

THIS INSTRUMENT PREPARED BY AND TO BE RETURNED TO:

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John R. Parks, Esq.  
Powell, Goldstein, Fraser & Murphy  
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191 Peachtree Street, N.E.  
Atlanta, Georgia 30303

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CR. NO. 1067

MORTGAGE,  
ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT  
(Illinois)

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THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT (this "Instrument"), dated June 1, 1994 between KINDERCARE LEARNING CENTERS, INC., a Delaware corporation (formerly known as Kinder-Care Learning Centers, Inc., and hereinafter referred to as "Borrower"), and TORONTO DOMINION (TEXAS), INC., a Delaware corporation, in its capacity as agent ("Agent") for the Lender and the Facing Bank (as such capitalized terms are hereinafter defined, Agent, the Lenders and the Facing Bank being sometimes hereinafter collectively referred to as the "Secured Creditors");

WITNESSETH:

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WHEREAS, the parties listed in Schedule I attached hereto and made a part hereof (together with their successors and assigns, the "Lenders"), The Toronto-Dominion Bank, acting through its Houston Agency, as the issuer of letters of credit thereunder (in such capacity, the "Facing Bank"), Borrower and Agent have entered into that certain Credit Agreement (as executed on the date hereof and as the same may be amended and restated from time to time, the "Credit Agreement") pursuant to which the Secured Creditors have agreed to (a) establish a combined revolving loan and letter of credit facility in an aggregate principal amount not to exceed \$115,000,000 at any time outstanding ("Facility A"), and (b) establish a separate letter of credit facility providing for the issuance of certain other letters of credit in an aggregate stated amount not to exceed \$34,648,813 ("Facility B"), for the benefit and account of Borrower; and

WHEREAS, the obligation of Borrower to repay advances made pursuant to Facility A is evidenced by the Credit Agreement and by certain promissory notes of even date herewith from Borrower and payable to the order of each of the Lenders in the aggregate principal amount of \$115,000,000 (as executed on the date hereof and as the same may be amended, modified, restated, renewed, extended or replaced from time to time, the "Facility A Notes"); and

WHEREAS, the obligation of Borrower to reimburse the Facing Bank for draws under the letters of credit issued pursuant to Facility A and Facility B are evidenced by the Credit Agreement; and

WHEREAS, to induce the Secured Creditors to implement Facility A and Facility B pursuant to the Credit Agreement, Borrower has agreed to execute and deliver this Instrument to secure the Secured Obligations (as hereinafter defined);

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower has granted, conveyed, mortgaged and assigned, and by these presents does grant, convey, mortgage and assign the following described property unto Agent for the benefit of the Secured Creditors:

ALL THAT PROPERTY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF (the "Real Property");

TOGETHER WITH, all leasehold estate, right, title and interest of Borrower in and to all leases or subleases covering the Real Property or any portion thereof, now or hereafter existing or entered into, and all right, title and interest of Borrower thereunder, including without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH, all right, title and interest of Borrower in and to all options to purchase or lease the Real Property or any portion thereof or interest therein, and any greater estate in the Real Property now owned or hereafter acquired;

TOGETHER WITH, all interests, estate or other claims, both in law and in equity, which Borrower now has or may hereafter acquire in the Real Property;

TOGETHER WITH, all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH, all right, title and interest of Borrower, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, opened or proposed, adjoining the Real Property, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Real Property;

TOGETHER WITH, all buildings, improvements and tenements now or hereafter erected on the Real Property (collectively, the "Improvements"), and all rents (subject, however, to the assignment of rents to Agent herein), and to the extent Borrower has an interest therein, all issues, royalties, mineral, oil and gas rights and profits, water, water rights and water stock appurtenant to the Real Property (collectively, the "Rents"), and all right,

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title and interest of Borrower in and to all fixtures, machinery, equipment, supplies, engines, boilers, incinerators, building materials, appliances, goods and personal property of every nature whatsoever now or hereafter located in or on, or used or intended to be used in connection with the Real Property (collectively, the "**Personal Property**"), including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light; and all elevators and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, mirrors, cabinets, panelling, rugs, attached floor coverings, furniture, pictures, antennas, plants, playground equipment, books, audio-visual equipment, video camera recorders and replacements and additions to any of the foregoing, all of which, including replacements and additions thereto, shall be deemed to be and remain part of the Real Property securing this Instrument;

**TOGETHER WITH**, all the estate, right, title, interest and other claim or demand, including claims or demands with respect to the proceeds of insurance which Borrower now has or hereafter may acquire in the Real Property, Improvements, and Personal Property, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property and Improvements, including without limitation any awards resulting from a change of grade of streets and awards for severance damages;

**TOGETHER WITH**, to the full extent assignable, all contracts and agreements between Borrower and others for the sale, design, construction, inspection, use, operation, maintenance and ownership of the Real Property and Improvements, and, to the full extent assignable, all permits and licenses for the construction, utilization and operation of the Real Property and Improvements, including without limitation, all building permits, variances and special use permits, agreements with and letters of assurance and availability from providers of utilities, curb cut and other access permits, reports of soils exploration and testing, environmental audits, structural reports, agreements with construction contractors, agreements with architects, and plans and specifications for the Real Property and Improvements;

**TOGETHER WITH**, to the full extent assignable, all of Borrower's right, title and interest in and to tradenames, trademarks, service marks, logos and goodwill now or hereafter used, reserved or otherwise related to the Real Property, Improvements, or Personal Property; and

**TO HAVE AND TO HOLD** all of the aforesaid Real Property, Improvements, Rents, Personal Property, property rights, contract rights, estates, interests, title and claims (all of which are collectively referred to herein as the "**Property**") to the use, benefit and behoof of Agent, for the benefit of the Secured Creditors, forever, in fee simple.

Borrower represents and warrants that Borrower has legal title to the Property and has the right to grant, convey and assign the Property, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any easements, restrictions, reservations, and other matters heretofore recorded in the records in the county in which the Real Property is located and the Permitted Lease.

All capitalized terms in this Instrument which are not defined in this Instrument shall have the meaning ascribed to them in the Credit Agreement (such terms appearing herein in bold type, together with captions to paragraphs herein, for convenience). All references in this Instrument to any document or instrument shall be deemed to include all modifications, amendments, supplements, extensions and renewals.

This Instrument secures the following (collectively, the "**Secured Obligations**"):

(a) all obligations of Borrower in respect of:

- (i) the principal of, premium, if any, fees and interest on or in respect of the Facility A Notes, having a maximum aggregate principal amount of One Hundred Fifteen Million and No/100 Dollars (\$115,000,000.00), and the reimbursement obligations with respect to letters of credit issued by the Facing Bank from time to time under Facility A pursuant to the Credit Agreement;
- (ii) the reimbursement obligations, fees and interest on or in respect of letters of credit issued by the Facing Bank from time to time under Facility B pursuant to the Credit Agreement in an aggregate stated amount not to exceed Thirty-Four Million Six Hundred Forty-Eight Thousand Eight Hundred Thirteen and No/100 Dollars (\$34,648,813.00);
- (iii) any Interest Hedge Agreements between Borrower and Agent or one or more of the Lenders, in each case in accordance with the terms and conditions thereof;
- (iv) any and all other amounts payable by Borrower to the Secured Creditors, or any of them, from time to time under the Credit Agreement and the other Loan Documents, including, without limitation, amounts in respect of capital adequacy requirements and the breakage of long-term fixed rate contracts under the Credit Agreement; and

(b) with respect to the obligations under paragraph (a) immediately herein preceding, other costs and expenses of collection (including, without limitation, reasonable attorneys' fees and expenses actually incurred), commissions, expenses, charges, reimbursement obligations, indemnification obligations, reasonable fees and expenses due and payable to any Secured Creditor and all other liabilities due or owing to, or observable or performable in favor or for the benefit of, any Secured Creditor, including, without

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limitation, all costs and expenses (including reasonable attorneys' fees and expenses) actually incurred by Agent in obtaining performance of, or in collecting any payments due under, the Loan Documents; and

in each case whether such obligations and liabilities are absolute or contingent, due or not due, liquidated or unliquidated, arising under or in connection with the Loan Documents or any of them. The final maturity date of all of the Secured Obligations is May 30, 1997.

PROVIDED ALWAYS, that if Borrower shall pay and perform to Agent and the Secured Creditors all Secured Obligations at all times and in the manner stipulated in the Master Security Document and Loan Documents, including any renewals, extensions, modifications or amendments thereof, then this Instrument shall cease and be void, and shall be of no further force and effect.

**Covenants and Agreements.** Borrower and Agent covenant and agree as follows:

1. **Payment and Performance of Secured Obligations.** Borrower shall promptly pay when due the Secured Obligations. Borrower shall promptly and fully keep, perform and comply with all terms, provisions, covenants and conditions imposed upon Borrower under the Loan Documents.
2. **Taxes, Insurance and Other Charges.** Prior to delinquency Borrower shall pay all Impositions. As used herein, "Impositions" shall mean: (a) the water and sewer charges and taxes and assessments that may be levied, assessed or imposed on the Property, (b) the premium installments for insurance for the Property as Agent may require under that certain Master Security Document dated the date hereof (as the same may be amended or varied from time to time) among Borrower, KC Development Corp., a Delaware corporation, Mini-Skools Limited, a Canadian corporation, KinderCare Real Estate Corp., a Delaware corporation, and Agent (the "Master Security Document"), and (c) such other charges, assessments, fees and taxes, general and specific, or ordinary and extraordinary, that may from time to time be assessed, levied or imposed with respect to the Property.  
  
If at any time after the date hereof there shall be assessed or imposed a license fee, tax or assessment on this Instrument or Agent, the Lenders or the Facing Bank, measured by or based in whole or in part upon the amount of the Secured Obligations, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined herein, and Borrower shall pay and discharge the same as herein provided with respect to the payment of Impositions. Anything to the contrary herein notwithstanding, Borrower shall have no obligation to pay any franchise, estate, inheritance, income, excess profits or similar tax levied on Agent, the Lenders or the Facing Bank or on the Secured Obligations.
3. **Insurance.** Borrower covenants and agrees to provide, maintain and keep in force, at all times, the policies of insurance required by the Master Security Document with respect to the Property. All insurance proceeds in connection with a casualty to the Property shall be applied in accordance with the provisions of the Master Security Document.
4. **Preservation and Maintenance of Property.** Borrower covenants and agrees to preserve and maintain the Property in accordance with the provisions of the Master Security Document and the Credit Agreement.
5. **Protection of Agent's Security.** If Borrower fails to fully and faithfully perform its obligations under this Instrument, the Credit Agreement or the Master Security Document with respect to the Property, or if any action or proceeding is commenced that affects the Property, title to the Property or the interest of Agent in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Agent may, but shall not be obligated to, protect, preserve and maintain the Property and make such appearances, advance disbursements of such sums and take such action on behalf of Borrower as Agent deems necessary to protect Agent's interests. Any expenditure of monies by Agent in connection with the foregoing shall be secured by this Instrument, be immediately due and payable and bear interest at the Delinquency Rate (as that term is defined in the Master Security Document) as of the date of the advancement.
6. **Condemnation.** In the event of any condemnation or other taking by eminent domain of the Property or any portion thereof, such condemnation shall be prosecuted and condemnation proceeds applied as set forth in the Master Security Document.
7. **Borrower and Lien not Released.** Subject to the provisions of the Credit Agreement and the Master Security Document, Agent and the Secured Creditors, or any of them, may, without giving notice to any junior lienholder, guarantor, or any other person or entity liable for the Secured Obligations, or any portion thereof, (a) extend the time for payment of all or part of the Secured Obligations secured by this Instrument, (b) reduce the payments on the Secured Obligations, (c) release anyone liable on any of the Secured Obligations, (d) accept a renewal note or notes for the Secured Obligations, (e) modify the terms of payment of the Secured Obligations, (f) release from the lien and interest of this Instrument any part of the Property, (g) take or release other or additional security, (h) reconvey any part of the Property, (i) consent to the granting of any easement, (j) join in any extension or subordination agreement, (k) agree in writing with Borrower to modify the rate of interest, the period of amortization, or the amount of the periodic installments payable under the Loan Documents, (l) extend the maturity or alter any of the terms of any such obligation, (m) grant other indulgences, (n) make compromises or other arrangements with debtors in relation thereto, or (o) advance additional funds to protect the security hereof and pay or discharge the obligations of Borrower hereunder or under the Loan Documents, and all amounts so advanced, with interest thereon at the Delinquency Rate (as that term is defined in the Master Security Document), shall be secured hereby. Actions taken by Agent under this paragraph shall not affect the obligation of Borrower to pay the Secured Obligations. Furthermore, actions taken by Agent shall not affect any guaranty

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for payment of the Secured Obligations, or Agent's lien and interest in and to the Property or any portion thereof not heretofore released as security for the full amount of all unpaid Secured Obligations.

8. **Forbearance not a Waiver.** Any forbearance by Agent in exercising any right or remedy under this Instrument or permitted by law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Agent of payment of any sum secured by this Instrument after the due date shall not be a waiver of Agent's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment.
9. **Uniform Commercial Code Security Agreement.** This Instrument is intended to be a security agreement under the Uniform Commercial Code (adopted in the jurisdiction in which the Property is located) for any of the items hereinbefore specified as part of the Property that, as a matter of law, may be subject to a security interest under the aforesaid Uniform Commercial Code. Borrower grants Agent a security interest in these items for the benefit of the Secured Creditors. Borrower agrees that Agent may file this Instrument in the real estate records or other appropriate index as a financing statement for any of the items specified above as a part of the Property. The addresses of Borrower (Debtor) and Agent (Secured Party) are set forth in Section 12 hereof. Any copy of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. Without the prior written consent of Agent, except as otherwise provided in the Master Security Document and the Credit Agreement, Borrower shall not create under the Uniform Commercial Code any other security interest in these items, including replacements and additions. Upon the occurrence of any Event of Default (as defined in Section 11 hereof), Agent shall have the remedies of a secured party under the Uniform Commercial Code and also may invoke the remedies otherwise provided in this Instrument. In exercising its remedies, Agent may proceed against the items of Real Property and any items of Personal Property specified above as part of the Property separately or together and in any order whatsoever, without in any way affecting the availability of Agent's remedies under the Uniform Commercial Code and the remedies otherwise provided in this Instrument.
10. **Remedies Cumulative.** To the full extent permitted by applicable law, each remedy provided in this Instrument is distinct and cumulative to all other rights or remedies under this Instrument, the Loan Documents, or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.
11. **Events of Default; Acceleration.** An Event of Default (as that term is defined in the Credit Agreement), including, without limitation, a Transfer of the Property, or any portion thereof or interest therein, except as otherwise permitted in the Master Security Document and the other Loan Documents, shall constitute an "Event of Default" under this Instrument.

The Secured Obligations may be declared immediately due and payable upon the occurrence of an Event of Default under this Instrument, in accordance with, and subject to, the provisions of the Loan Documents and the Master Security Document. Agent also may invoke any remedies permitted by this Instrument in accordance with, and subject to, the provisions of the Master Security Document. Any attorneys' fees and other expenses incurred by Agent in connection with this Instrument shall be additional indebtedness of Borrower secured by this Instrument pursuant to paragraph 5 herein.

## 12. Notices.

- (a) All notices and other communications under this Instrument shall be in writing and shall be deemed to have been given three (3) days after deposit in the mail, designated as certified mail, return receipt requested, postage prepaid, or one (1) Business Day after being entrusted to a reputable commercial overnight delivery service, or when delivered to the telegraph office or sent out by telecopy addressed to the party to which such notice is directed at the following address:

If to Borrower:

Kindercare Learning Centers, Inc.  
2400 Presidents Drive  
Montgomery, Alabama 36116  
Attn: Mr. Philip L. Maslowe,  
Chief Financial Officer  
Rebecca Bryan, Esq.,  
General Counsel  
Telecopy: (205) 271-1210 (Mr. Maslowe)  
(205) 270-0080 (Ms. Bryan)

with a copy to:

Alston & Bird  
One Atlantic Center, 42nd Floor  
1201 West Peachtree Street  
Atlanta, Georgia 30309  
Attn: H. Sadler Poe, Esq.  
Telecopy: (404) 881-7777

If to Agent:

Toronto Dominion (Texas), Inc.  
909 Fannin, Suite 1700  
Houston, Texas 77010  
Attn: Ms. Martha L. Gariopy,  
Manager, Agency  
Telecopy: (713) 951-9921

with a copy to:

Powell, Goldstein, Frazer & Murphy  
Sixteenth Floor  
191 Peachtree Street, N.E.  
Atlanta, Georgia 30303  
Attn: Robert C. Lewinson, Esq.  
Telecopy: (404) 572-6999

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and with a copy to:

The Toronto-Dominion Bank  
USA Division  
31 West 52nd Street  
New York, New York 10019-6101  
Attn: Ms. Robyn Zeller, Director  
Corporate Finance  
Teletype: (212) 262-1926

(b) Any party hereto may change the address to which notices shall be directed hereunder by giving ten (10) days prior written notice of such change to the other party.

13. **Successors and Assigns Bound; Agents; Captions; Time of Essence.** The provisions of this Instrument shall be binding upon, and inure to the benefit of, Borrower and Agent and their respective successors and permitted assigns. In exercising any rights or taking any actions under this Instrument, Agent may act through its employees, agents or independent contractors. The captions and headings of the paragraphs of this Instrument are for reference and convenience only and are not to be used to limit, interpret or define its provisions. Time is of the essence with respect to each and every covenant, agreement, obligation and provision within this Instrument.
14. **Governing Law; Severability.** THIS INSTRUMENT SHALL BE GOVERNED, TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW, BY THE LAWS OF THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT WITH RESPECT TO THE CREATION, PERFECTION AND PRIORITY OF THE LIEN AND INTEREST GRANTED HEREIN AND ENFORCEMENT OF THE FORECLOSURE AND RECEIVERSHIP REMEDIES HEREIN, THIS INSTRUMENT SHALL BE GOVERNED BY THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTY IS LOCATED.

In the event that any provision of this instrument conflicts with applicable law, such conflict shall not affect other provisions of this instrument which can be given effect without the conflicting provisions. The provisions of this instrument are declared to be severable.

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15. **Waiver of Marshalling and Certain Other Laws.** Borrower waives, to the full extent that it may lawfully so do, the benefit of certain laws and the right to have the Property or any portion thereof marshalled upon any foreclosure of the lien and interest hereof, to the extent provided in the Master Security Document or the Credit Agreement.
16. **Relationship of Parties; Third Party Beneficiary.** No right or benefit conferred on Agent under this Instrument shall constitute or be deemed to constitute Agent a partner or a joint venturer with Borrower. Borrower and Agent specifically acknowledge that the relationship between Borrower and Agent is solely that of borrower and agent for the Secured Creditors with respect to the Secured Obligations, and that all payments required to be made by Borrower to Agent under this Instrument and other Loan Documents are required solely by reason of that relationship. All rights, interests and privileges conferred on Agent by this instrument are for the sole and exclusive benefit of Agent and Secured Creditors, and shall not create any third party beneficiary rights unless expressly agreed in writing by Agent.
17. **Assignment of Rents.** Borrower assigns and transfers to Agent all the rents and revenues of the Property due by virtue of any leases or other licenses, or agreements for the occupancy or use of all or any part of the Property. Borrower authorizes Agent to collect all rents and revenues and hereby directs each tenant of the Property to pay rents directly to Agent; provided, however, that prior to the occurrence of an Event of Default under this Instrument, Borrower shall have a license to collect and receive all rents and revenues of the Property and to enjoy the use thereof (subject to the terms of the Loan Documents). It is the intent of Borrower and Agent that this assignment of rents constitutes a present, absolute and unconditional assignment and not an assignment for additional security only. After the occurrence of an Event of Default under this Instrument and so long as such Event of Default shall be continuing, and without the necessity of Agent entering upon and taking full control of the Property, in person, by agent or by a court-appointed receiver, Agent shall immediately be entitled to possession of all rents and revenues of the Property both past due and unpaid and as they become due and payable. After the occurrence of an Event of Default under this Instrument and so long as such Event of Default shall be continuing, all such rents held, or thereafter received, by Borrower shall be held as trustee for the benefit of Agent only. After the occurrence of an Event of Default under this Instrument and so long as such Event of Default shall be continuing, Borrower agrees that each tenant of the Property shall be entitled to pay rents directly to Agent on Agent's written demand to each tenant delivered to each tenant personally, by mail or by delivering such demand to each rental space, without any obligation on the part of any tenant to inquire as to the existence of a default by Borrower.

Borrower covenants that Borrower has not executed any prior assignment of rents, that Borrower has not performed, and will not perform, any acts or has not executed, and will not execute, any instrument which would prevent Agent from exercising its rights under this paragraph 17, and that at the time of execution of this Instrument there has been no prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Borrower agrees that Borrower will not after the date of this Instrument collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Borrower further agrees that Borrower will deliver to Agent additional assignments of rents and revenues of the Property as Agent may from time to time request.

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All rents and revenues actually collected by Agent, if any, in connection with this paragraph 17 shall be applied in the manner set forth in the Master Security Document.

18. **Appointment of Receiver.** Upon the occurrence of an Event of Default hereunder, Agent, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right to the appointment of a receiver of the Property, whether or not Agent shall simultaneously exercise any of its other rights and remedies under this Instrument. To the full extent permitted by applicable law, such appointment may be made without notice, without bond, without regard to the solvency or insolvency of Borrower or any other Person liable for payment of any portion of the Secured Obligations at the time of application for such receiver and without regard to the then value or occupancy of the Property, and Agent or any other holder hereof may be appointed as such receiver. Borrower hereby consents to the continuation of such receivership for as long as Agent deems necessary or appropriate, unless otherwise provided by applicable law. Borrower hereby irrevocably consents to the appointment of such receiver and waives all notice thereof. Such receiver shall have the power to collect the rents, issues and profits of the Property and to extend, cancel or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity dates of the Secured Obligations and beyond the date of 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 and all persons whose interests in the Property are subject to this Instrument. Such receiver shall have all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property.

Notwithstanding the appointment of a receiver, if such receiver is not the Agent, the Agent, to the extent permitted by law, shall be entitled to retain possession and control of all cash held by or deposited with it or its agents or co-agents (including any amounts accruing to it by virtue of provisions regarding insurance or condemnation awards) pursuant to any provision of this Instrument or any Loan Document.

19. **Assignment by Agent.** Subject to the terms of the Master Security Document, the interest of Agent in this Instrument is, at Agent's option, assignable, and any assignment hereof by Agent shall operate to vest in the assignee all rights, title, interests and powers in this Instrument conferred upon and granted to Agent.

20. **Withdrawal or Discontinuance of Proceedings.** To the full extent permitted by applicable law, in case Agent shall have proceeded to enforce any right, power or remedy under this Instrument by foreclosure, entry or otherwise or in the event Agent shall have commenced advertising the intended exercise of the right of foreclosure provided hereunder, and such proceeding or advertisement shall have been withdrawn, discontinued or abandoned for any reason (except a cure of all existing Events of Default in accordance with the terms of the Credit Agreement), or shall have been determined adversely to Agent, then in every such case (i) Borrower, any other Person liable for payment of any of the Secured Obligations, and Agent shall be restored to their former positions and rights, (ii) all rights, powers and remedies of Agent shall continue as if no such proceeding had been taken, (iii) each and every Event of Default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing event of default, and (iv) this Instrument and any other Loan Document shall not be and shall not be deemed to have been reinstated or otherwise affected by such withdrawal, discontinuance or abandonment, and Borrower hereby expressly waives the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to, or in conflict with, this paragraph 20.

21. **Release.** Agent shall cancel this Instrument under the circumstances provided for such cancellation in the Master Security Document. Borrower shall pay Agent's reasonable costs incurred in cancelling this Instrument.

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22. **Attorneys' Fees.** As used throughout this Instrument, "attorneys' fees" shall mean reasonable attorneys' fees and expenses.

23. **Acceleration Upon Default; Remedies.** Upon the occurrence of any Event of Default hereunder, and subject to the terms of the Credit Agreement and the Master Security Document Agent may declare all the Secured Obligations to be due and payable, and the same shall thereupon be and become due and payable without any presentment, demand, protest or notice of any kind. Thereafter, subject to and in accordance with the terms of the Master Security Document regarding the exercise of remedies, Agent may do any one or more of the following:

- (a) Either in person or by agent, with or without bringing any action or proceeding, enter upon and take possession of the Property, or any part thereof, in its own name, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same in accordance with the terms of the Master Security Document. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Property or the collection, receipt and application of rents, issues or profits, Agent shall be entitled to exercise every right provided for in any of the Loan Documents or by law or in equity upon occurrence of any Event of Default hereunder, including the right to exercise any power of sale set forth in this Instrument;



- (b) Foreclose this instrument by judicial proceeding, and upon any foreclosure sale described herein, Agent, or any of the Secured Creditors, or their respective agents, representatives, successors or assigns, may bid for and purchase the Property, and, upon compliance with the terms of sale and applicable law, may hold, retain and possess and dispose of such Property in its own absolute right without further accountability to Borrower; to the full extent permitted by applicable law, the Property or any part thereof, may be sold in one parcel and as an entirety, or in such parcels, manner or order as Agent in its sole discretion may elect, and one or more exercises of the rights herein granted shall not extinguish or exhaust the rights unless the entire Property is sold or the Secured Obligations paid in full; and Agent, or its assigns, shall collect the proceeds of such sale, applying such proceeds as provided in this Instrument or in the Master Security Document or as required by applicable law; and Borrower agrees that in case of a sale, as herein provided, Borrower or any person in possession under Borrower shall then become and be tenants holding over, and shall forthwith deliver possession to the purchaser at such sale, or be summarily dispossessed in accordance with the provisions of law applicable to tenants holding over; the rights hereby granted are in addition to any and all other remedies which Agent may have at law or in equity;
- (c) Exercise any or all of the remedies available to a secured party under the applicable Uniform Commercial Code, including, but not limited to:
- (i) Either personally or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Borrower and all others claiming under Borrower, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Borrower in respect to the Personal Property or any part thereof; and in the event Agent demands or attempts to take possession of the Personal Property in the exercise of any rights under this Instrument or any of the other Loan Documents, Borrower promises and agrees to promptly turn over and deliver complete possession thereof to Agent;
  - (ii) Without notice to or demand upon Borrower, make such payments and do such acts as Agent may deem necessary to protect its security interest in the Personal Property, including without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;
  - (iii) Require Borrower to assemble the Personal Property or any portion thereof, at a place designated by Agent and reasonably convenient to both parties, and promptly to deliver such Personal Property to Agent, or an agent or representative designated by it. Agent, and its agents and representatives, shall have the right to enter upon any or all of Borrower's premises and property to exercise Agent's rights hereunder;
  - (iv) Sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Agent may determine. Agent may be a purchaser at any such sale; or
  - (v) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Agent shall give Borrower at least ten (10) days prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof; or
  - (vi) In addition to any provision of this Instrument authorizing Agent to take or be placed in possession of the Property, or for the appointment of a receiver, Agent shall have the right, in accordance with Section 15-1701 and 15-1702 of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq. (as amended from time to time, the "Act"), to be placed in possession of the Property or at its request to have a receiver appointed, and such receiver, or Agent, if and when placed in possession shall have, in addition to any other powers provided in this Instrument, all rights, powers, immunities and duties provided for in Sections 15-1701 and 15-1702 of the Act; or
  - (vii) In the event that any provisions of this Instrument shall be inconsistent with any provision of the Act, the provisions of the Act shall take precedence over the provisions of this Instrument, but shall not invalidate or render unenforceable any other provisions of this Instrument that can be construed in a manner consistent with the Act. If any provision of this Instrument shall grant to Agent any rights or remedies upon default of Borrower which are more limited than the rights or remedies that would otherwise be vested in Agent under the Act in the absence of said provisions, Agent shall be vested with the rights and remedies granted in the Act to the full extent permitted by law.

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24. **Application of Proceeds of Foreclosure Sale.** The proceeds of any foreclosure sale of the Property shall be distributed and applied in accordance with the terms of the Master Security Document or as otherwise required by applicable law.

25. **Conflict with Master Security Document.** In the event of any conflict between the provisions of this Instrument and the provisions of the Master Security Document, the provisions of the Master Security Document shall control.

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26. **Waiver of Jury Trial.** To the full extent permitted by applicable law, the provisions contained in the Master Security Document relating to waiver of jury trial are incorporated herein by reference and shall be applied to the terms, conditions, obligations and rights set forth in this Instrument.
27. **Waiver of Redemption.** Borrower acknowledges that the Property does not constitute agricultural real estate, as said term is defined in Section 15-1201 of the Act, or residential real estate as defined in Section 15-1219 of the Act. Borrower hereby waives any and all rights of redemption from sale under the judgment of foreclosure of this Instrument on behalf of Agent, and on behalf of each and every person acquiring any interest in or title to the Property of any nature whatsoever, subsequent to the date of this Instrument. The foregoing waiver of right of redemption is made pursuant to the provisions of Section 15-1601(b) of the Act.
28. **Revolving Credit.** Borrower acknowledges and agrees that (a) Facility A includes a revolving loan and the indebtedness evidenced by the Facility A Notes may be repaid and readvanced from time to time, (b) this Instrument shall secure all advances and readvances of principal under the Facility A Notes, and (c) this Instrument shall remain in full force and effect, without loss of priority, until the Secured Obligations are paid in full and all agreements between Borrower and the Lenders under the Credit Agreement for further advances under Facility A have been terminated (and, to the full extent permitted by applicable law, Borrower hereby waives the operation of any applicable law, statutory or otherwise, having a contrary effect).
29. **Cap on Principal Indebtedness Secured Hereby.** Notwithstanding anything in this Instrument to the contrary, the aggregate amount of principal indebtedness secured by this Instrument, exclusive of sums advanced to remedy defaults and protect the security of this Instrument, will not in the aggregate exceed an amount equal to \$500,000,000.00 outstanding at any one time.

IN WITNESS WHEREOF, Borrower has caused this Instrument to be executed and sealed by its duly authorized representatives.

BORROWER:

KINDER CARE LEARNING CENTERS,  
INC., a Delaware corporation

By: \_\_\_\_\_

David L. Hiott,  
Vice President

Attest: \_\_\_\_\_

Patricia A. Brock,  
Assistant Secretary

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## ACKNOWLEDGMENT

STATE OF GEORGIA )  
 ) SS:  
COUNTY OF FULTON )

I HEREBY CERTIFY, that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, David L. Hiott and Patricia A. Brock, who are the Vice President and Assistant Secretary, respectively, of KinderCare Learning Centers, Inc., a Delaware corporation, on behalf of said corporation, who are personally known to me or who have produced Driver's License No. H300-172-42-416 issued by the State of Florida and Driver's License No. 2384776 issued by the State of Alabama, respectively, as identification, and who executed the foregoing instrument, and duly acknowledged before me that they executed the same for the purposes therein contained as the act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the jurisdiction last aforesaid this 27 day of May, A.D. 1964.

Angela Kimes King  
Print Name: Angela Kimes King  
NOTARY PUBLIC, State of Georgia

MY COMMISSION EXPIRES:

12/1/64

[AFFIX NOTARIAL SEAL]

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11/11/11

CENTER NO. 1067  
929 Palatine Rd.  
Palatine IL 60067

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9 4 5 9 0 1

EXHIBIT A

LEGAL DESCRIPTION

Lot 2 of the Resubdivision of Lot 2 (except the North 10 feet thereof) in Block 1 in Arthur T. McIntosh and Company's Rohlwing Road Acres, being a subdivision of the Northwest Quarter of the Northwest Quarter of Section 24, Township 42 North, Range 10, East of the Third Principal Meridian, in Cook County, Illinois,

Tax ID #02-24-101-021-0000

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2025/03/10

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## SCHEDULE I

### List of Lenders

The Toronto-Dominion Bank

General Electric Capital Corporation

NationsBank of Georgia, National Association

First Alabama Bank

United States National Bank of Oregon

ABN\*AMRO Bank N.V., acting through its Atlanta Agency

SouthTrust Bank of Alabama, N.A.

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11/26/2011