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**FIRST MORTGAGE  
AND SECURITY AGREEMENT**

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Dated as of March 29, 1993

in the amount of: \$608,000.00

from Columbia National Bank of Chicago,  
not personally, but solely as Trustee  
under Trust Agreement dated March 1, 1993,  
and known as Trust No. 4294  
(the "Mortgagor")

to Columbia National Bank of Chicago, a national  
banking association, having an office at  
5250 North Harlem Avenue, Chicago, Illinois 60656  
(the "Mortgagee")

**LOCATION OF PREMISES:**

5014 West Church Street  
Skokie, Cook County, Illinois 60076

Recording requested by and after recording, please return to:

Horwood, Marcus & Braun Chartered  
333 West Wacker Drive  
Suite 2800  
Chicago, Illinois 60606  
(312) 606-3200  
Attn: Charles H. Braun, Esq.

COOK COUNTY ILLINOIS  
FILED FOR RECORD

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This instrument was prepared by the above named attorney.

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## FIRST MORTGAGE AND SECURITY AGREEMENT

THIS FIRST MORTGAGE AND SECURITY AGREEMENT ("Mortgage"), made this 24<sup>th</sup> day of March, 1993 by Columbia National Bank of Chicago, not personally, but solely as Trustee under Trust Agreement dated March 1, 1993, and known as Trust No. 4294 (the "Mortgagor"), having an office at 5250 North Harlem Avenue, Chicago, Illinois 60656, to Columbia National Bank of Chicago, a national banking association (the "Mortgagee"), having an office at 5250 North Harlem Avenue, Chicago, Illinois 60656.

WITNESSETH, that to secure the payment of an indebtedness in the sum of SIX HUNDRED EIGHT THOUSAND AND NO/100 DOLLARS (\$608,000.00) lawful money of the United States (the "Loan"), to be paid according to a certain Promissory Note bearing even date herewith made by Mortgagor and Horizon Development Group, Inc., an Illinois corporation ("Horizon") and payable to the order of Mortgagee and by this reference made a part hereof (as said note may be hereafter amended or extended from time to time, the "Note"), and all other amounts, obligations and liabilities due or to become due the Mortgagee under that certain Loan Agreement of even date herewith by and among Mortgagor, Horizon and Mortgagee (as the same may hereafter be amended from time to time, the "Loan Agreement"), that certain Assignment of Rents and Leases of even date herewith (as the same may hereafter be amended from time to time, the "Assignment") and the other Loan Documents (as defined in the Loan Agreement); all amounts, sums and expenses paid hereunder by the Mortgagee according to the terms hereof and all other obligations and liabilities of the Mortgagor under this Mortgage, the Note, the Loan Agreement, the Assignment, and the other Loan Documents together with all interest on the said indebtedness, obligations, liabilities, amounts, sums and expenses (all of the aforesaid are hereinafter collectively referred to as the "Indebtedness"), the Mortgagor hereby mortgages, grants, bargains, sells, warrants, conveys, aliens, demises, releases, assigns, sets over and confirms to the Mortgagee, its successors and assigns, with MORTGAGE COVENANTS:

All that certain property located in Cook County, Illinois and described on Exhibit "A" annexed hereto and by this reference made a part hereof;

TOGETHER with Mortgagor's undivided interest in the common elements of a condominium project known as the 5014 Church Street Condominium (the "Condominium Project"). If the Association (as defined in the Loan Agreement) holds title to property for the benefit of its members and shareholders, the property also includes Mortgagor's interest in the Association, and the uses, proceeds and benefits of Mortgagor's interest;

TOGETHER with Mortgagor's interest in and to all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall be covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the "Premises." The Mortgagor hereby grants to the Mortgagee a security interest in all of the Mortgagor's right, title and interest in and to all such present and future personal property, including, without limitation, all Condominium Deposits (as defined in the Loan Agreement) and Security Deposits (as defined in the Loan Agreement) (collectively, the "Deposits") and all "fixtures," "equipment," "proceeds," "accounts" and "general intangibles" (as said quoted terms are defined in the Uniform Commercial Code of the State wherein the Premises is located), including, without limitation, all Unit Sale Contracts (as defined in the Loan Agreement) (the Premises and said fixtures and articles of personal property and said "fixtures,"

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"equipment," "proceeds," "accounts," "general intangibles" and Deposits encumbered and conveyed hereby are hereinafter sometimes called the "Mortgaged Property") and the Mortgagee shall have, in addition to all rights and remedies provided herein, and in any other agreements, commitments and undertakings made by the Mortgagor to the Mortgagee, all of the rights and remedies of a "secured party" under the said Uniform Commercial Code. To the extent permitted under applicable law, this Mortgage shall be deemed to be a "security agreement" (as defined in the aforesaid Uniform Commercial Code);

TOGETHER with all rights and easements created under the Condominium Organizational Documents (as defined in the Loan Agreement) benefitting the Premises and/or Mortgagor and/or the Association directly or indirectly controlled by Mortgagor or which Mortgagor has the right to control directly or indirectly;

TOGETHER with all leases, subleases, lettings, concessions, and licenses (or any modifications or extensions thereto) of the Premises or any part thereof and all management agreements and other agreements relating to the use and occupancy of the Premises or any portion thereof, now or hereafter entered into and all right, title and interest of the Mortgagor thereunder, including, without limitation, cash and securities deposited thereunder and the right to receive and collect the rents, issues and profits payable thereunder (which are pledged primarily and on a parity with said land and not secondarily);

TOGETHER with all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by the Mortgagor and all proceeds of the conversion, voluntary or involuntary, of the Mortgaged Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and compensation heretofore and hereafter made to the present and all subsequent owners of the Mortgaged Property by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Mortgaged Property or any easement therein, including awards for any change of grade of streets and awards for severance damages;

TOGETHER with all right, title and interest of the Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, the Mortgagor or constructed, assembled or placed by the Mortgagor on the Mortgaged Property, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by the Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the Mortgagor and specifically described herein.

TO HAVE AND TO HOLD the Mortgaged Property unto the Mortgagee and its successors and assigns until the Indebtedness is paid in full.

## ARTICLE I

### Covenants of the Mortgagor

AND the Mortgagor covenants and agrees with the Mortgagee as follows:

Section 1.01. Payment of the Indebtedness. The Mortgagor will punctually pay the Indebtedness in immediately available funds as provided herein, in the Note and in the other Loan Documents,





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all in the coin and currency of the United States of America which is legal tender for the payment of public and private debts.

**Section 1.02. Title to the Mortgaged Property.** The Mortgagor represents and warrants that: (i) it has good and marketable title to the Mortgaged Property and that Horizon is the sole owner of one hundred percent (100%) of the beneficial interest under the land trust agreement creating Mortgagor, subject only to those items listed on Exhibit B attached hereto (the "Permitted Exceptions"); (ii) it has full power and lawful authority to encumber the Mortgaged Property in the manner and form herein set forth, (iii) it and/or Horizon will own all fixtures and articles of personal property now or hereafter affixed and/or used in connection with the Premises, including any substitutions or replacements thereof, (excepting only such items of personal property owned by any lessee or tenant of the Mortgaged Property as described in any lease or rental agreement between Mortgagor and such lessee or tenant) free and clear of liens and claims; (iv) this Mortgage is and will remain a valid and enforceable first lien on the Mortgaged Property; and (v) it will preserve such title, and will forever warrant and defend the same to the Mortgagee and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever, subject only to the Permitted Exceptions.

**Section 1.03. Maintenance of the Mortgaged Property.** The Mortgagor shall maintain the Mortgaged Property in good repair, shall comply with the requirements, regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court jurisdiction claiming jurisdiction over the Premises (collectively, the "Requirements" and individually a "Requirement") within thirty (30) days after an order containing such Requirement has been issued by any such authority and shall permit the Mortgagee to enter upon the Premises and inspect the Mortgaged Property at all reasonable hours and with reasonable prior notice (subject to the terms and provisions of any lease or rental agreement between Mortgagor and a lessee or tenant). The Mortgagor shall not, without the prior written consent of the Mortgagee, threaten, commit, permit or suffer to occur any waste, material alteration, demolition or removal of the Mortgaged Property or any part thereof; provided, however, that fixtures and articles of personal property may be removed from the Premises if the Mortgagor concurrently therewith replaces the same with similar items of equal or greater value and utility, free of any lien, charge or claim of superior title. The Mortgagor shall not, without the prior written consent of the Mortgagee (i) initiate or acquiesce in any zoning variation or reclassification, or (ii) suffer or permit any change in the general nature of the occupancy of the Premises.

**Section 1.04. Insurance: Restoration.** The Mortgagor and/or the Association shall be required to maintain any and all insurance coverage required to comply with the following terms of this Section 1.04:

(a) The Mortgagor shall keep the Mortgaged Property insured against damage by fire and the other hazards covered by a standard extended coverage insurance policy (providing for "special" coverage) for the full insurable value thereof from time to time (which, unless the Mortgagee shall otherwise agree in writing, shall mean the full repair and replacement value thereof without reduction for depreciation or co-insurance). In addition, the Mortgagee may require the Mortgagor to carry such other insurance on the improvements now or hereafter located within the Mortgaged Property, in such amounts as may from time to time be reasonably required by institutional lenders, against insurable casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the site and the type of building, the construction, location, utilities and occupancy or any replacements or substitutions therefor. In addition, from time to time, upon the occurrence of any change in

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the use, operation or value of the Premises, or in the availability of insurance in the area in which the Premises are located, the Mortgagor shall, within five (5) days after demand by the Mortgagee, take out such additional amounts and/or such other kinds of insurance as the Mortgagee may reasonably require. Otherwise, the Mortgagor shall not take out any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to the Mortgagee in all respects. The proceeds of insurance paid on account of any damage or destruction to the Premises or any part thereof shall be paid over to the Mortgagee to be applied as hereinafter provided.

(b) In the event the Association maintains the requisite insurance policies on the Condominium Project, the terms of the Condominium Organizational Documents and the Illinois Condominium Act (the "Act") shall control as to the application of insurance proceeds. In the event Mortgagor personally maintains the insurance required hereunder, the Mortgagee shall have the option in its sole discretion to apply any insurance proceeds it may receive pursuant to this Section 1.04 to the payment of the Indebtedness or to allow all or a portion of such proceeds to be used for the restoration of the Premises. If Mortgagee elects to apply such proceeds in payment or reduction of the Indebtedness, whether due or not, and if the same are insufficient to pay such amount in full, then Mortgagee may at its option declare the balance remaining unpaid on the Note and, this Mortgage to be due and payable forthwith and avail itself of any of the remedies provided herein or in the Note or other Loan Documents as in the case of an Event of Default hereunder or thereunder. In the event that the Mortgagor is required to personally maintain the insurance hereunder and if the Mortgagee elects or is required to allow the use of such proceeds for the restoration of the Premises, then such use of the proceeds shall be governed as hereinafter provided.

(i) In the event of damage or destruction to the Premises, the Mortgagor shall give prompt written notice thereof to the Mortgagee and shall promptly commence and diligently continue to perform repair, restoration and rebuilding of the Premises so damaged or destroyed (hereinafter referred to as the "Work") to restore the Premises in full compliance with all legal requirements (including all condominium laws) and so that the Premises shall be at least equal in value, quality and general utility as they were prior to the damage or destruction, and if the Work to be done is structural or if the cost of the Work as estimated by the Mortgagee shall exceed \$50,000.00 (hereinafter referred to as "Major Work"), then the Mortgagor shall, prior to the commencement of the Work, furnish to the Mortgagee: (1) complete plans and specifications for the Work (approved by all governmental authorities whose approval is required), for the Mortgagee's approval, which approval shall not be unreasonably withheld. Said plans and specifications shall bear the signed approval thereof by an architect satisfactory to the Mortgagee (hereinafter referred to as the "Architect") and shall be accompanied by the Architect's signed estimate, bearing the Architect's seal, of the entire cost of completing the Work; (2) certified or photostatic copies of all permits and approvals required by law in connection with the commencement and conduct of the Work; and (3) a surety bond for and/or guaranty of the payment for and completion of, the Work, which bond or guaranty shall be in form satisfactory to the Mortgagee and shall be signed by a surety or sureties, or guarantor or guarantors, as the case may be, who are acceptable to the Mortgagee and qualified to do business in Illinois, and in an amount not less than 110% of the Architect's estimate of the entire cost of completing the Work, less the amount of insurance proceeds, if any, then held by the Mortgagee for application toward the cost of the Work.

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(ii) The Mortgagor shall not commence any of the Work until the Mortgagor shall have complied with the applicable requirements referred to in subparagraph (i) above, and after commencing the Work the Mortgagor shall perform the Work diligently and in good faith in accordance with the plans and specifications referred to in subparagraph (i) above, if applicable.

(iii) In the event Mortgagee is required or elects to apply insurance proceeds to the restoration of the Premises, such insurance proceeds recovered by the Mortgagee on account of damage or destruction to the Premises less the cost, if any, to the Mortgagee of such recovery and of paying out such proceeds (including attorneys' fees and costs allocable to inspecting the Work and the plans and specifications therefor), shall, upon the written request of the Mortgagor, be applied by the Mortgagee to the payment of the cost of the Work referred to in subparagraph (i) above and shall be paid out from time to time to the Mortgagor and/or, at the Mortgagee's option exercised from time to time, directly to the contractor, subcontractors, materialmen, laborers, engineers, architects and other persons rendering services or materials for the Work, as said Work progresses except as otherwise hereinafter provided, but subject to the following conditions, any of which the Mortgagee may waive:

1. If the Work to be done is structural or if it is Major Work, as determined by the Mortgagee, the Architect shall be in charge of the Work;

2. Each request for payment shall be made on seven (7) days' prior written notice to the Mortgagee and shall be accompanied by a certificate of the Architect if one be required under subparagraph (i) above, otherwise by a managing general partner or chief financial officer of the Mortgagor, stating (x) that all of the Work completed has been done in compliance with the approved plans and specifications, if any are required under said subparagraph (i) above, and in accordance with all provisions of law and any agency having jurisdiction over the Mortgaged Property; (y) that the sum requested is justly required to reimburse the Mortgagor for payments made by the Mortgagor to, or is justly due to, the contractor, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the Work (and giving a brief description of such services and materials), and that when added to all sums, if any, previously paid out by the Mortgagee does not exceed the value of the Work done to the date of such certificate; and (z) that the amount of such proceeds remaining in the hands of the Mortgagee, together with any deficiency deposits made by Mortgagor pursuant hereto, will be sufficient on completion of the Work to pay for the same in full (and giving in such reasonable detail as the Mortgagee may require an estimate of the cost of such completion);

3. Each request shall be accompanied by waivers of liens satisfactory to the Mortgagee covering that part of the Work previously paid for, if any, and by a search prepared by a title company or licensed abstractor or by other evidence satisfactory to the Mortgagee, and there shall not have been filed with respect to the Premises any notice of contract, mechanic's lien or other lien or instrument for the retention of title in respect of any part of the Work which has not been discharged of record and no encumbrances shall exist on or affecting the Premises other than the Permitted Exceptions;

4. No lease or Unit Sale Contract (as defined in the Loan Agreement) affecting the Premises immediately prior to the damage or destruction shall have been cancelled, nor contain any still exercisable right to cancel, due to such damage or

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destruction, except for leases or Unit Sale Contracts which are terminable by Mortgagor with the prior written consent of Mortgagee;

5. There shall be no default on the part of the Mortgagor under this Mortgage or the Note or any other Loan Document, which is not thereafter cured within any applicable cure period;

6. The request for any payment after the Work has been completed shall be accompanied by a copy of any certificate or certificates required by law to render occupancy of the Premises legal;

7. The Premises can be restored to economic viability and to the same condition as existed before such casualty within a reasonable period of time, but in any event no later than thirty (30) days prior to Loan Maturity (as defined in the Loan Agreement);

8. The Work shall be completed in accordance with subparagraph (i) above; and

9. All other conditions to the disbursement of Loan proceeds set forth in the Loan Agreement shall have been satisfied.

If the sum of (i) proceeds of fire or casualty insurance, and (ii) deficiency deposits previously made by Mortgagor to Mortgagee and not previously expended are, in Mortgagee's reasonable judgment, insufficient to complete the repair and restoration of the buildings, structures and other improvements constituting the Premises, then Mortgagor shall promptly deposit with Mortgagee the amount of such deficiency.

Upon completion of the Work and payment in full therefor, or upon failure on the part of the Mortgagor promptly to commence or diligently to continue the Work, and to complete the Work not later than thirty (30) days prior to Loan Maturity or at any time upon request by the Mortgagor, the Mortgagee may apply the amount of any such proceeds then or thereafter in the hands of the Mortgagee to the payment of the Indebtedness, provided, however, that nothing herein contained shall prevent the Mortgagee from applying at any time the whole or any part of such proceeds to the curing of any Event of Default under this Mortgage or the Note or any other Loan Document.

(iv) In the event the Work to be done is not Major Work as determined by the Mortgagee, then the net insurance proceeds held by the Mortgagee for application thereto shall be paid to the Mortgagor by the Mortgagee upon completion of the Work, subject to the provisions of the foregoing subparagraphs (i), (ii) and (iii) except those which are applicable only if the work to be done is Major Work as determined by the Mortgagee.

(v) If within one hundred twenty (120) days after the occurrence of any damage or destruction to the Premises requiring Major Work in order to restore the Premises, the Mortgagor shall not have submitted to the Mortgagee and received the Mortgagee's approval of plans and specifications for the repair, restoration and rebuilding of the Premises so damaged or destroyed (approved by the Architect and by all governmental authorities whose approval is required), or if, after such plans and specifications are approved by all such governmental authorities and the Mortgagee, the Mortgagor shall fail to commence promptly such repair, restoration and rebuilding, or if thereafter Mortgagor falls diligently to continue such repair, restoration and rebuilding or is delinquent in the payment to mechanics, materialmen or others

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of the costs incurred in connection with such Work, or, in the case of any damage or destruction not Major Work, as determined by the Mortgagee in order to restore the Premises, if the Mortgagor shall fail to repair, restore and rebuild promptly the Premises so damaged or destroyed then, in addition to all other rights herein set forth, and after giving the Mortgagor ten (10) days' written notice of the nonfulfillment of one or more of the foregoing conditions, the Mortgagee, or any lawfully appointed receiver of the Premises, may at their respective options, perform or cause to be performed such repair, restoration and rebuilding, and may take such other steps as they deem advisable to perform such repair, restoration and rebuilding, and the Mortgagor hereby waives, for the Mortgagor and all others holding under the Mortgagor, any claim against the Mortgagee and such receiver arising out of anything done by the Mortgagee or such receiver pursuant hereto, and the Mortgagee may apply insurance proceeds (without the need to fulfill any other requirements of this Section 1.04) to reimburse the Mortgagee, and/or such receiver, for all amounts expended or incurred by them, respectively, in connection with the performance of such Work, and any excess costs shall be paid by the Mortgagor to the Mortgagee upon demand together with interest computed at the Delinquency Rate (as defined in the Note).

(c) The Mortgagor shall (i) provide public liability insurance with respect to the Premises providing for limits of liability of not less than \$5,000,000 per occurrence for both injury to or death of a person and for property damage, and (ii) unless the Mortgagee agrees otherwise in writing, provide rent insurance in an amount at least equal at all times to the annual rent roll of the Premises.

(d) All insurance policies required pursuant to this Section 1.04 shall be endorsed to name the Mortgagee as an insured thereunder, as its interest may appear, with loss payable to the mortgagee, without contribution, under a standard mortgagee loss payable clause. All such insurance policies and endorsements shall be fully paid for and contain such provisions and expiration dates and be in such form and issued by such insurance companies licensed to do business in the State of Illinois, with a rating of "A-VIII" or better as established by Best's Rating Guide or an equivalent rating with such other publication of a similar nature as shall be in current use, as shall be approved by the Mortgagee. Without limiting the foregoing, each policy shall provide that such policy may not be cancelled or materially changed except upon thirty (30) days' prior written notice of intention of non-renewal, cancellation or material change to the Mortgagee and that no act or thing done by the Mortgagor shall invalidate the policy as against the Mortgagee. In the event the Mortgagor fails to maintain insurance in compliance with this Section 1.04, the Mortgagee may, but shall not be obligated to, obtain such insurance and pay the premium therefor and the Mortgagor shall, on demand, reimburse the Mortgagee for all sums, advances and expenses incurred in connection therewith together with interest thereon computed at the Delinquency Rate. The Mortgagor shall deliver copies of all original policies (including renewal policies), certified by the insurance company or authorized agent as being true copies to the Mortgagee together with the endorsements thereto required hereunder. Notwithstanding anything to the contrary contained herein or in any other provision of applicable law, the proceeds of insurance policies coming into the possession of the Mortgagee shall not be deemed trust funds and the Mortgagee shall be entitled to dispose of such proceeds as herein provided.

(e) Notwithstanding anything contained herein to the contrary, in case of the occurrence of any default under this Mortgage (after the expiration of any applicable cure periods) which would entitle Mortgagee to declare the whole of the principal sum secured hereby to become due and payable in accordance with

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Section 2.02 of this Mortgage, whether or not such default shall have occurred after Mortgagor may theretofore have commenced restoration or rebuilding or let contracts or otherwise obligated itself for the payment of any of the costs thereof or may theretofore otherwise have become entitled to receive reimbursement out of insurance proceeds, and whether or not foreclosure proceedings may have commenced, Mortgagee shall be relieved of any obligation for reimbursement of Mortgagor, and the proceeds of any such insurance policy or policies, if not theretofore applied to reimbursement for restoration or rebuilding, may, at the option of Mortgagee, be applied: (a) in payment or reduction of the Indebtedness; or (b) in payment or reduction of the amount due in accordance with any judgment of foreclosure and any supplemental judgments that may be entered in any such proceedings; or (c) to payments directly to persons furnishing and supplying labor, services and materials for such restoration or rebuilding, and the balance, if any, after full payment and satisfaction of all the Indebtedness, shall be paid to the owner of redemption if it shall then be entitled to the same or as the court may direct. In case of the foreclosure of this Mortgage, the court in its judgment may provide that Mortgagee, as judgment creditor, may cause a new or additional loss clause to be attached to each of said policies making the loss thereunder payable to it as such judgment creditor. In the event of foreclosure sale, Mortgagee is hereby authorized, but not required, without the consent of Mortgagor, to assign or cause a receiver to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

(f) Within ninety (90) days following the end of each fiscal year of Mortgagor, at the request of Mortgagee, Mortgagor agrees to furnish evidence of replacement costs, without cost to Mortgagee, such as are regularly and ordinarily made by insurance companies to determine the then replacement cost of the Mortgaged Property.

(g) Notwithstanding anything contained in this Section 1.04 or elsewhere in this Mortgage to the contrary, all requirements, obligations, rights, remedies and other terms in this Mortgage shall be expressly subject to the terms and conditions of the Act and the Condominium Organizational Documents.

(h) Mortgagee agrees that Mortgagor's existing insurance for the Project, as described on the certificate of insurance deposited by Mortgagor with Mortgagee as of the date hereof satisfies the requirements of this Section 1.04.

Section 1.05. Maintenance of Existence. The Mortgagor will, so long as it is owner of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation, and will comply with all Requirements applicable to the Mortgagor or to the Mortgaged Property or any part thereof.

Section 1.06. Taxes and Other Charges. (a) The Mortgagor shall pay and discharge when due all taxes of every kind and nature, water rates, sewer rents and assessments (including, association assessments), levies, permits, inspection and license fees and all other charges imposed upon or assessed against the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Premises or arising in respect of the occupancy, use or possession thereof (collectively, the "Impositions") and, unless the Mortgagor is making monthly deposits with the Mortgagee in accordance with Section 1.14 hereof with respect to any such amount, the Mortgagor shall exhibit to the Mortgagee within five (5) days after the same shall have become due, validated receipts showing the payment of such Impositions. Should the Mortgagor default in the payment of any of the foregoing Impositions, the Mortgagee may, but shall not be obligated to, pay

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the same or any part thereof and the Mortgagor shall, on demand, reimburse the Mortgagee for all amounts so paid together with interest computed at the Delinquency Rate.

(b) Nothing in this Section 1.06 shall require the payment or discharge of an obligation imposed upon the Mortgagor by subparagraph (a) of this Section 1.06 so long as the Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which proceedings must operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Mortgaged Property or any part thereof to satisfy the same; provided that (i) Mortgagor has notified Mortgagee in writing in advance of its intent to contest such taxes, and (ii) during such contest the Mortgagor shall, at the option of the Mortgagee, provide security satisfactory to the Mortgagee, assuring the discharge of the Mortgagor's obligation hereunder and of any additional interest charge, penalty or expense arising from or incurred as a result of such contest; and provided, further, that if at any time payment of any obligation imposed upon the Mortgagor by subsection (a) of this Section 1.06 shall become necessary to prevent the delivery of a deed conveying the Mortgaged Property or any portion thereof because of non-payment, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such deed.

Section 1.07. Mechanics' and Other Liens. (a) The Mortgagor shall pay, from time to time when the same shall become due, all claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income or profits arising therefrom and, in general, the Mortgagor shall do, or cause to be done, at the cost of the Mortgagor and without expense to the Mortgagee, everything necessary to fully preserve the lien of this Mortgage. In the event the Mortgagor fails to make payment of such claims and demands, the Mortgagee may, but shall not be obligated to, make payment thereof, and the Mortgagor shall, on demand, reimburse the Mortgagee for all sums so expended together with interest computed at the Delinquency Rate.

(b) Nothing in this Section 1.07 shall require the payment or discharge of an obligation imposed upon the Mortgagor by subparagraph (a) of this Section 1.07 so long as the Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which proceedings must operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Mortgaged Property or any part thereof to satisfy the same; provided that (i) Mortgagor has notified Mortgagee in writing, in advance of its intent to contest such liens, and (ii) during such contest the Mortgagor shall, at the option of the Mortgagee, provide security satisfactory to the Mortgagee, assuring the discharge of the Mortgagor's obligations hereunder and of any additional interest charge or expense arising from or incurred as a result of such contest; and provided further, that if at any time payment of any obligation imposed upon the Mortgagor by subsection (a) of this Section 1.07 shall become necessary to prevent the delivery of a deed conveying the Mortgaged Property or any portion thereof because of non-payment, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such deed.

Section 1.08. Condemnation Awards. The proceeds of any award or claim for damages, direct to consequential, payable to Mortgagor in connection with any condemnation or other taking of all of any part of the Mortgaged Property, whether of a Unit or the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee. Mortgagee may elect to apply the proceeds of the award upon or in reduction of the Indebtedness, whether due or not, or to require Mortgagor to restore or rebuild, in which event the proceeds shall be held by

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Mortgagee and used to reimburse Mortgagor for costs incurred in connection with the rebuilding or restoring the Premises or the improvements thereon. In the event Mortgagor is required or authorized by Mortgagee's election as aforesaid, to rebuild or restore, the proceeds of the award shall be paid out in the same manner as provided in Section 1.04 hereof. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the award, before being entitled to reimbursement out of the award. Any surplus which may remain out of said award after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the Indebtedness, or be paid to any other party entitled thereto.

Section 1.09. Mortgage Authorized. The Mortgagor hereby warrants and represents that the execution and delivery of this Mortgage, the Note and all other Loan Documents executed by Mortgagor have been duly authorized and that there is no provision in its partnership agreement (if the Mortgagor is a partnership), or Declaration of Trust (if Borrower is a Land or other Trust) as same may have been amended, requiring further consent for such action by any other entity or person; it is duly organized, validly existing and in good standing under the laws of the state of its formation, and has (a) all necessary licenses, authorizations, registrations and approvals and (b) full power and authority to own its properties and carry on its business as presently conducted; and the execution and delivery by and performance of its obligations under this Mortgage, the Note and the other Loan Documents will not result in the Mortgagor being in default under any provision of its trust agreement, as the same may have been amended, or of any mortgage, credit or other agreement to which it is a party, or any law, order, writ, injunction or decree of any court or governmental authority.

Section 1.10. Costs of Defending and Upholding the Lien. If any action or proceeding is commenced to which action or proceeding the Mortgagee is made a party or in which it becomes necessary to defend or uphold the lien of this Mortgage, the Mortgagor shall, on demand, reimburse the Mortgagee for all expenses (including, without limitation, reasonable attorneys' fees and reasonable appellate attorneys' fees) incurred by the Mortgagee in any such action or proceeding to the extent that Mortgagee is the successful party in any such action or proceeding. In any action or proceeding to foreclose this Mortgage or to recover or collect the Indebtedness, the provisions of law relating to the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

Section 1.11. Additional Advances and Disbursements. Except as otherwise permitted hereunder, the Mortgagor shall pay when due all payments and charges on all liens, encumbrances, ground and other leases, and security interests which may be or become superior or inferior to the lien of this Mortgage, and in default thereof, the Mortgagee shall have the right, but shall not be obligated, to pay, without notice to the Mortgagor, such payments and charges and the Mortgagor shall, on demand, reimburse the Mortgagee for amounts so paid and all costs and expenses incurred in connection therewith together with interest thereon at the Delinquency Rate from the date such payments and charges are so advanced until the same are paid to the Mortgagee in good and immediately available funds. In addition, upon default of the Mortgagor in the performance of any other terms, covenants, conditions or obligations by it to be performed under any such prior or subordinate lien, encumbrance, lease or security interest following any applicable grace or cure period therein provided, the Mortgagee shall have the right, but shall not be obligated, to cure such default in the name and on behalf of the Mortgagor. All sums advanced and reasonable expenses incurred at any time by the Mortgagee pursuant to this Section 1.11 or as otherwise provided under the terms and provisions of this Mortgage or under applicable

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law shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at a rate equal to the Delinquency Rate. Mortgagor agrees that any such charge shall not be deemed to be additional interest or a penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance, and all such advances or disbursements together with interest thereon as provided in this Section 1.11 shall be secured by the lien of this Mortgage.

Section 1.12. Costs of Enforcement. The Mortgagor agrees to bear and pay all expenses (including reasonable attorneys' fees and reasonable appellate attorneys' fees) of or incidental to the enforcement of any provision hereof, or the enforcement, compromise or settlement of this Mortgage or the indebtedness, and for the curing thereof, or for defending or asserting the rights and claims of the Mortgagee in respect thereof, by litigation or otherwise to the extent that Mortgagee is the successful party in any such action or proceeding. All rights and remedies of the Mortgagee shall be cumulative and may be exercised singly or concurrently. Notwithstanding anything herein contained to the contrary, the Mortgagor: (a) HEREBY WAIVES TRIAL BY JURY; (b) will not (i) at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor (ii) claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction, nor (iii) after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof (the Mortgagor hereby irrevocably waiving all rights of redemption pursuant to the provisions of Section 735 ILCS 5/15-1601(b) of the Illinois Mortgage Foreclosure Law, as amended from time to time [the "Foreclosure Act"]); (c) hereby expressly waives, for itself and all who may claim under it, all benefit or advantage of any such law or laws; and (d) covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshalled upon any foreclosure hereof. The Mortgagor acknowledges that the Premises do not constitute agricultural real estate, as said term is defined in Section 735 ILCS 15/15-1201 of the Foreclosure Act or residential real estate as defined in Section 735 ILCS 5/15-1219 of the Foreclosure Act.

Section 1.13. Mortgage Taxes. The Mortgagor shall pay any and all taxes, charges, filing, registration and recording fees, excises and levies imposed upon the Mortgagee by reason of its ownership of the Note or this Mortgage or any mortgage supplemental hereto, any security instrument with respect to any fixtures or personal property owned by the Mortgagor at the Premises and any instrument of further assurance, other than income, franchise and doing business taxes, and shall pay all stamp taxes and other taxes required to be paid on the Note. In the event the Mortgagor fails to make such payment within five (5) days after written notice thereof from the Mortgagee, then the Mortgagee shall have the right, but shall not be obligated, to pay the amount due, and the Mortgagor shall, on demand, reimburse the Mortgagee for said amount, together with interest at the Delinquency Rate computed from the date of payment by Mortgagee.

Section 1.14. Escrow Deposits. Mortgagor shall deposit with the Mortgagee commencing on the date of disbursement of the

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proceeds of the loan secured hereby and on the first day of each month following the month in which said disbursement occurs, a sum equal to the amount of all real estate taxes and assessments (general and special) and insurance next due upon or for the Premises (the amount of such taxes next due to be based upon the Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed and insurance) reduced by the amount, if any, then on deposit with the Mortgagee, divided by the number of months to elapse before two months prior to the date when such taxes and assessments will become due and payable. Such deposits are to be held without any allowance of interest to Mortgagor and are to be used for the payment of taxes and assessments (general and special) on the Premises next due and payable when they become due. If the funds so deposited are insufficient to pay any such taxes or assessments (general or special) and insurance when the same become due and payable, the Mortgagor shall, within ten (10) days after receipt of demand therefor from the Mortgagee, deposit such additional funds as may be necessary to pay such taxes and assessments (general and special) and insurance in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) and insurance for any year, the excess shall be applied on a subsequent deposit or deposits. Said deposits need not be kept separate and apart from any other funds of the Mortgagee.

Anything in this Section 1.14 to the contrary notwithstanding, if the funds so deposited are insufficient to pay any such taxes or assessments (general or special) and insurance or any installment thereof, Mortgagor will, not later than the thirtieth (30th) day prior to the last day on which the same may be paid without penalty or interest, deposit with the Mortgagee the full amount of any such deficiency.

Section 1.15. Financial Statements. The Mortgagor shall furnish to the Mortgagee, all financial information required by Mortgagee under the terms of Paragraph 9.1(1) of the Loan Agreement.

Section 1.16. Restrictive Covenants. Mortgagor shall not, without the prior written consent of the Mortgagee: (a) execute or permit to exist any lease of all or a substantial portion of the Premises except for occupancy by the lessee thereunder; (b) modify any lease affecting the Premises resulting in terms less favorable than those existing as of the date hereof; (c) discount any rents or collect the same for a period of more than one month in advance; (d) except with respect to sales of Units (as defined in the Loan Agreement), cancel any lease affecting the Premises unless Mortgagor shall have entered into a lease for the space to be vacated as a result thereof upon terms consistent with the terms of this Mortgage and the Loan Agreement, or except upon the default of the tenant thereunder, or if the termination is in conjunction with the sale of a unit to a third party purchaser; (e) execute any conditional bill of sale, chattel mortgage or other security instruments covering any furniture, furnishings, fixtures and equipment, intended to be incorporated in the Premises or the appurtenances thereto, or covering articles of personal property placed in the Premises or purchase any of such furniture, furnishings, fixtures and equipment so that ownership of the same will not vest unconditionally in the Mortgagor, free from encumbrances on delivery to the Premises; (f) further assign the leases and rents affecting the Premises; (g) sell, transfer, convey or assign any interest in the Mortgaged Property or any part thereof (provided, that Mortgagor may sell Units [as defined in the Loan Agreement] in accordance with the terms of the Loan Agreement) nor sell, convey or transfer, or permit the sale, conveyance or transfer, whether directly or indirectly, of all or any portion of, or any legal, equitable or beneficial interest in, the Mortgagor or any person or entity controlling the Mortgagor neither directly or indirectly; or (h) further encumber, alienate, hypothecate, grant a security interest in or grant any other interest whatsoever in

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the Mortgaged Property or any part thereof; or (i) execute any further leases of any portion of the Premises unless the form and content of such lease has been approved in writing by the Mortgagee.

Section 1.17. Estoppel Certificate. The Mortgagor, within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish to the Mortgagee a written statement, duly acknowledged, setting forth the amount due on this Mortgage, the terms of payment and maturity date of the Note, the date to which interest has been paid, whether any offsets or defenses exist against the Indebtedness and, if any are alleged to exist, the nature thereof shall be set forth in detail.

Section 1.18. Trust Funds. All future lease security deposits of tenants of the Premises shall be deposited with Mortgagee as set forth in Section 13.1(b) of the Loan Agreement.

Section 1.19. Indemnity. The Mortgagor hereby represents and warrants that it has dealt with no broker, finder or like agent in connection with the Indebtedness. In addition to any other indemnity provisions of this Mortgage, the Mortgagor will indemnify and hold the Mortgagee harmless against any loss or liability, cost or expense, including, without limitation, any judgments, attorney's fees, costs or appeal bonds and printing costs, arising out of or relating to any claim by any such broker, finder or like agent who shall claim to have dealt with Mortgagor.

Section 1.20. Mortgagee's Performance of Defaulted Acts: Protective Advances: Subrogation: Reliance on Bills. In case Mortgagor fails to perform any of its covenants and agreements herein or in the Note or any of the other Loan Documents following the expiration of applicable cure periods, Mortgagee may, but need not, make any payment or perform any act herein or therein 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 any Prior Encumbrances (as hereinafter defined), 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 on, forfeiture affecting the Premises or contest any tax or assessment.

In the event Mortgagee shall elect, pursuant to this Section 1.20, to undertake to perform Mortgagor's obligations for restoration or rebuilding as required of Mortgagor by Section 1.04 or Section 1.08 of this Mortgage or the Loan Agreement, Mortgagee shall not be required to restore or rebuild the improvements to any greater extent than will be covered by available proceeds or estimated proceeds of insurance or condemnation award. An estimate of available proceeds may be made if at such time as Mortgagee is prepared to arrange for plans, solicit bids, let a contract, or otherwise proceed with restoration, the loss may not have been adjusted with insurers or the court may not have finally determined the amount of a condemnation award. If Mortgagee shall have expended any amount for restoration or rebuilding in excess of the actual or estimated proceeds of insurance or condemnation award for the purpose of such repair or replacement, the amount of such excess ("Excess Restoration Cost") so expended by Mortgagee shall constitute additional indebtedness hereunder and shall be secured by the lien hereof.

All advances, disbursements and expenditures (collectively "advances") made by Mortgagee before and during foreclosure, prior to sale, and where applicable, after sale, for the following purposes, including interest thereon at the Delinquency Rate, are hereinafter referred to as "Protective Advances";

(a) advances pursuant to this Section 1.20 and Sections 1.04, 1.07, 1.11 and 1.13 of this Mortgage;

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(b) Excess Restoration Costs;

(c) advances in accordance with the terms of this Mortgage to: (i) protect, preserve or restore the Premises; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b) (5) of Section 735 ILCS 5/15-1302 of the Foreclosure Act;

(d) payments of (i) when due installments of principal, interest or other obligations in accordance with the terms of any Prior Encumbrance; (ii) when due installments of real estate taxes and other Impositions; (iii) other obligations authorized by this Mortgage; or (iv) with court approval any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, all as referred to in the first paragraph of this Section 1.20 of this Mortgage and in Section 735 ILCS 5/15-1505 of the Foreclosure Act;

(e) reasonable attorneys' fees and other costs incurred in connection with the foreclosure of this Mortgage as referred to in Sections 735 ILCS 5/15-1504 (d) (2) and 735 ILCS 5/15-1510 of the Foreclosure Act and in connection with any other litigation or administrative proceeding to which the Mortgagee may be or become or be threatened or contemplated to be a party, including probate and bankruptcy proceedings, or in the preparation for the commencement or defense of any such suit or proceeding, including filing fees, appraisers' fees, outlays for documents and expert evidence, witness fees, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of judgment) of procuring all such abstracts of title, title charges and examinations, foreclosure minutes, title insurance policies, appraisals, and similar data and assurances with respect to title and value as Mortgagee may deem reasonably necessary either to prosecute or defend such suit or, in case of foreclosure, to evidence to bidders at any sale which may be had pursuant to the foreclosure judgment the true condition of the title to or the value of the Premises;

(f) Mortgagee's fees and costs arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b) (1) of Section 735 ILCS 5/15-1508 of the Foreclosure Act;

(g) Mortgagee's advances of any amount required to make up a deficiency in deposits for installments of Impositions, as required of Mortgagor by Sections 1.06 and 1.14 of this Mortgage;

(h) expenses deductible from proceeds of sale referred to in Subsections (a) and (b) of Section 735 ILCS 5/15-1512 of the Foreclosure Act; and

(i) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the owner thereof; (ii) if any of the Premises consists of an interest in a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums upon casualty and liability insurance made by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, without regard to the limitation to maintaining of insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Subsection (c) (1) of Section 735 ILCS 5/15-1704 of the Foreclosure Act; (iv) payments required or deemed by Mortgagee to be for the benefit

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of the Premises or required to be made by the owner of the Premises under any grant or declaration of easement, easement agreement, reciprocal easement agreement, agreement with any adjoining land owners or other instruments creating covenants or restrictions for the benefit of or affecting the Premises; (v) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; and (vi) operating deficits incurred by Mortgagee in possession or reimbursed by Mortgagee to any receiver.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time the Mortgage is recorded, pursuant to Subsection (b) (5) of Section 735 ILCS 5/15-1302 of the Foreclosure Act.

The Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, be included in:

(a) determination of the amount of indebtedness secured by this Mortgage at any time;

(b) the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent amendment of such judgment, supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after entry of such judgment, it being hereby agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

(c) if right of redemption has not been waived by this Mortgage, computation of the amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 735 ILCS 5/15-1603 of the Foreclosure Act;

(d) determination of amounts deductible from sale proceeds pursuant to Section 735 ILCS 5/15-1512 of the Foreclosure Act;

(e) determination of the application of income in the hands of any receiver or mortgagee in possession; and

(f) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Section 735 ILCS 5/15-1508 and Section 735 ILCS 5/15-1511 of the Foreclosure Act.

All moneys paid for Protective Advances or any of the other purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other moneys advanced by Mortgagee 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 Delinquency Rate. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

Should the proceeds of the Note or any part thereof, or any amount paid out or advanced hereunder by Mortgagee, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any senior mortgage (as described in Subsection (a) of Section 735 ILCS 5/15-1505 of the Foreclosure Act) or any other lien or encumbrance upon the Premises or any part thereof on a parity with or prior or superior to the lien hereof ("Prior Encumbrance"), then as additional security hereunder, the Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote, regardless of whether said liens, charges and indebtedness







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are acquired by assignment or have been released of record by the holder thereof upon payment.

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.

Section 1.21. Environmental Protection. (a) The Mortgagor represents, warrants and covenants that (i) the Premises has been, at all times during Mortgagor's ownership thereof, and is presently in a clean, safe and healthful condition and free of contamination from any substance or material presently identified to be toxic or hazardous according to, and in violation of, any applicable federal, state or local statute, rule or regulation (collectively, the "Law") (including, without limitation, any asbestos, pcb, radioactive substance, methane, volatile hydrocarbons, industrial solvents, oil, petroleum or chemical liquids and hazardous wastes whether solid, liquid or gaseous) or any other material or substance which has in the past or could presently or at any time in the future cause or constitute a health, safety or other environmental hazard to any person or property (collectively, "Hazardous Substances"); (ii) the Mortgagor has no knowledge of and has not caused or suffered to occur and the Mortgagor will not hereafter cause or suffer to occur, any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration (each, a "Spill") of any Hazardous Substance at, upon, under or within the Premises or any contiguous real estate in violation of any such Law; (iii) the Mortgagor has not caused or permitted to occur, and shall not permit to exist, any condition which may cause a discharge of any Hazardous Substances at, upon, under or within the Premises or any contiguous real estate in violation of any such Law; (iv) neither the Mortgagor nor any other party has been, is or will be involved in operations at or near the Premises which could lead to the imposition on the Mortgagor or any subsequent or former owner of the Premises of liability or the creation of a lien on the Premises or any part thereof, under the Law or under any similar applicable laws or regulations; (v) the Mortgagor has not permitted and will not permit any tenant or occupant of the Premises to engage in any activity that could lead to the imposition of liability on such tenant or occupant, the Mortgagor or any subsequent or former owner of any of the Premises, or the creation of a lien on the Premises or any part thereof, under the Law or any similar applicable laws or regulations; and (vi) the Mortgagor has made "appropriate inquiry" into the previous ownership and uses of the Premises, as set forth in the Superfund Amendments and Reauthorization Act of 1986, amending 42 U.S.C. Section 9600 et seq.

(b) The Mortgagor shall comply strictly and in all respects with the requirements of the Law and shall notify Mortgagee promptly in the event of any Spill or the discovery of any Hazardous Substance contamination at, under, within or upon the Premises in violation of the Law, and shall promptly forward to Mortgagee copies of all orders, notices, permits, applications or other communications and reports in connection with any such Spill or the presence of any Hazardous Substance or any other matters relating to the Law, as they may affect the Premises.

(c) The Mortgagor, promptly upon the written request of Mortgagee at any time when Mortgagee has reason to believe there is a violation of any Environmental Law at the Premises, shall, at Mortgagor's sole cost and expense, provide the Mortgagee with an environmental site assessment or

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environmental audit report, or an update of such an assessment or report, prepared by an environmental engineering firm and otherwise in scope, form and content satisfactory to the Mortgagee.

(d) The Mortgagor shall indemnify and defend Mortgagee and hold Mortgagee harmless from and against any and all claims, suits, actions, debt, costs, obligations, judgments, charges, loss, liability, damage and expense of any nature whatsoever, including clean up costs, reasonable attorneys' fees and environmental consultants' fees, suffered or incurred by Mortgagee, whether as holder of this Mortgage, as mortgagee in possession or as successor in interest to the Mortgagor as owner of the Premises by virtue of foreclosure or acceptance of a deed in lieu of foreclosure (i) under or on account of the Law or related regulations or any similar applicable laws or regulations, including the assertion of any lien thereunder; (ii) any spill of Hazardous Substances, the threat of a discharge of a Spill of any Hazardous Substances, or the presence of any Hazardous Substances affecting the Premises, in each instance in violation of the Law, whether or not the same originates or emanates from the Premises or any contiguous real estate including any loss of value of the Premises as a result of any of the foregoing; (iii) any costs of removal or remedial action incurred by the United States Government or any costs incurred by any other person or damages from injury to, destruction of, or loss of natural resources, including reasonable costs of assessing such injury, destruction or loss incurred pursuant to the Law; (iv) liability for personal injury or property damage arising under any statutory or common law tort theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of an abnormally dangerous activity at or near the Premises; and (v) any other environmental matter affecting the Premises within the jurisdiction of the Environmental Protection Agency, any other federal agency, or any state or local environmental agency.

Mortgagor's obligations under this Section 1.21 shall arise upon the discovery of the presence of any Hazardous Substance in violation of the Law, whether or not the Environmental Protection Agency, any other federal agency or any state or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Substances.

(e) In the event of any Spill or the presence of any Hazardous Substance affecting the Premises, whether or not the same originates or emanates from the Premises or any contiguous real estate, and/or if the Mortgagor shall fail to comply with any of the requirements of the Law or related regulations or any other environmental law or regulation, Mortgagee may at its election, but without the obligation so to do, give such notices and/or cause such work to be performed at the Premises and/or take any and all other actions as Mortgagee shall deem necessary or advisable in order to remedy said spill or hazardous substance or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the Delinquency Rate (as prescribed in the Note) from the date of payment by Mortgagee shall be immediately due and payable by the Mortgagor to Mortgagee and until paid shall be added to and become a part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof.

(f) All of the representations, warranties, covenants and indemnities contained in this Section 1.21 shall survive the repayment of the Note and/or the release of the lien of this Mortgage and shall survive the transfer of any or all

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right, title and interest in and to the Premises by Mortgagor to any party, whether or not affiliated with Mortgagor.

Section 1.22 Condominium Obligations. Mortgagor shall perform all of Mortgagor's obligations under the Condominium Organizational Documents. Mortgagor shall promptly pay, when due, all dues and assessments imposed pursuant to the Condominium Organizational Documents. Mortgagor shall not, except after notice to Mortgagee and with Mortgagee's prior written consent, consent to (i) the abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain; (ii) any amendment to any of the Condominium Organizational Documents; or (iii) any action which would have the effect of rendering the insurance coverage maintained by the Association unacceptable to Mortgagee. Mortgagee shall comply with all requirements of the Act in exercising or enforcing all of Mortgagee's rights and remedies herein provided.

## ARTICLE II DEFAULT AND REMEDIES

Section 2.01. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Mortgage:

(a) default when and as the same shall become due and payable in payment of amounts required to be paid hereunder or a default in the payment of principal or interest on the Note whether by maturity or acceleration; or

(b) default in the due observance or performance of any of the terms, covenants or conditions contained in this Mortgage or in any other Loan Document which continues for more than fifteen (15) days after receipt from the Mortgagee of written notice of such default. Notwithstanding anything contained in this subsection (b) to the contrary, such grace period set forth in this subsection (b) shall not apply to any other Event of Default expressly set forth in this Section 2.01 or to any Event of Default defined as such in the Note or any other Loan Document or to any other covenant or condition with respect to which a grace period is expressly provided elsewhere; or

(c) should any representation or warranty made herein or any other Loan Document prove to be untrue in any material respect; or

(d) default beyond any applicable grace period under any obligation set forth in the Note or in any of the other Loan Documents; or

(e) the further assignment or encumbrance by the Mortgagor of the leases or rents of the Premises or any part thereof without the prior written consent of the Mortgagee and to the extent not otherwise permitted hereunder or under any of the other Loan Documents; or

(f) except as otherwise expressly permitted pursuant to Section 1.06(b) hereof, the failure of the Mortgagor to pay or cause to be paid, before any fine, penalty, interest or cost may be added thereto all franchise taxes and charges, and other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including, but not limited to, assessments for public improvements or benefits which are assessed, levied, confirmed, imposed or become a lien upon the Mortgaged Property or become payable during the term of the Note or this Mortgage or the Mortgagor enters into any agreement either



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written or oral, which has the effect of deferring the payment of any taxes or other charges which are or can be assessed, levied, confirmed, imposed or become a lien on the Mortgaged Property or become payable during the term of the Note or this Mortgage; or

(g) the conveyance, assignment, sale or attempted sale, or other disposition of the Premises (except for the sale of Units in accordance with the terms of the Loan Agreement) or the further mortgage, pledge or other encumbrance by the Mortgagor of the Mortgaged Property or any part thereof or any interest therein without the prior written consent of the Mortgagee or the sale, conveyance or transfer, or attempted sale, conveyance or transfer, whether directly or indirectly, of all or any portion of, or any legal, equitable or beneficial interest in, the Mortgagor or any person or entity controlling the Mortgagor either directly or indirectly, except as otherwise permitted hereunder or under any of the other Loan Documents; or

(h) if a receiver, liquidator or trustee of the Mortgagor or of any of its properties, shall be appointed, and same is not discharged within thirty (30) days; or

(i) if a petition in bankruptcy, an insolvency proceeding or a petition for reorganization shall have been filed against the Mortgagor and same is not withdrawn, dismissed, cancelled or terminated within thirty (30) days; or

(j) if the Mortgagor is adjudicated insolvent or a petition for reorganization is granted (without regard for any grace period provided for herein); or

(k) if there is an attachment or sequestration of any of the property of the Mortgagor and same is not promptly discharged or bonded; or

(l) if the Mortgagor files or consents to the filing of any petition in bankruptcy or commences or consents to the commencement of any proceeding under the Federal Bankruptcy Code or any other law, now or hereafter in effect, relating to the reorganization of the Mortgagor or the arrangement or readjustment of the debts of the Mortgagor; or

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

(n) if the Mortgagor shall cause or institute any proceeding for the dissolution or termination of the Mortgagor; or

(o) if the Mortgagor ceases to do business or terminates its business as presently conducted for any reason whatsoever; or

(p) if a default shall occur under any mortgage which is subordinate to the lien of this Mortgage or the mortgagee under any subordinate mortgage shall commence a foreclosure action in connection with said mortgage, provided that this provision shall not be deemed to be a waiver of the provisions of Section 1.16(h) or any other section of this Mortgage; or

(q) if there shall exist any violation of Section 1.16(i).

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Section 2.02. Remedies. (a) Upon the occurrence of any Event of Default, the Mortgagee may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against the Mortgagor and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Mortgagee: (1) declare the entire unpaid Indebtedness to be immediately due and payable without any presentment, demand, protest or notice of any kind to Mortgagor; or (2) enter into or upon the Premises, either personally or by its agents, nominees or attorneys as provided in subsections (b)(2) and (c) of Section 735 ILCS 5/15-1701 of the Foreclosure Act and dispossess the Mortgagor and its agents and servants therefrom, and thereupon the Mortgagee may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Premises and conduct the business thereat; (ii) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property; (iii) exercise all rights and powers of the Mortgagor with respect to the Premises, whether in the name of the Mortgagor or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Premises and every part thereof; (iv) apply the receipts from the Premises to the payment of the Indebtedness, after deducting therefrom all expenses (including attorneys' fees and disbursements) incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, assessments, insurance and other charges in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of the Mortgagee, its counsel, agents and employees; and (v) exercise all rights and powers provided in Section 735 ILCS 5/15-1703 of the Foreclosure Act; or (3) institute proceedings for the complete foreclosure of this Mortgage (in which case the Mortgaged Property may be sold for cash or upon credit in one or more parcels) and pursue all remedies afforded to a mortgagee under and pursuant to the Foreclosure Act; or (4) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Indebtedness then due and payable, subject to the continuing lien of this Mortgage for the balance of the Indebtedness not then due and payable; or (5) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note or in any other Loan Document; or (6) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Mortgage; or (7) apply for the appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Indebtedness and without regard for the solvency of the Mortgagor, or of any person, firm or other entity liable for the payment of the Indebtedness; or (8) pursue such other remedies as the Mortgagee may have under applicable law; or (9) exercise any cure rights; or (10) exercise any other remedies under the other Loan Documents.

(b) The proceeds of any foreclosure sale of the Premises shall be distributed and applied in accordance with the provisions of Subsection (c) of Section 735 ILCS 5/15-1512 of the Foreclosure Act. The judgment of foreclosure or order confirming the sale shall provide (after application pursuant to Subsections (a) and (b) of said Section 735 ILCS 5/15-1512) for application of sale proceeds in the following order of priority: first, all items not covered by the provisions of said Subsections (a) and (b), which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided: and





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second, all principal and interest remaining unpaid on the Note.

(c) The Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, the Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(d) Upon the completion of any sale or sales made by the Mortgagee under or by virtue of this Article II, the Mortgagee, or an officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. The Mortgagee is hereby irrevocably appointed the true and lawful attorney of the Mortgagor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property and rights so sold and for that purpose the Mortgagee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, the Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. The foregoing appointment is coupled with an interest and may not be revoked as long as the Indebtedness or any portion thereof remains unpaid. Any such sale or sales made under or by virtue of this Article II, whether made under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against the Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under the Mortgagor.

(e) Upon any sale made under or by virtue of this Article II (whether made under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), the Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Indebtedness the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Mortgagee is authorized to deduct under this Mortgage.

(f) No recovery of any judgment by the Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of the Mortgagor shall affect in any manner or to any extent, the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of the Mortgagee hereunder, but such liens, rights, powers and remedies of the Mortgagee shall continue unimpaired as before.

Section 2.03. Possession of the Premises. Upon the occurrence of any Event of Default hereunder, it is agreed that the then owner of the Premises, if it is the occupant of the Premises or any part thereof, shall immediately surrender possession of the Premises so occupied to the Mortgagee, and if such occupant is permitted to remain in possession, the possession shall be as tenant of the Mortgagee and, on demand, such occupant (a) shall pay to the Mortgagee monthly, in advance, a reasonable rental for the space so occupied and in default thereof, and/or (b) may be



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dispossessed by the usual summary proceedings. The covenants herein contained may be enforced by a receiver of the Mortgaged Property or any part thereof. Nothing in this Section 2.03 shall be deemed to be a waiver of the provisions of this Mortgage prohibiting the sale or other disposition of the Premises without the Mortgagee's consent.

**Section 2.04. Interest After Default.** If any payment due hereunder, under the Note or any other Loan Document is not paid when due, either at stated or accelerated maturity or pursuant to any of the terms hereof, then and in such event, the Mortgagor shall pay interest thereon from and after the date on which such payment first becomes due at the interest rate provided for in Section 1.11 hereof and such interest shall be due and payable, on demand, at such rate until the entire amount due is paid to the Mortgagee, whether or not any action shall have been taken or proceeding commenced to recover the same or to foreclose this Mortgage. Nothing in this Section 2.04 or in any other provision of this Mortgage shall constitute an extension of the time of payment of the Indebtedness.

**Section 2.05. Mortgagor's Actions After Default.** After the happening of any Event of Default and immediately upon the commencement of any action, suit or other legal proceedings by the Mortgagee to obtain judgment for the Indebtedness, or of any other nature in aid of the enforcement of the Note or of this Mortgage or any other Loan Document, the Mortgagor will (a) waive the issuance and service of process and enter its voluntary appearance in such action, suit or proceeding, and (b) if required by the Mortgagee, consent to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof. The court in which such action, suit or legal proceeding is commenced shall appoint a receiver of the Premises whenever Mortgagee so requests pursuant to Section 735 ILCS 5/15-1702(a) of the Foreclosure Act or when such appointment is otherwise authorized by operation of law. Such receiver shall have all powers and duties prescribed by Section 735 ILCS 5/15-1704 of the Foreclosure Act. In addition, such receiver shall have 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 the period of receivership. The court from time to time either before or after entry of judgment of foreclosure, 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 or included in any judgment of foreclosure or supplemental judgment or other item for which Mortgagee is authorized to make a Protective Advance; and (b) the deficiency in case of a sale and deficiency. The Mortgagee's right to the appointment of a receiver under this Section 2.05 is an absolute right and shall not be affected by adequacy of security or solvency of the Mortgagor.

**Section 2.06. Control by Mortgagee After Default.** Notwithstanding the appointment of any receiver, liquidator or trustee of the Mortgagor, or of any of its property, or of the Mortgaged Property or any part thereof, the Mortgagee shall be entitled to retain possession and control of all property now and hereafter covered by this Mortgage.

**Section 2.07. Assignment of Rents and Leases.** To further secure the indebtedness secured hereby, Mortgagor hereby sells, assigns and transfers unto Mortgagee all the rents, issues and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any letting of, or of any agreement for the use or occupancy of the Premises or any part thereof, which may have been heretofore or may be hereafter made or agreed to or which may be made or agreed to by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all such leases and agreements, and all the avails thereunder, to Mortgagee and not





merely the passing of a security interest. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney in its name and stead (with or without taking possession of the Premises as provided herein) to rent, lease or let all or any portion of the Premises to any party or parties at such rental and upon such terms as said Mortgagee shall, in its discretion, determine, and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter, and all now due or that may hereafter become due under each and every of the leases and agreements, written or verbal, or other tenancy existing, or which may hereafter exist on the Premises, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as Mortgagee would have upon taking possession pursuant to the provisions hereof. As between Mortgagor and Mortgagee, Mortgagor waives any rights of set off against any person in possession of any portion of the Premises.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the taking of actual possession of the Premises by Mortgagee pursuant to this Mortgage. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagor.

Mortgagor further agrees to assign and transfer to Mortgagee all future leases upon all or any part of the Premises and to execute and deliver, at the request of Mortgagee, all such further assurances and assignments in the Premises as Mortgagee shall from time to time reasonably require.

Although it is the intention of the parties that the assignment contained in this Section 2.07 shall be a present absolute assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this Section until a default shall have occurred under this Mortgage, the Note, the Loan Agreement, the Loan Documents or any other instrument evidencing or securing the indebtedness secured hereby or delivered pursuant to the Loan Agreement and the default shall not have been cured within the applicable grace period provided therefor, if any.

Section 2.08. Mortgagee's Right of Possession in Case of Default. 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 it may or might incur by reason of its performance of any action authorized under Sections 2.02(a)(2), 2.03 and 2.07 hereof 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 of Mortgagor, except to the extent caused by or resulting from the gross negligence or willful misconduct of Mortgagee, its agents, employees or representatives or the failure of Mortgagee to materially comply with the terms hereof. Should Mortgagee incur any such liability, loss or damage, by its performance or nonperformance of actions authorized by this Section, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, together with interest on any such amount at the Delinquency Rate shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

Section 2.09. Application of Income Received by Mortgagee. Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it by Sections 2.02(a)(2), 2.03, 2.06 and 2.07 hereof, shall have full power to use and apply the avails, rents,



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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 and of Unit sales (which shall include reasonable compensation to Mortgagee and its agent or agents if management be delegated to an agent or agents, and shall also include lease and sales commissions and other compensation and expenses of seeking and procuring tenants or Unit purchasers, as applicable, and entering into leases or Unit Sale Contracts, as applicable), established claims for damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of Protective Advances; and

(c) to the payment of any Indebtedness or any deficiency which may result from any foreclosure sale.

The Mortgagee and any receiver of the Mortgaged Property or any part thereof, shall be liable to account for only those rents, issues and profits actually received by it.

## ARTICLE III Miscellaneous

Section 3.01. No Release. The Mortgagor agrees, that in the event the Mortgaged Property is sold and the Mortgagee enters into any agreement with the then owner of the Mortgaged Property extending the time of payment of the Indebtedness, or otherwise modifying the terms hereof, the Mortgagor shall continue to be liable to pay the Indebtedness according to the tenor of any such agreement unless expressly released and discharged in writing by the Mortgagee.

Section 3.02. Notices. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing, addressed as follows and shall be deemed to have been properly given if hand delivered, if sent by reputable overnight courier (effective the business day following delivery to such courier) or if mailed (effective two business days after mailing) by United States registered or certified mail, postage prepaid, return receipt requested:

If to Borrower: Horizon Development Group, Inc.  
3512 West Dempster Street  
Skokie, Illinois 60076  
Attn: Mr. Daniel Michael

with a copy to: Robert A. Motel, Esq.  
4433 West Touhy Avenue  
Suite 465  
Lincolnwood, Illinois 60646

If to Lender: Columbia National Bank of Chicago  
5250 North Harlem Avenue  
Chicago, Illinois 60656  
Attn.: Mr. Mark Spehr

with a copy to: Horwood, Marcus & Braun Chartered  
333 West Wacker Drive, Suite 2800  
Chicago, Illinois 60606  
Attn: Charles H. Braun, Esq.

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice. Notices given in any other fashion shall be deemed effective only upon receipt.

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Section 3.03. Binding Obligations. The provisions and covenants of this Mortgage shall run with the land, shall be binding upon the Mortgagor and shall inure to the benefit of the Mortgagee, subsequent holders of this Mortgage and their respective successors and assigns. For the purpose of this Mortgage, the term "Mortgagor" shall mean the Mortgagor named herein, any subsequent owner of the Mortgaged Property, and their respective heirs, executors, legal representatives, successors and assigns. If there is more than one Mortgagor, all their undertakings hereunder shall be deemed joint and several.

Section 3.04. Captions. The captions of the Sections of this Mortgage are for the purpose of convenience only and are not intended to be a part of this Mortgage and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

Section 3.05. Further Assurances. The Mortgagor shall do, execute, acknowledge and deliver, at the sole cost and expense of the Mortgagor, all and every such further acts, deeds, conveyances, mortgages, assignments, security agreements, financing statements, continuation statements, estoppel certificates, notices of assignment, transfers and assurances as the Mortgagee may reasonably require from time to time in order to better assure, convey, assign, transfer and confirm unto the Mortgagee, the rights now or hereafter intended to be granted to the Mortgagee under this Mortgage, any other instrument executed in connection with this Mortgage or any other instrument under which the Mortgagor may be or may hereafter become bound to convey, mortgage or assign to the Mortgagee for carrying out the intention of facilitating the performance of the terms of this Mortgage.

Section 3.06. Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

## Section 3.07. General Conditions

(a) This Mortgage cannot be altered, amended, modified or discharged orally and no executory agreement shall be effective to modify or discharge it in whole or in part, unless it is in writing and signed by the party against whom enforcement of the modification, alteration, amendment or discharge is sought.

(b) No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Mortgagee in exercising any right or power accruing upon any default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such default or Event of Default, or any acquiescence therein. Acceptance of any payment after the occurrence of an Event of Default shall not be deemed to waive or cure such Event of Default; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by the Mortgagee. No acceptance of any payment of any one or more delinquent installments which does not include interest at the penalty or Delinquency Rate from the date of delinquency, together with any required late charge, shall constitute a waiver of the right of Mortgagee at any time thereafter to demand and collect payment of interest at such Delinquency Rate or of late charges, if any. Nothing in this Mortgage or in the Note or in any of the other Loan Documents shall affect the obligation of the Mortgagor to pay the





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Indebtedness in the manner and at the time and place therein respectively expressed.

(c) No waiver by the Mortgagee will be effective unless it is in writing and then only to the extent specifically stated. Without limiting the generality of the foregoing, any payment made by the Mortgagee for insurance premiums, taxes, assessments, water rates, sewer rentals or any other charges affecting the Mortgaged Property, shall not constitute a waiver of the Mortgagor's default in making such payments and shall not obligate the Mortgagee to make any further payments.

(d) The Mortgagee shall have the right to appear in and defend any action or proceeding, in the name and on behalf of the Mortgagor which the Mortgagee, in its discretion, feels may adversely affect the Mortgaged Property or this Mortgage. The Mortgagee shall also have the right to institute any action or proceeding which the Mortgagee, in its discretion, feels should be brought to protect its interest in the Mortgaged Property or its rights hereunder. All costs and expenses incurred by the Mortgagee in connection with such actions or proceedings, including, without limitation, reasonable attorneys' fees and appellate attorneys' fees, shall be paid by the Mortgagor, on demand, in good and immediately available funds.

(e) In the event of the passage after the date of this Mortgage of any law of any governmental authority having jurisdiction, deducting from the value of land for the purpose of taxation, any lien or encumbrance thereon or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor or changing in any way the laws of the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the property for federal, state or local purposes, or the manner of the collection of any such taxes, so as to affect this Mortgage or the indebtedness secured hereby, the Mortgagor shall promptly pay to the Mortgagee, on demand, all taxes, costs and charges for which the Mortgagee is or may be liable as a result thereof, provided said payment shall not be prohibited by law or render the Note usurious, in which event the Mortgagee may declare the Indebtedness to be immediately due and payable.

(f) The information set forth on the cover hereof and/or added by Schedules, addenda or exhibits are hereby incorporated herein.

(g) The Mortgagor acknowledges that it has received a true copy of this Mortgage.

(h) For the purposes of this Mortgage, all defined terms contained herein shall be construed, whenever the context of this Mortgage so requires, so that the singular shall be construed as the plural and so that the masculine shall be construed as the feminine.

(i) This Mortgage contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

(j) In the event of a conflict between the provisions hereof and of the Loan Agreement, the provisions of the Loan Agreement shall control; provided, however, that if the Loan Agreement is silent as to a particular matter which is covered by this Mortgage, this Mortgage shall control.

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Section 3.08. Promotional Material. The Mortgagor authorizes the Mortgagee to issue press releases, advertisements and other promotional materials in connection with the Mortgagee's own business promotional and marketing activities, describing the loan referred to in this Mortgage and the matters giving rise to such loan.

Section 3.09. Legal Construction. The enforcement of this Mortgage shall be governed, construed and interpreted by the laws of the State of Illinois. Nothing in this Mortgage, the Note or in any other agreement between the Mortgagor and the Mortgagee shall require the Mortgagor to pay, or the Mortgagee to accept, interest in an amount which would subject the Mortgagee to any penalty under applicable law. In the event that the payment of any interest due hereunder or under the Note or any such other agreement or a payment which is deemed interest, exceeds the maximum amount payable as interest under the applicable usury laws, then such excess amount shall be applied to the reduction of the principal amount of the Indebtedness, or if such excess interest exceeds the then unpaid balance of the principal amount of the Indebtedness, the excess shall be applicable to the payment of such other portions of the Indebtedness then outstanding and upon payment in full of the Indebtedness, shall be deemed to be a payment made by mistake and shall be refunded to the Mortgagor.

Section 3.10. Credits Waived. The Mortgagor will not claim nor demand nor be entitled to any credit or credits against the Indebtedness for so much of the taxes assessed against the Mortgaged Property or any part thereof as is equal to the tax rate applied to the amount due on this Mortgage or any part thereof, and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property or any part thereof by reason of this Mortgage or the Indebtedness.

Section 3.11. Not Joint Venture or Horizon. The Mortgagor and the Mortgagee intend that the relationship created hereunder, under the Note and the other Loan Documents be solely that of mortgagor and mortgagee or borrower and lender, as the case may be. Nothing herein is intended to create, nor shall create nor be deemed to create a joint venture, partnership or tenancy relationship between the Mortgagor and the Mortgagee nor to grant the Mortgagee any interest in the Mortgaged Property other than that of mortgagee or lender.

Section 3.12. Failure to Consent. If the Mortgagor shall seek the approval by or the consent of the Mortgagee hereunder or under the Note, or any of the other Loan Documents and the Mortgagee shall fail or refuse to give such consent or approval, the Mortgagor shall not be entitled to any damages for any withholding or delay of such approval or consent by the Mortgagee, it being intended that the Mortgagor's sole remedy shall be to bring an action for an injunction or specific performance with remedy or injunction or specific performance shall be available only in those cases where the Mortgagee has expressly agreed hereunder or under the Note or under any of the other Loan Documents not to unreasonably withhold or delay its consent or approval.

Section 3.13. Power of Attorney. Wherever in this Mortgage or in any of the other Loan Documents the Mortgagee is appointed to act as attorney-in-fact for the Mortgagor, such appointment may be exercised by any Officer of the Mortgagee.

Section 3.14. Effect of Extensions of Time and Amendments. If the payment of the indebtedness secured by this Mortgage or any part thereof be extended or varied or if any part of the security be released, all persons now or at any time hereafter liable therefor, or interested in the Premises, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the

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right of recourse, if any, against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release. Any person or entity taking a junior mortgage or other lien upon the Premises or any interest therein, shall take said lien subject to the rights of Mortgagee herein to amend, modify, and supplement this Mortgage, the Note, the other Loan Documents, or any other document or instrument evidencing, securing, or guaranteeing the indebtedness hereby secured and to vary the rate of interest and the method of computing the same, and to impose additional fees and other charges, and to extend the maturity of said indebtedness, and to grant partial releases of the lien of this Mortgage, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien. Nothing in this paragraph contained shall be construed as waiving any provision contained herein which provides, among other things, that it shall constitute an Event of Default if the Premises are sold, conveyed, or encumbered.

Section 3.15. Fixtures. Mortgagor and 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 of the property 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) Mortgagor is the record owner of the property described in Exhibit A. The addresses of Mortgagor and Mortgagee are set forth in the Preamble hereof.

Section 3.16. Declaration of Subordination. At the option of 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 condemnation proceeds), to any and all leases of all or any part of the Premises upon the execution by Mortgagee, and recording thereof, at any time hereafter in the appropriate official records of the County wherein the Premises are situated, of a unilateral declaration to that effect.

Section 3.17. Partial Releases. Mortgagor shall grant partial releases of Units from time to time pursuant to Section 13.2 of the Loan Agreement and Section 13.2 of the Loan Agreement regarding partial releases of Units is hereby incorporated by reference as if fully set forth herein.

Section 3.18. Notwithstanding anything herein to the contrary, all requirements, obligations, rights, remedies and other terms in this Mortgage shall be expressly subject to the terms and conditions of the Act and the Condominium Organizational Documents.

Section 3.19. Trustee's Exculpation. This Mortgage is executed by Columbia National Bank of Chicago, not personally, but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee. All the terms, provisions, stipulations, covenants and conditions to be performed hereunder (whether or not the same are expressed in the terms of covenants, promises or agreements) by the named bank as trust company, are undertaken by it solely as trustee under the trust agreement, and not individually, and no personal liability shall be asserted or be enforceable against said named bank or trust company



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by reason of any of the terms, provisions, stipulations, covenants and conditions contained in this Mortgage.

IN WITNESS WHEREOF, this Mortgage has been duly executed as of the day and year first above written.

Columbia National Bank of Chicago,  
not personally but solely as Trustee  
as aforesaid

By: [Signature]  
Its: TRUST OFFICER

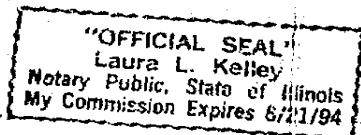
Attest:

By: [Signature]  
Its: TRUST OFFICER

STATE OF ILLINOIS )  
                          ) SS.  
COUNTY OF COOK )

I, LAURA L. KELLEY, a Notary Public in and for said County, in the state aforesaid, do hereby certify that PHILIP A. WITWISKI, ~~TRUST OFFICER~~ President of Columbia National Bank of Chicago, as Trustee under Trust Agreement dated March 1, 1993, and known as Trust No. 4294, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such ~~TRUST OFFICER~~ President, appeared before me this day in person and acknowledged that he signed and delivered said instrument as such officer of said bank and as his own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 24 day of March, 1993.



[Signature]  
Notary Public  
My Commission Expires: \_\_\_\_\_

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## EXHIBIT A

### Legal Description

LOT 19 (EXCEPT THE EAST 8 FEET THEREOF) LOT 20, 21, 22 IN  
BLOCK 4 IN OLIVER SALINGER AND COMPANY'S "L" TERMINAL  
SUBDIVISION BEING A SUBDIVISION OF PART OF LOT 4 AND ALL  
OF LOT 5 IN COUNTY CLERKS DIVISION TWO SECTION 16,  
TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL  
MERIDIAN, IN COOK COUNTY, ILLINOIS

Property of Cook County Clerk's Office

FIN: 10-16-217-034  
10-16-217-035  
10-16-217-036  
10-16-217-063

Common Address: 5014 West Church Street  
Skokie, Illinois 60076

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11/15/2011



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EXHIBIT B

Permitted Exceptions

1. Taxes not yet due and payable.

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