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COOK COUNTY, ILLINOIS  
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This instrument prepared by  
and when recorded return to:

Gregory J. Mitchell  
Assistant Corporation Counsel  
City of Chicago  
Office of Corporation Counsel  
121 North LaSalle Street  
Room 511  
Chicago, Illinois 60602

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## JUNIOR MORTGAGE AND SECURITY AGREEMENT

THIS JUNIOR MORTGAGE AND SECURITY AGREEMENT ("Mortgage") is made as of this 21st day of September, 1994, by Lazarus Limited Partnership, an Illinois limited partnership (the "Mortgagor"), to the City of Chicago, Illinois together with its successors and assigns, having its principal office at 121 North LaSalle Street, Chicago, Illinois 60602 (the "Mortgagee").

All capitalized terms, unless defined herein, shall have the same meanings as are set forth in that certain Housing Loan Agreement dated of even date herewith between the Mortgagor and the Mortgagee (herein as the same may be amended, supplemented or restated from time to time called the "Loan Agreement").

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

WHEREAS, the Mortgagor has concurrently herewith executed and delivered a promissory note bearing even date herewith, in the principal sum as described on Exhibit B attached hereto and hereby made a part hereof, and made payable to the Mortgagee (herein such note together with all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof shall be called the "Note") in which the Mortgagor promises to pay said principal sum, plus interest, if any, thereon at the rate specified on Exhibit B, and the maturity of which note is described on Exhibit B, and

WHEREAS, the Mortgagee desires to secure repayment of the indebtedness evidenced by the Note, together with interest, if any, thereon, in accordance with the terms of the Loan Documents and any additional indebtedness or obligations incurred by the Mortgagor on account of any future payments, advances or expenditures made by the Mortgagee pursuant to the Loan Documents;

NOW, THEREFORE, in order to secure payment of principal and interest, if any, under the Note and of all other payments due to the Mortgagee by the Mortgagor under any of the Loan Documents and performance of the covenants and agreements contained in this Mortgage, including any substitutions, extensions or modifications

BOX 333-CTI

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hereto, the Mortgagor does grant, assign, convey and mortgage to the Mortgagee, its successors and assigns, and grants to the Mortgagee, its successors and assigns forever a continuing security interest in and to, all of the following rights, interests, claims and property:

(A) all of the real estate, as more particularly described on Exhibit A attached hereto and hereby made a part hereof, together with all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto (the "Real Property");

(B) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Real Property, together with any fixtures or attachments now or hereafter owned by the Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with or incorporated in the Real Property, including all extensions, additions, betterments, renewals, substitutions and replacements of any of the foregoing (the "Improvements");

(C) any interests, estates or other claims of every name, kind or nature, both at law and in equity, which the Mortgagor now has or may acquire in the Real Property, the Improvements, the Equipment (as hereinafter defined) or any of the property described in clauses (D), (F), (G), (H) or (I) hereof;

(D) all of the Mortgagor's interest and rights as lessor in and to all leases, subleases and agreements, written or oral, now or hereafter entered into, affecting the Real Property, the Improvements, the Equipment or any part thereof, and all income, rents, issues, proceeds and profits accruing therefrom (provided that the assignment hereby made shall not diminish or impair the obligations of the Mortgagor under the provisions of such leases, subleases or agreements, nor shall such obligations be imposed on the Mortgagee);

(E) all right, title and interest of the Mortgagor in and to all fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Real Property or the Improvements, together with all furniture, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Real Property or the Improvements, or used or useful in connection with any present or future operation of the Real Property or the Improvements, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

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(F) all of the estate, interest, right, title or other claim or demand which the Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Real Property, the Improvements or the Equipment, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Real Property, the Improvements or the Equipment;

(G) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of the Mortgagor, including, but not limited to cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Real Property, the Equipment or the Improvements or as otherwise required under the Loan Documents;

(H) all other property rights of the Mortgagor of any kind or character related to all or any portion of the Real Property, the Improvements or the Equipment; and

(I) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses.

All of the property referred to in the preceding clauses (A) through (I) shall be called, collectively, the "Premises."

IT IS FURTHER agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Premises and be covered by this Mortgage.

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

The Loan Agreement is referred to herein as the "Commitment". The Mortgagee has bound itself and does hereby bind itself to make advances pursuant to and subject to the terms of the Commitment, and the parties hereby acknowledge and intend that all such advances, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded, as provided in Section 15-1302(b)(1) of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time (the "Act").

If the Mortgagor hereunder is described as a trustee under a trust agreement, said trust arrangement constitutes a "land trust" as said term is defined in Section 5/15-1205 of the Act.



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To protect the security of this Mortgage, the Mortgagor further covenants and agrees as follows:

(1) Principal and Interest. The Mortgagor shall pay promptly when due the principal of and interest, if any, on the Note and any other sums required to be paid on the Note or under the other Loan Documents at the times and in the manner provided therein and shall pay any other indebtedness secured hereby as the same becomes due and shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Loan Documents.

The Mortgagor shall pay promptly when due any sums due under the Senior Loan Documents, if any, and the Junior Loan Documents, if any, and shall perform promptly and fully any acts required under the Senior Loan Documents, if any, or the Junior Loan Documents, if any. The Mortgagor will not, without prior written consent of the Mortgagee, modify, extend or amend the Senior Loan Documents, if any, or the Junior Loan Documents, if any, increase the amount of the indebtedness secured thereby or change the repayment terms of such indebtedness, if any. The Mortgagor shall promptly give the Mortgagee a copy of any notice received by the Mortgagor from Senior Lender, if any, or Junior Lender, if any, or given by the Mortgagor to Senior Lender, if any, or Junior Lender, if any, pursuant to any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any.

(2) Preservation, Restoration and Use of Premises. The Mortgagor shall:

(a) promptly repair, restore, replace or rebuild any portion of the Premises which may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances or reservation of title thereto except Permitted Encumbrances (including but not limited to those listed on Exhibit C hereto);

(b) keep and maintain the Premises in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances;

(c) complete, within a reasonable time, any construction of improvements now or hereafter constructed upon the Premises;

(d) comply with all statutes, rules, regulations, orders, decrees and other requirements applicable to the Premises of any federal, state or local governmental body having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and non-conforming uses),





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privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Premises;

(e) upon completion of the Project, make no material alterations in the Premises (except those required by law) without the Mortgagee's prior written consent;

(f) upon completion of the Project, suffer or permit no change in the general nature of the occupancy or use of the Premises without the Mortgagee's prior written consent;

(g) pay all operating costs of the Premises when due, including all utility charges and all other assessments or charges of a similar nature;

(h) not initiate or acquiesce in any zoning reclassification with respect to the Premises, without the Mortgagee's prior written consent;

(i) not abandon the Premises, nor do anything whatsoever to depreciate or impair the value of the Premises or the security of this Mortgage;

(j) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Premises;

(k) not permit any unlawful use or nuisance to exist upon the Premises; and

(l) comply with all instruments and documents of record or otherwise affecting the use or occupancy of all or any portion of the Premises.

(3) Taxes and Charges. The Mortgagor agrees to pay or cause to be paid, prior to delinquency, all Charges (as hereinafter defined) which are assessed or imposed upon the Premises or upon any of the Loan Documents, the Senior Loan Documents, if any, or the Junior Loan Documents, if any, or become due and payable, and which create, may create or appear to create a lien upon the Premises or any part thereof or upon any of the Loan Documents, the Senior Loan Documents, if any, or the Junior Loan Documents, if any; provided, however, that if by law any such Charge is payable or, at the option of the Mortgagor, may be paid in installments, the Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. ("Charge" shall mean and include all federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances related to the Premises, Borrower's Liabilities, the Mortgagor and/or the General Partner, or any of the Loan Documents, the

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Junior Loan Documents, if any, or the Senior Loan Documents, if any.)

The Mortgagor shall furnish the Mortgagee within 30 days after the date upon which any Charge is due and payable by the Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to the Mortgagee, evidencing the payment thereof. The Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Premises to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless the Mortgagor has given prior written notice to the Mortgagee of the Mortgagor's intent to contest or object to a Charge and, unless at the Mortgagee's sole option, (i) the Mortgagor shall demonstrate to the Mortgagee's satisfaction that legal proceedings instituted by the Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the Premises or any part thereof as satisfaction of such Charge prior to final determination of such proceedings, and (ii) the Mortgagor shall furnish to the Mortgagee or Senior Lender, if any, (and if to Senior Lender, notice thereof to the Mortgagee) a good and sufficient bond or surety, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Premises during the pendency of such contest, in an amount (x) not less than 125% of such Charge and (y) adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

(4) Insurance. The Mortgagor shall procure and maintain at all times, at the Mortgagor's own expense, until final repayment of the indebtedness secured hereby, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations contemplated in connection with the Project, whether performed by the Mortgagor or others.

The kinds and amounts of insurance required are as follows:

(a) commercial liability insurance with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury and/or property damage liability; such insurance shall include products/completed operation, independent contractors and contractual liability coverages; the Mortgagee shall be named as an additional insured;

(b) all risk property insurance, including improvements and betterments, in the amount of the full replacement value of the Premises; extensions of coverage shall include business

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interruption/loss of rents, and boiler and machinery, if applicable; such policy shall list the Mortgagee as loss payee/mortgagee;

(c) during any construction work to the Premises, all risk builder's risk insurance covering the materials, equipment, machinery and fixtures that are to be part of the Premises; the Mortgagee shall be named as a loss payee;

(d) during any construction work to the Premises, insurance with respect to the General Contractor (including without limitation worker's compensation and automobile liability) with such insurers and limits as may be satisfactory to the Mortgagee, in its sole discretion; at the Mortgagee's request, the Mortgagee shall be named as an additional insured; and

(e) such additional coverage as the Mortgagee may require, in form, content and amount and with such insurers as may be satisfactory to the Mortgagee, in its sole discretion; at the Mortgagee's request the Mortgagee shall be named as an additional insured and/or loss payee/mortgagee.

All insurance policies shall provide that the Mortgagee shall be given 30 days' prior written notice of any modification, nonrenewal or cancellation. Certificates evidencing the required coverages, along with paid receipts, shall be delivered to the Mortgagee on or prior to the Closing Date followed by certified copies of the policies within 30 days after the Closing Date. If the Mortgagor fails to obtain or maintain any of the insurance policies required under this Mortgage or to pay any premium in whole or in part when due, the Mortgagee may (without waiving or releasing any obligation or Event of Default by the Mortgagor hereunder) obtain and maintain such insurance policies and take any other action which the Mortgagee deems advisable to protect its interest in the Premises, including acceleration of the Note. All sums so disbursed by the Mortgagee, including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Mortgagor upon demand by the Mortgagee.

The Mortgagor shall require all contractors and subcontractors to carry the insurance required herein, as applicable, or the Mortgagor may provide the coverage for any or all contractors and subcontractors, and, if so, the evidence of insurance submitted shall so stipulate.

The Mortgagor expressly understands and agrees that any insurance coverages and limits furnished by the Mortgagor shall in no way limit the Mortgagor's liabilities and responsibilities specified under any of the Loan Documents or by law.

The Mortgagor agrees and shall cause each contractor and subcontractor in connection with the Project to agree that all insurers shall waive their rights of subrogation against the Mortgagee.

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The Mortgagor expressly understands and agrees that any insurance maintained with respect to the Premises by the Mortgagee shall apply in excess of and not contribute with insurance provided by the Mortgagor under this Section.

The Mortgagee maintains the right to modify, delete, alter or change these requirements.

(5) Inspection of Premises and of Books and Records. The Mortgagor shall permit the Mortgagee, the United States Department of Housing and Urban Development and/or their agents to inspect the Premises at all reasonable times, and access thereto shall be permitted for that purpose. The Mortgagor shall keep and maintain full and correct records at the Mortgagor's office showing in detail the income and expenses of the Premises and shall make such books, records and all supporting vouchers, data and other documents available for inspection, copying (including excerpts and transcriptions), audit and examination upon request by the Mortgagee, HUD and their respective agents, successors and assigns as long as the Loan is outstanding.

(6) Insurance Proceeds. In the event of any damage to, or destruction of the Premises, the Mortgagor will give written notice to the Mortgagee of such damage or destruction within five Business Days thereafter and, subject to the rights granted to Senior Lender, if any, under the Senior Mortgage, if any, authorize the Mortgagee to proceed as follows:

(a) In the event of any loss covered by insurance policies, the Mortgagee is hereby authorized at its option to either (i) settle and adjust any claim under such policies without the consent of the Mortgagor, or (ii) allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. The Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the expenses incurred by the Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to the Mortgagee by the Mortgagor upon demand.

(b) In the event of any insured damage to, or destruction of, the Premises or any part thereof, the Mortgagee shall apply the proceeds of insurance to reimburse or, at the option of the Mortgagee, pay directly the Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises if (i) an Event of Default hereunder or an event of default under any of the other Loan Documents, the Senior Loan Documents, if any, or the Junior Loan Documents, if any, shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore the Premises to at least the same value and substantially the same character as the Premises had immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances), or if such proceeds are not so sufficient, the Mortgagor shall promptly deposit with the Mortgagee

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funds equal to the amount of such deficiency; (iii) the Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, the Mortgagee shall receive and approve plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Maturity Date.

(c) In the event that proceeds of insurance, if any, shall be made available to the Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, the Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and approved by the Mortgagee, and to expend all such proceeds and any funds deposited by the Mortgagor pursuant to Section 6(b)(ii) hereof prior to the further disbursement of any Loan proceeds. If the amount of such insurance proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by the Mortgagee.

(d) If all of the conditions described in paragraph (b) of this Section with respect to the application of proceeds of insurance shall not be met, the Mortgagee may, in its sole discretion, apply such proceeds to the indebtedness secured hereby in such order or manner as the Mortgagee may elect.

(e) To the extent that any amount of proceeds of insurance remain unexpended after completion of the restoration, repair, replacement or rebuilding of the Premises, such amount shall be applied to the indebtedness secured hereby.

(7) Condemnation/Eminent Domain. The Mortgagor shall give the Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process ("Taking"), of all or any portion of the Premises or affecting any easement thereon or appurtenance thereto and shall deliver to the Mortgagee copies of any and all papers served in connection with any such proceedings, and the Mortgagor hereby assigns and transfers to the Mortgagee, subject to the rights granted to Senior Lender, if any, under the Senior Mortgage, if any, the entire proceeds of all awards resulting from any Taking. The Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. In the event of any such Taking, but subject to any rights granted to Senior Lender, if any, under the Senior Mortgage, if any, the Mortgagee may, in its sole discretion, (i) apply the proceeds of all awards resulting from such Taking to the indebtedness secured hereby in such order or manner as the Mortgagee may elect, or (ii) apply such proceeds to reimburse or, at the option of the Mortgagee, pay directly the

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Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises. In the event that such proceeds, if any, shall be made available to the Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, the Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value and substantially the same character as prior to such Taking, all to be effected in accordance with plans and specifications submitted to and approved by the Mortgagee. If the amount of such proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by the Mortgagee.

(8) Transfer and Encumbrance of Premises. The Mortgagor shall not create, effect, contract for, commit to, consent to, suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing, other than a contract for sale or financing to pay in full the Note and all other amounts due and owing by the Mortgagor to the Mortgagee under the Loan Documents, provided that any such contract shall be expressly contingent upon the receipt of prior written consent to such sale or financing by the Mortgagee, which consent shall not be unreasonably withheld by the Mortgagee with respect to any contract providing for payment in full of the Note and all other amounts due and owing by the Mortgagor to the Mortgagee under the Loan Documents), directly or indirectly, by willful act, by operation of law or otherwise, of all or any portion of the Premises or any interest therein, other than Permitted Encumbrances, or any interest in the Mortgagor or any partner thereof (each of the foregoing being referred to herein as a "Prohibited Transfer"), without the Mortgagee's prior written consent. If the Mortgagor shall do or allow any of the foregoing Prohibited Transfers without the Mortgagee's prior written consent, the Mortgagee at its option, has the right to accelerate the maturity of the Note causing the full principal balance thereof and accrued interest, if any, thereon to be immediately due and payable without notice to the Mortgagor. Any waiver by the Mortgagee of the provisions of this paragraph shall not be deemed to be a waiver of the right of the Mortgagee to insist upon strict compliance with the provisions of this paragraph in the future.

Notwithstanding the foregoing, the Mortgagee shall not unreasonably withhold its consent to the replacement and/or addition of a general partner of the Mortgagor pursuant to the terms of the Mortgagor's Partnership Agreement and to the extent the Mortgagee so consents, it shall not be considered a Prohibited Transfer hereunder. Further, no consent by the Mortgagee shall be required for the withdrawal, replacement and/or addition of any of the Mortgagor's limited partners or of any such limited partner's general partners (or any other ownership interests in and to said limited partners), and the same shall not constitute a Prohibited Transfer hereunder.

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(9) Mortgagee's Options; Subrogation. (a) In case of an Event of Default hereunder by the Mortgagor, the Mortgagee may (but is not obligated to) make any payment or perform any act herein required of the Mortgagor in any form and manner deemed expedient, and may (but is not obligated to) make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem the Premises from any tax sale or forfeiture affecting the Premises or contest any tax or assessment thereon. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by the Mortgagee to protect the Premises and the lien hereof, shall be deemed additional indebtedness secured hereby, and shall become immediately due and payable, with interest thereon at a rate of the lesser of 15% per annum or the maximum amount permitted by law. Inaction of the Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of the Mortgagor.

(b) To the extent that the Mortgagee, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or the Mortgagor or any other person or entity pays any such sum with the proceeds of the indebtedness secured hereby, the Mortgagee shall have and be entitled to a lien or other interest on the Premises equal in priority to the lien or other interest discharged and the Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit the Mortgagee in securing the indebtedness secured hereby.

(10) Events of Default. The following shall constitute an "Event of Default" under this Mortgage:

- (i) the Mortgagor's failure to pay, when due, any installment of principal or interest, if any, on the Note, or to pay when due (including any applicable notice and/or cure periods) any other sums required to be paid by the Mortgagor under the Loan Documents;
- (ii) subject to Section 33 hereof, default by the Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section 10) contained herein or in the other Loan Documents (including any default described in Section VIII of Exhibit C to the Loan Agreement), which remains unremedied for 30 days after notice thereof from the Mortgagee to the Mortgagor, provided, however,

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that if any such default cannot reasonably be remedied within said 30-day period and if the Mortgagor shall have commenced to remedy such default within said 30-day period and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended to 60 days upon written request from the Mortgagor to the Mortgagee delivered during such 30-day period, and upon further written request from the Mortgagor to the Mortgagee delivered during said 60-day period, said 60-day period shall be extended to 90 days (provided, however, that the Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of the Loan Documents if its security becomes or is about to become materially jeopardized by any failure to cure a default within such period);

- (iii) the occurrence of a default or an event of default under any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any, which default or event of default is not timely cured pursuant to any applicable cure period as set forth in the Senior Loan Documents, if any, or the Junior Loan Documents, if any, whichever is applicable;
- (iv) a writ of execution attachment or any similar process shall be issued or levied against all or any portion of the Premises or any interest therein, or any judgment involving monetary damages shall be entered against the Mortgagor which shall become a lien on all or any portion of the Premises or any interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 30 days after its entry or levy;
- (v) any warranty, representation or statement made or furnished to the Mortgagee by or on behalf of the Mortgagor proving to have been false in any material respect when made or furnished;
- (vi) prepayment of principal of the Senior Loan, if any, or the Junior Loan, if any, without a pro rata concurrent prepayment of principal of the Note;
- (vii) the abandonment by the Mortgagor of all or any portion of the Premises;

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- (viii) the occurrence of any event of default with respect to the payment of any monies due and payable to the Mortgagee by the Mortgagor other than in connection with the Loan, or the occurrence of a default in the performance or observance of any material obligation, provision or condition by the Mortgagor under any agreement or other instrument other than in connection with the Loan, the Senior Loan, if any, the Junior Loan, if any, to which the Mortgagor is now or hereafter a party, or the occurrence of any other event under any such agreement or instrument upon which any holder of indebtedness outstanding thereunder may declare the same due and payable, and in each such case the continuation of such default beyond any applicable cure periods;
- (ix) the Mortgagor's failure to discharge any charge in accordance with the terms hereof or a failure to procure or maintain any insurance required hereunder;
- (x) the dissolution of the Mortgagor or the entry of a decree or order for relief by a court having jurisdiction with respect to the Mortgagor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Mortgagor or for the Premises or for any substantial part of the property of the Mortgagor or ordering the winding-up or liquidation of the affairs of the Mortgagor and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days;
- (xi) the commencement by the Mortgagor of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by the Mortgagor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Mortgagor or the Premises or of any substantial part of the property of the Mortgagor or of any royalties, revenues, rents, issues or profits therefrom, or the

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making by the Mortgagor of any assignment for the benefit of creditors or the failure of the Mortgagor generally to pay its debts as such debts become due or the taking of action by the Mortgagor in furtherance of any of the foregoing;

- (xii) a final judgment for the payment of money in excess of \$100,000 shall be rendered by a court of record against the Mortgagor and the Mortgagor shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within 60 days from the date of entry thereof, or such longer period during which execution of such judgment shall have been stayed;
- (xiii) the Mortgagor's sale, partial sale, transfer, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Premises or any interest therein without the prior written consent of the Mortgagee, whether by operation of law, voluntarily or otherwise or if the Mortgagor shall enter into a contract to do any of the foregoing without the prior written consent of the Mortgagee or any other violation of Section 8 hereof (except as may be expressly permitted in Section 8 hereof);
- (xiv) the sale or other transfer by the Owner, if any, of all or a controlling interest in the ownership of the General Partner without the prior written consent of the Mortgagee;
- (xv) any event of default under any of the other Loan Documents which has not been cured within any applicable grace period; or
- (xvi) the making of any amendment, revision, restatement or modification of the Partnership Agreement in any respect without the prior written consent of the Mortgagee.

(11) Acceleration, Etc. Upon the occurrence of an Event of Default hereunder, the Mortgagee may elect to accelerate the maturity of the Note causing the full principal balance of and accrued interest, if any, on the Note, together with all other amounts then due and owing by the Mortgagor to the Mortgagee under any of the Loan Documents, to become immediately due and payable at the place of payment as aforesaid, and the Mortgagee may proceed to foreclose this Mortgage and to exercise any rights and remedies

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available to the Mortgagee under this Mortgage, the Assignment of Rents or any of the other Loan Documents and to exercise any other rights and remedies against the Mortgagor, or with respect to the Note, which the Mortgagee may have at law, in equity or otherwise; provided, however, that upon the occurrence of an Event of Default under Section 10(x) or (xi) hereof, the entire unpaid principal of and interest, if any, on the Note shall, without any declaration, notice or other action on the part of the Mortgagee, be immediately due and payable, anything herein or in the other Loan Documents to the contrary notwithstanding. The Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Loan Documents.

Upon the occurrence of an event of default under any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any, the Mortgagee may at its option proceed to cure, if possible, such event of default; subject to Section 9(b) hereof, all amounts so expended by the Mortgagee in the course of such action shall be reimbursed by the Mortgagor to the Mortgagee upon demand and shall be additional indebtedness of the Mortgagor secured by this Mortgage, the Assignment of Rents and the other Loan Documents.

(12) Remedies. The Mortgagee's remedies as provided in this Mortgage or the other Loan Documents shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of the Mortgagee and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Failure of the Mortgagee, for any period of time or on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of the Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by the Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of the Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the Mortgagee by the Loan Documents is not required to be given.

(13) Additional Indebtedness. In the event that: (a) the Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; (b) an attorney is retained to represent the Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Loan Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Loan Documents; or (d) an attorney is

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retained to represent the Mortgagee in any other proceedings whatsoever in connection with the Loan Documents, or any property subject thereto, then the Mortgagor shall pay to the Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

(14) Waiver. The Mortgagee's failure to require strict performance by the Mortgagor of any provision of this Mortgage shall not waive, affect or diminish any right of the Mortgagee thereafter to demand strict compliance and performance therewith, nor shall any waiver by the Mortgagee of an Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. The Mortgagee's delay in instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the other Loan Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

(15) Right of Possession. To the extent permitted by law, in any case in which, under the provisions of this Mortgage, the Mortgagee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, the Mortgagor shall, at the option of the Mortgagee, surrender to the Mortgagee, and the Mortgagee shall be entitled to take actual possession of all or any portion of the Premises personally or by its agents or attorneys, and the Mortgagee, in its sole discretion, may enter upon, take and maintain possession of all or any portion of the Premises.

Upon taking possession of the Premises, the Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Premises as it may deem judicious to insure, protect and maintain the Premises against all risks incidental to the Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. The Mortgagee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Act.

(16) Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Premises. Such appointment may be made either before or after foreclosure sale, without notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness hereby secured, without regard to the value of the Premises at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. The Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Premises and to collect all rents and profits thereof during

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the pendency of such foreclosure suit, and all powers and duties provided for in Section 5/15-1704 of the Act, and such other powers as the court may direct.

(17) Foreclosure Sale. The Premises or any interest or estate therein sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as the Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, the Mortgagee may bid for and acquire, as purchaser, all or any portion of the Premises and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of the Mortgagee's bid.

(18) Application of Proceeds from Foreclosure Sale. Proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon, (iii) all principal and interest, if any, remaining unpaid on the Note, and (iv) any surplus or remaining funds to the Mortgagor, its successors or assigns, as their rights may appear.

(19) Insurance Upon Foreclosure. Wherever provision is made in this Mortgage for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of the Mortgagee, or to confer authority upon the Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of the Mortgagee shall continue in the Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, the Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Premises, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

(20) Waiver of Statutory Rights. To the extent permitted by law, the Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage and hereby waives the benefit of such laws. The Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to

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foreclose such lien may order the Premises sold as an entirety. To the extent permitted by law, the Mortgagor hereby expressly waives any and all rights of redemption and rein-statement, on its own behalf and on behalf of each and every person having a beneficial interest in the Mortgagor, it being the intent hereof that any and all such rights of redemption or rein-statement of the Mortgagor and of all other persons are and shall be deemed to be hereby waived. The Mortgagor acknowledges that the Premises do not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Act or residential real estate as defined in Section 5/15-1219 of the Act.

(21) Partial Payments. Acceptance by the Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid, together with all accrued interest, if any, thereon, immediately due and payable without notice, or any other rights of the Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

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

(23) Notice. Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested.

IF TO MORTGAGEE: Department of Housing  
City of Chicago  
318 South Michigan Avenue  
Chicago, Illinois 60604  
Attention: Commissioner

WITH COPIES TO: Office of the Corporation Counsel  
City of Chicago  
City Hall  
121 North LaSalle Street, Room 511  
Chicago, Illinois 60602  
Attention: Finance & Economic  
Development Division

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Department of Finance  
City of Chicago  
121 North LaSalle Street, Room 501  
Chicago, Illinois 60602  
Attention: Comptroller

IF TO MORTGAGOR: As specified on Exhibit B.

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier and, if sent pursuant to clause (d) above, shall be deemed received two Business Days following deposit in the mail.

(24) Time. Time is of the essence with respect to the Loan Documents.

(25) Modifications. This Mortgage may not be altered, amended, modified, cancelled, changed or discharged except by written instrument signed by the Mortgagor and the Mortgagee or their respective successors and assigns.

(26) Headings. The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

(27) Construction of Mortgage. This Mortgage shall be construed and enforced according to the internal laws of the State of Illinois without regard to its conflict of laws principles.

(28) Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the remainder of this Mortgage shall be construed as if such invalid part were never included herein and this Mortgage shall be and remain valid and enforceable to the fullest extent permitted by law.

(29) Grammar. As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

(30) Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Premises or any other person having an interest therein), and shall inure to the benefit of the Mortgagee and its successors and assigns. Whenever the Mortgagee is referred to herein, such reference shall also include the Holder of the Note, whether so expressed or not.

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(31) Further Assurances. The Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance necessary or proper, in the sole judgment of the Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to the Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by the Mortgagor, and for creating, maintaining and preserving the lien and security interest created hereby on the Premises. Upon any failure by the Mortgagor to do so, the Mortgagee may make, execute and record any and all such documents for and in the name of the Mortgagor, and the Mortgagor hereby irrevocably appoints the Mortgagee and its agents as attorney-in-fact for that purpose. The Mortgagor will reimburse the Mortgagee for any sums expended by the Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

(32) Indemnification. In addition to all other indemnities in favor of the Mortgagee specifically provided in this Mortgage, the Mortgagor shall indemnify the Mortgagee and save the Mortgagee harmless from and against any and all Losses incurred by the Mortgagee in any claim brought by reason of any such Loss, excluding, however, any loss arising out of the Mortgagee's gross negligence or willful misconduct following the Mortgagee's acquisition of title to or control of the Premises, unless such act is taken in response to (i) any willful misconduct or negligent act or omission of the Mortgagor, the General Partner or the Owner, if any, or (ii) any breach (other than failure to repay the Loan) by the Mortgagor, the General Partner or the Owner, if any, of any provisions of the instruments executed by the Mortgagor, the General Partner or the Owner, if any, in connection with the Loan.

(33) Junior Mortgage. This is a junior mortgage on the Premises and is subject and subordinate in each and every respect to any and all rights of any kind created by

That certain Construction Mortgage, Fixture Filing and Security Agreement with Assignment of Leases and Cash Collateral dated as of September 21, 1994 from the Mortgagor to LaSalle National Bank ("Senior Lender"), and recorded prior hereto in the Office of the Cook County Recorder of Deeds, securing a note of even date therewith in the principal amount of \$257,500 in favor of Senior Lender.

So long as the Senior Mortgage is in effect, in the event of any conflict between the provisions of this Mortgage and the Senior Mortgage, the provisions of the Senior Mortgage shall prevail. Any waiver or forbearance by the Senior Lender under the Senior Loan Documents shall not impair the priority of its lien under the Senior Loan Documents. Notwithstanding any other provision herein to the contrary, the failure by the Mortgagor to provide to the Mortgagee any dollar amounts or any documents as may be required herein because such amounts or documents are required to be deposited with Senior Lender pursuant to the provisions of the Senior Mortgage shall not be deemed an "Event of Default"

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hereunder; provided, however, that the Mortgagor shall promptly provide to the Mortgagee written notice of the deposit of such amounts or documents with Senior Lender (together with copies of such documents). Notwithstanding any other provision herein to the contrary, the failure by the Mortgagor to comply with any provision hereof (other than the payment of amounts or the provision of documents to the Mortgagee) due to conflict between the provisions of the Senior Mortgage and the provisions hereof shall not be deemed an "Event of Default" hereunder; provided, however, that the Mortgagor shall promptly provide to the Mortgagee written notice of such conflict and of the actions taken by the Mortgagor pursuant to the Senior Mortgage.

(34) Security Agreement. This Mortgage shall be construed as a "security agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Premises which constitutes fixtures or personal property. The Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded the Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code. This Mortgage is a "construction mortgage" as that term is defined in Section 9-313(1)(c) of said Uniform Commercial Code.

(35) No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in fee simple title, it is hereby understood and agreed that should the Mortgagee acquire any additional or other interests in or to the Premises or the ownership thereof, then, unless a contrary interest is manifested by the Mortgagee, as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

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

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

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(b) payments by the Mortgagee of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of the Senior Mortgage, if any, or other prior lien or encumbrance; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Premises or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;

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

(d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(d)(2) and 5/15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of this Mortgage or arising from the interest of the Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

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

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

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

(h) expenses incurred and expenditures made by the Mortgagee for any one or more of the following: (i) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by the Mortgagee whether or not the Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by the Mortgagee to be for the benefit of the Premises or required to be made by the owner of the Premises

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under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Premises; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; (vii) if the loan secured hereby is a construction loan, costs incurred by the Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment or loan agreement; (viii) pursuant to any lease or other agreement for occupancy of the Premises; and (ix) if this Mortgage is insured, payments of FHA or private mortgage insurance.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate of interest payable after default under the terms of the Note.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b) (1) of Section 5/15-1302 of the Act.

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

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

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

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

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

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

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

The maximum amount of indebtedness secured by this Mortgage is \$2,861,000 plus interest, plus any disbursements for the payment of

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taxes and insurance on the Premises, plus interest thereon, and any other sums advanced in accordance with the terms hereof or any of the other Loan Documents to protect the security of this Mortgage or any of the other Loan Documents plus interest thereon.

## (37) Non-Recourse Loan.

(a) Subject to the terms of Sections 37(b), (c) and (d) hereof and notwithstanding any provision herein to the contrary, the indebtedness secured hereunder shall be non-recourse and in the event of default hereunder, the Mortgagee's sole source of satisfaction of repayment of the amounts due to the Mortgagee hereunder or under any of the Loan Documents shall be limited to the Mortgagee's rights with respect to the collateral pledged and assigned hereunder or under the Assignment of Rents, the Assignment of Contracts or any of the other Loan Documents.

(b) Notwithstanding paragraph (a) of this Section, nothing herein or in any of the Loan Documents shall limit the rights of the Mortgagee, following any of the events hereinafter described, to take any action as may be necessary or desirable to pursue the Mortgagor, the General Partner and/or the Owner, if any, for any and all Losses incurred by the Mortgagee arising from: (i) a material misrepresentation, fraud made in writing or misappropriation of funds by the Mortgagor, the General Partner and/or the Owner, if any; (ii) intentional or material waste to the Premises; (iii) use of proceeds of the indebtedness evidenced by the Note for costs other than Eligible Costs; (iv) the occurrence of a Prohibited Transfer without the Mortgagee's prior written consent, to the extent such Prohibited Transfer results from the intentional, willful, voluntary and/or negligent acts or omissions of the Mortgagor, the General Partner and/or the Owner, if any; (v) any breach of the Mortgagor's representations, warranties or covenants regarding Hazardous Materials or Environmental Laws contained in any of the Loan Documents (including, without limitation, the Environmental Agreement); (vi) the occurrence of any uninsured casualty to the Premises or other collateral or security provided under any of the Loan Documents for which there has been a failure to maintain insurance coverage as required by the terms and provisions of the Loan Documents; (vii) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Premises or other collateral or security provided under any of the Loan Documents; or (viii) any inaccuracy in the statements in the Affidavit.

(c) Notwithstanding paragraph (a) of this Section, nothing herein or in any of the Loan Documents shall limit the right of the Mortgagee to assert liability against the Mortgagor, the General Partner and/or the Owner, if any, for the repayment of the Loan in the amount described in Section 3.07(d) of the Loan Agreement, in the event of a breach by the Mortgagor of the requirements set forth in Sections 2.6(b), 2.8, 2.9 or 2.13(b) of the Regulatory Agreement as modified by Section 2.10(c) of the Regulatory Agreement, but only to the extent that such breach results in a

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demand by HUD on the Mortgagee for repayment of the Loan in whole or in part, and only to the extent that as a result of such demand, the Mortgagee is legally obligated to make such payment to HUD. Such payment may be made either by a direct payment from the Mortgagee to HUD or by a deduction by HUD from other monies allocated or to be allocated to the Mortgagee by HUD. If the Mortgagee so chooses, the Mortgagee shall pursue a diligent contest of any such demand by HUD through the administrative procedures outlined in 24 C.F.R. Section 92.552, as amended, supplemented and restated from time to time, but shall not be required to pursue the matter any further than reasonably prudent, as determined by the Mortgagee. The Mortgagor agrees to pay, as a recourse obligation of the Mortgagor, all attorneys', experts' and consulting fees and disbursements and expenses incurred in connection with any such contest.

(d) The Mortgagee waives any and all right to seek or demand any personal deficiency judgment against the Mortgagor, in conjunction with a foreclosure proceeding, under or by reason of any of the non-recourse monetary obligations of the Mortgagor; provided, however, that the foregoing shall not limit or affect the Mortgagee's right to sue or otherwise seek recourse against the Mortgagor, the General Partner, and/or the Owner, if any, in any separate action or proceeding for all Losses incurred by the Mortgagee arising from any of the matters described in Sections 37(b) and (c) hereof.

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IN WITNESS WHEREOF, the Mortgagor has caused these presents to be signed and attested to on the day and year first above written.

LAZARUS LIMITED PARTNERSHIP

By: LAZARUS APARTMENTS CORPORATION,  
an Illinois corporation and  
sole general partner of the  
Mortgagor

By: Wayne L. Gordon  
Its: President

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## EXHIBIT A

### LEGAL DESCRIPTION

#### Legal Description of Premises/Parcel One:

LOTS 98 AND 99 IN THE SUBDIVISION OF LOTS 2, 3 AND 5 IN THE PARTITION OF THE WEST 60 ACRES, NORTH OF THE SOUTHWESTERN PLANK ROAD IN THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Address Commonly Known as: 1900-02 South Harding Avenue  
Chicago, Illinois 60623

Permanent Index No.: 16-23-316-013

#### Legal Description of Premises/Parcel Two:

LOTS 28, 29, 30, 31 AND 32 IN BLOCK 4 IN MOORE'S SUBDIVISION OF LOT 1 IN THE SUPERIOR COURT PARTITION OF THE WEST 60 ACRES LYING NORTH OF THE SOUTH WESTERN PLANK ROAD OF THE SOUTHWEST 1/4 OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Address Commonly Known As: 1857-67 South Pulaski Road  
Chicago, Illinois 60623

Permanent Index No.: 16-23-308-019

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## EXHIBIT B

Address of Mortgagor: Lazarus Limited Partnership  
3847 West Ogden Street  
Chicago, Illinois 60623

With Copies to: Bennett P. Applegate, Esq.  
Schiff, Hardin & Waite  
7200 Sears Tower  
Chicago, Illinois 60606

Interest Rate on Note: Zero percent per annum

Initial Payment Date: The earlier of (a) the first day of the 15th consecutive calendar month following the Closing Date, or (b) the first day of the 3rd consecutive calendar month following the final disbursement of the Loan.

Principal Amount of Note: \$ 1,430,500

Repayment Terms and Maturity Date of the Loan:

Equal monthly installments of principal in the amount of \$290 commencing on the Initial Payment Date, followed by consecutive equal monthly payments due on the first day of each subsequent calendar month through and including the first day of the calendar month immediately preceding the calendar month in which the Maturity Date occurs, with the entire principal balance outstanding, together with accrued and unpaid interest thereon, if any, and any other sums due under any of the Loan Documents, due and payable in full on the earlier (the "Maturity Date") of (a) the first day of the 359th consecutive calendar month following the Initial Payment Date or (b) the date on which all outstanding principal of and interest on the Senior Note shall be due and payable (or, notwithstanding the foregoing, such earlier date as the same may become due and payable because of acceleration or prepayment as provided in any of the Loan Documents).

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## EXHIBIT C

### PERMITTED ENCUMBRANCES

Those matters set forth as Schedule B title exceptions in the Mortgagee's title insurance policy (including but not limited to the Option Agreement) issued by Chicago Title Insurance Company, a Missouri corporation, as of the closing of the Loan evidenced by the Loan Documents, but only so long as applicable title endorsements issued in conjunction with such closing, if any, remain in full force and effect.

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