in the manner hereinafter provided, the principal sum of One Hundred Ninety Five Thousand Dollars (\$195,000) on or before March 1, 2023 (the "Maturity Date"), together with interest at the applicable rate herein set forth on all sums disbursed from time to time to or for the benefit of the Maker and remaining from time to time unpaid at the Interest Rate (as defined below) as follows:

(a) Beginning on May 1, 1993 and continuing on the first day of each month thereafter, Maker shall pay to the Bank equal installments of principal and interest, based upon a 30-year amortization of the outstanding principal balance of the Loan using the Interest Rate in effect from time to time.

(b) The entire principal balance and all such accrued and unpaid interest, if not sooner paid, shall finally mature and become due and payable on the Maturity Date.

(c) All interest payable hereunder shall be computed for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days.

(d) Maker shall pay to the Bank a fee in the amount of \$2,925, which fee shall be due and payable upon execution hereof.

2. Interest Rate. For purposes of this Note, the phrase "Interest Rate" shall mean:

(a) Fixed Rate Period. During the period beginning with the date hereof and ending February 28, 1996, the interest rate shall be a fixed per annum rate of 7.625%.

(b) Adjusting Rate Period. Beginning on March 1, 1996 and ending on the Maturity Date, the interest rate shall be equal to the monthly average yield for three (3) year U. S. Treasury Constant Maturities, as published in the Federal Reserve's Statistical Release H-15 and the Federal Reserve Bulletin (the "Index"), plus 2.75%, which sum shall then be rounded to the nearest one-eighth of one percent (0.125%). Such rate

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shall be adjusted once every three (3) years beginning March 1, 1996 and on each three (3) year anniversary thereafter (the "Change Date") and shall be based upon the most recent Index available as of 45 days before March 1, 1996 and each Change Date thereafter. If at any time the Index becomes unascertainable, the Bank, in its reasonable judgment, may select a comparable rate or index in substitution for the Index.

(c) Limitations. The Interest Rate shall not increase more than 3% at any Change Date and shall never exceed 12.625% regardless of the Index.

(d) Beginning with the Interest Rate in effect as of March 1, 1996 and in connection with each Change Date thereafter, the Bank shall send to Maker advance written notice of the amount of the monthly payment required to repay the outstanding principal balance of this Note as of each Change Date in substantially equal payments of principal and interest based upon the new Interest Rate as of such Change Date. Such revised amount shall be the new monthly payment under the Note beginning as of the first day of the calendar month following such Change Date and continuing until the first day of the calendar month following the next Change Date.

3. Application of Payments. All payments received on account of the indebtedness evidenced by this Note shall be applied to the payment of the following obligations in the order set forth (1) to indebtedness (including accrued and unpaid interest due thereon) secured by any collateral or security agreement entered into in connection with this Note other than the principal balance evidenced hereby and the interest due thereon; (2) to interest at the rate set forth in Section 1 hereof; (3) to payment of late charges, enforcement costs and other expenses as described herein or in the other Loan Documents; (4) to interest at the Default Rate; and (5) the remainder, if any, shall be applied to the principal balance remaining unpaid hereunder.

4. Method and Place of Payment. All such payments of principal and interest are to be paid in lawful money of the United States of America and shall be made at such place as the legal holder of this Note may from time to time in writing appoint, and in the absence of such appointment, at the office of LASALLE NATIONAL BANK, 120 South LaSalle Street, Chicago, Illinois 60603.

5. Default Interest. From and after the date of any Default, interest on funds outstanding herein shall accrue at the Interest Rate plus 2% (the "Default Rate").

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6. Late Charge. A late charge of five (5%) percent of each installment past due for more than fifteen (15) days shall be paid to the Bank in order to defray part of the cost of collection. Such payment shall be due and payable on the sixteenth day after any such applicable payment is due. The payment of any such late fee will not affect the rights of the Bank to pursue any remedies available to it.

7. Default. Maker without notice or demand of any kind, shall be in default hereunder upon the occurrence of any one or more of the following:

(a) any amount payable hereunder is not paid within ten (10) days when due; or

(b) Maker, or any of them, shall otherwise fail to perform any of the promises to be performed by Maker, or any of them, hereunder or under any other security agreement or other agreement now existing or hereafter entered into between Maker, or any of them, and the Bank, and such default continues for twenty (20) days following notice and opportunity to cure; or

(c) Both of the parties comprising Maker shall die; or

(d) Maker or any one of them, or any other party liable with respect to any of the obligations evidenced by any of the Loan Documents, or any guarantor or accommodation endorser or third party pledgor, shall make any assignment for the benefit of creditors, or there shall be commenced any bankruptcy, receivership, insolvency, reorganization, dissolution or liquidation proceedings by or against, or the entry of any judgment, levy, attachment, garnishment or other process, or the filing of any lien against any of Maker or any guarantor, or any other party liable with respect to any of the obligations evidenced by any of the Loan Documents, or accommodation endorser or third party pledgor for any of the obligations evidenced by any of the Loan Documents, or against any collateral securing this Note or any of the collateral under a separate security agreement signed by any one of them; or

(e) there be any deterioration or impairment of any collateral securing this Note or any of the collateral under any security agreement executed by any of Maker, or any other party liable with respect to any of the obligations evidenced by any of the Loan Documents, or any guarantor or accommodation endorser or third party pledgor for any of the obligations evidenced by any of the Loan Documents, or any actual decline or depreciation in the value or market price thereof, which causes any such said collateral securing this Note or collateral in the sole opinion of the Bank acting in good faith, to become unsatisfactory as to value or character, or which causes the Bank to reasonably believe that it is insecure and that the likelihood for repayment

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of any of the obligations evidenced by any of the Loan Documents is or will soon be impaired, time being of the essence; or

(f) the occurrence of any default under any additional or separate agreement executed in connection with or otherwise securing this Note, including, without limitation, any of the Loan Documents; or

(g) there is a discontinuance by any guarantor of any guaranty of any of the obligations evidenced by any of the Loan Documents hereunder; or

(h) the determination by the Bank that a material adverse change has occurred in the financial condition of any Maker from the condition set forth in the most recent financial statement of Maker furnished to the Bank, or from the financial condition of Maker most recently disclosed to the Bank in any manner; or

(i) any oral or written warranty, representation, certificate or statement of Maker to the Bank is untrue; or

(j) the failure to do any act necessary to preserve and maintain the value and collectability of any of the collateral securing this Note; or

(k) failure of Maker after request by the Bank to furnish financial information or to permit inspection by the Bank of Maker's books and records; or

(l) any guarantor of this Note or of any of the other obligations evidenced by any of the Loan Documents shall contest the validity of such guaranty; or

(m) the occurrence of any material adverse event which causes a change in the financial condition of Maker, or which would have a material adverse effect on the business of Maker.

In the event of a default, the Bank shall have and may exercise, on a cumulative basis, any or all remedies provided in the Loan Documents or as otherwise available at law or in equity, including, without limitation, declaring the entire unpaid principal balance hereunder, together with all accrued interest, to be immediately due and payable or foreclosing the mortgage securing this Note.

8. Costs of Enforcement. In the event that this Note is placed in the hands of an attorney-at-law for collection after maturity, or upon default, or in the event that proceedings at law, in equity, or bankruptcy, receivership or other legal proceedings are instituted or threatened in connection herewith, or if the holder is made a party to any such proceeding, or in the event that this Note is placed in the hands of an attorney-

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at-law to enforce any of the rights or requirements contained herein or in the Mortgage or any other collateral or security agreement executed in connection with this Note, the Maker hereby agrees to pay all reasonable costs of collecting or attempting to collect this Note, or any costs of protecting or enforcing such rights, including without limitation, reasonable attorneys' fees (whether or not suit is brought), in addition to all principal, interest and other amounts payable hereunder, all of which shall be secured by the Mortgage and any other collateral or security agreement securing payment hereof.

9. Interest Limitation. In the event the several interest provisions hereof or any exactions provided for herein or in any instrument securing this Note shall result, at any time during the life of the loan, in an effective rate of interest which, for any month, transcends the limit of the usury or any other law applicable to the loan evidenced hereby, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied upon principal immediately upon receipt of such monies by the Bank, with the same force and effect as though the payer had specifically designated such extra sums to be so applied to principal and the Bank had agreed to accept such extra payments (s) as a premium-free prepayment. Notwithstanding the foregoing, however, the holder may at any time and from time to time elect by notice in writing to the owner of the property affected by any document securing this Note to reduce or limit the collection to such sums which, when added to the said first-stated interest, shall not result in any payments toward principal in accordance with the requirements of the preceding sentence. In no event shall any agreed to or actual exaction as consideration for this loan transcend the limits imposed or provided by the law applicable to this transaction or the makers hereof in the jurisdiction in which the land is located for the use or detention of money or for forbearance in seeking its collection.

10. Waiver. To the extent permitted by law, the Maker and all endorsers, guarantors and all persons liable or to become liable on this Note waive: (i) presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note; (ii) all applicable appraisement, valuation and exemption rights; and consent to any and all renewals and extensions in the time of payment hereof, and agree, further, that at any time and from time to time, the terms of payment herein may be modified or the security described in any document securing this Note released, in whole or in part, or increased, changed or exchanged by agreement between the Bank and any owner of the property affecting the liability of any party to this instrument or any person liable or to become liable with respect to any indebtedness evidenced hereby.

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11. Holder's Actions. The remedies of the Bank as provided herein or in any collateral or security agreement executed in connection with this Note shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of the Bank, and may be exercised as often as occasion therefor shall arise. Failure of the Bank, for any period of time or on more than one occasion, to exercise its option to accelerate the Maturity Date of this Note shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent default. No act of omission or commission of the Bank, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same and any such waiver or release is to be effected only through a written document executed by the Bank and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of the holder's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the Bank by this Note is not required to be given.

12. Disbursement. Funds representing the proceeds of the indebtedness evidenced hereby which are disbursed for any purpose permitted hereunder by any holder hereof by mail, wire transfer or other delivery to the Maker, to escrows or otherwise for the benefit of the undesignated, for all purposes, shall be deemed outstanding hereunder and to have been received by the Maker as of the date of such mailing, wire transfer or other delivery, and interest shall accrue and be payable upon such funds from and after the date of such wire transfer, mailing or delivery and until repaid, notwithstanding the fact that such funds may not at any time have been remitted by such escrows to Maker or for its benefit.

13. Transfer Prohibition. Maker acknowledges and agrees that the credit worthiness and expertise of the Maker in owning and operating the property encumbered by the Mortgage is the basis upon which the original holder hereof has determined that it is protected against impairment of the security and risk of default, and thereby has agreed to lend to the Maker the principal sum evidenced hereby. In order to insure the continued credit worthiness and expertise of the owner of said property, the Maker shall not, without the prior written consent of the Bank, engage in any sale, conveyance, assignment, pledge, hypothecation, mortgage, encumbrance, lease or other transfer of title to, or any interest, including, without limitation, the beneficial interest of the land trust holding title to the Premises, or any portion thereof, or of any entity or any person owning, directly or indirectly, any interest therein or as otherwise prohibited in any of the Loan Documents (whether

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voluntary or by operation of law) without the prior written consent of the Bank.

14. Security; Loan Documents. This Note is secured by, and the Maker hereby assigns, transfers and grants a security interest in, any property of the Maker of any kind or description, tangible or intangible, now or hereafter assigned, transferred or delivered to or left in or coming into the possession, control or custody of, or in transit to, holder or any agent or bailee for the holder, by or for the account of the Maker, or any one of them, whether expressly as collateral security or for any other purpose, including, without limitation, all property left with holder whether held in a general or special account or for safekeeping or otherwise, all dividends, interest, or other rights in connection with any securities included in said property coming into the possession of the holder in any way and any property covered by a security agreement signed or assigned by the Maker in favor of holders, cash, negotiable instruments, documents of title, chattel paper, certificates of deposit, securities, deposit accounts, other cash equivalents and all other property of whatever description of the Maker, whether now existing or hereafter acquired, and now or hereafter in the possession or control of or assigned to the Bank, and the products and proceeds therefrom, provided, however, that this section shall not apply to funds which are owned by either of the parents of Maker and held on deposit or otherwise at the Bank. This Note is secured further by, among other things, a Mortgage and an Assignment of Rents and Leases of even date herewith (collectively, the Mortgage, Assignment of Rents and any and all other documents executed in connection therewith are referred to herein as the "Loan Documents") in favor of the Bank, encumbering certain property commonly known as 7401 S. Rhodes, Chicago, Illinois (the "Premises"). All the terms of the Loan Documents are by this reference incorporated herein as if all of the covenants set forth in the Loan Documents were fully set forth herein. By way of illustration and not by limitation of the foregoing, Maker hereby expressly agrees to make payment in accordance with and to perform each covenant, condition and term of the Loan Documents, including, without limitation, the provisions of Section 27, "Compliance with Laws; Environmental," of the Mortgage.

15. Business Loan. Maker acknowledges that the proceeds of the within Note will be used for the purposes specified in Section 6404(1)(c) of Chapter 17 of the 1985 Illinois Revised Statutes; and that the principal obligation secured hereby constitutes a business loan within the purview and operation of said section.

16. Prepayment. This Note may be prepaid in whole or part any time without fee or penalty.

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17. Notices. Any notice which either party hereto may desire or be required to give to the other party shall be in writing and the mailing thereof by certified mail addressed to the addresses set forth below:

If to Maker: Andres E. Schcolnik and  
Catherine A. Connor  
1624 N. Winchester  
Chicago, Illinois

If to Holder: LaSalle National Bank  
120 South LaSalle Street  
Chicago, Illinois 60603  
Attn: Kristin Faust

or at such other place as any party hereto may by notice in writing designate as a place for service of notice, shall constitute service of notice hereunder.

18. Time. Time is of the essence of this Note and each of the provisions hereof.

19. Captions. The captions to the Sections of this Note are for convenience only and shall not be deemed part of the text of the respective Sections and shall not vary, by implication or otherwise, any of the provisions of this Note.

20. Governing Law. This Note has been negotiated in, has been executed and delivered in, is payable in and shall be governed by the internal laws of the State of Illinois.

21. Financial Reports. Maker shall maintain a standard and modern system of accounting, on the accrual basis of accounting and in all respects in accordance with generally accepted accounting principles, and shall furnish to the Bank or its authorized representatives such information respecting the business affairs, operations and financial condition of the Maker, as may be reasonably requested; and shall furnish to the Bank as soon as available the following:

(i) within 45 days following the end of each calendar year, a copy of the financial reports for the Premises with respect to such year, in reasonable detail, and certified to as accurate by the Maker; and

(ii) within 45 days after the end of each calendar year, a copy of the personal financial statements of Maker, for the calendar year then ended, in reasonable detail.

22. Waiver of Jury Trial. MAKER HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING

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Exhibit B

## Legal Description

Lots 1 and 2 in Wakeford 16th Addition, a Subdivision of Lot 2 in Block 4 of Fleming Subdivision of the Southwest 1/4 of the Northeast 1/4 of Section 27, Township 38 North, Range 14 East of the Third Principal Meridian, and a Subdivision of Lot 37 in Wakeford 10th Addition, a Subdivision of Lots 3 to 7 in Block 4 aforesaid in Fleming Subdivision all in Cook County, Illinois.

Property Address: 7401 S. Rhodes  
Chicago, Illinois

P.I.N. 20-27-227-001

DEPT-01 RECORDING 994.00  
T45555 TRAIL 3642 03/18/93 15:43:00  
#3645 = \*273-205492  
COOK COUNTY RECORDER

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Exhibit C

## Permitted Exceptions

1. Real estate taxes not yet due and payable.
2. Unrecorded residential leases for occupancy only.

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BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED OR EXECUTED IN CONJUNCTION HERewith OR ANY COURSE OF CONDUCT OR COURSE OF DEALING, IN WHICH THE BANK AND THE MAKER, OR ANY ONE OF THEM, ARE ADVERSE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK GRANTING ANY FINANCIAL ACCOMMODATION TO THE MAKER.

23. Expenses. Maker shall reimburse the Bank for any and all expenses incurred in connection with the making of the loan evidenced hereby, including, without limitation, attorneys' fees and expenses, title insurance costs and fees, UCC search fees, survey costs, appraisal fees, inspection fees and recording costs.

\_\_\_\_\_  
ANDRES E. SCHCOLNIK

\_\_\_\_\_  
CATHERINE A. CONNOR

HJM:lw  
T22435.AGR  
March 3, 1993

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