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Mortgage Commission
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This instrument was prepared by
(and after recording mail to):
William S. McDowell, Jr.
Baker & McKenzie
130 East Randolph Drive
Chicago, Illinois 60601

\$107⁰⁰

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT ("Mortgage"), made as of March 21, 1993, made and executed by LaSalle National Trust, N.A., as Trustee under Trust Agreement dated January 15, 1992 and known as Trust No. 116878 (hereinafter referred to as "Trustee") and Foster/Pulaski Limited Partnership, an Illinois limited partnership (hereinafter referred to as "Beneficiary") (Trustee and Beneficiary are hereinafter collectively referred to as "Borrower") in favor of Commonwealth of Pennsylvania State Employees' Retirement Board, an independent administrative board of the Commonwealth of Pennsylvania, transacting business as the Commonwealth of Pennsylvania State Employees' Retirement System ("Mortgagee");

WITNESSETH:

WHEREAS, by reason of that certain loan (the "Loan") made by Mortgagee pursuant to that certain Mortgage Application dated February 26, 1992 from Borrower to Mortgagee and accepted by Mortgagee on March 23, 1992, and as amended by letter dated December 28, 1992 (collectively, the "Loan Commitment"), Borrower is justly indebted to Mortgagee in the principal sum of Nine Million and No/100 Dollars (\$9,000,000.00) as evidenced by a Mortgage Note dated even date herewith executed by Borrower, and made payable to the order of and delivered to Mortgagee in the principal amount of Nine Million and No/100 Dollars (\$9,000,000.00) (the "Note"), whereby Borrower promises to pay the said principal sum, or so much thereof as shall from time to time be disbursed to or for the benefit of Borrower pursuant to the Loan Commitment, together with interest thereon, from the date and at the rate set forth therein, in installments as set forth therein at the office of Mortgagee, or at such other place as may be designated in writing by the legal holder thereof until March 1, 2000 (the "Maturity Date") at which time the principal sum secured hereby and all accrued interest thereon shall immediately become due and payable;

NOW, THEREFORE, in order to secure the payment of the indebtedness evidenced by the Note and the payment of all amounts due under and the performance and observance of all covenants and conditions contained in this Mortgage, the Note, the Loan Commitment, any and all other mortgages, security agreements, assignment of leases and rents, guaranties, indemnity agreements, letters of credit and any other documents and instruments now or hereafter executed by Borrower, or any party related thereto or affiliated therewith to evidence, secure or guarantee the payment of all or any portion of the indebtedness under the Note and any and all renewals, extensions, amendments and replacements of this Mortgage, the Note, the Loan Commitment

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such other mortgages, security agreements, assignments of leases and rents, guaranties, indemnity agreements, letters of credit, and any other documents and instruments now or hereafter executed and delivered in connection with the Loan, and any and all amendments, renewals, extensions and replacements hereof and thereof, being sometimes referred to collectively as the "Loan Instruments" and individually as a "Loan Instrument", and all indebtedness and liabilities secured hereby being hereinafter sometimes referred to as "Borrower's Liabilities", which indebtedness and liabilities being secured hereby shall, in no event, exceed \$18,000,000.00), Borrower does hereby convey, mortgage, assign, transfer, pledge and deliver to Mortgagee the following described property subject to the terms and conditions herein specified:

(A) The land located in Cook County, Illinois, legally described in attached Exhibit "A" ("Land");

(B) All the buildings, structures, improvements and fixtures of every kind or nature now or hereafter situated on the Land; and, to the extent not owned by tenants of the Mortgaged Property (as hereinafter defined), all machinery, appliances, equipment, furniture and all other personal property of every kind or nature located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Land, buildings, structures, improvements or fixtures now or hereafter located or to be located on the Land, or in connection with any construction being conducted or which may be conducted thereon, and all extensions, additions, improvements, substitutions and replacements to any of the foregoing ("Improvements");

(C) To the extent not owned by tenants of the Mortgaged Property, all building materials and goods which are procured or to be procured for use on or in connection with the Improvements or the construction of additional Improvements, whether or not such materials and goods have been delivered to the Land ("Materials");

(D) To the extent not owned by tenants of the Mortgaged Property, all unexpired claims, warranties, guaranties and sureties in connection with the construction, furnishing and equipping of the Mortgaged Property, all plans, specifications, architectural renderings, drawings, licenses, permits, certificates of occupancy, soil test reports, other reports of examinations or analyses of the Land or Improvements, contracts for services to be rendered to Borrower or otherwise in connection with the Improvements and all other property, contracts, including, without limitation, general contracts, subcontracts and material supply contracts relating to the construction of the Improvements, including tenant improvements, reports, proposals and other materials in any way relating to the Land or the Improvements or the construction of additional Improvements and any and all other intangible property of Borrower used solely in connection with or otherwise related to the acquisition, development or sale and marketing of the Mortgaged Property and all trade styles, trademarks and service marks used in connection therewith;

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(E) All easements, tenements, rights-of-way, vaults, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers and appurtenances in any way belonging, relating or appertaining to any of the Land or Improvements, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired ("Appurtenances");

(F) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Land, Improvements or Appurtenances or any part thereof or to any rights appurtenant thereto;

(G) All compensation, awards, damages, claims, rights of action and proceeds of or on account of (i) any damage or taking, pursuant to the power of eminent domain, of the Land, Improvements, Appurtenances or Materials or any part thereof, (ii) damage to all or any portion of the Land, Improvements or Appurtenances by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Land, Improvements, Appurtenances, Materials or of other property, or (iii) the alteration of the grade of any street or highway on or about the Land, Improvements, Appurtenances, Materials or any part thereof; and, except as otherwise provided herein, Mortgagee is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and, except as otherwise provided herein, to apply the same toward the payment of the indebtedness and other sums secured hereby;

(H) To the extent not owned by tenants of the Mortgaged Property, all contract rights, general intangibles, actions and rights in action, including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Land, Improvements, Appurtenances or Materials;

(I) To the extent not owned by tenants of the Mortgaged Property, all proceeds, products, replacements, additions, substitutions, renewals and accretions of and to the Land, Improvements, Appurtenances or Materials;

(J) All rents, issues, profits, income and other benefits now or hereafter arising from or in respect of the Land, Improvements or Appurtenances (the "Rents"); it being intended that this granting clause shall constitute an absolute and present assignment of the Rents pledged on a parity with the Land and Improvements and not secondarily, subject, however, to the conditional permission given to Borrower to collect and use the Rents as provided in this Mortgage;

(K) Any and all leases, licenses and other occupancy agreements now or hereafter affecting the Land, Improvements, Appurtenances or Materials, together with all security therefor and guaranties thereof and all monies payable thereunder, and all books and records owned by Borrower which contain evidence of payments made under the leases and all security given therefor (collectively, the "Leases"), subject, however, to the conditional permission given

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in this Mortgage to Borrower to collect the Rents arising under the Leases as provided in this Mortgage;

(L) Any and all after-acquired right, title or interest of Borrower in and to any of the property described in the preceding granting clauses; and

(M) The proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding grant clauses;

All of the property described in the preceding granting clauses (A) through (M) in this granting paragraph, together with all real and personal, tangible and intangible property pledged in, or to which a security interest attached pursuant to, any of the Loan Instruments is sometimes referred to collectively as the "Mortgaged Property".

ARTICLE 1

COVENANTS, WARRANTIES AND REPRESENTATIONS

Trustee covenants and agrees, and Beneficiary covenants and agrees with and warrants to Mortgagee as follows:

1.1 Organization and Power. Borrower has all requisite power, and has or will obtain and maintain all governmental certificates of authority, licenses, permits, qualifications and documentation to own, lease and operate its properties and to carry on its business as now being, and as proposed to be conducted, and is duly organized, validity existing, and in good standing under applicable law.

1.2 Performance under Note, Mortgage and other Loan Instruments. Borrower shall perform, observe and comply with or cause to be performed, observed and complied with in a complete and timely manner all provisions hereof and of the Note, every other Loan Instrument and every instrument evidencing or securing Borrower's Liabilities, and will promptly pay or cause to be paid to Mortgagee when due the principal with interest thereon and all other sums required to be paid by Borrower pursuant to the Note, this Mortgage, every other Loan Instrument and every other instrument evidencing or securing Borrower's Liabilities.

1.3 Title to Mortgaged Property and Power to Encumber. Beneficiary covenants, represents and warrants, and Trustee covenants and represents that as of the date hereof and at all times hereafter during the term hereof: (i) Trustee is and shall be seized of an indefeasible estate in fee simple in that portion of the Mortgaged Property which is real property (except that Parcel 2 of the Land is an easement the benefit of which is vested in Borrower), and has and shall have good and absolute title to it and the balance of the Mortgaged Property free and clear of all liens, security interests, charges and encumbrances whatsoever except those described in Exhibit "B", if any (the "Permitted Encumbrances"); (ii) Beneficiary owns and at all times hereafter during the term hereof shall continue to own 100% of the beneficial interest in the land

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trust, has and shall continue to have the sole power of direction over said trust, and said trust is and shall at all times remain unencumbered in every aspect; (iii) Borrower has good right, full power and lawful authority to mortgage and pledge the Mortgaged Property as provided herein; (iv) upon the occurrence of an Event of Default, Mortgagee may at all times peaceably and quietly enter upon, hold, occupy and enjoy the Mortgaged Property in accordance with the terms hereof; and (v) Borrower will maintain and preserve the lien of this Mortgage as a first and paramount lien on the Mortgaged Property subject only to the Permitted Encumbrances until Borrower's Liabilities have been paid in full.

1.4 Compliance with Laws, Insurance and Other Requirements. Borrower covenants and represents that the Land and the Improvements and the use thereof presently comply with, and will during the full term of this Mortgage continue to comply with, all applicable restrictive covenants, zoning and subdivision ordinances and building codes, licenses, health, environmental, and civil rights laws (including, but not limited to, The Americans With Disabilities Act of 1990) and regulations and all other applicable laws, ordinances, rules and regulations, and shall observe and comply with all conditions and requirements necessary to maintain in force the insurance required under Section 1.7 hereof, and to preserve and extend any and all rights, licenses, permits (including, but not limited to, zoning variances, special exceptions, and nonconforming uses) privileges, franchises, and concessions which are applicable to the Mortgaged Property or which have been granted to or contracted for by Borrower in connection with any existing or presently contemplated use of the Mortgaged Property. In the event that any building or other improvement on the premises must be altered or removed to enable Borrower to comply with the foregoing provisions of this Section 1.4, Borrower shall not commence any such alterations or removals without Mortgagee's prior approval of the need therefor and the plans and specifications pertaining thereto. After such approval, which shall not be unreasonably withheld or delayed, Borrower, at its sole cost and expense, shall effect the alterations or removal so required and approved by Mortgagee. Borrower shall not by act or omission permit any building or other improvement on land not subject to the lien of this Mortgage to rely on the Land or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Borrower hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Land or any interest therein to be so used. Similarly, no building or other Improvement on the Land shall rely on any land not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Borrower shall not by act or omission impair the integrity of the Land as a single zoning lot separate and apart from all other premises. Any act or omission by Borrower which would result in a violation of any of the provisions of this Section 1.4 shall be void. If any federal, state or other governmental body or any court issues any notice or order to the effect that the Mortgaged Property or any part thereof is not in compliance with any such covenant, ordinance, code, law or regulation, Borrower will promptly provide Mortgagee with a copy of such notice or order and will immediately commence and diligently perform all such actions as are necessary to comply therewith or otherwise correct such non-compliance. Borrower may in good faith, by appropriate proceedings timely commenced and thereafter diligently pursued, contest the validity or applicability of any such notice or order of non-compliance or the underlying covenant, ordinance, code, law or regulation; provided, that Borrower complies with all

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applicable laws with respect to any such contest. Borrower agrees, with respect to the construction, operation and leasing of the Land and Improvements, that persons otherwise entitled to any right, benefit, facility or privilege shall not be denied such right, benefit, facility or privilege in any manner or for any purpose nor be discriminated against on the basis of race, religion, marital status, age, color, sex, disability, national origin or ancestry.

1.5 Taxes and Other Charges.

(a) Taxes, Assessments and Other Charges. Borrower shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations, liens and encumbrances of every kind and nature whatsoever now or hereafter imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon or against this Mortgage or Borrower's Liabilities or upon or against the interest of Mortgagee in the Mortgaged Property, as well as all taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or in respect of the Mortgaged Property or any part thereof; provided, however, that unless compliance with applicable laws requires that taxes, assessments or other charges must be paid as a condition to protesting or contesting the amount thereof, Borrower may in good faith, by appropriate proceedings commenced within ninety (90) days of the due date of such amounts and thereafter diligently pursued, contest the validity, applicability or amount of any asserted tax, assessment or other charge and pending such contest Borrower shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment, Borrower shall first either (i) deposit with Mortgagee a bond or other security satisfactory to Mortgagee in the amount of one hundred twenty-five percent (125%) of the amount of such tax or assessment or (ii) obtain an endorsement, in form and substance satisfactory to Mortgagee, to the loan policy of title insurance issued to Mortgagee insuring the lien of this Mortgage, insuring over such tax or assessment. Borrower shall pay the disputed or contested tax, assessment or other charge and all interest and penalties due in respect thereof on or before the date any adjudication of the validity or amount thereof becomes final and in any event no less than thirty (30) days prior to any forfeiture or sale of the Mortgaged Property by reason of such non-payment. Upon Mortgagee's request, Borrower will promptly file, if it has not theretofore filed, such petition, application or other instrument as is necessary to cause the Land and Improvements to be taxed as a separate parcel or parcels which include no property not a part of the Mortgaged Property. Nothing in this Section 1.5 (a) shall require Borrower to pay any income, franchise or excise tax imposed upon Mortgagee, excepting only such which may be levied against the income of Mortgagee as a complete or partial substitute for taxes required to be paid by Borrower pursuant hereto. Borrower shall pay when due all charges incurred for the benefit of the Mortgaged Property (and not charged directly to tenants of the Mortgaged Property) for utilities, such as, but not limited to, energy, fuel, gas, electricity, water, sewer, and garbage removal, whether or not such charges are liens against the Mortgaged Property.

(b) Taxes Affecting Mortgagee's Interest. If any state, federal, municipal or other governmental law, order, rule or regulation, which becomes effective subsequent to the date

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hereof, in any manner changes or modifies existing laws governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting taxes, so as to impose on Mortgagee a tax by reason of its ownership of any or all of the Loan Instruments or measured by the principal amount of the Note, or which requires or has the practical effect of requiring Mortgagee to pay any portion of the real estate taxes levied in respect of the Mortgaged Property or to pay any tax levied in whole or in part in substitution for real estate taxes, Borrower's Liabilities and all interest accrued thereon shall, upon thirty (30) days' notice, become due and payable forthwith at the option of Mortgagee, whether or not there shall have occurred an Event of Default, provided, however, that, if Borrower may, without violating or causing a violation of such law, order, rule or regulation, pay such taxes or other sums as are necessary to eliminate such adverse effect upon the rights of Mortgagee and does pay such taxes or other sums when due, Mortgagee may not elect to declare due Borrower's Liabilities by reason of the provisions of this Section 1.5(b)).

(c) **Tax Escrow.** Borrower shall, in order to secure the performance and discharge of Borrower's obligations under Section 1.5(a), but not in lieu of such performance, deposit with Mortgagee on the first day of each calendar month throughout the term of the Loan, deposits, in amounts set by Mortgagee from time to time by written notice to Borrower, in order to accumulate funds sufficient to permit Mortgagee to pay all annual ad valorem taxes, assessments and charges of the nature described in Section 1.5 (a) at least thirty (30) days prior to the date or dates on which they shall become delinquent. The taxes, assessments and charges for purposes of this Section 1.5(c) shall, if Mortgagee so elects, include, without limitation, water and sewer rents. Borrower shall procure and deliver to Mortgagee when issued all statements or bills for such obligations. Upon demand by Mortgagee, Borrower shall deliver to Mortgagee such additional monies as are required to satisfy any deficiencies in the amounts necessary to enable Mortgagee to pay such taxes, assessments and similar charges thirty (30) days prior to the date they become delinquent. Mortgagee shall pay such taxes, assessments and other charges as they become due to the extent of the funds on deposit with Mortgagee from time to time and provided Borrower has delivered to Mortgagee the statements or bills therefor. In making any such payments, Mortgagee shall be entitled to rely on any bill issued in respect of any such taxes, assessments or charges without inquiry into the validity, propriety or amount thereof and whether delivered to Mortgagee by Borrower or otherwise obtained by Mortgagee. Any deposits received pursuant to this Section 1.5(c) shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Mortgagee and Mortgagee shall have no obligation to pay interest on amounts deposited with Mortgagee pursuant to this Section 1.5(c). If any Event of Default occurs any part or all of the amounts then on deposit or thereafter deposited with Mortgagee under this Section 1.5(c) may at Mortgagee's option be applied to payment of Borrower's Liabilities in such order as Mortgagee may determine. Notwithstanding the foregoing provisions of this Section 1.5(c), Borrower shall not be required to make the deposits described in this paragraph as and to the extent that such deposits relate to that certain Lease dated October 15, 1991 by and between Beneficiary, as lessor, and Jewel Food Stores, Inc., as lessee (the "Jewel Lease"), provided that (i) no Event of Default has occurred, (ii) the Jewel Lease has not been assigned, and (iii) Borrower has provided Mortgagee, within ten days

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following the respective payment due date, with reasonable proof of payment of all taxes, assessments and charges of the nature described in Section 1.5(a).

(d) No Credit Against the Indebtedness Secured Hereby. Borrower shall not claim, demand or be entitled to receive any credit against the principal or interest payable under the terms of the Note or on any of Borrower's Liabilities for any of the taxes, assessments or similar impositions assessed against the Mortgaged Property or any part thereof or that are applicable to Borrower's Liabilities or to Mortgagee's interest in the Mortgaged Property.

1.6 Mechanic's and Other Liens. Borrower shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien or encumbrance (other than any lien for taxes and assessments not yet due) to be created upon or against the Mortgaged Property, provided, however, that Borrower may in good faith, by appropriate proceeding, contest the validity, applicability or amount of any asserted lien and, pending such contest, Borrower shall not be deemed to be in default hereunder if Borrower shall first either (i) deposit with Mortgagee a bond or other security satisfactory to Mortgagee in the amount of one hundred twenty-five percent (125%) of the amount of such lien, or (ii) obtain an endorsement, in form and substance satisfactory to Mortgagee, to the loan policy of title insurance issued to Mortgagee insuring the lien of this Mortgage, insuring over such lien. Borrower shall pay the disputed amount and all interest and penalties due in respect thereof on or before the date any adjudication of the validity or amount thereof becomes final and, in any event, no less than thirty (30) days prior to any foreclosure sale of the Mortgaged Property or the exercise of any other remedy by such claimant against the Mortgaged Property.

1.7 Insurance and Condemnation.

(a) Hazard Insurance. Borrower shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of Mortgagee, until Borrower's Liabilities are paid in full, policies of hazard insurance in an amount which shall be not less than one hundred percent (100%) of the full insurable replacement cost of the Mortgaged Property (other than the Land) insuring on a replacement cost basis the Mortgaged Property against loss or damage on an "All Risks" form, such insurable hazards, casualties and contingencies as Mortgagee may require, including without limitation fire, windstorm, rainstorm, vandalism and, if all or any part of the Mortgaged Property shall at any time be located within an area identified by the government of the United States or any agency thereof as having special flood hazards and for which flood insurance is available, flood. Borrower shall not carry separate insurance, concurrent in kind or form and contributing in the event of loss, with any insurance required hereunder. Borrower shall pay promptly when due any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing them shall be acceptable to Mortgagee. If any such policy shall contain a coinsurance clause it shall also contain an agreed amount or stipulated value endorsement. All such policies and renewals thereof shall be held by Mortgagee and shall contain a standard mortgagee's noncontributing endorsement making losses payable to Mortgagee. No additional parties shall appear in the mortgagee clause without Mortgagee's prior written consent. In the event of loss, Borrower will give immediate written

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notice to Mortgagee and Mortgagee may make proof of loss if not made promptly by Borrower (for which purpose Borrower hereby irrevocably appoints Mortgagee as its attorney-in-fact). In the event of the foreclosure of this Mortgage or any other transfer of title to the Mortgaged Property in full or partial satisfaction of Borrower's Liabilities, all right, title and interest of Borrower in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee. All such policies shall provide that they shall not be modified, canceled or terminated without at least thirty (30) days' prior written notice to Mortgagee from the insurer. All such policies shall contain a waiver of subrogation endorsement.

(b) Other Insurance. Borrower shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of, Mortgagee, until Borrower's Liabilities are paid in full, (i) a general liability insurance policy of not less than \$1,000,000, (ii) a loss of rentals and/or business interruption insurance policy (in an amount equal to not less than one year's gross rent or gross income for a fully leased or fully operational building), and (iii) such other insurance policies relating to the Mortgaged Property and the use and operation thereof, including dramshop and workmen's compensation insurance, in such amounts as may be reasonably required by Mortgagee and with such companies and in such form as may be acceptable to Mortgagee. Mortgagee, by written demand upon Borrower, may require such policies to contain an endorsement, in form satisfactory to Mortgagee, naming Mortgagee as the loss payee thereunder. All such policies must contain a waiver of subrogation endorsement.

(c) Adjustment of Loss. Borrower shall obtain Mortgagee's written consent prior to any adjustment or compromise made by Borrower of any loss under any insurance policies covering or related to the Mortgaged Property if the amount of such loss exceeds \$25,000.00. Borrower hereby irrevocably appoints Mortgagee its attorney-in-fact for the purposes set forth in the preceding sentence. Each insurance company is hereby authorized and directed to make payment (i) of one hundred percent (100%) of all such losses of more than said amount directly to Mortgagee alone and (ii) of one hundred percent (100%) of all such losses of said amount or less directly to Borrower alone, and in no case to Borrower and Mortgagee jointly. After deducting from such insurance proceeds any expenses incurred by Mortgagee in the collection and settlement thereof, including without limitation attorneys' and adjusters' fees and charges, Mortgagee shall apply the net proceeds as provided in Section 1.7(e) hereof. Mortgagee shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure except in the event of Mortgagee's gross negligence or willful misconduct.

(d) Condemnation Awards. Mortgagee shall be entitled to all compensation, awards, damages, claims, rights of action and proceeds of, or on account of, (i) any damage or taking, pursuant to the power of eminent domain, of the Mortgaged Property or any part thereof, (ii) damage to the Mortgaged Property by reason of the taking, pursuant to the power of eminent domain, of other property, or (iii) the alteration of the grade of any street or highway on or about the Mortgaged Property. Mortgagee is hereby authorized, at its option, to commence, appear in and prosecute in its own or Mortgagee's name any action or proceeding relating to any such compensation, awards, damages, claims, rights of action and proceeds and to settle or

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compromise any claim in connection therewith. Borrower hereby irrevocably appoints Mortgagee as its attorney-in-fact for the purposes set forth in the preceding sentence. Mortgagee after deducting from such compensation, awards, damages, claims, rights of action and proceeds all its expenses, including attorneys' fees, may apply such net proceeds (except as otherwise provided in Section 1.7(e) hereof) to payment of Borrower's Liabilities in such order and manner as Mortgagee may elect. Borrower agrees to execute such further assignments of any compensation awards, damages, claims, rights of action and proceeds as Mortgagee may require.

(c) Repair: Proceeds of Casualty Insurance and Eminent Domain. If all or any part of the Mortgaged Property shall be damaged or destroyed by fire or other casualty or shall be damaged or taken through the exercise of the power of eminent domain or other cause described in Section 1.7(d) hereof, Borrower shall promptly and with all due diligence restore and repair the Mortgaged Property whether or not the proceeds, award or other compensation are sufficient to pay the cost of such restoration or repair. At Mortgagee's election, to be exercised by written notice to Borrower within thirty (30) days following Mortgagee's unrestricted receipt in cash or the equivalent thereof of such proceeds, award or other compensation, the entire amount of said proceeds, award or compensation shall either (i) be applied to Borrower's Liabilities in such order and manner as Mortgagee may elect or (ii) be made available to Borrower on the terms and conditions set forth in this Section 1.7(e) to finance the cost of restoration or repair with any excess to be applied to Borrower's Liabilities. If Mortgagee elects to make proceeds of insurance available for restoration, the amount of proceeds, award or compensation which is to be made available to Borrower, together with any deposits made by Borrower hereunder, shall be held by Mortgagee, Julian, Toft & Downey, Inc. or such other party as designated by Mortgagee to be disbursed to pay the cost of repair or restoration upon completion thereof either, at Mortgagee's option, to Borrower or directly to contractors, subcontractors, material suppliers and other persons entitled to payment in accordance with and subject to such conditions to disbursement as Mortgagee may impose to assure that the work has been fully completed in a good and workmanlike manner and paid for and that no liens or claims arise by reason thereof. Mortgagee or such other depository may commingle any such funds held by it with its other general funds. Mortgagee or such other depository shall not be obligated to pay interest in respect of any such funds held by it nor shall Borrower be entitled to a credit against any of Borrower's Liabilities except and to the extent the funds are applied thereto pursuant to this Section 1.7(e). Notwithstanding the foregoing provisions of this Section 1.7(c), Borrower shall be entitled to apply such proceeds, award or other compensation as described above to the repair and restoration of that portion of the Mortgaged Property that has been leased by Beneficiary to Jewel Food Stores, Inc. pursuant to the Jewel Lease if and when all of the following conditions have been satisfied: (i) no Event of Default shall be existing at the time of such casualty, taking or other event, (ii) Beneficiary is required, pursuant to the Jewel Lease, to undertake and complete such repair and/or restoration, (iii) such casualty, taking or other event has not occurred within the last year of the Loan, (iv) the repairs and/or restoration can, in Mortgagee's reasonable discretion, be completed prior to the last year of the Loan, and (v) the tenant under the Jewel Lease has not exercised any right to terminate said lease, nor has such tenant the right to so terminate if such repairs and/or restoration are completed pursuant to the terms of the Jewel Lease. Notwithstanding any other provision of this Section 1.7(e), if an

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Event of Default shall be existing at the time of such casualty, taking or other event or if an Event of Default occurs thereafter, Mortgagee shall have the right to immediately apply all insurance proceeds, awards or compensation to the payment of Borrower's Liabilities in such order and manner as Mortgagee may determine. Mortgagee shall have the right at all times to apply such net proceeds to the cure of any Event of Default or the performance of any obligations of Borrower under the Loan Instruments.

(f) Proceeds of Business Interruption and Rental Insurance. The net proceeds of business interruption and rental insurance shall be paid to Mortgagee for application first to Borrower's Liabilities in such order and manner as Mortgagee may elect and then to the creation of reserves for future payments of Borrower's Liabilities in such amounts as Mortgagee deems reasonably necessary with the balance to be remitted to Borrower subject to such controls as Mortgagee may deem reasonably necessary to assure that said balance is used to discharge accrued and to be accrued expenses of operation and maintenance of the Mortgaged Property.

(g) Renewal of Policies. At least thirty (30) days prior to the expiration date of any policy evidencing insurance required under this Section 1.7, a renewal thereof satisfactory to Mortgagee shall be delivered to Mortgagee or substitution therefor, together with the invoice for any premiums then due on such renewal policy or substitute policy.

(h) Insurance Escrow. Borrower shall, in order to secure the performance and discharge of Borrower's obligations under this Section 1.7, but not in lieu of such performance, deposit with Mortgagee on the first day of each calendar month throughout the term of the Loan, a sum in an amount determined by Mortgagee from time to time by written notice to Borrower, in order to accumulate funds sufficient to permit Mortgagee to pay all premiums payable in connection with the insurance required hereunder at least thirty (30) days prior to the date or dates on which they shall become due. Upon demand by Mortgagee, Borrower shall deliver to Mortgagee such additional monies as are required to satisfy any deficiencies in the amounts necessary to enable Mortgagee to pay such premiums thirty (30) days prior to the date they shall become due. Any deposits received pursuant to this Section 1.7(h) shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Mortgagee and Mortgagee shall have no obligation to pay interest on amounts deposited with Mortgagee pursuant to this Section 1.7(h). If any Event of Default occurs any part or all of the amounts then on deposit or thereafter deposited with Mortgagee under this Section 1.7(h) may at Mortgagee's option be applied to payment of Borrower's Liabilities in such order as Mortgagee may determine.

1.8 Non-Impairment of Mortgagee's Rights. Nothing contained in this Mortgage shall be deemed to limit or otherwise affect any right or remedy of Mortgagee under any provision of this Mortgage or of any statute or rule of law to pay and, upon Borrower's failure to pay the same, Mortgagee may pay any amount required to be paid by Borrower under Sections 1.4, 1.5 and 1.6. Borrower shall pay to Mortgagee on demand the amount so paid by Mortgagee together with interest at the Default Rate (as defined in the Note), and the amount so paid by Mortgagee shall be added to Borrower's Liabilities. The provisions of Sections 1.5(c) and 1.7(h) are solely for the added protection of Mortgagee and entail no responsibility

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on Mortgagee's part beyond the allowing of due credit as specifically provided therein. Upon assignment of this Mortgage, any funds on hand shall be turned over to the assignee and, provided the assignee shall assume Mortgagee's responsibilities with respect to such funds, any responsibility of Mortgagee with respect to such funds shall terminate.

1.9. Preservation, Restoration and Use of Mortgaged Property. Borrower shall complete, within a reasonable time, any building or buildings or other improvements now or at any time in the process of being constructed upon the Land. No building or other improvement on the Land shall (except as required by law) be altered, removed, or demolished nor shall any fixtures or appliances on, in or about said buildings or Improvements be severed, removed, sold or mortgaged, without the prior written consent of Mortgagee, and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels, or articles of personal property covered hereby or by any separate security agreement given in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from any security interest in or encumbrances thereon or reservation of title thereto. Subject to the provisions of Section 1.7 hereof, Borrower shall promptly repair, restore, or rebuild any buildings or Improvements now or hereafter on the Land which may become damaged or be destroyed. The buildings and Improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. Borrower shall not permit, commit, or suffer any waste, impairment, or deterioration of the Mortgaged Property or any part or improvement thereof, and shall keep and maintain the Mortgaged Property and every part thereof in good repair and condition and effect such repairs as Mortgagee may reasonably require, and, from time to time, make all needful and proper replacements and additions thereto so that said buildings, fixtures, machinery, and appurtenances will at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed. Borrower shall not suffer or permit the premises to be abandoned or to be used for any purpose other than as specified in the Loan Commitment. Borrower shall not subject the premises to any use covenants or restrictions and shall not initiate, join in or consent to any change in any existing private restrictive covenant, zoning ordinance, or other public or private restriction limiting or defining the uses which may be made of or the kind of improvements which can be constructed or placed on the Land or any part thereof, and shall promptly notify Mortgagee of, and appear in and defend, at Borrower's sole cost and expense, any such proceedings seeking to effect any of the foregoing. Borrower shall not subdivide the Land and shall not subject the Land and Improvements to the provisions of the condominium laws of the State of Illinois. No improvement on the Land or on land adjoining the Land which is owned or controlled by Borrower shall be constructed unless plans and specifications therefor have been first submitted to Mortgagee and approved by it, in the exercise of its reasonable judgment, as entailing no prejudice to the Loan secured hereby or the security therefor.

1.10 Transfer or Encumbrance of the Mortgaged Property. Borrower shall not permit or suffer to occur any sale, assignment, conveyance, transfer, mortgage, lease (other than leases made in accordance with the provisions of this Mortgage) or encumbrance of or any contract for any of the foregoing on an installment basis; or otherwise, pertaining to the

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Mortgaged Property, any part thereof, any interest therein, or in any trust holding title to the Mortgaged Property or any direct or indirect interest in a corporation, partnership or other entity which owns all or part of the Mortgaged Property or such beneficial interest, whether by operation of law or otherwise (hereinafter collectively referred to as "Transfer or Encumbrance") without the prior written consent of Mortgagee having been obtained (i) to any such Transfer or Encumbrance and (ii) to the form and substance of any instrument evidencing or contracting for any such Transfer or Encumbrance. Without limitation of the foregoing, Mortgagee may condition its consent upon any combination of (i) the payment of a fee to be set by Mortgagee, (ii) the increase of the interest rate payable under the Note, (iii) the shortening of maturity of the Note, and (iv) other modifications of the terms of the Note or the other Loan Instruments. Borrower shall not, without the prior written consent of Mortgagee, further assign or permit to be assigned the Rents from the Mortgaged Property, and any such assignment without the prior express written consent of Mortgagee shall be null and void. Borrower shall not permit any interest in any Lease of the Mortgaged Property to be subordinated to any encumbrance on the Mortgaged Property other than the Loan Instruments and any such subordination shall be null and void. Borrower agrees that in the event the ownership of the Mortgaged Property, any interest therein or any part thereof becomes vested in a person other than Borrower, Mortgagee may, without notice to Borrower, deal in any way with such successor or successors in interest with reference to this Mortgage, the Note, the Loan Instruments and Borrower's Liabilities without in any way vitiating or discharging Borrower's liability hereunder or Borrower's Liabilities. No sale of the Mortgaged Property, no forbearance to any person with respect to this Mortgage, and no extension to any person of the time for payment of the Note or any other Borrower's Liabilities given by Mortgagee shall operate to release, discharge, modify, change or affect the original liability of Borrower, either in whole or in part, except to the extent specifically agreed in writing by Mortgagee.

1.11 Further Assurances. At any time and from time to time, upon Mortgagee's request, and provided that Borrower's Liabilities are not thereby increased, Borrower shall make, execute and deliver, or cause to be made, executed and delivered, to Mortgagee, and where appropriate shall cause to be recorded, registered or filed, and from time to time thereafter to be re-recorded, re-registered and refiled at such time and in such offices and places as shall be deemed desirable by Mortgagee, any and all such further mortgages, security agreements, financing statements, instruments of further assurance, certificates and other documents as Mortgagee may consider reasonably necessary or desirable in order to effectuate or perfect, or to continue and preserve the obligations under, the Note, this Mortgage, any other Loan Instrument and any instrument evidencing or securing Borrower's Liabilities, and the lien of this Mortgage as a lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by Borrower, and unto all and every person or persons deriving any estate, right, title or interest under this Mortgage. Upon any failure by Borrower to do so, Mortgagee may make, execute, record, register, file, re-record, re-register or re-file any and all such mortgage, instruments, certificates and documents for and in the name of Borrower, and Borrower hereby irrevocably appoints Mortgagee the agent and attorney-in-fact of Borrower to do so.

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1.12 Security Agreement and Financing Statements.

(a) Grant of Security Interest. Borrower (as debtor) hereby grants to Mortgagee (as creditor and secured party) a security interest under the Uniform Commercial Code in all fixtures, machinery, appliances, equipment, furniture and personal property of every nature whatsoever constituting part of the Mortgaged Property. Borrower shall execute any and all documents, including without limitation financing statements pursuant to the Uniform Commercial Code, as Mortgagee may request to preserve, maintain and perfect the priority of the first lien and security interest created hereby on property which may be deemed personal property or fixtures, and shall pay to Mortgagee on demand any expenses incurred by Mortgagee in connection with the preparation, execution and filing of any such documents. Borrower hereby authorizes and empowers Mortgagee and irrevocably appoints Mortgagee the agent and attorney-in-fact of Borrower to execute and file, on Borrower's behalf, all financing statements and refilings and continuations thereof as Mortgagee deems necessary or advisable to create, preserve and protect such lien. When and if Borrower and Mortgagee shall respectively become the debtor and secured party in any Uniform Commercial Code financing statements affecting the Mortgaged Property (or Mortgagee takes possession of personal property delivered by Borrower where possession is the means of perfection of the security interest), then, at Mortgagee's sole election, this Mortgage shall be deemed a security agreement as defined in such Uniform Commercial Code, and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law, or, as to such part of the security which is also reflected in such financing statement, by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code.

(b) Remedies under UCC. Without limitation of the provisions of Section 1.12(a) hereof, if an Event of Default occurs, Mortgagee shall be entitled immediately to exercise all remedies available to it under the Uniform Commercial Code and this Section 1.12. Borrower shall, in such event and if Mortgagee so requests, assemble the tangible personal property at Borrower's expense, at a convenient place designated by Mortgagee. Borrower shall pay all expenses incurred by Mortgagee in the collection of such indebtedness including reasonable attorneys' fees and legal expenses, and in the repair of any real estate or other property to which any of the tangible personal property may be affixed. If any notification of intended disposition of any of the personal property is required by law, such notification shall be deemed reasonable and proper if given at least ten (10) days before such disposition. Any proceeds of the disposition of any of the personal property may be applied by Mortgagee to the payment of the reasonable expenses of retaking, holding, preparing for sale and selling the personal property, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by Mortgagee toward the payment of such of Borrower's Liabilities, and in such order of application, as Mortgagee may from time to time elect. If an Event of Default occurs, Mortgagee shall have the right to exercise and shall automatically succeed to all rights of Borrower with respect to intangible personal property subject to the security interest granted herein. Any party to any contract subject to the security interest granted herein shall be entitled to rely on the rights of Mortgagee without the necessity of any further notice or action by

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Borrower. Mortgagee shall not by reason of this Mortgage or the exercise of any right granted hereby be obligated to perform any obligation of Borrower with respect to any portion of the personal property nor shall Mortgagee be responsible for any act committed by the Borrower, or any breach or failure to perform by the Borrower with respect to any portion of the personal property.

(c) Financing Statements. Borrower and Mortgagee agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing the express declaration and intention of the parties hereto, hereinabove stated, that everything used in connection with the production of income from the Mortgaged Property and/or adapted for use therein and/or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings, legal or equitable, shall be regarded as part of the real estate encumbered by this Mortgage irrespective of whether (i) any such item is physically attached to the Land or Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Mortgagee, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (i) rights in or to the proceeds of any fire and/or hazard insurance policy, or (ii) any award in eminent domain proceedings for a taking or for loss of value, or (iii) Borrower's interest as lessor in any present or future Lease or rights to income growing out of the use and/or occupancy of the Mortgaged Property, whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of Mortgagee as determined by this instrument or adversely affecting the priority of Mortgagee's lien granted hereby or by any other recorded document. Any such mention in any such financing statement is declared to be for the protection of Mortgagee in the event any court or judge shall at any time hold with respect to clauses (i), (ii) or (iii) in the preceding sentence, that notice of Mortgagee's priority of interest, to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivisions or entity of the federal government, must be filed in the Uniform Commercial Code records.

1.13 Assignment of Rents.

(a) Mortgagee's Rights under Assignment of Rents. The assignment of rents, income and other benefits contained in clause (J) of the granting paragraph of this Mortgage shall be fully operative without any further action on the part of either party, and, specifically, Mortgagee shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all Rents, income and other benefits from the Mortgaged Property which accrue after occurrence of the Event of Default, whether or not Mortgagee takes possession of such property. To the extent permitted by law, Borrower hereby further grants to Mortgagee the right effective upon the occurrence of an Event of Default to do any or all of the following, at Mortgagee's option: (i) enter upon and take possession of the Mortgaged Property for the purpose of collecting the Rents, income and other benefits; (ii) dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Mortgagee; (iii) lease the Mortgaged Property or any part thereof; (iv) repair, restore and improve the Mortgaged Property; and (v)

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apply the Rents, income and other benefits, after payment of certain expenses and capital expenditures relating to the Mortgaged Property, on account of Borrower's Liabilities in such order and manner as Mortgagee may elect. Such assignment and grant shall continue in effect until Borrower's Liabilities are paid in full, the execution of this Mortgage constituting and evidencing the irrevocable consent of Borrower to the entry upon and taking possession of the Mortgaged Property by Mortgagee pursuant to such grant, whether or not foreclosure proceedings have been instituted. Neither the exercise of any rights under this Section 1.13 by Mortgagee nor the application of any such Rents, income or other benefits to payment of Borrower's Liabilities shall cure or waive any Event of Default or notice provided for hereunder, or invalidate any act done pursuant hereto or pursuant to any such notice, but shall be cumulative of all other rights and remedies. Borrower has executed and delivered to Mortgagee an Assignment of Rents and Leases of even date herewith (the "Assignment of Rents") and, to the extent that the provisions of this Section 1.13 or Section 1.14 are inconsistent with the provisions of said Assignment of Rents, the provisions of said Assignment of Rents shall control. Notwithstanding the foregoing, so long as no Event of Default has occurred or is continuing, Borrower shall have the right and authority to continue to collect the Rents, income and benefits from the Mortgaged Property as they become due and payable but not more than thirty (30) days prior to the due date thereof. The existence or exercise of such right of Borrower to collect such Rents, income and other benefits shall not operate to subordinate this assignment to any subsequent assignment of such Rents, income or other benefits, in whole or in part, by Borrower, and any such subsequent assignment by Borrower shall be subject to the rights of Mortgagee hereunder.

(b) Rent Payments. Borrower shall not permit any rent under any Lease of the Mortgaged Property to be collected more than thirty (30) days in advance of the due date thereof and, upon any receiver, Mortgagee, anyone claiming by, through or under Mortgagee or any purchaser at a foreclosure sale coming into possession of the Mortgaged Property, no tenant shall be given credit for any rent paid more than thirty (30) days in advance of the due date thereof. Borrower shall act promptly to enforce all available remedies against any delinquent lessee so as to protect the interest of the lessor under the Leases and to preserve the value of the Mortgaged Property.

1.14 Leases Affecting Mortgaged Property.

(a) Landlord Obligations. Borrower shall comply with and perform in a complete and timely manner all of its obligations as landlord under all Leases affecting the Mortgaged Property or any part thereof. Borrower shall give notice to Mortgagee of any default by the landlord under any Lease affecting the Mortgaged Property promptly upon the occurrence of such default, but, in any event, in such time to afford Mortgagee an opportunity to cure any such default prior to the tenant having any right to terminate the Lease. Borrower shall furnish promptly to Mortgagee (i) original or certified copies of all such Leases now existing or hereafter created, as amended, and (ii) a current rent roll in form reasonably satisfactory to Mortgagee certified by an authorized officer of Borrower. Mortgagee shall have the right to

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notify at any time from time to time any tenant of the Mortgaged Property of any provision of this Mortgage.

(b) Assignment of Lease. The assignment contained in clause (K) of the granting paragraph of this Mortgage shall not be deemed to impose upon Mortgagee any of the obligations or duties of the landlord or Borrower provided in any Lease, including, without limitation, any liability under the covenant of quiet enjoyment contained in any Lease in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage. Borrower hereby acknowledges and agrees that Borrower is and will remain liable under such Leases to the same extent as though the assignment contained in clause (K) of said granting paragraph had not been made. Mortgagee disclaims any assumption of the obligations imposed upon the landlord or Borrower under the Leases, except as to such obligations which arise after such time as Mortgagee shall have exercised the rights and privileges conferred upon it by the assignment contained in clause (K) of said granting paragraph, Borrower shall, from time to time upon request of Mortgagee, specifically assign to Mortgagee as additional security hereunder, by an instrument in writing in such form as may be approved by Mortgagee, all right, title and interest of Borrower in and to any and all Leases now or hereafter of or affecting the Mortgaged Property or any part thereof together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Borrower to collect the rentals under such Lease. Borrower shall also execute and deliver to Mortgagee any notification, financing statement or other document reasonably required by Mortgagee to perfect the foregoing assignment as to any such Lease. The provisions of this Section 1.14 shall be subject to the provisions of Section (H) of said granting paragraph.

(c) Execution of Leases. Borrower shall not permit any Leases to be made of the Mortgaged Property except as may be permitted by the Assignment of Rents without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed. If Mortgagee does not give written objection within 14 days after the last to occur of: (i) receipt by Mortgagee of a complete copy of the actual lease for which approval is requested; and (ii) receipt by Mortgagee of a request by Borrower for such approval, then said lease shall be deemed approved by Mortgagee. Following general approval of a form Lease by Mortgagee, Borrower shall not modify the approved Lease form in any material respect without Mortgagee's prior written consent. Borrower shall not permit any Lease affecting the Mortgaged Property to be modified, renewed or extended (except pursuant to options in existing leases) nor execute any new Lease except as permitted by the Assignment of Rents.

(d) Cancellation Payments. Any cancellation penalties or other consideration paid to the Borrower where the settlement is \$10,000.00 or greater as the result of any tenant vacating all or any portion of the Mortgaged Property before the expiration date of any Lease shall be deposited into an interest bearing account with an escrow agent acceptable to Mortgagee. Escrowed funds plus accrued interest shall be released to the Borrower upon leasing of the vacant space to a tenant acceptable to Mortgagee who is in occupancy, open for business and paying rent as evidenced by an acceptable estoppel certificate, completion of all tenant improvements, and approval by Mortgagee of all Lease terms and conditions. In the event a

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portion of the space is leased and fulfills the above conditions, the amount of funds released shall be the lesser of (i) the actual cost of retreating the space including leasing commissions and tenant improvements; or (ii) the amount calculated by dividing the total escrowed funds (including accrued interest) by the total space vacated, then multiplying the result by the amount of newly leased space. Any accrued interest will only be released with the final disbursement. Borrower shall have the right to post an unconditional letter of credit from an institution reasonably acceptable to Mortgagee (which shall include the Chase Manhattan Bank) in the amount of the cancellation penalty or other consideration received in lieu of cash and for a term which is acceptable to Mortgagee.

1.4 Management of Mortgaged Property. Borrower shall cause the Mortgaged Property to be managed at all times in accordance with sound business practice. Borrower shall cause the Mortgaged Property to be managed by a competent and reputable managing agent acceptable to Mortgagee pursuant to a management agreement approved by Mortgagee in writing in advance of execution thereof by Borrower, or anyone acting on its behalf. Following such approval, Borrower shall not permit the management agreement to be terminated (except for good cause after notice to Mortgagee), modified or amended in any material respect, or extended, or permit a change in the identity of the management agent, without Mortgagee's prior written consent which will not be unreasonably withheld or delayed, provided, however, that it shall not be deemed unreasonable if Mortgagee requires as a condition to giving such consent that the proposed property manager fully subordinate to the lien of this Mortgage, or at Mortgagee's election, waive, any lien for past, present or prospective services to which said property manager might otherwise be entitled by reason of Section 1 of the Act relating to contractors' and materialmen's liens, known as mechanics' liens, as amended (Ill. Rev. Stat. C. 82, S.1). Each management agreement shall be subject in all respects to the lien of this Mortgage and the rights of Mortgagee hereunder, and each management agreement shall so provide.

1.16 Expenses. Borrower shall pay when due and payable, and otherwise on demand made by Mortgagee, all reasonable out-of-pocket loan fees, appraisal fees, recording and filing fees, taxes, brokerage fees and commissions, financing fees, servicing fees, abstract and survey fees, title insurance fees, escrow fees, attorneys' fees (for purposes of this Mortgage and the other Loan Instruments, attorney's fees shall include compensation and overhead expenses attributable to counsel in the employment of Mortgagee or the Commonwealth of Pennsylvania in addition to the fees of any other attorneys retained by Mortgagee), court costs, documentary and expert evidence, fees of inspecting architects and engineers, costs of environmental investigations, and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by Mortgagee in connection with any of the following:

- (i) The preparation, execution, delivery and performance of the Loan Instruments;
- (ii) The funding of the Loan;

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(iii) Any court or administrative proceeding involving Borrower, the Mortgaged Property or the Loan Instruments to which Mortgagee is made a party or is subject to subpoena by reason of its being a holder of any of the Loan Instruments, including without limitation bankruptcy, insolvency, reorganization, probate, eminent domain, condemnation, building code and zoning proceedings;

(iv) Any court or administrative proceeding or other action undertaken by Mortgagee to enforce any remedy or to collect any indebtedness due under this Mortgage or any of the other Loan Instruments following an Event of Default thereunder, including without limitation a foreclosure of this Mortgage or a public or private sale under the Uniform Commercial Code;

(v) Any remedy exercised by Mortgagee following an Event of Default including foreclosure of this Mortgage and actions in connection with taking possession of the Mortgaged Property or collecting rents assigned hereby and by the Assignment of Leases and Rents;

(vi) Any activity in connection with any request by Borrower, or anyone acting on behalf of Borrower that the Mortgagee consent to a proposed action which, pursuant to this Mortgage or any of the other Loan Instruments may be undertaken or consummated only with the prior consent of Mortgagee, whether or not such consent is granted; or

(vii) Any negotiation undertaken between Mortgagee and Borrower, or anyone acting on behalf of Borrower pertaining to the existence or cure of any default under or the modification or extension of any of the Loan Instruments.

If Borrower fails to pay said costs and expenses as above provided within ten (10) days after demand therefor, Mortgagee may elect, but shall not be obligated, to pay the costs and expenses described in this paragraph, and if Mortgagee does so elect, the Borrower will, upon demand by Mortgagee, reimburse Mortgagee for all such expenses which have been or shall be paid or incurred by it; provided, however, Borrower shall not be responsible to pay fees incurred by Mortgagee in any litigation between Borrower and Mortgagee in the event that Borrower is the prevailing party in such litigation. The amounts paid by Mortgagee in respect of such expenses, together with interest thereon at the Default Rate (as defined in the Note) from the date paid by Mortgagee until paid by Borrower, shall be added to Borrower's Liabilities, shall be immediately due and payable and shall be secured by the lien of this Mortgage and the other Loan Instruments. In the event of foreclosure hereof, Mortgagee shall be entitled to add to the indebtedness found to be due by the court a reasonable estimate of such expenses to be incurred after entry of the decree of foreclosure. To the extent permitted by law, Borrower agrees to hold harmless Mortgagee against and from, and reimburse it for all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses, including without limitation attorneys' fees, which may be imposed upon, asserted against, or incurred or paid by it by reason of or in connection with any bodily injury or death or property damage occurring in or

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upon or in the vicinity of the Mortgaged Property through any cause whatsoever, or asserted against it on account of any act performed or omitted to be performed hereunder, or on account of any transaction arising out of or in any way connected with the Mortgaged Property, this Mortgage, the other Loan Instruments, any of the indebtedness evidenced by the Note or any of Borrower's Liabilities.

1.17 Mortgagee's Performance of Borrower's Obligations. If Borrower fails to pay any tax, assessment, encumbrance or other imposition, or to furnish insurance hereunder, or to perform any other covenant, condition or term in this Mortgage, the Note or any other Loan Instrument, Mortgagee may, after giving written notice to Borrower, but shall not be obligated to, pay, obtain or perform the same. All payments made, whether such payments are regular or accelerated payments, and costs and expenses incurred or paid by Mortgagee in connection therewith shall be due and payable immediately. The amounts so incurred or paid by Mortgagee, together with interest thereon at the Default Rate (as defined in the Note) from the date paid by Mortgagee until reimbursed by Borrower, shall be added to Borrower's Liabilities and secured by the lien of this Mortgage and the other Loan Instruments. Mortgagee is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any covenant, condition or term that Borrower has failed to perform or observe, without thereby becoming liable to Borrower or any person in possession holding under Borrower. Performance or payment by Mortgagee of any obligation of Borrower shall not relieve Borrower of such obligation or of the consequences of having failed to perform or pay the same and shall not effect the cure of any Event of Default.

1.18 Payment of Superior Liens. To the extent that Mortgagee, after the date hereof, pays any sum due under any provision of law or instrument or document creating any lien superior or equal in priority in whole or in part to the lien of this Mortgage, Mortgagee shall have and be entitled to a lien on the premises equal in priority with that discharged, and Mortgagee shall be subrogated to and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Mortgagee to secure the Note and all obligations and liabilities secured hereby. Mortgagee shall be subrogated, notwithstanding their release of record, to mortgages, trust deeds, superior titles, vendors' liens, mechanics' and materialmen's liens, charges, encumbrances, rights and equities on the Mortgaged Property to the extent that any obligation under any thereof is paid or discharged with proceeds of disbursements or advances under the Note or other indebtedness secured hereby.

1.19 Books and Records; Financial Statements. Borrower shall keep and maintain at all times complete, true and accurate books of account and records reflecting the results of the operation of the Mortgaged Property. Borrower shall furnish to Mortgagee prior to April 30 of each year, annual financial statements pertaining to the Mortgaged Property prepared and certified by a certified public accountant acceptable to Mortgagee. Such statements shall be prepared in accordance with the income tax method of accounting used by Borrower. Such annual statements shall also include a rent roll for the Mortgaged Property showing all tenants and their Lease terms. The expense of such certified statements shall be borne by the Borrower.

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In the event Borrower fails to provide the required financial statement by April 30 of any year, Mortgagee shall have the right to conduct an independent audit of the Mortgaged Property at Borrower's expense. Borrower agrees to deliver current financial statements of Borrower and of Mark Tanquay, Patrick Burke, Steven Stratton, James Kartheiser, and Thomas Zumm approximately thirty (30) days prior to closing and subsequently prior to April 30, of each year during the term of the Loan. Such financial statements shall include, in reasonable detail, a balance sheet, and shall be prepared and certified by a certified public account acceptable to Mortgagee. From time to time, as Mortgagee may require, Borrower shall provide Mortgagee with interim financial statements, certified occupancy reports, certified rent rolls and any such other information pertaining to the Mortgaged Property and the operation thereof. All such financial statements shall be in form reasonably satisfactory to Mortgagee and prepared in accordance with generally accepted accounting principles consistently applied except those financial statements to be prepared pursuant to a cash basis method of accounting. In the event of a foreclosure of this Mortgage, all of Borrower's books and records maintained in connection with the Mortgaged Property shall be made available to the successful bidder at the foreclosure sale for inspection and copying for a period of not less than three (3) years following such sale.

1.20 Estoppel Certificate. Borrower, within ten (10) days after written request from Mortgagee, shall furnish a written statement executed by Borrower setting forth the unpaid principal of, and interest on, the Note and any other unpaid sums secured hereby, and whether or not any offsets or defenses are claimed to exist against the payment of such principal and interest or other sums and, if any such offsets or defenses are claimed, the specific basis and amount of each such claim. Borrower shall have the right to request from Mortgagee a written statement executed by Mortgagee setting forth the information specified in the foregoing sentence; provided, however, that Mortgagee shall not be obligated to furnish Borrower any such statement more than once a year. If Borrower objects to the principal, interest or escrow amount or the application of any payment shown on any written statement, receipt, invoice or other written notice received by Borrower or any officer of Borrower, Borrower shall raise such objection by written notice to Mortgagee within ninety (90) days following receipt of such statement, receipt, invoice or other written notice or else such objection shall be deemed waived by Borrower and such other parties. If Mortgagee fails to respond to any such written objection received from Borrower within ninety (90) days following receipt of such written objection, then Mortgagee shall be deemed to have agreed to such objection and shall modify its records to correctly reflect the amounts stated in Borrower's written objection.

1.21 Prevention of Prescription Rights. Borrower shall not suffer or permit the Mortgaged Property, or any portion thereof, to be used by the public, as such, without restriction or in such manner as might reasonably tend to impair Borrower's title to the Mortgaged Property or any portion thereof, or in such manner as might reasonably tend to impair Borrower's title to the Mortgaged Property or any portion thereof, or in such manner as might reasonably make possible a claim or claims of easement by prescription or adverse possession by the public, as such, or of implied dedication of the Mortgaged Property or any portion thereof.

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1.22 Litigation Involving Mortgaged Property. Borrower shall promptly notify Mortgagee of any litigation, administrative procedure or proposed legislative action initiated against Borrower, or the Mortgaged Property or in which the Mortgaged Property is directly or indirectly affected including any proceedings which seek to (i) enforce any lien against the Mortgaged Property, (ii) correct, change or prohibit any existing condition, feature or use of the Mortgaged Property, (iii) condemn or demolish the Mortgaged Property, (iv) take, by the power of eminent domain, any portion of the Mortgaged Property or any property which would damage the Mortgaged Property, (v) modify the zoning applicable to the Mortgaged Property, or (vi) otherwise adversely affect the Mortgaged Property. Borrower shall initiate or appear in any legal action or other appropriate proceedings when necessary to protect the Mortgaged Property from damage. Borrower shall, upon written request of Mortgagee, represent and defend the interests of Mortgagee in any proceedings described in this Section 1.22 or, at Mortgagee's election, pay the fees and expenses of any counsel retained by Mortgagee to represent the interest of Mortgagee in any such proceedings.

1.23 Environmental Matters.

(a) Definitions. For purposes of this Mortgage:

(i) **Environmental Laws.** The term "Environmental Laws" means all federal, state and local statutes, laws, rules, regulations, ordinances, requirements, or rules of common law, including, but not limited to those specifically listed in the next sentence, any judicial or administrative interpretation thereof, and any judicial and administrative interpretation thereof, and any judicial and administrative consent decrees, orders or judgments, whether now existing or hereafter promulgated, relating to public health and safety and protection of the environment;

(ii) **Hazardous Material.** The term "Hazardous Material" means: (A) "hazardous substances", as defined by the Comprehensive Environmental Response, Compensation and Liability Act 415 ILCS 5/1 et seq. and the Illinois Environmental Protection Act, Ill. Rev. Stat. Ch. 111-1/2 Sec. 1001 et seq.; (B) "hazardous wastes", as defined by the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Sec. 6902 et seq.; (C) any radioactive material, as described in 42 U.S.C. Sec. 2011 et seq., as amended or hereafter amended; (D) any toxic or hazardous wastes, pollutants, or substances, including without limitation, asbestos in any form or condition, PCBs, petroleum products and by-products, and substances defined as "hazardous substances" or "toxic substances" or similarly identified in the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801 et seq., The Toxic Substance Control Act of 1976, as amended, 15 U.S.C. Sec. 2601 et seq., Clean Water Act, 33 U.S.C. Sec. 1251 et seq., as amended, and Clean Air Act, 42 U.S.C. Sec. 7401 et seq., or in any other applicable federal, state or local Environmental Laws;

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(iii) Mortgagee Affiliates. The term "Mortgagee Affiliates" means any of Mortgagee's parent and subsidiary corporations, and their respective shareholders, directors, officers, employees, and agents;

(iv) Mortgagee's Environmental Liability. The term "Mortgagee's Environmental Liability" means any losses, liabilities, obligations, penalties, claims, litigation demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against Mortgagee or any of its Mortgagee Affiliates in connection with or arising from: (A) any Hazardous Material on, in, under or affecting all or any portion of the Mortgaged Property, the groundwater, or any surrounding areas during the period of Borrower's ownership of the Mortgaged Property; (B) any misrepresentation, inaccuracy or breach of any warranty, covenant or agreement contained or referred to in this Section; (C) any violation of claim of violation by Borrower of any Environmental Laws; (D) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material relating to a violation of any Environmental Law or the presence of any Hazardous Material on the Mortgaged Property during the period of Borrower's ownership thereof; or (E) any violation of IRPTA, including, but not limited to, the production and recording and filing of a disclosure document, arising out of or related to the execution and delivery of this Mortgage to Mortgagee or the transactions evidenced or secured by the Note, Loan Agreement, this Mortgage or any of the other Loan Documents.

(b) Representations and Warranties. Trustee represents, and Beneficiary hereby represents and warrants to Mortgagee that to Borrower's actual knowledge:

(i) Compliance. The Mortgaged Property (including underlying groundwater and areas leased to tenants, if any), and the use and operation thereof, are currently in compliance with all applicable Environmental Laws. All required governmental permits and licenses are in effect, and Borrower is in compliance therewith. All Hazardous Material generated or handled by Borrower or by others during the period of Borrower's ownership of the Mortgaged Property on the Mortgaged Property have been disposed of in a lawful manner.

(ii) Absence of Hazardous Material. No generation, manufacture, storage, treatment, transportation or disposal of Hazardous Material has occurred during the period of Borrower's legal or equitable ownership of the Mortgaged Property nor is occurring on or from the Mortgaged Property. No environmental or public health or safety hazards currently exist with respect to the Mortgaged Property or the business

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or operations conducted thereon. No underground storage tanks (including petroleum storage tanks) are present on or under the Mortgaged Property.

(iii) Proceedings and Actions. There are no pending or threatened: (i) actions or proceedings by any governmental agency or any other entity regarding public health risks or the environmental condition of the Mortgaged Property, or the disposal or presence of Hazardous Material, or regarding any Environmental Laws; or (ii) liens or governmental actions, notices of violations, notices of noncompliance or other proceedings of any kind that could impair the value of the Mortgaged Property, or the priority of this Mortgage lien or of any of the other documents or instruments now or hereafter given as security for the indebtedness hereby secured.

(iv) Illinois Responsible Property Transfer Act. The Mortgaged Property is not "real property" within the meaning of Section 3(e) of the Illinois Responsible Property Transfer Act of 1988, as amended, (765 ILCS 90/1 et seq.) ("IRPTA"), and this Mortgage does not require the delivery or recording of a disclosure document pursuant to the IRPTA.

(c) Borrower's Covenants. Borrower hereby covenants and agrees with Mortgagee as follows:

(i) Compliance. The Mortgaged Property and the use and operation thereof, shall comply with all Environmental Laws. All required governmental permits and licenses shall remain in effect, and Borrower shall comply therewith. All Hazardous Material present, handled or generated on the Mortgaged Property will be disposed in a lawful manner. Borrower will satisfy all requirements of applicable Environmental Laws for the maintenance and removal of all underground storage tanks on the Mortgaged Premises, if any. Without limiting the foregoing, all Hazardous Material shall be handled in compliance with all applicable Environmental Laws.

(ii) Absence of Hazardous Material. No Hazardous Material shall be introduced to or handled on the Mortgaged Property.

(iii) Proceedings and Actions. Borrower shall immediately notify Mortgagee and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports or notices relating to the condition of the Mortgaged Property or compliance with Environmental Laws. Borrower shall promptly cure and have dismissed any such actions and proceedings to the satisfaction of Mortgagee. Borrower shall keep the Mortgaged Property free of any lien imposed pursuant to Environmental Laws.

(iv) Environmental Audit. Borrower shall provide such information and certifications which Mortgagee may reasonably request from time to time to insure Borrower's compliance with this Section. To investigate Borrower's compliance with

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Environmental Laws and with this Section, Mortgagee shall have the right, but no obligation, at any time during normal business hours after notice to Borrower to enter upon the Mortgaged Property, take samples, review Borrower's books and records, interview Borrower's employees and officers, and conduct similar activities. Borrower shall cooperate in the conduct of such an audit. Such audit shall be conducted with as little interference to tenants as reasonably practicable. Damage to the Mortgaged Property caused by Mortgagee in conducting such audit shall be repaired by Mortgagee unless Mortgagee had a reasonable basis for suspecting that a violation of any Environmental Laws existed.

(d) Mortgagee's Right to Rely. Mortgagee is entitled to rely upon Borrower's representations and warranties contained in this Section despite any independent investigations by Mortgagee or its consultants. The Borrower shall take reasonable actions to determine for itself, and to remain aware of, the environmental condition of the Mortgaged Property and shall have no right to rely upon any environmental investigations or findings made by Mortgagee or its consultants.

(e) Indemnification. Borrower agrees to indemnify, defend (at trial and appellate levels and with counsel acceptable to Mortgagee and at Borrower's sole cost) and hold Mortgagee and its Mortgagee Affiliates free and harmless from and against Mortgagee's Environmental Liability; provided, however, such indemnification shall not apply to any liability incurred by Mortgagee as a direct result of affirmative actions of Mortgagee as owner and operator of the Mortgaged Property after Mortgagee has acquired title to the Mortgaged Property and which actions are the sole and direct cause of damage resulting from the introduction and initial release of a Hazardous Material upon the Mortgaged Property. The foregoing indemnification, defense and hold harmless obligations shall survive repayment of the Note or any transfer of the Mortgaged Property by foreclosure or by a deed in lieu of foreclosure, provided that this indemnity shall expire on the date which is five (5) years from the date Mortgagee acquires title to the Mortgaged Property unless Mortgagee has notified Borrower before said expiration date of a claimed Environmental Liability, in which case this indemnity shall survive in full force and effect as to said claimed Environmental Liability about which Mortgagee has notified Borrower to the maximum extent permitted by law. Except in respect to the gross negligence or willful misconduct by Mortgagee in the operation of the Mortgaged Property, Borrower, its successors and assigns, hereby waive, release and agree not to make any claim or bring any cost recovery action against Mortgagee under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that Mortgagee is strictly liable under any Environmental Laws, Borrower's obligation to Mortgagee under this indemnity shall likewise be without regard to fault on the part of Borrower with respect to the violation or condition which results in liability to Mortgagee.

1.24 Annual Inspection. Borrower agrees to permit Mortgagee's mortgage correspondent, at Mortgagee's sole cost and expense, to make annual inspections on the Mortgaged Property for purpose of determining the condition of the Mortgaged Property.

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ARTICLE 2

DEFAULTS

2.1 Event of Default. The term "Event of Default", wherever used in this Mortgage, shall mean any one or more of the following events:

(i) The failure by Borrower: (A) to pay or deposit when due (1) any payment of interest and/or principal following the date any such payment is due and payable under the Note; (2) any deposit for taxes and assessments due hereunder; or (3) any other sums to be paid by Borrower hereunder after such payment is due hereunder; or (B) to keep, perform or observe any other covenant, condition or agreement on the part of Borrower in this Mortgage and such failure shall continue for thirty (30) days following the delivery of a written notice to Borrower, unless such failure is incapable of being cured within 30 days and Borrower is exercising due diligence to correct such failure, in which event Borrower shall have an additional 30 days within which to completely cure such failure.

(ii) The occurrence of a default under any of the Loan Instruments not cured within such cure, grace or other period, if any, provided in such Loan Instrument.

(iii) The occurrence of an "Event of Default" under and as defined in any of the Loan Instruments.

(iv) The untruth in any material respect of any warranty or representation made herein or in any affidavit or certificate executed by any person in connection with the Loan, the application therefor or the disbursement thereof.

(v) An uninsured loss, damage, destruction or taking by eminent domain or other condemnation proceedings of any substantial portion of the Mortgaged Property or any part of the Mortgaged Property which materially impairs any of the intended uses of the Mortgaged Property. Notwithstanding the above, in the event Borrower promptly remits to Mortgagee such sums as are necessary, in Mortgagee's sole judgment, to restore or repair such loss, damage or destruction, such loss, damage or destruction shall not constitute an Event of Default; provided, however, that in the event such loss, damage or destruction is uninsured by reason of Borrower's failure to procure or maintain any insurance required under this Mortgage or any of the other Loan Instruments, and notwithstanding anything in Section 2.1(a) to the contrary, such failure shall constitute an Event of Default.

(vi) The appointment of a receiver, trustee or conservator of Borrower, all or any part of the Mortgaged Property or Borrower's business pertaining to the operation of the Mortgaged Property, which appointment is not dismissed within ninety (90) days after being made.

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(vii) The occurrence of any of the following events:

(A) An admission in writing by a "Party in Interest" of its inability to pay debts as they become due;

(B) The institution by a Party in Interest of bankruptcy, reorganization, insolvency or arrangement proceedings of any kind under federal bankruptcy statutes or any similar law (state or federal) now or hereafter existing;

(C) The institution against a Party in Interest of bankruptcy, reorganization, insolvency or arrangement proceedings of any kind under federal bankruptcy statutes or any similar law (state or federal) now or hereafter existing which proceedings are not dismissed within sixty (60) days of filing;

(D) The making of a general assignment for the benefit of creditors by a Party in Interest;

(E) The declaration by any court, government or governmental agency of the bankruptcy or insolvency of a Party in Interest which is not dismissed within sixty (60) days after being declared;

(F) The entry of a final judgment against a Party in Interest in excess of \$100,000.00 which is not satisfied within sixty (60) days of the date on which such judgment shall have become final and all stays of execution pending appeal or otherwise shall have expired; provided, however, if such judgment is not capable of being satisfied within said sixty (60) day period or Borrower seeks to contest the validity of such judgment by appropriate proceeding diligently commenced and pursued, the entry of such judgment shall not be an Event of Default hereunder if Borrower shall, within five (5) days after entry of such judgment, either (1) deposit with Mortgagee a bond or other security satisfactory to Mortgagee in the amount of one hundred twenty-five percent (125%) of the amount of such judgment, or (2) obtain an endorsement, in form and substance satisfactory to Mortgagee, to the loan title policy issued to Mortgagee insuring over such judgment.

(G) The issuance of a writ or warrant of attachment, levy, seizure or distraint or any similar process against a Party in Interest or all or a material part of the Mortgaged Property which is not stayed within sixty (60) days of issuance or the lapse of any such stay; or

(H) Any amendment of the partnership agreement of Borrower or of the partnership agreement of the partnership which is the general partner of

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Borrower or of a change in the ownership or control of the corporation which is the general partner of such partnership which would result in a violation of Section 1.10 herein, without Mortgagee's prior written consent.

For purposes of the foregoing clauses (A) through (H), "a Party in Interest" shall mean Borrower and the persons named in Section 1.19 hereof.

(viii) The filing of any lien or claim for lien against any portion of the Mortgaged Property and the failure of Borrower, within thirty (30) days following the date of recording, to discharge such lien or to induce the title insurance company to commit to insure Mortgagee over such lien.

(ix) The occurrence of a sale, assignment, conveyance, transfer, mortgage, lien or encumbrance of, or execution of a contract for any of the foregoing, in violation of Section 1.10 hereof.

(x) Any part of the Mortgaged Property is found to be contaminated by Hazardous Materials.

For purposes of this Mortgage, Borrower shall be deemed to be "in default" under this Mortgage and a "default" shall be deemed to exist under this Mortgage if an Event of Default shall have occurred and be continuing or if any event shall have occurred which would constitute an Event of Default if not cured following the giving of notice or prior to the expiration of any grace period or both.

ARTICLE 3

REMEDIES

3.1 Acceleration of Maturity. If an Event of Default shall have occurred, Mortgagee may declare the outstanding principal amount of the Note and the interest accrued thereon and any other of Borrower's Liabilities to be immediately due and payable, and upon such declaration such principal and interest and other Borrower's Liabilities declared due shall immediately become and be due and payable without further demand or notice.

3.2 Foreclosure. Mortgagee may proceed to protect and enforce the rights of the Mortgagee hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether of the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law, or (ii) by the foreclosure of this Mortgage. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness hereby secured in the decree of sale, all expenditures and expenses authorized by the Illinois Mortgage Foreclosure Act, (735 ILCS 5/15-110i et seq.), as from time to time amended (the "Act") and all other expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for

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reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree the true conditions of the title to or the value of the Mortgaged Property. All expenditures and expenses of the nature mentioned in this paragraph, and such other expenses and fees as may be incurred in the protection of the Mortgaged Property and Rents and income therefrom and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Note or the Mortgaged Property, including bankruptcy proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional indebtedness hereby secured and shall be immediately due and payable by Borrower, with interest thereon at the Default Rate until paid.

3.3 Appointment of Receiver. Mortgagee shall, as a matter of right, with notice and without giving bond to Borrower or anyone claiming by, under or through it, and without regard to the solvency or insolvency of Borrower or the then value of the Mortgaged Property, be entitled to have a receiver appointed pursuant to Section 15-1702 of the Act of all or any part of the Mortgaged Property and the Rents, issues and profits thereof, with such power as the court making such appointment shall confer, and borrower hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, with notice, enter upon and take possession of the Mortgaged Property or any part thereof and may remove Borrower or other persons as provided by law and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, Rents, issues and proceeds accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

3.4 Mortgagee's Right to Enter and Take Possession, Operate and Apply Income. Upon demand by Mortgagee, Borrower shall surrender to Mortgagee and Mortgagee may enter and take possession of the Mortgaged Property or any part thereof personally, by its agent or attorneys or be placed in possession pursuant to court order as mortgagee in possession or receiver as provided in Section 15-1701 of the Act, and Mortgagee, in its discretion, personally, by its agents or attorneys or pursuant to court order as mortgagee in possession or receiver as provided in Section 15-1701 of the Act may enter upon and take and maintain possession of all or any part of the Mortgaged Property, together with all documents, books, records, papers, and accounts of Borrower relating thereto, and may exclude Borrower and any agents and servants thereof wholly therefrom and may, on behalf of Borrower, or in its own name as Mortgagee and under the powers herein granted:

- (i) hold, operate, manage and control all or any part of the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be

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deemed proper or necessary to enforce the payment or security of the Rents, issues, deposits, profits, and avails of the Mortgaged Property, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Borrower;

(ii) cancel or terminate any Lease or sublease of all or any part of the Mortgaged Property for any cause or on any ground that would entitle Borrower to cancel the same;

(iii) to the extent permitted by law, elect to disaffirm any Lease or sublease of all or any part of the Mortgaged Property made subsequent to this Mortgage without Mortgagee's prior written consent;

(iv) extend or modify any then existing Leases and make new Leases of all or any part of the Mortgaged Property, which extensions, modifications, and new Leases may provide for terms to expire or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Loan evidenced by the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such Leases, and the options or other such provisions to be contained therein, shall be binding upon Borrower, all persons whose interests in the Mortgaged Property are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness hereby secured, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;

(v) make all necessary or proper repairs, decoration renewals, replacements, alterations, additions, betterments, and improvements in connection with the Mortgaged Property as may seem judicious to Mortgagee, to insure and reinsure the Mortgaged Property and all risk incidental to Mortgagee's possession, operation and management thereof, and to receive all Rents, issues, deposits, profits, and avails therefrom; and

(vi) apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Mortgaged Property, to the payment of taxes, premiums and other charges applicable to the Mortgaged Property, or in reduction of the indebtedness hereby secured in such order and manner as Mortgagee shall select.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Mortgaged Property. The right to enter and take possession of the Mortgaged Property and use any personal property therein, to manage, operate, conserve and improve the Mortgaged Property, and to collect the Rents, issues and profits thereof, shall be in addition to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expenses, including any receiver's fees, reasonable counsel fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured hereby which expenses

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Borrower promises to pay upon demand together with interest at the rate applicable to the Note at the time such expenses are incurred. Mortgagee shall not be liable to account to Borrower for any action taken pursuant thereto other than to account for any Rents actually received by Mortgagee. Without taking possession of the Mortgaged Property in the event the Mortgaged Property becomes vacant or are abandoned, Mortgagee may take such steps as it deems appropriate to protect and secure the Mortgaged Property, including hiring watchmen therefor, and all costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Rate provided in the Note.

3.5 Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. Borrower shall not and will not apply for or avail itself of any appraisalment, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Borrower for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclosure such lien may order the Mortgaged Property sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Mortgaged Property may be sold in one parcel as an entirety or in separate lots or parcels at the same or different times, all as the Mortgagee may determine. Mortgagee shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Mortgagee so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Mortgagee with the amount payable to Mortgagee out of the net proceeds of such sale. In the event of any such sale, the Note and the other indebtedness hereby secured, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. To the fullest extent permitted by law, Borrower hereby voluntarily and knowingly waives any and all rights of redemption as allowed under Section 15-1601(b) of the Act, and to the fullest extent permitted by law, the benefits of all present and future valuation, appraisalment, homestead, exemption and moratorium laws under any state or federal law, all on behalf of Borrower, and each and every person acquiring any interest in, or title to the Mortgaged Property described herein subsequent to the date of this Mortgage, and on behalf of all other persons. Borrower acknowledges and agrees that the land covered by this Mortgage at the time of execution hereof is neither "Agricultural Real Estate" nor "Residential Real Estate" (as those terms are defined in the Act).

3.6 Costs and Expenses of Foreclosure. In any suit to foreclose the lien hereof there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographic charges, publication costs and costs (which may be estimated as the items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance commitments and policies, and similar data and assurances necessary either to prosecute any foreclosure action or to evidence to the bidder at any sale pursuant thereto the condition of the title to or the value of the Mortgaged Property, and all of which expenditures

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shall become so much additional indebtedness hereby secured which Borrower agrees to pay and all of such shall be immediately due and payable with interest thereon from the date of expenditure until paid at the Default Rate.

3.7 Sale of Mortgaged Property. Any real estate or any interest or estate therein sold pursuant to any court order or decree obtained pursuant to the Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by the Act. At any such sale, Mortgagee may bid for and acquire, as purchaser, 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 due the amount of Mortgagee's bid.

3.8 Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property or of any sale of property pursuant to this Mortgage shall be distributed in the following order of priority: First, on account of all costs and expenses incident to the foreclosure or other proceedings including all such items as are mentioned in this Mortgage; Second, to all other items which under the terms hereof constitute indebtedness hereby secured in addition to that evidenced by the Note with interest thereon as herein provided; Third, to all interest on the Note; Fourth, to all principal on the Note with any surplus to whomsoever shall be lawfully entitled to such surplus.

3.9 Remedies Cumulative and Concurrent. No remedy or right of Mortgagee hereunder, or under any other Loan Document or otherwise available under applicable law, shall be exclusive of any other right or remedy, but each such remedy or right shall be in addition to, every other remedy or right now or hereafter existing at law or in equity under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any default shall impair any such remedy or right to be construed to be a waiver of any such default or any acquiescence therein, nor shall it affect any subsequent default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Mortgagee. All obligations of the Borrower, and all rights, powers and remedies of the Mortgagee expressed herein shall be in addition to, and not in limitation of, those provided by law or in the Note or any other Loan Documents.

3.10 Remedies for Leases. If any Event of Default shall occur, then, whether before or after institution of legal proceedings to foreclose the lien of this Mortgage or before or after the sale thereunder, the Mortgagee shall be entitled in its discretion, to do any of the following: (i) enter and take actual possession of the Mortgaged Property, the Rents, the Leases and other property relating thereto or any part thereof personally, or by its agents or attorneys and exclude Borrower therefrom; (ii) enter upon and take and maintain possession of all of the documents, books, records, papers and accounts of Borrower relating thereto; (iii) as attorney-in-fact or agent of Borrower, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the Rents, the Leases and other property relating thereto and conduct the business thereof either personally or by its agents, contractors or nominees, with full

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power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment of the Rent, the Leases and other property relating thereto (including actions for the recovery of rent, actions in forcible detainer and actions in distress of rent); (iv) cancel or terminate any Lease for any cause or on any ground which would entitle Borrower to cancel the same; (v) elect to disaffirm any Lease made subsequent hereto, or subordinated to the lien hereof; (vi) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements to the Mortgaged Property that, in its discretion, may seem appropriate; (vii) insure and reinsure the Mortgaged Property for all risk incidental to the Mortgagee's possession, operation and management thereof; and (viii) receive all Rents and proceeds, and perform such other acts in connection with the management and operation of the Mortgaged Property as Mortgagee in its discretion may deem proper, Borrower hereby granting full power and authority to exercise each and every of the rights, privileges and powers contained herein at any and all times after any Event of Default without notice to Borrower. The Mortgagee, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the Rents and other funds it receives in respect to the Mortgaged Property to the payment of or on account of the following, in such order as it may determine: (i) to the payment of the operating expenses of the Mortgaged Property, including the cost of management and leasing thereof, which shall include reasonable compensation to the Mortgagee and its agents or contractors, and it shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases, established claims for damages, if any, and premiums on insurance hereinabove authorized; (ii) to the payment of taxes, charges and special assessments, the costs of all repairs, decorating, renewals, replacements, alterations, additions, or betterments, and improvements of the Mortgaged Property, including the cost from time to time of installing, replacing or repairing the Mortgaged Property and of placing the Mortgaged Property in such condition as will, in the judgment of the Mortgagee, make it readily rentable; and (iii) to the payment of any amounts secured by this Mortgage.

3.11 Partial Payments. Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to demand payment of the balance due, or any other rights of the Mortgagee at that time or any subsequent time.

3.12 Tender of Payment After Acceleration. In the event, after legal proceedings are instituted to foreclose the lien of this Mortgage, tender is made of the entire indebtedness due hereunder, Mortgagee shall be entitled to reimbursement for expenses incurred in connection with such legal proceedings, including such expenditures as are enumerated above, and such expenses shall be so much additional indebtedness secured by this Mortgage, and no such suit or proceedings shall be dismissed or otherwise disposed of until such fees, expenses, and charges shall have been paid in full.

3.13 Delays and Omissions. No course of dealing and no delay in the exercise of or failure to exercise any remedy or right accruing by reason of any default under this Mortgage shall impair any such remedy or right or be construed to be a waiver of any such default or

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acquiescence therein, nor shall it affect any subsequent default of the same or of a different nature.

3.14 Rescission of Election. Acceleration of maturity, once made by Mortgagee, may at the option of Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed, whereupon, in either of such events, Borrower and Mortgagee shall be restored to their former positions, and the rights, remedies and power of Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been commenced, as the case may be.

3.15 No Liability on Mortgagee. Notwithstanding anything contained herein to the contrary, the Mortgagee shall not be obligated to perform or discharge, any obligation, duty or liability of Borrower, whether under any of the Leases or otherwise, and Borrower shall and does hereby agree to indemnify and hold the Mortgagee harmless of and from any and all liability, claim, expense, loss or damage which Mortgagee may or might incur with respect to the Mortgaged Property, or under or by reason of its exercise of rights hereunder, and of and from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligations or undertakings on its part to be performed or discharged unless due to the gross negligence or willful misconduct of Mortgagee, its agents or employees. The Mortgagee shall not have responsibility for the control, care, management or repair of the Mortgaged Property nor shall the Mortgagee be responsible for liable for any negligence in the management, operation, upkeep, repair or control of the Mortgaged Property resulting in loss or injury or death to any Tenant, licensee, employee or stranger. No liability shall be enforced or asserted against the Mortgagee in its exercise of the powers herein granted to it, and Borrower expressly waives and releases any such liability except in the event of the gross negligence or willful misconduct of Mortgagee following Mortgagee's obtaining of title to or possession of the Mortgaged Property. Should the Mortgagee incur any such liability, loss or damage, under any of the Leases or under or by reason hereof, or in the defense of any claims or demands the Borrower, to the fullest extent permitted by law, agrees to reimburse the Mortgagee immediately upon demand for the amount thereof, including costs, expenses and a reasonable attorney's fees, together with interest thereon from date of such payment at the Default Rate.

3.16 Extent of Remedies. In the event that any provision in this Mortgage shall be inconsistent with any provision of the Act, the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act. If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of the Borrower which are more limited than the rights that would otherwise be vested in Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

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ARTICLE 4

MISCELLANEOUS PROVISIONS

4.1 Heirs, Successors and Assigns Included in Parties. Whenever Borrower or Mortgagee is named or referred to herein, heirs and successors and assigns of such person or entity shall be included, and all covenants and agreement contained in this Mortgage shall bind the successors and assigns of Borrower, including any subsequent owner of all or any part of the Mortgaged Property and inure to the benefit of the successors and assigns of Mortgagee. This Section 4.1 shall not be construed to permit an assignment, transfer, conveyance, encumbrance or other disposition otherwise prohibited by this Mortgage.

4.2 Notices. All notices, requests, reports, demands or other instruments required or contemplated to be given or furnished under this Mortgage to Borrower to Mortgagee shall be directed to Borrower or Mortgagee as the case may be at the following addresses:

If to Mortgagee: Commonwealth of Pennsylvania State
Employees' Retirement System
c/o Latimer & Buck Financial
Services, Inc.
121 South Broad Street
Philadelphia, Pennsylvania 19107
Attn: Douglas Callantine
Executive Vice President

With a copy to: Chief Counsel
Commonwealth of Pennsylvania State
Employees' Retirement System
30 North Third Street
Harrisburg, Pennsylvania 17108-1147
Attn: Jeffrey B. Clay, Esq.

With a copy to: Julian, Toft & Downey, Inc.
Three First National Plaza
54th Floor
Chicago, Illinois 60602
Attn: Michael Goldman

With a copy to: Baker & McKenzie
130 East Randolph Drive
Chicago, Illinois 60601
Attn: William S. McDowell, Jr.

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If to Borrower: Foster/Pulaski Limited Partnership
Suite 900
321 North Clark Street
Chicago, Illinois 60610
Attn: Chief Financial Officer

With a copy to: LaSalle National Trust, N.A.
Trustee U/T/A dated 1/15/92 a/k/a
Trust No. 116878
135 S. LaSalle Street
Chicago, Illinois 60603
Attn: Land Trust Department

With a copy to: Hinshaw & Culbertson
222 North LaSalle Street
Suite 300
Chicago, Illinois 60601-1081
Attn: William B. Phillips

Any such notices, requests, reports, demands or other instruments shall be (i) personally delivered to the offices set forth above, in which case they shall be deemed delivered on the date of delivery to said offices, (ii) sent by certified mail, return receipt requested, in which case they shall be deemed delivered three (3) business days after deposit in the U.S. mail, postage prepaid, or (iii) sent by air courier (Federal Express or like service), in which case they shall be deemed delivered on the date of actual delivery. Either party may change the address to which any such notice, report, demand or other instrument is to be delivered by furnishing written notice of such change to the other party in compliance with the foregoing provisions.

4.3 Headings; Section References. The headings of the articles and sections of this Mortgage are for convenience only, are not to be considered a part hereof, and shall not limit, expand or otherwise affect any of the terms hereof. References herein to a section which has a number but no text and has after it two or more sections identified by such number with a letter following it, shall mean all such sections which include such number.

4.4 Invalid Provisions. In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Mortgage or in any other Loan Instrument shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note or in any other Loan Instrument (or the application of the covenant, agreement, term held to be invalid, illegal or unenforceable to persons or circumstances other than those in respect of which it is invalid, illegal or unenforceable) shall be in no way affected, prejudiced or disturbed thereby.

4.5 Changes. Neither this Mortgage or any term hereof may be released, changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument

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in writing signed by the party against which enforcement of the release, change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Borrower and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance. Any holder of a lien or encumbrance junior to the lien of this Mortgage shall take its lien subject to the right of Mortgagee to amend, modify or supplement this Mortgage, the Note or any of the other Loan Instruments, to extend the maturity of Borrower's Liabilities or any portion thereof, to vary the rate of interest chargeable under the Note and to increase the amount of the indebtedness secured hereby, 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.

4.6 Governing Law and Sovereign Immunity of Mortgagee. This Mortgage has been executed in the State of Illinois and shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Illinois. Mortgagee hereby reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or from the Eleventh Amendment to the United States Constitution. No waiver of any such immunities, defenses, rights or actions is to be implied by any provision hereof. Borrower hereby consents to the jurisdiction of any of the courts of the Commonwealth of Pennsylvania and of any federal courts located therein and agrees that Mortgagee may bring suit against Borrower in any of such courts. Borrower also waives the right to bring any counterclaims against Mortgagee (but specifically reserves the right to raise any defenses or affirmative defenses against Mortgagee) in any suit or action in any court of law or equity in which Mortgagee and Borrower are adverse parties.

4.7 Required Notices. Borrower shall notify Mortgagee promptly of the occurrence of any of the following: (i) receipt of notice from any governmental authority relating to the violation of any rule, regulation, law or ordinance, the enforcement of which would materially and adversely affect the Mortgaged Property, (ii) material default by any tenant in the performance of its obligations under any lease of all or any portion of the Mortgaged Property or receipt of any notice from any such tenant claiming that a default by landlord in the performance of its obligations under any such lease has occurred; or (iii) commencement of any judicial or administrative proceedings by or against or otherwise adversely affecting Borrower or the Mortgaged Property.

4.8 Future Advances. This Mortgage is given to secure not only existing indebtedness, but also future advances (whether such advance are obligatory or are to be made at the option of Mortgagee, or otherwise) made by Mortgagee, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but all indebtedness secured hereby shall in no event, exceed \$18,000,000.00.

4.9 Release. Upon full payment of Borrower's Liabilities, Mortgagee shall issue to Borrower an appropriate release deed in recordable form.

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4.10 Attorneys' Fees. Whenever reference is made herein to the payment or reimbursement of attorneys' fees, such fees shall be deemed to include reasonable compensation to staff counsel, if any, of Mortgagee in addition to the fees of any other attorneys engaged by Mortgagee.

4.11 Protective Advances. All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Act (collectively, "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

(i) all advances by Mortgagee in accordance with the terms of this Mortgage to: (A) preserve or maintain, repair, restore or rebuild the improvements upon the Mortgaged Property; (B) preserve the lien of this Mortgage or the priority thereof; or (C) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 15-1302 of the Act;

(ii) payments by Mortgagee: (A) when due of installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (B) when due of installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property or any part thereof; (C) of other obligations authorized by this Mortgage; or (iv) with court approval of, any other amounts in connection with other liens, encumbrances of interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of the Act;

(iii) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(iv) attorneys' fees and other costs incurred: (A) in connection with the foreclosure of this Mortgage as referred to in Sections 15-1504 (d) and 15-1510 of the Act; (B) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of this Mortgage or arising from the interest of the Mortgagee hereunder; or (C) in the preparation for the commencement or defense of any such foreclosure or other action;

(v) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b) (1) of Section 15-1508 of the Act;

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(vi) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

(vii) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 15-1512 of the Act;

(viii) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (A) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Mortgaged Property imposed by Subsection (c) (1) of Section 15-1704 of the Act; (B) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (C) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (D) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; (E) pursuant to any lease or other agreement for occupancy of the Mortgaged Property.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate of interest payable after default under the terms of the Note. This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b) (1) of Section 15-1302 of the Act. All 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, apply to and be included in: (i) the determination of the amount of indebtedness secured by this Mortgage at any time; (ii) the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose; (iii) the determination of amounts deductible from sale proceeds pursuant to Section 15-1512 of the Act; (iv) the application of income in the hands of any receiver or Mortgagee in possession; and (v) the computation of any deficiency judgment pursuant to Subsections (b) (2) and (e) of Sections 15-1508 and Section 15-1511 of the Act.

4.12 Time is of the Essence. It is specifically agreed that time is of the essence of this Mortgage. The waiver of the options or obligations secured hereby shall not at any time thereafter be held to be abandonment of such rights.

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4.13 Limited Exculpation from Personal Liability. Subject to the qualifications hereinafter specified, neither Trustee, Beneficiary nor any partners of Beneficiary shall have any personal liability for the obligation to pay any principal, interest or other sums payable under this Mortgage, or of the obligation to observe, perform or discharge any of the terms, covenants or conditions contained in the Note or other Loan Instruments, excluding, however, that certain indemnity agreement dated even date herewith from Beneficiary to Mortgagee pertaining to environmental matters, under which indemnity agreement Beneficiary shall be and remain in all respects and at all times personally liable as specified therein, and (a) no attachment, execution, writ or other process shall be sought and no judicial proceeding shall be initiated by or on behalf of the Mortgagee against Trustee, Beneficiary or any partner of Beneficiary as a result of a breach or default under this Mortgage, the Note or other Loan Instruments unless and to the extent that such attachment, execution, writ or judicial proceeding shall be necessary to preserve or enforce any of the rights, remedies or recourses of the Mortgagee against or to any of the Mortgaged Property; and (b) in the event that any suit is brought under this Mortgage, the Note or other Loan Instruments, whether before or after the Maturity Date by acceleration, by passage of time or otherwise, any judgment obtained in or as a result of such suit shall be enforceable and/or enforced solely against the Mortgaged Property; provided however, that the Mortgagee shall have full recourse against the Borrower for, and Borrower shall be personally liable for, and will promptly account to Mortgagee for all rents, issues, profits and income derived from the Mortgaged Property which are received by the Borrower and not properly expended by Borrower in connection with the restoration or operation of the Mortgaged Property, that accrue from and after, the occurrence of an Event of Default. Nothing herein contained shall be construed to: (a) be a release or impairment of the indebtedness evidenced by the Note or of the lien of the Mortgage, or any of the other Loan Instruments; (b) prevent Mortgagee from exercising and enforcing, consistent with the provisions of this Section 4.13, any other remedy allowed at law or in equity or by any statute or by the terms of this Mortgage, Note, or other Loan Instruments; (c) prevent the Mortgagee from enforcing the guarantees required hereunder or any personal liability or other available remedy against the Borrower, or any other Obligors for any separate certificate, indemnity, bond, guaranty, assignment or affidavit executed in connection with the Loan; (d) prevent the Mortgagee from recovering any funds, damages or costs, including, without limitation, legal expenses, incurred by the Mortgagee as a result of any deliberate, intentional or willful action taken in bad faith or as a result of fraud or intentional misrepresentation by or on behalf of the Borrower; or (e) prevent the Mortgagee from recovering any condemnation or insurance proceeds, or other similar funds or payments.

4.14 Floor Loan Amount. Notwithstanding anything to the contrary contained herein, or in any of the Loan Instruments, or any other document or agreement relating thereto or hereto, Borrower shall not be entitled to receive, nor shall Mortgagee be obligated to disburse, an amount greater than Eight Million Four Hundred Thousand and no/100 Dollars (\$8,400,000.00), subject to further adjustment for any tenant improvement holdback as determined by Mortgagee in accordance with the Loan Commitment (the "Floor Loan Amount"). Any such holdback or holdbacks for tenant improvements shall be in an amount equal to One Hundred and Fifty Percent (150%) of Mortgagee's estimate of the cost to complete the unleased tenant space at the Mortgaged Property. Any and all disbursements requested by Borrower and

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RIDER ATTACHED TO AND MADE A PART OF THE TRUST DEED OR MORTGAGE
DATED March 31, 1993 UNDER TRUST NO. 116878

This Mortgage or Trust Deed in the nature of a mortgage is executed by LA SALLE NATIONAL TRUST, N.A., not personally, but as Trustee under Trust No. 116878 in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said LA SALLE NATIONAL TRUST, N.A. hereby warrants that it possesses full power and authority to execute the Instrument) and it is expressly understood and agreed that nothing contained herein or in the note, or in any other instrument given to evidence the indebtedness secured hereby shall be construed as creating any liability on the part of said mortgagor or grantor, or on said LA SALLE NATIONAL TRUST, N.A. personally to pay said note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant, either express or implied, herein contained, all such liability, if any, being hereby expressly waived by the mortgagor or Trustee under said Trust Deed, the legal owners or holders of the note, and by every person now or hereafter claiming any right or security hereunder; and that so far as the mortgagor or grantor and said LA SALLE NATIONAL TRUST, N.A. personally are concerned, the legal holders of the note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises hereby mortgaged or conveyed for the payment thereof by the enforcement of the lien created in the manner herein and in said note provided or by action to enforce the personal liability of the guarantor or guarantors, if any. Trustee does not warrant, indemnify, defend title nor is it responsible for any environmental damage.

Form XX0133
5-1-90

By: FOSS-SM Corporation,
Illinois corporation, its
General Partner

ATTEST:

By: Mary J. Math
Its: V.P.

By: James A. Kottler
Its: J.B./SEC

Trustee's Exoneration Rider Attached Hereto And Made A Part Hereof

LASALLE NATIONAL TRUST, N.A.,
as Trustee as aforesaid and not personally

ATTEST:

By: Therese J. Gellman
Its: Assistant Vice President

By: Mary A. Stack
Its: ASSISTANT SECRETARY

Trustee's Exoneration Rider Attached Hereto And Made A Part Hereof

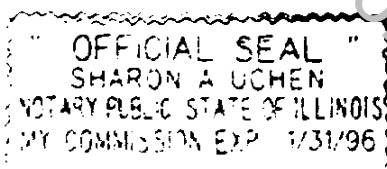
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, SHARON A. UCHEN, a Notary Public in and for said County, in the State aforesaid, do hereby certify that STEPHEN F. STANTON, VICE-PRESIDENT of FOS-SKI Corporation, an Illinois corporation, and JAMES A. KARTHEISER, SECRETARY of said corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered the said instrument as such officers of said corporation as their own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 5 day of April, 1993

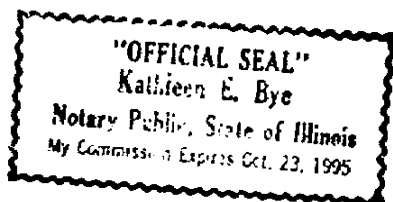


Sharon A. Uchen
Notary Public

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, KATHLEEN E. BYE, a Notary Public in and for said County, in the State aforesaid, do hereby certify that ROSEMARY COLLINS, Assistant Vice President of LASALLE NATIONAL TRUST, N.A., as Trustee as aforesaid, a corporation, and NANCY A. STONER, ADMINISTRATIVE SECRETARY of said corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered the said instrument as such officers of said corporation as their own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 7th day of April, 1993



Kathleen E. Bye
Notary Public

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EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

PARCEL 1:

LOT 1 IN ST. LUCAS FIRST SUBDIVISION, BEING PART OF THE NORTHEAST 1/4 OF SECTION 10, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 7, 1992, AS DOCUMENT 92586021, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LANDSCAPE EASEMENT AGREEMENT APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 1 MADE BY ST. LUCAS ASSOCIATION, A CORPORATION OF ILLINOIS TO LASALLE NATIONAL TRUST, N.A. AS TRUSTEE UNDER TRUST AGREEMENT DATED JANUARY 15, 1992 KNOWN AS TRUST NUMBER 116878 RECORDED FEBRUARY 5, 1992 AS DOCUMENT 92075915 OVER THE FOLLOWING DESCRIBED LAND:

A 10 FOOT WIDE STRIP OF LAND BEING DESCRIBED AS:

THAT PART OF THE SOUTH 590 FEET OF THE EAST 673 FEET OF THE NORTHEAST 1/4 OF SECTION 10, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF THE SOUTH 50 FEET (AS MEASURED AT RIGHT ANGLES TO THE SOUTH LINE THEREOF) OF THE AFORESAID NORTHEAST 1/4 OF SECTION 10, WITH THE WEST LINE OF THE EAST 33 FEET (AS MEASURED AT RIGHT ANGLES TO THE EAST LINE THEREOF) OF THE AFORESAID NORTHEAST 1/4 OF SECTION 10, THENCE NORTH 0 DEGREES 00 MINUTES 26 SECONDS EAST ALONG THE LAST DESCRIBED WEST LINE 530.01 FEET TO THE NORTH LINE OF THE SOUTH 580 FEET OF THE NORTHEAST 1/4 OF SAID SECTION 10 AND THE POINT OF BEGINNING OF THE PARCEL OF LAND HEREIN DESCRIBED; THENCE NORTH 89 DEGREES 35 MINUTES 36 SECONDS WEST ALONG SAID NORTH LINE 485.02 FEET TO A POINT DISTANCE 145 FEET EAST OF THE AFORESAID WEST LINE OF THE EAST 663 FEET OF SAID SECTION 10; THENCE SOUTH 46 DEGREES 13 MINUTES 09 SECONDS WEST, ALONG A LINE HEREIN DESIGNATED AS LINE 'A' 200.85 FEET TO A POINT ON THE WEST LINE OF THE AFORESAID EAST 663 FEET OF THE NORTHEAST 1/4 OF SAID SECTION 10 AND DISTANT 140 FEET SOUTH OF THE AFORESAID NORTH LINE OF THE SOUTH 580 FEET OF SAID SECTION 10; THENCE SOUTH 0 DEGREES 00 MINUTES 26 SECONDS WEST ALONG THE WEST LINE OF THE EAST 663 FEET OF SAID SECTION 10 FOR A DISTANCE OF 320.22 FEET; THENCE NORTH 89 DEGREES 35 MINUTES 34 SECONDS WEST 10 FEET TO THE WEST LINE OF THE EAST 673 FEET OF THE NORTHEAST 1/4 OF AFORESAID SECTION 10; THENCE NORTH 0 DEGREES 00 MINUTES 26 SECONDS EAST ALONG SAID WEST LINE 324.49 FEET TO THE INTERSECTION WITH A LINE DRAWN 10 FEET NORTHWESTERLY OF AND PARALLEL WITH THE HEREINABOVE DESIGNATED LINE 'A'; THENCE NORTH 46 DEGREES 13 MINUTES 09 SECONDS EAST ALONG SAID PARALLEL LINE 209.18 FEET TO THE NORTH LINE OF THE SOUTH 390 FEET TO THE NORTHEAST 1/4 OF AFORESAID SECTION 10; THENCE SOUTH 89 DEGREES 35 MINUTES 36 SECONDS EAST ALONG SAID NORTH LINE 489 FEET TO THE WEST LINE OF THE AFORESAID EAST 33 FEET OF THE NORTHEAST 1/4 OF SAID SECTION 10; THENCE SOUTH 0 DEGREES 00 MINUTES 26 SECONDS WEST ALONG SAID WEST LINE 10 FEET TO THE HEREINABOVE DESIGNATED POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS

PIN 13 10 200 004 0000
13 10 200 005 000

Comonly known as:

Alve Foster & P. Aski
Chicago, IL

Page 1 of 1

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EXHIBIT B

Schedule of Permitted Encumbrances

1. General Real Estate Taxes which are a lien but not yet due and payable as of the date of the Mortgage.
2. Rights of parties in possession, as tenants only, under leases described in Exhibit B to the Assignment of Rents and Leases dated even date with the Mortgage from Borrower to Lender.
3. Terms, provisions, conditions and limitations contained in the water main easement reserved in the deed from St. Lucas Association, a corporation of Illinois to LaSalle Trust, N.A. as Trustee under Trust Agreement dated January 15, 1992 known as Trust Number 116878 dated January 23, 1992 and recorded February 5, 1992 as Document 92075914 for the purpose of maintaining and operating an existing water main and necessary appurtenances thereto under and through the North 10 feet of the land.
4. Terms, provisions, and conditions relating to the easement described as Parcel 2 contained in the instrument creating such easement. Rights of the adjoining owner or owners to the concurrent use of the easement.

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