

Common Address: 2200 South Loomis Street Chicago, Illinois 60608

PIN Number: 17-29-101-034

Fager & Haber
140 South Dearborn Street
Suite 1400
Chicago, Illinois 60603
Attention: Gina M. Gentili, Esq.

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THIS INSTRUMENT PREPARED BY AND AFTER RECORDING SHOULD BE RETURNED TO:

(A) "Charges": all national, federal, state, county, city, municipal or other governmental (including, without limitation, any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, water charges, sewer service charges, liens, claims or encumbrances upon or relating to the "Mortgaged Property" (hereinafter defined), the "Liabilities" (hereinafter defined) or the "Obligations" (hereinafter defined).

1.1 The following words, terms or phrases shall have the meanings set forth below:

1. DEFINITIONS AND TERMS

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and understandings of the parties hereto set forth herein, and other good and valuable consideration, the receipt and sufficiency of such consideration is hereby acknowledged, the Mortgagor hereby covenants unto and agrees with the Bank as set forth in this Mortgage.

WHEREAS, the Bank is willing to provide such extensions of credit, loans and other financial accommodations to the Mortgagor provided, among other things, that the Mortgagor execute and deliver this Mortgage to the Bank.

WHEREAS, the Mortgagor has requested that the Bank provide certain extensions of credit, loans and other financial accommodations to the Mortgagor pursuant to, among other things, (a) that certain Secured Installment Note of even date herewith executed and delivered by the Mortgagor to the Bank in the principal amount of Seven Hundred Fifty Thousand and no/100 Dollars (\$750,000.00) [the "\$750,000.00 Note"]; and (b) the other documents, agreements and instruments referenced in the \$750,000.00 Note or this Mortgage or executed and delivered pursuant thereto; and

executed and delivered this day of May, 1994, by American National Bank and Trust Company of Chicago, not personally, but solely as Trustee under that certain Trust Agreement dated April 20, 1994, and known as Trust No. 117734-05 (the "Land Trust") and Carmichael Properties, an Illinois general partnership ("Carmichael Properties") [Carmichael Properties, together with the Land Trust are collectively the "Mortgagor"], in favor of American National Bank and Trust Company of Chicago, a national banking association (the "Bank").

MORTGAGE AND SECURITY AGREEMENT

BOX 333-CT1

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(B) "Documents": the definition ascribed to this term in Paragraph 2.3 below.

(C) "Encumbrances": all liens, security interests, liabilities, claims, debts, exceptions, easements, restrictions, Charges and any other types of encumbrances.

(D) "Equipment": all present and future apparatus, machinery, equipment, furniture, fixtures and other articles of personal property of any and every kind and nature owned by the Mortgagor required for use in, on, or in connection with the "Premises" (hereinafter defined) or the management, maintenance, operation or business thereof and all replacements thereof, substitutions therefore and accessions thereto, including, without limitation, any such item now or at any time or times hereafter situated on the Premises and used to supply or otherwise deliver heat, gas, air conditioning, water, light, electricity, power, plumbing, refrigeration, sprinkling, ventilation, mobility, communication, incineration, and all other related or other such services, excepting only vehicles and other equipment leased by Carmichael Leasing Co., Inc. ("Carmichael Leasing").

(E) "Event of Default": the definition ascribed to this term in Paragraph 6.1 below.

(F) "Leases": all present and future leases, agreements, tenancies, licenses and franchises of or relating to the Premises, the Mortgaged Property, or the Equipment or in any way, manner or respect required, existing, used or useable in connection with the Premises, the Mortgaged Property, or the Equipment or the management, maintenance, operation or business thereof, and all deposits of money as advance rent or for security under any or all of the Leases and all guaranties of any lessee's performances thereunder.

(G) "Liabilities": (a) the payment of any and all monies now or hereafter owed or to become owing by the Mortgagor to the Bank, including, without limitation, the payment of all monies, when due or declared due, arising under or pursuant to this Mortgage, the \$750,000.00 Note and the "Other Agreements" (hereinafter defined); (b) the payment of any and all other debts, claims, obligations, demands, monies, costs, fees, expenses, liabilities or indebtedness of any and every kind or nature now or hereafter owing, arising, due or payable from the Mortgagor to the Bank under or pursuant to the terms and provisions of this Mortgage, including, without limitation, all advances made to protect and preserve the value of the Mortgaged Property and the priority of the Bank's lien thereon; (c) the payment of any and all other debts, claims, obligations, demands, monies, liabilities or indebtedness of any and every kind or nature now or hereafter owing, arising, due or payable from the Mortgagor to the Bank, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, indirect, absolute, contingent, fixed, determinable, undeterminable, insured, uninsured, or otherwise; (d) the payment of any and all monies now or hereafter owed or to become owing by Carmichael Properties and/or American National Bank and Trust Company of Chicago, not personally, but solely as Trustee under that certain Trust Agreement dated April 20, 1994, and known as Trust No. 118200-08 (the "West Monroe Trust") to the Bank, including, without limitation, the payment of all monies, when due or declared due, arising under or pursuant to the "\$1,450,000.00 Note" (hereinafter defined); (e) the payment of any and all other debts, claims, obligations, demands, monies, costs, fees, expenses, liabilities or indebtedness of any and every kind or nature now or hereafter owing, arising, due or payable from Carmichael Properties and/or the West Monroe Trust to the Bank under or pursuant to the terms and provisions of the Other Agreements, including, without limitation, all advances made to

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protect and preserve the value of the mortgage lien granted to the Bank pursuant to the "West Monroe Mortgage" (hereinafter defined) and the priority of the Bank's lien thereon; and (f) the payment of any and all other debts, claims, obligations, demands, monies, liabilities or indebtedness of any and every kind or nature now or hereafter owing, arising, due or payable from Carmichael Properties and/or the West Monroe Trust to the Bank, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, indirect, absolute, contingent, fixed, determinable, undeterminable, insured, uninsured, or otherwise.

(H) "Mortgaged Property": (a) the Premises; (b) the "Rents" (hereinafter defined); (c) the Leases; (d) the Equipment; (e) all present and future judgments, awards of damages and settlements made as a result or in lieu of any taking of the Premises, the Equipment or the Leases, or any part thereof, whether under the power of eminent domain or otherwise, or for any damage, whether caused by such taking or otherwise, thereto; (f) all present and future insurance policies in force or effect insuring the Premises, the Rents, the Leases or the Equipment; and (g) all proceeds of each and every of the foregoing.

(I) "Obligations": all covenants, duties, obligations and agreements of the Land Trust, Carmichael Properties and/or the West Monroe Trust to and with the Bank, whether pursuant to this Mortgage, the \$750,000.00 Note, the Other Agreements or otherwise.

(J) "Other Agreements": all agreements, instruments and documents heretofore, now or from time to time hereafter executed by or on behalf of the Land Trust, Carmichael Properties and/or the West Monroe Trust and delivered to the Bank, including, without limitation, that certain Secured Installment Note of even date herewith executed and delivered by Carmichael Properties and the West Monroe Trust to the Bank in the principal amount of One Million Four Hundred Fifty Thousand and no/100 Dollars (\$1,450,000.00) [the "\$1,450,000.00 Note"], that certain Mortgage and Security Agreement of even date herewith executed and delivered by Carmichael Properties and the West Monroe Trust to the Bank relating to the real property located at 1040-1060 West Monroe Street, Chicago, Illinois (the "West Monroe Mortgage"), that certain Collateral Assignment of Beneficial Interest of even date herewith by and among the Mortgagor and the Bank, that certain Collateral Assignment of Beneficial Interest of even date herewith by and among Carmichael Properties, the West Monroe Trust and the Bank, and any loan agreements, security agreements, guaranties, promissory notes, letters of credit and mortgages, and any renewals, modifications, amendments or substitutions to any of the foregoing.

(K) "Person": any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government, whether national, federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof.

(L) "Premises": all of the real property, and all of the Mortgagor's estate, right, title and interest therein, situated, lying and being in the City of Chicago, County of Cook, State of Illinois, legally described on Exhibit "A" and commonly known as 2200 South Loomis Street, Chicago, Illinois 60608, together with all buildings, improvements, tenements, easements, hereditaments and appurtenances now or at any time or times hereafter upon, belonging or otherwise appertaining to or situated on said real estate and all heretofore or hereafter acquired roads, alleys, streets and other public ways abutting said real estate.

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(M) "Rents": all present and future rents, issues, avails, profits and proceeds of, from or relating to the Premises, the Leases or the Equipment.

2. CONVEYANCE

2.1 To secure the full and timely payment of the Liabilities and the full and timely performance of the Obligations, the Mortgagor hereby does warrant, grant, give, bargain, confirm, assign, pledge, set over, transfer, sell, convey, remise, release and otherwise mortgage to the Bank, its successors and assigns, the Mortgaged Property, whether real, personal or mixed. Notwithstanding anything contained herein to the contrary, the Liabilities hereunder shall in no event exceed Ten Million and no/100 Dollars (\$10,000,000.00).

2.2 This Mortgage shall operate as and constitute a Security Agreement with respect to that portion of the Mortgaged Property constituting property or interests in property, whether real or personal, tangible or intangible, which are subject to the Uniform Commercial Code with respect to the priority and perfection of security interests or any similar law, statute, code or other governing body of law. Therefore, to secure the full and timely payment of the Liabilities and the full and timely performance of the Obligations, the Mortgagor hereby grants to the Bank a security interest and lien in and to the Mortgaged Property.

2.3 Upon request by the Bank, at the Mortgagor's sole cost and expense, the Mortgagor will promptly make, execute and deliver or will cause to be made, executed and delivered to or for the benefit of the Bank in form and substance acceptable to the Bank, all Documents necessary or appropriate to evidence, document or conclude the transactions described in or contemplated by this Mortgage, the \$750,000.00 Note and the Other Agreements, or required to perfect or continue perfected the security interests and mortgage liens granted herein or in the Other Agreements by the Mortgagor to the Bank upon the Mortgaged Property (collectively the "Bank's Lien"). "Documents" means any mortgage, deed of trust or similar instrument, assignment of leases, assignment of rents, promissory note, security agreement, guaranty, financing statement, assignment of insurance, loss payable clause, mortgage title insurance policy, letter of opinion, waiver letter, estoppel letter, consent letter, non-offset letter, insurance certificate, appraisal, survey and any other similar agreements, instruments or documents.

2.4 The Mortgagor shall be liable for and shall pay to the Bank upon the execution of this Mortgage the costs, fees and expenses incurred by the Bank in the negotiation and documentation of this Mortgage and all other documents executed in connection therewith, including, but not limited to, the attorneys' fees, costs and expenses incurred by the Bank.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 The Mortgagor represents, warrants and covenants unto the Bank as follows:

(A) The Mortgagor will fully and timely pay, or cause to be paid, when due or declared due, the Liabilities and will fully and timely perform, discharge, observe and comply with each and every of the Obligations.

(B) The Mortgagor now has and hereafter shall maintain the standing, right, power and lawful authority to own the Mortgaged Property, to carry on the business of and operate the Mortgaged Property, to enter into, execute and deliver this Mortgage, the \$750,000.00 Note and the Other Agreements, and to encumber the Mortgaged Property to the Bank.

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(C) The Mortgagor now and at all times hereafter shall perform all of the transactions described in or contemplated by this Mortgage, the \$750,000.00 Note and the Other Agreements.

(D) The execution, delivery and performance by the Mortgagor of and under this Mortgage, the \$750,000.00 Note and the Other Agreements (i) does not and will not constitute a violation of any applicable law, and (ii) does not and will not conflict with or result in a default or breach of or under any obligation arising, existing or created by or under any agreement, instrument, document, mortgage, deed, trust deed, note, judgment, order, award, decree or other restriction to which the Mortgagor now is or hereafter shall become a party or by which any of them or any of the Mortgaged Property is or hereafter shall become bound.

(E) The Mortgagor has duly filed and shall continue to timely file all federal, state and other governmental tax and similar returns which the Mortgagor is required by law to file with respect to the Mortgaged Property and the operation and business thereof. All taxes and other sums which are shown to be payable under such returns have been and shall be fully and timely paid and the Mortgagor shall maintain adequate reserves in an amount to pay fully all such liabilities which hereafter may accrue.

(F) All of the Leases are and shall remain genuine, in all respects what they purport to be, and free of set-offs, counterclaims or disputes and are valid and enforceable in accordance with their terms. All parties to the Leases have and shall have the capacity to contract thereunder. Except for security deposits provided for under the Leases as indicated by the Mortgagor to the Bank in writing, no advance payments have been or shall be made thereunder.

(G) There is no litigation, action, claim or proceeding pending or threatened which might, in any way, manner or respect, affect the Mortgaged Property, the operation or the business thereof, the Bank's Lien, the collectibility or the ability of the Mortgagor to repay the Liabilities or the financial condition of the Mortgagor or the operation or business thereof.

(H) The Mortgagor possesses and holds and shall maintain adequate properties, interests in properties, leases, licenses, franchises, rights and other permits, certificates, consents and approvals to conduct and operate the business of the Mortgaged Property. None of the foregoing contain or shall contain any term or condition that is burdensome to said business or different than those customarily possessed or held by other Persons conducting or operating a similar business.

(I) The location, existence and use of the Premises and the Equipment are and shall remain in compliance with all applicable laws, rules, ordinances and regulations, including, without limitation, building and zoning laws, and all covenants and restrictions of record.

(J) The Mortgagor is and shall remain in peaceful possession of and will forever warrant and defend the Mortgaged Property from and against any and all claims and Encumbrances thereon or thereto.

(K) The Mortgagor is not using the Mortgaged Property for any purpose in violation of any applicable environmental, hazardous waste and substances, health or safety laws, rules or regulations, including, but not limited to, the Resource Conservation and Recovery Act, as amended ("RCRA"), the Toxic Substances Control Act, as amended ("TSCA"), the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), the Clean Air Act, as amended ("CAA"), and

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the Clean Water Act, as amended ("CWA"), regulations thereunder and corresponding state statutes and regulations. The Mortgagor has all required permits, certificates, consents and approvals required under any applicable environmental, health or safety laws, rules or regulations. The Mortgagor is in compliance with all applicable environmental, health and safety laws, rules or regulations in connection with the use of the Mortgaged Property.

(L) Unless otherwise consented to by the Bank in writing, all hazardous waste accumulations at the Mortgaged Property shall be in tanks or containers, as defined in 40 C.F.R. 260.10, and shall be in compliance with applicable United States Environmental Protection Agency and State of Illinois small quantity generator limitations under RCRA, regulations thereunder and corresponding Illinois statutes and regulations.

(M) As of the date hereof, there are three (3) above-ground and two (2) underground storage tanks (collectively the "Tanks") on the Premises and, at all times hereafter, there will not be any additional Tanks on the Premises.

(N) No burial, disposal or landfilling of hazardous waste or hazardous substances, regulated substances or other pollutants (as such are defined in RCRA, TSCA, CERCLA, CAA or CWA) will be carried on at the Mortgaged Property. Further, the Mortgagor shall operate no surface impoundment, lagoon, or other earthen device for the purposes of treatment, storage or disposal of hazardous wastes and hazardous substances.

(O) The Mortgagor shall not use, release or cause to be used or released asbestos as defined by 29 C.F.R. 1910.1001(a). Any repairs, maintenance or modifications to the Mortgaged Property which may result in release of asbestos shall be performed by or under the supervision of personnel appropriately accredited by the State of Illinois or the United States Environmental Protection Agency.

(P) The Mortgagor shall provide the Bank, within ten (10) days of receipt thereof, a copy of any administrative, civil or criminal complaint received by the Mortgagor alleging (i) violations of environmental, health and safety statutes, ordinances or regulations, or (ii) bodily injury or property damage arising from the Mortgagor's operations or the Mortgagor's ownership of the Mortgaged Property.

(Q) The Mortgagor represents, warrants and covenants unto the Bank that it will deliver to the Bank the following financial information, all of which shall accurately reflect the financial condition of the Mortgagor at and for the periods of time described therein and shall be prepared in accordance with generally accepted accounting principles consistently applied from period to period:

(1) As soon as available but in no event later than one hundred twenty (120) days after the close of each fiscal year of Carmichael Properties, the reviewed combined financial statements of Carmichael Leasing enterprises, which shall include the financial condition of Carmichael Properties, including, but not limited to, (1) a balance sheet, (2) a statement of income and retained earnings, and (3) a statement of cash flows, together with a statement from the accountants that the Bank is relying upon such combined financial statements of Carmichael Leasing enterprises, which shall include the financial condition of Carmichael Properties, and the accountants' opinion and is entitled to so rely (the "Accountant's Opinion"), a copy of such Accountant's Opinion has been previously delivered to the Bank.

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(2) Concurrently with the delivery of the reviewed combined financial statements described in Paragraph (Q) (1) above, a certificate of the controller of Carmichael Properties in the form attached hereto as Exhibit "B", certifying to the Bank that, based upon such financial statements, the controller is not aware of any event or occurrence which constitutes or upon notice, lapse of time or both would constitute an Event of Default.

(3) Beginning June 30, 1994, and each calendar quarter thereafter, as soon as available but in no event later than forty-five (45) days after the end of each such quarter, Carmichael Properties' internally prepared financial statements, including, but not limited to, (1) a balance sheet, (2) a statement of income and retained earnings, and (3) a statement of cash flows, all for the previous quarter, and the year-to-date statement for that portion of Carmichael Properties' fiscal year then elapsed.

(4) Concurrently with the delivery of Carmichael Properties' internally prepared financial statements pursuant to Paragraph (Q) (3) above, a certificate of the controller of Carmichael Properties in the form attached hereto as Exhibit "B" certifying to the Bank that, based upon the internally prepared financial statements, the controller is not aware of any event or occurrence which constitutes or upon notice, lapse of time or both would constitute an Event of Default.

(5) Such other data and information, financial and otherwise as the Bank, from time to time, may request.

3.2 The Mortgagor further represents, warrants and covenants unto the Bank as follows:

(A) The Land Trust is lawfully seized, possessed and the owner of and has good and indefeasible, marketable fee-simple title to the Mortgaged Property, free and clear of all Encumbrances, except for the Bank's Lien and those Encumbrances described on Exhibit "C" to this Mortgage.

(B) The Mortgagor will (i) not, without the Bank's prior written consent which shall not be unreasonably withheld, materially change the use or character of or abandon the Mortgaged Property, (ii) keep the Mortgaged Property in good condition and repair, and (iii) not commit or suffer waste and will make all necessary repairs, replacements and renewals, including, but not limited to, the replacement of any items of the Equipment to the Mortgaged Property so that the value and operating efficiency thereof shall at all times hereafter be maintained and preserved. The Mortgagor shall not remove any trade fixture or demolish any building or improvement located in or on the Premises without the Bank's prior written consent. The Mortgagor shall (iv) pay for and promptly complete any building or improvement at any time in the process of erection upon the Premises, (v) refrain from impairing or diminishing the value of the Mortgaged Property, and (vi) make no material alterations to the Mortgaged Property which in the reasonable opinion of the Bank diminishes its value. Subject to the provisions of subparagraphs 4.3 and 4.5(B) of this Mortgage, if the Bank elects to make all or a portion of any insurance, eminent domain or condemnation proceeds available to the Mortgagor, the Mortgagor shall promptly repair, restore or rebuild any building or improvement now or hereafter on the Premises which may become damaged or destroyed. The Mortgagor shall comply with all laws and municipal ordinances governing the Mortgaged Property and the use thereof. At all times during the term of this Mortgage and

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the Other Agreements, the Mortgagor shall permit the Bank, and its agents, access to inspect the Mortgaged Property.

(C) The Mortgagor shall fully and timely pay and discharge, as and when due and payable, all Charges that may be at any time levied, assessed or imposed upon or against the Mortgaged Property, or any part thereof. The Mortgagor shall deliver to the Bank receipts evidencing payment thereof or partial payment thereof, if payable in installments, at least thirty (30) days before delinquency; provided, however, that the Mortgagor shall have the right to contest in good faith, by an appropriate proceeding properly initiated and diligently conducted, the validity, amount or imposition of any Charges, and upon such good faith contest, to delay or refuse payment thereof, if (i) the Mortgagor establishes with the Bank adequate reserves, or provides the Bank with a title indemnity or other bond in form and substance and with insurers or bonding companies satisfactory to the Bank, to cover such contested Charges, and (ii) either such contest will not affect the priority or value of the Bank's Lien on the Mortgaged Property and the Mortgagor otherwise takes steps reasonably acceptable to the Bank to protect the priority and value of the Bank's Lien on the Mortgaged Property. If at any time the United States of America shall require internal revenue stamps to be affixed to this Mortgage, the Mortgagor will pay for the same, together with any interest or penalties imposed in connection therewith.

(D) Except for (i) the Bank's Lien, (ii) those Encumbrances described in Paragraph 3.2(A), and (iii) mechanic's liens filed of record which, in the aggregate do not exceed Ten Thousand and no/100 Dollars (\$10,000.00), and which are not, within thirty (30) days from recording, released, insured over by the issuance of a title indemnity or bonded over, in form and substance and with insurers or bonding companies satisfactory to the Bank, in an amount equal to one hundred fifty percent (150%) of such lien, levy, assessment or mechanic's lien, the Mortgagor shall keep the Mortgaged Property free and clear of all Encumbrances of any and every kind and nature. The Mortgagor shall promptly pay or cause to be paid, as and when due and payable or when declared due and payable, any indebtedness which may become, or be secured by, an Encumbrance and, immediately upon request by the Bank, shall deliver to the Bank evidence satisfactory to the Bank of the payment and discharge thereof; provided, however, that the Mortgagor shall have the right to contest in good faith, by an appropriate proceeding properly initiated and diligently conducted, the validity, amount or imposition of any Encumbrances and upon such good faith contest, to delay or refuse payment thereof, if, in the Bank's sole discretion, (i) the Mortgagor establishes with the Bank adequate reserves, or provides the Bank with a title indemnity or other bond in form and substance and with insurers or bonding companies satisfactory to the Bank, to cover such contested Encumbrances, or (ii) either such contest will not affect the priority or value of the Bank's Lien on the Mortgaged Property and the Mortgagor otherwise takes steps reasonably acceptable to the Bank to protect the priority and value of the Bank's Lien on the Mortgaged Property. If for any reason the Bank pays the indebtedness necessary to release any such Encumbrance, then the Bank shall be subrogated to the rights of such claimant, notwithstanding that the Encumbrance may be released of record.

(E) The Mortgagor shall not, at any time or times hereafter, pledge, hypothecate, encumber, sell or otherwise transfer all or any portion of the Mortgaged Property or the Mortgagor's interest therein.

(F) All present and future items of fixtures, equipment, furnishings or other tangible personal property, whether or not constituting a part of the Mortgaged Property, related, necessary to or used or useable in connection with any present or future building or improvement on the Premises, or the

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operation or business thereof, are and will be owned free and clear of all Encumbrances, except for the Bank's Lien, those Encumbrances described in Paragraph 3.2(A) above and purchase money liens granted to acquire equipment in the ordinary course of Carmichael Properties' business in an amount not to exceed, in the aggregate, Two Hundred Thousand and no/100 Dollars (\$200,000.00) [the "Purchase Money Lien"], and the Mortgagor will not acquire any such property subject to any Encumbrance, except for the Bank's Lien, those Encumbrances described in Paragraph 3.2(A) above and the Purchase Money Lien.

3.3 If the Mortgagor fails to (i) keep the Mortgaged Property in good operating condition and repair or to replace or maintain the same as herein agreed, (ii) pay the premiums for the insurance which is required to be maintained hereunder, (iii) pay and discharge all Encumbrances as herein agreed, or upon an Event of Default, the Bank, in its discretion, may cause such repairs or replacements to be made, obtain such insurance or pay and discharge such Encumbrances. Any amounts paid by the Bank in taking such action together with interest thereon at the "Default Rate" (as defined in the \$750,000.00 Note) shall be due and payable by the Mortgagor to the Bank upon demand, and, until paid, shall constitute a part of the Liabilities secured by this Mortgage and the Other Agreements. Notwithstanding the foregoing, such advances by the Bank shall not be deemed to relieve the Mortgagor from any Event of Default hereunder or impair any of the Bank's rights or remedies. The exercise of the right to take such action shall be optional with the Bank and not obligatory upon the Bank, and in no event whatsoever, shall the Bank be liable to the Mortgagor for failure or refusal to exercise any such right. In making any payments pursuant to the exercise of any such right, the Bank may rely upon any bills delivered to it by the Mortgagor or any such payee and shall not be liable for any failure to make payments in any amounts other than as set forth in any such bills.

4. TAXES, INSURANCE AND CONDEMNATION

4.1 The Mortgagor represents, warrants and covenants unto the Bank as follows:

(A) The Mortgagor, at all times, shall keep and maintain the Mortgaged Property fully insured without co-insurance, against loss or damage by, or abatement of rental income resulting from, fire and such other hazards, casualties and contingencies as the Bank, from time to time, may require with insurance companies, and in form, amounts and for such periods as are satisfactory to the Bank, but, in any event, for not less than the full replacement cost of the Mortgaged Property. All such policies and renewals thereof shall contain, in form and substance acceptable to the Bank, standard mortgagee loss payable clauses naming the Bank as a loss payee and additional insured, together with a standard waiver of subrogation endorsement and shall be delivered to the Bank, with premiums therefore paid in full by the Mortgagor. All policies shall provide that they are non-cancelable by the insurer without thirty (30) days prior written notice to the Bank of any intended cancellation. The Mortgagor will provide immediate written notice to the Bank of any material loss or damage to the Mortgaged Property caused by any casualty. In case of policies about to expire, the Mortgagor will deliver to and deposit with the Bank renewal policies not less than thirty (30) days prior to the respective dates of expiration and receipts for the payment of the premiums on all policies and renewals thereof. In the event of a deed in lieu of foreclosure or other foreclosure of title to the Mortgaged Property, all right, title and interest of the Mortgagor in and to any policies then in force shall pass to the purchaser, grantee or assignee.

4.2 The Mortgagor hereby authorizes the Bank:

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(a) to settle and compromise all claims in excess of Ten Thousand and no/100 Dollars (\$10,000.00) under all insurance policies;

(b) to demand and receive all monies becoming due or payable under all insurance policies;

(c) (i) prior to an Event of Default with Carmichael Properties' consent which will not be unreasonably withheld, and (ii) upon and after an Event of Default without Carmichael Properties consent, to execute, in the name of the Mortgagor or the name of the Bank, any proofs of loss, notices or other instruments in connection with all claims under all policies; and

(d) to assign all policies to any holder of the Liabilities or to the grantee of the Mortgaged Property in the event of the foreclosure or other transfer of title to the Mortgaged Property.

The Bank acknowledges that it shall act commercially reasonable in exercising any rights pursuant to this Paragraph 4.2.

4.3 In the event of payment in excess of Ten Thousand and no/100 Dollars (\$10,000.00) under any of the policies, the Mortgagor acknowledges and agrees that the proceeds of any of the insurance policies shall be paid by the insurer (a) prior to an Event of Default, jointly to the Mortgagor and the Bank, and such proceeds shall be held in a strict joint order escrow for replacing, reconstructing, repairing or restoring the Mortgaged Property in a manner acceptable to the Bank; and (b) upon an Event of Default, to the Bank, and the Bank may, in its discretion, in whole or in part after deducting all costs of collection, including attorneys' fees, either:

(1) make available to the Mortgagor all or a portion of such proceeds necessary to replace, reconstruct, repair or restore the Mortgaged Property or any portion thereof;

(2) apply all or a portion of such proceeds as payment on account of the Liabilities whether or not then due and payable without affecting the amount or time of subsequent payments required to be made by the Mortgagor to the Bank under the \$750,000.00 Note, the \$1,450,000.00 Note, the Other Agreements and this Mortgage;

(3) apply such proceeds, in whole or in part, to satisfy, perform or discharge any of the Obligations;

(4) require that the Mortgagor continue paying the Liabilities as and when due and payable notwithstanding any loss of use of all or any part of the Mortgaged Property; or

(5) if, prior to the receipt by the Bank of proceeds of such policies, the Mortgaged Property shall have been transferred pursuant to a deed in lieu of foreclosure or otherwise sold or transferred by foreclosure of this Mortgage, receive proceeds of such policies to the extent of any deficiency with interest thereon at the Default Rate, whether or not a deficiency judgment on this Mortgage shall have been sought, recovered or denied, and apply such proceeds towards any attorneys' fees, costs, expenses and disbursements incurred by the Bank in connection with the collection of the proceeds of such policies.

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4.4 The Mortgagor further represents, warrants and covenants unto the Bank as follows:

(A) Upon demand by the Bank after an Event of Default, the Bank may require the Mortgagor to deposit with the Bank on the first (1st) day of each month until the Liabilities are fully paid, a sum equal to one-twelfth (1/12th) of one hundred percent (100%) of that portion of the total annual Charges arising with respect to the Mortgaged Property for the most recent ascertainable tax year. The Bank does not assume any of the Mortgagor's obligations under any laws to make such payments and nothing contained in this Mortgage or the Other Agreements shall require the Bank to perform any such obligations of the Mortgagor. The Bank shall not be obligated to pay any of the Charges but, at its sole election and in its discretion, may make any or all such payments or apply such deposits to the Liabilities.

(B) If the deposits required by Paragraph 4.4(A) above are insufficient to pay the Charges for which they are provided, thirty (30) days before such Charges shall become due and payable, the Mortgagor shall deposit with the Bank such additional monies as are necessary to pay, in full, such Charges.

(C) Upon demand by the Bank after an Event of Default, the Mortgagor shall establish with the Bank an insurance escrow for deposit of funds for the payment of insurance premiums for all insurance policies required to be obtained and maintained by the Mortgagor pursuant to this Mortgage or the Other Agreements. Such insurance escrow shall be in such amount as is satisfactory to satisfy the required premiums under such policies as reasonably estimated by the Bank, and shall be subject to such other terms and conditions as the Bank, in its sole and absolute discretion, may determine.

4.5 The Mortgagor further represents, warrants and covenants unto the Bank as follows:

(A) All awards now or hereafter made by any public or quasi-public authority to or for the benefit of the Mortgagor in excess of Twenty-Five Thousand and no/100 Dollars (\$25,000.00), in any way, manner or respect affecting, arising from or relating to the Mortgaged Property, or any portion thereof, by virtue of an exercise of the right of eminent domain by such authority, including, without limitation, any award for taking of title, possession, right of access to a public way or for any change of grade of streets affecting the Mortgaged Property, hereby are assigned to the Bank as additional security for the full and timely payment of the Liabilities and the full and timely performance of the Obligations, and for such purpose, the Mortgagor hereby grants to the Bank a security interest therein.

(B) The Bank is hereby authorized, directed and empowered to collect and receive the proceeds of any such awards and to give proper receipts therefore whether in the Mortgagor's name, in the Bank's name or in both names, and may, in the Bank's sole and absolute discretion, after deducting all costs of collection, including, but not limited to, attorneys' fees:

(1) apply such proceeds, in whole or in part, to the Liabilities, whether or not then matured and without affecting the amount or time of subsequent payments required to be made by the Mortgagor to the Bank under this Mortgage and the Other Agreements;

(2) apply such proceeds, in whole or in part, to satisfy, perform or discharge any of the Obligations;

(3) make available to the Mortgagor all or a portion of such proceeds to replace, repair or restore any or all of

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the Mortgaged Property to a condition satisfactory to the Bank; or

(4) require that the Mortgagor continue to pay the Liabilities as and when due and payable notwithstanding any loss of use of all or any part of the Mortgaged Property.

(C) The Mortgagor, promptly after request by the Bank, shall make, execute and deliver or cause to be made, executed and delivered to or for the benefit of the Bank any and all assignments and other instruments sufficient to assign, and cause the payment directly to the Bank of, all such awards, free and clear of all Encumbrances, except for the Bank's Lien and those Encumbrances described in Paragraph 3.2(A) above. Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Mortgaged Property by any public or quasi-public authority or corporation, the Mortgagor shall continue to pay all of the Liabilities, as and when due and payable. If, prior to the receipt by the Bank of such award or payment, the Mortgaged Property shall have been transferred by a deed in lieu of foreclosure or otherwise sold or transferred by foreclosure of this Mortgage, the Bank shall have the right to receive such award or payment to the extent of any deficiency with interest thereon at the Default Rate, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and the attorneys' fees, costs, expenses and disbursements incurred by the Bank in connection with the collection of such award or payment.

5. LEASES AND RENTS

5.1 Provided an Event of Default does not exist under this Mortgage or the Other Agreements, the Mortgagor shall have the right to collect all of the Rents arising from the Leases, or renewals thereof, and shall hold the same, in trust, to be applied, except as otherwise provided by applicable law, first to the payment of the Liabilities as they come due, second to the payment of all Charges upon the Mortgaged Property, third to the cost of the maintenance of insurance policies upon the Mortgaged Property required hereby, and fourth to the maintenance and repairs required hereby, before using any part of the Rents for any other purposes.

5.2 At all times, the Bank, or any of the Bank's agents, shall have the right to verify the validity, amount or any other matter relating to any or all of the Leases, by mail, telephone, telegraph or otherwise, in the name of the Mortgagor, the Bank, a nominee of the Bank or in any or all of said names.

5.3 Unless the Bank agrees otherwise in writing, the Mortgagor shall: (a) promptly upon the Mortgagor's receipt or learning thereof, inform the Bank, in writing, of any assertion of any claims, offsets or counterclaims by any of the obligors of the Leases; (b) not permit or agree to any extension, compromise or settlement or make any material change or modification of any kind or nature of or with respect to the Leases or the terms thereof; provided, however, the term of each of the Leases must not expire prior to July 15, 1998; and (c) promptly upon the Mortgagor's receipt or learning thereof, furnish to and inform the Bank of all material and adverse information relating to or affecting the financial condition of any obligor of the Leases.

5.4 Upon demand therefore by the Bank, the Mortgagor shall deliver to the Bank, in form and substance acceptable to the Bank, a detailed certified rent roll of all the Leases and such other matters and information relating thereto as the Bank may request.

5.5 The Mortgagor acknowledges and agrees that:

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(A) The Mortgagor shall, contemporaneously herewith, deliver to the Bank the originals of the Leases, including, but not limited to, a lease with Carmichael Leasing Co., Inc. ("Carmichael Leasing") in form and substance acceptable to the Bank, with appropriate endorsement or other specific evidence of assignment thereto to the Bank, which endorsement or assignment shall be in form and substance acceptable to the Bank.

(B) The Bank may, at its election, without notice thereof to the Mortgagor, notify any or all of the obligors of the Leases that the Leases have been assigned to the Bank and, upon an Event of Default, the Bank, whether in its name, in the name of the Mortgagor or in both names, may direct said obligors thereafter to make all payments due from them under the Leases directly to the Bank.

(C) Upon an Event of Default, the Mortgagor shall irrevocably direct all obligors of the Leases to make all payments under the Leases directly to the Bank.

(D) Upon an Event of Default, the Bank shall have the right without notice thereof to the Mortgagor, to enforce the terms of the Leases and obtain payment of and collect the Rents, by legal proceedings or otherwise, in the name of the Mortgagor, the Bank or in both names.

(E) Upon an Event of Default, the Bank may (i) demand payment of the Rents and performance of the Leases; (ii) enforce payment of the Rents and performance of the Leases, by legal proceedings or otherwise; (iii) exercise any or all of the Mortgagor's rights, interests and remedies in and under the Leases and to collect the Rents; (iv) settle, adjust, compromise, extend or renew the Leases or the Rents; (v) settle, adjust or compromise any legal proceeding brought to collect the Rents or obtain performance of the Leases; (vi) take possession, in any manner, of the Rents; (vii) prepare, file and sign the Mortgagor's name on any Proof of Claim in bankruptcy, or similar document in a similar proceeding, against any obligor of the Leases; (viii) endorse the name of the Mortgagor upon any payments or proceeds of the Rents and deposit the same to the account of the Bank; and (ix) do all acts and things necessary, in the Bank's discretion, to carry out any or all of the foregoing.

(F) All of the foregoing payments and proceeds received by the Bank shall be utilized by the Bank, at its election and in its discretion, for any one or more of the following purposes: (i) to be held by the Bank as additional collateral for the payment of the Liabilities; (ii) to be applied against the Liabilities, in such manner as the Bank may determine in its sole and absolute discretion; (iii) to be applied to such Obligations of the Mortgagor or the operation or business thereof as the Bank, at its election, shall determine; or (iv) to be remitted to the Mortgagor.

6. DEFAULT

6.1 The occurrence of any one or more of the following shall constitute an "Event of Default" under this Mortgage:

(A) the Land Trust, Carmichael Properties or the West Monroe Trust fail to fully and timely pay any of the Liabilities, when due and payable or declared due and payable, and such default is not cured within five (5) days after notice from the Bank to the Mortgagor;

(B) the Land Trust, Carmichael Properties or the West Monroe Trust fail or neglect to perform, keep or observe any of the Obligations, and such default is not cured within thirty (30) days after notice from the Bank to the Mortgagor;

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(C) any material statement, report or certificate made or delivered by the Mortgagor, or any of its partners, officers, employees or agents, to the Bank is not true and correct;

(D) any of the Mortgagor's assets are seized, attached, subjected to a writ or distress warrant, or are levied upon, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors;

(E) the Mortgagor makes an assignment for the benefit of creditors, or an application is made by the Mortgagor for the appointment of a receiver, trustee, custodian or conservator for any of the Mortgagor's assets;

(F) a petition under the United States Bankruptcy Code or any similar federal, state or local law, statute or regulation shall be filed by the Mortgagor;

(G) a petition under the United States Bankruptcy Code or any similar federal, state or local law, statute or regulation shall be filed against the Mortgagor, the Mortgagor is actively and in good faith contesting such petition and proceeding to have same terminated or dismissed, and such petition is not actually terminated or dismissed within sixty (60) days from the filing thereof;

(H) the Mortgagor is enjoined, restrained or in any way prevented by court order from conducting any part of its business;

(I) a lawsuit or other proceeding is filed by or against the Mortgagor to liquidate any of the Mortgagor's assets;

(J) a notice of a lien, levy or assessment is filed of record which, in the aggregate exceeds Ten Thousand and no/100 Dollars (\$10,000.00), with respect to any of the Mortgagor's assets by the United States of America, any department, agency, or instrumentality thereof, or by any state, county, municipal or other governmental department, agency or instrumentality, or any mechanic's lien is filed of record which, in the aggregate exceeds Ten Thousand and no/100 Dollars (\$10,000.00), which lien, levy, assessment or mechanic's lien is not, within thirty (30) days from recording, released, insured over by issuance of a title indemnity or bonded over, in form and substance and with insurers or bonding companies satisfactory to the Bank, in an amount equal to one hundred fifty percent (150%) of such lien, levy, assessment or mechanic's lien;

(K) the Mortgagor defaults in the payment of any of the Mortgagor's other obligations or liabilities and such default is not cured within the time, if any, specified therefore;

(L) a breach, default or event of default occurs after the expiration of the grace or cure period, if any, under any agreement, document or instrument which now or at any time hereafter may be executed and delivered by Carmichael Leasing to the Bank, including, but not limited to, that certain Loan and Security Agreement dated October 22, 1993, by and between the Bank and Carmichael Leasing, as amended from time to time;

(M) a breach, default or event of default occurs, after the expiration of the grace or cure period, if any, under any of the Other Agreements;

(N) a breach, default or event of default occurs, after the expiration of the grace or cure period, if any, under any agreement, document or instrument executed and delivered by Carmichael Properties and the West Monroe Trust;

(O) all or any portion of the Mortgaged Property is sold or transferred. For the purposes of this Paragraph, a

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"sale" or "transfer" of the Mortgaged Property means the change in ownership of more than twenty-five percent (25%) in the partnership interest of Carmichael Properties, the conveyance of the Mortgaged Property or any right, title or interest therein, whether legal or equitable, voluntary or involuntary, by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold option contract, or by sale, assignment or transfer of any beneficial interest in or to any land trust holding title to the Mortgaged Property, or by any other method of conveyance of the Mortgaged Property interest;

(P) a material breach, default or event of default, including, but not limited to, the failure to fully and timely pay any rent, occurs under those certain Leases both dated January 1, 1989, by and between Carmichael Properties and Carmichael Leasing, as extended from time to time, relating to the real property located at 2200 South Loomis Street, Chicago, Illinois, and the real property located at 1030-1040 West Arcade Place, Chicago, Illinois, which real property also has the common address of 1040-1060 West Monroe Street, Chicago, Illinois; or

(Q) a breach, default or event of default occurs under any agreement, instrument or document executed and delivered by any Person to the Bank pursuant to which such Person has guaranteed to the Bank, among other things, the payment of the Liabilities or such Person terminates or purports to terminate his guarantee of, among other things, payment of the Liabilities to the Bank, including, but not limited to, those certain Personal Guarantees of even date herewith and dated October 22, 1993, both executed and delivered by Michael Bechina to the Bank (collectively the "Michael Guaranty") and those certain Personal Guarantees of even date herewith and dated October 22, 1993, both executed and delivered by Melvin Bechina to the Bank (collectively the "Melvin Guaranty").

6.2 Upon the occurrence of an Event of Default, without notice to or demand of the Mortgagor except as provided herein, all of the Liabilities shall become immediately due and payable, and the Bank, in its discretion and at its election, may do any one or more of the following:

(A) Without notice to the Mortgagor except as provided herein, collect the Liabilities at once by foreclosure or otherwise, including, but not limited to, exercising any rights or remedies granted to the Bank under this Mortgage or the Other Agreements or provided at law, in equity or otherwise. Upon an Event of Default, the Liabilities shall bear interest at the Default Rate.

(B) Subject to applicable law, enter upon and take immediate possession of the Mortgaged Property, expel and remove any Persons, goods or chattels occupying or upon the Mortgaged Property, receive all Rents, and issue receipts therefor, manage, control and operate the Mortgaged Property as fully as the Mortgagor might do if in possession thereof, including, but not limited to, the making of all repairs and replacements deemed necessary by the Bank and the leasing of the Mortgaged Property, or any part thereof, from time to time, and after deducting all attorneys' fees, costs, fees and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to the Liabilities. At the option of the Bank, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice in accordance with Paragraph 7.1 of this Mortgage. The Mortgagor agrees to surrender possession of the Mortgaged Property to the Bank immediately upon the occurrence of an Event of Default. If the Mortgagor shall remain in physical possession of the Mortgaged Property, or any part thereof, after an Event of Default, such possession shall be as a tenant at sufferance of the Bank, and the Mortgagor agrees to pay to the Bank, or to any receiver appointed as provided

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below, after an Event of Default, a monthly rental for the Mortgaged Property, or the part thereof so occupied by the Mortgagor to be applied as provided above in the first sentence of this Subparagraph, and to be paid in advance on the first day of each calendar month, and, upon failure to do so, the Mortgagor may be dispossessed by the usual summary proceedings. In the event the Mortgagor shall so remain in possession of all, or any part of, the Mortgaged Property, said monthly rental shall be in amounts established by the Bank in its discretion. This covenant shall be effective irrespective of (i) whether any foreclosure proceeding shall have been instituted, and (ii) any application for, or appointment of, a receiver.

(C) File one or more suits at law or in equity for the foreclosure of all or any portion of this Mortgage or to collect the Liabilities. In the event of the commencement of any such suit by the Bank, the Bank shall have the right, either before or after sale, without notice and without requiring bond, as notice and bond are hereby expressly waived by the Mortgagor, and without regard to the solvency or insolvency of the Mortgagor at the time of application and without regard to the then value of the Mortgaged Property or whether the same is then occupied, to make application for and obtain the appointment of a receiver for the Mortgaged Property. Such receiver shall have the power to collect the Rents during the pendency of such suit and, in case of a sale and a deficiency, during the full statutory period of redemption as well as during any further times when the Mortgagor, except for the intervention of such receiver, would be entitled to collect the Rents, and shall have all other powers which may be necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property. The court before which such suit is pending may from time to time authorize the receiver to apply the net income in his hands in payment, in whole or in part, of the Liabilities. In case of a sale pursuant to foreclosure, the Premises may, but need not, be sold as one parcel.

(D) If the Bank commences any suit to foreclose this Mortgage, the Bank shall have the right to apply to the court in which such proceedings are pending for entry of an order placing the Bank in possession of the Mortgaged Property. If an order is entered placing the Bank in possession of the Mortgaged Property, the Bank may thereupon enter upon and take immediate possession of the Mortgaged Property, expel and remove any Persons, goods or chattels occupying or upon the Mortgaged Property, receive all Rents, and issue receipts therefore, manage, control and operate the Mortgaged Property, including, but not limited to, the making of all repairs and replacements deemed necessary by the Bank and the leasing of the Mortgaged Property or any part thereof, from time to time, and, after deducting all attorneys' fees, costs, fees and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to the Liabilities. At the option of the Bank, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice of entry of the order placing the Bank in possession in accordance with Paragraph 7.1 of this Mortgage. If the Mortgagor shall remain in physical possession of the Mortgaged Property after entry of an order placing the Bank in possession, the Mortgagor's possession shall be as a tenant at sufferance of the Bank, and the Mortgagor agrees to pay to the Bank, or to any other Person authorized by the Bank, after entry of such order, a monthly rental for the Mortgaged Property, or the part thereof so occupied by the Mortgagor to be applied as provided above in the first sentence of Paragraph 6.2(B) and to be paid in advance on the first day of each calendar month, and, upon failure to do so, the Mortgagor may be dispossessed by the usual summary proceedings. If the Mortgagor shall so remain in possession of all or any part of the Mortgaged Property, said monthly rental shall be in amounts established by the Bank in its discretion.

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6.3 Upon the occurrence of an Event of Default under this Mortgage, there will be added to and included as part of the Liabilities and allowed in any decree for sale of the Mortgaged Property or in any judgment rendered in connection with this Mortgage or the Other Agreements the following: (a) all of the reasonable costs, fees and expenses of taking possession of the Mortgaged Property and of the holding, using, leasing, maintaining, repairing and selling of the Mortgaged Property, including, but not limited to, the costs, fees, charges, expenses and attorneys' fees specified in Paragraph 6.4 below; (b) receivers' fees; (c) any and all reasonable expenditures which may be paid or incurred by or on behalf of the Bank for appraisers' fees, documentary and expert evidence, stenographers' charges, publication costs, fees and expenses for examination of title, title searches, guaranty policies, Torrens certificates and other similar data and assurances with respect to the title to the Mortgaged Property; (d) all prepayment or similar premiums, if any; and (e) all other costs, fees and expenses which the Bank deems reasonably necessary to prosecute or enforce any right or remedy it has under this Mortgage, the \$750,000.00 Note, the Other Agreements, at law, in equity or otherwise, or to inform bidder, at any sale of the true condition of title or of the value of the Mortgaged Property. All such costs, charges, expenses, prepayment or like premiums, fees and other expenditures shall be a part of the Liabilities, secured by this Mortgage and the Other Agreements, payable on demand and shall bear interest at the Default Rate from the date of the Bank's payment thereof until repaid to the Bank.

6.4 If foreclosure proceedings are instituted upon this Mortgage, or if the Bank shall be a party to, shall intervene, or file any petition, answer, motion or other pleading in any suit or proceeding relating to this Mortgage, the Other Agreements or the Liabilities, or if the Bank shall incur or pay any expenses, costs, charges, fees or attorneys' fees by reason of the employment of counsel for advice with respect to this Mortgage, the \$750,000.00 Note, the Other Agreements, the Liabilities or the Obligations, and whether in court proceedings or otherwise, such reasonable expenses, costs, charges and all of the Bank's attorneys' fees shall be part of the Liabilities, secured by this Mortgage and the Other Agreements, payable on demand and shall bear interest at the Default Rate from the date of the Bank's payment thereof until paid.

6.5 The proceeds of any foreclosure sale of the Mortgaged Property shall be applied and distributed, first, on account of the fees, charges, costs and expenses described in Paragraphs 6.3 and 6.4 above, second, to the balance of the Liabilities, and third, the surplus, if any, to the Mortgagor.

6.6 If the Bank commences judicial proceedings to foreclose this Mortgage, the Mortgagor, on behalf of itself, its successors and permitted assigns, and each and every Person which the Mortgagor may legally bind which acquires any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage: (a) does hereby expressly waive any and all rights of appraisalment, valuation, stay, extension and, to the extent permitted by law, redemption from sale under any order or decree of foreclosure of this Mortgage; and (b) does hereby agree that when sale is had under any decree of foreclosure of this Mortgage, upon confirmation of such sale, the master in chancery or other officer making such sale, or his successor in office, shall be and is hereby authorized immediately to execute and deliver to any purchaser at any sale a deed conveying the Mortgaged Property, showing the amount paid therefore, or if purchased by the Person in whose favor the order or decree is entered, the amount of his bid therefore.

6.7 The Bank shall have the right to sue for any sums, whether interest, principal or other sums required to be paid by or for the account of the Mortgagor under the terms of this

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Mortgage, the \$750,000.00 Note or the Other Agreements as the same become due, or for any other of the Liabilities which shall become due, and without prejudice to the right of the Bank thereafter to bring an action of foreclosure, or any other action, for a default or defaults by the Mortgagor existing at the time such earlier action was commenced.

6.8 No right or remedy of the Bank hereunder is exclusive of any other right or remedy hereunder or now or hereafter existing at law or in equity, but is cumulative and in addition thereto and the Bank may recover judgment thereon, issue execution therefore, and resort to every other right or remedy available at law or in equity, without first exhausting or affecting or impairing the security or any right or remedy afforded by this Mortgage. No delay in exercising, or omission to exercise, any such right or remedy will impair any such right or remedy or will be construed to be a waiver of any default by the Mortgagor hereunder, or acquiescence therein, nor will it affect any subsequent default hereunder by the Mortgagor of the same or different nature. Every such right or remedy may be exercised independently or concurrently, and when and so often as may be deemed expedient by the Bank. No terms or conditions contained in this Mortgage may be waived, altered or changed except as evidenced in writing signed by the Mortgagor and the Bank.

6.9 If any rate of interest described in this Mortgage, the \$750,000.00 Note or the Other Agreements is greater than the rate of interest permitted to be charged or collected by applicable law, as the case may be, such rate of interest shall automatically be reduced to the maximum rate of interest permitted to be charged or collected by applicable law. The terms and provisions of this Paragraph shall control all other terms and provisions contained in this Note or in the Other Agreements.

6.10 Any failure of the Bank to insist upon the strict performance by the Mortgagor of any of the terms and provisions of this Mortgage or the Other Agreements shall not be deemed to be a waiver of any of the terms and provisions thereof, and the Bank, notwithstanding any such failure, shall have the right at any time or times thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions thereof to be performed by such party. Neither the Mortgagor nor any other Person now or hereafter obligated for the payment of the whole or any part of the Liabilities shall be relieved of such obligation by reason of (a) the sale, conveyance or other transfer of the Mortgaged Property, (b) the failure of the Bank to comply with any request of the Mortgagor or of any other Person to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or the Other Agreements, (c) the release, regardless of consideration, of the whole or any part of the collateral or security held for the Liabilities, or (d) any agreement or stipulation between any subsequent owner or owners of the Mortgaged Property and the Bank extending or modifying the time of payment of the Liabilities, the Other Agreements or this Mortgage without first having obtained the consent of the Mortgagor, or such other Person, and, in such case, the Mortgagor and all such other Persons, shall continue to be liable on account of the Liabilities and to make such payments according to the terms of any such agreement, extension or modification unless expressly released and discharged in writing by the Bank. The Bank, without notice, may release, regardless of consideration, any part of the security held for the Liabilities, without, as to the remainder of the security therefore, in any way impairing or affecting the lien of this Mortgage or the priority of such lien over any subordinate lien. The Bank may resort for the payment of the Liabilities to any other security therefore held by the Bank in such order and manner as the Bank may elect.

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7. MISCELLANEOUS

7.1 Any and all notices, demands, requests, consents, designations, waivers and other communications required or desired hereunder shall be in writing and shall be deemed effective upon personal delivery, upon receipted delivery by Federal Express or another overnight carrier, or three (3) days after mailing if mailed by registered or certified mail, return receipt requested, postage prepaid, to the Mortgagor or the Bank at the following addresses or such other addresses as the Mortgagor or the Bank specify in like manner; provided, however, that notices of a change of address shall be effective only upon receipt thereof.

To the Mortgagor:

American National Bank and Trust Company of Chicago, not personally, but solely as Trustee under that certain Trust Agreement dated April 20, 1994 and known as Trust No. 117734-05
Land Trust Department
33 North LaSalle Street
Chicago, Illinois 60690

with a copy to the beneficiary:

Carmichael Properties
2200 South Loomis Street
Chicago, Illinois 60608
Attn.: Melvin Bechina

with a copy to:

Schwartz & Freeman
401 North Michigan Avenue
Suite 1900
Chicago, Illinois 60611
Attn.: William L. Sharp, Esq.

To the Bank:

American National Bank and Trust Company of Chicago
33 North LaSalle Street
Chicago, Illinois 60690
Attn.: Mr. Daniel Watts

with a copy to:

Fagel & Haber
140 South Dearborn Street, Suite 1400
Chicago, Illinois 60603
Attn.: Gina M. Gentili, Esq.

7.2 All the covenants contained in this Mortgage will run with the land. Time is of the essence of this Mortgage and all provisions herein relating thereto shall be strictly construed.

7.3 This Mortgage, and all the provisions hereof, will be binding upon and inure to the benefit of the successors of the Mortgagor, and the successors and assigns of the Bank. This Mortgage may not be assigned by Mortgagor, but may be assigned by the Bank without notice to the Mortgagor.

7.4 All references to the Mortgagor shall mean the Land Trust and Carmichael Properties, both individually and collectively, and jointly and severally, and all representations, warranties, duties, covenants, agreements and obligations of the Mortgagor shall be the individual and collective representations, warranties, duties, covenants, agreements and obligations of each

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of the Land Trust and Carmichael Properties, and the breach or default thereof shall give rise to joint and several liability to the Land Trust and Carmichael Properties. Notwithstanding any limitation on Melvin Bechina's and Michael Bechina's liability for the Liabilities pursuant to the Melvin Guaranty and the Michael Guaranty, Carmichael Properties is and shall remain liable for all of the Liabilities; provided, however, that the Bank's recourse against Carmichael Properties shall be limited to the assets of Carmichael Properties and the Bank's recourse against Melvin Bechina and Michael Bechina, individually and as general partners of Carmichael Properties, shall be pursuant to the Melvin Guaranty and the Michael Guaranty.

7.5 This Mortgage shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Illinois. Wherever possible, each provision of this Mortgage shall be interpreted in such a manner as to be valid and enforceable under applicable law, but if any provision of this Mortgage is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed herefrom and such invalidity or unenforceability shall not affect any other provision of this Mortgage, the balance of which shall remain in and have its intended full force and effect. Provided, however, if such provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to be modified so as to be valid and enforceable to the maximum extent permitted by law.

7.6 The terms and provisions of the \$750,000.00 Note and the Other Agreements are incorporated herein by this reference thereto.

7.7 The Exhibits referred to herein are attached hereto, made a part hereof and incorporated herein by this reference thereto.

7.8 Contemporaneously with the execution and delivery of this Mortgage, the Mortgagor is paying to the Bank, among other things, a one percent (1%) fee in the amount of Twenty-Two Thousand and no/100 Dollars (\$22,000.00), with respect to the \$750,000.00 Note and the \$1,450,000.00 Note. The Mortgagor will at all times maintain its primary accounts at the Bank with respect to its receipts, disbursements and related operations. The Mortgagor shall maintain demand deposit balances at all times in an amount equal to generate sufficient earnings credit associated with such account balances to cover the Bank's operating costs relating to Carmichael Properties' accounts. Should the Bank's operating costs relating to Carmichael Properties' accounts exceed the earnings credit rate associated with the account balances in any one month, such deficiency will be part of the Liabilities, secured by the Mortgaged Property and payable to the Bank on demand.

7.9 The Mortgagor and the Bank irrevocably agree, and hereby consent and submit to the exclusive jurisdiction of the Circuit Court of Cook County, Illinois, and the United States District Court for the Northern District of Illinois, Eastern Division, with regard to any litigation, actions or proceedings arising from or relating to or in connection with the Liabilities, the Obligations, this Mortgage, the \$750,000 Note or the Other Agreements. The Mortgagor hereby irrevocably appoints and designates William L. Sharp, Esq., located at 401 North Michigan Avenue, Chicago, Illinois 60611, as the Mortgagor's true and lawful attorney-in-fact and duly authorized agent to accept any service of legal process or any notice which, notwithstanding the Mortgagor's waiver of notice contained in this Mortgage, the Bank desires or elects to provide to the Mortgagor, and agrees that service of process upon such attorney-in-fact shall constitute personal service of process upon the Mortgagor. The Mortgagor shall direct such attorney-in-fact to forward any such

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notice or service of process to the Mortgagor at an address designated by the Mortgagor. The Mortgagor hereby waives any right it may have to transfer or change the venue of any litigation, actions or proceedings filed in the Circuit Court of Cook County, Illinois, or the United States District Court for the Northern District of Illinois, Eastern Division, and further waives any objection to service of process upon such attorney-in-fact.

7.10 Prior to an Event of Default and upon payment in full of the indebtedness, obligations, costs, fees and expenses evidenced by or arising pursuant to the \$750,000.00 Note, this Mortgage or any other agreement, document or instrument evidencing or securing the \$750,000.00 Note and executed by Carmichael Properties, the Land Trust or any other person or entity and delivered to the Bank in connection with the Premises legally described upon Exhibit "A" to this Mortgage, the Bank will agree to release in writing this Mortgage.

7.11 This Mortgage is executed by American National Bank and Trust Company of Chicago, not personally, but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee. American National Bank and Trust Company of Chicago hereby warrants that it possesses full power and authority to execute this instrument as Trustee. It is expressly understood and agreed that nothing contained herein shall be construed as creating any liability on American National Bank and Trust Company of Chicago to personally pay any indebtedness or to perform any of the covenants, agreements or duties contained herein.

7.12 THE MORTGAGOR AND THE BANK EACH HEREBY ABSOLUTELY AND UNCONDITIONALLY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER OR RELATED TO THIS MORTGAGE, THE LIABILITIES, THE OBLIGATIONS, THE \$750,000 NOTE OR THE OTHER AGREEMENTS, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED AND DELIVERED IN CONNECTION THEREWITH OR RELATED THERETO.

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

AMERICAN NATIONAL BANK AND TRUST
COMPANY OF CHICAGO, not
personally, but solely as
Trustee under that certain Trust
Agreement dated April 20, 1994,
and known as Trust No. 117734-05

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

CARMICHAEL PROPERTIES, an
Illinois general partnership

By: _____
Melvin Bechina, General Partner

By: _____
Michael Bechina, General Partner

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STATE OF ILLINOIS)
) S.S.
COUNTY OF COOK)

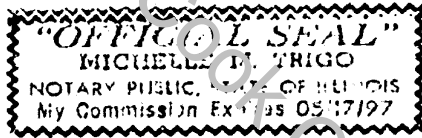
I, MICHELLE M. TRIGO, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____ and _____ personally known to me to be the _____ and _____, respectively of American National Bank and Trust Company of Chicago, as Trustee, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their free and voluntary act and as the free and voluntary act of said Trustee.

MAY 17 1994

GIVEN under my hand and Notarial Seal this ____ day of May, 1994.

Michelle M. Trigo

Notary Public



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EXHIBIT "A"

LOT 189 (EXCEPT THE SOUTH 53.64 FEET THEREOF), LOTS 190, 191, AND 192, AND THE SOUTH 75 FEET OF LOT 193 IN GREENE'S SOUTH BRANCH ADDITION TO CHICAGO OF THE NORTHWEST 1/4 OF SECTION 29, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN.

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EXHIBIT "B" TO
MORTGAGE AND SECURITY AGREEMENT
DATED MAY 17, 1994

COMPLIANCE CERTIFICATE

I, _____, do hereby certify that I am the _____ of Carmichael Properties, an Illinois general partnership (the "Borrower"), and that as such, I am authorized to execute this Compliance Certificate on behalf of the Borrower and do hereby further certify that this Compliance Certificate, delivered in connection with that certain Mortgage and Security Agreement dated May 17, 1994, between the Borrower and American National Bank and Trust Company of Chicago, a national banking association, as the same may be amended, supplemented or otherwise modified (the "Mortgage Agreement"), is true and complete as of the date hereof and was completed in accordance with the Mortgage Agreement. (Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Mortgage Agreement).

1. As of the date hereof, no Event of Default exists under the Mortgage Agreement or any of the Other Agreements.

IN WITNESS WHEREOF, I have executed this Compliance Certificate on this _____ day of _____, 199__.

CARMICHAEL PROPERTIES,
an Illinois general partnership

By: _____
Its: _____

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EXHIBIT "C" TO MORTGAGE DATED MAY 17, 1994 PERMITTED ENCUMBRANCES

The following encumbrances listed on Schedule B of Chicago Title Insurance Company Commitment for ALTA form B policy (commitment No. 7508329): 10.

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