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CONSTRUCTION LOAN MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT

75510.73 TRBL 1.04

THIS CONSTRUCTION LOAN MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT (this "Mortgage") is made as of June 30, 1995 by AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Trustee under trust agreement dated June 20, 1995 and known as Trust No. 120525-02 ("Trustee"), having a mailing address of 33 North LaSalle Street, Chicago, Illinois 60690, RIDGE TERRACE, L.L.C., an Illinois limited liability company having a mailing address of o/o Andrus Realty Group, Inc., 5079 North Lincoln Avenue Chicago, Illinois 60625, ("Beneficiary"; Beneficiary and Trustee being collectively referred to herein as "Borrower"), to COMMERCIAL NATIONAL BANK OF CHICAGO, a national banking corporation ("Lender"), with a mailing address at 4800 North Western Avenue, Chicago, Illinois 60625, Attention: Senior Loan Officer, and pertains to the real estate described in Exhibit "A" attached hereto and made a part hereof (the "Real Estate").

I

RECITALS

WHEREAS, Borrower, John T. Andrus, Peter G. Streff and Jeffrey T. Yamane have executed and delivered to Lender a Mortgage Note of even date herewith (the "Note"), wherein said parties promise to pay to the order of Lender the principal amount of ONE MILLION ONE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS (\$1,180,000.00) in repayment of a loan (the "Loan") from Lender in like amount, together with interest thereon, at the variable rate of interest set forth in the Note, which Note is due and payable on or before July 1, 1997; and

WHEREAS, as security for the repayment of the Loan, in addition to this Mortgage, certain other loan documents have been executed and delivered to Lender (the Note, this Mortgage, the "Escrow Agreement", as hereinafter defined, and all other documents executed and delivered as additional evidence of or security for repayment of the Loan, whether now or hereafter existing, and all renewals, amendments, extensions and modifications thereof and thereto, are hereinafter sometimes collectively referred to as the "Loan Documents");

THIS DOCUMENT PREPARED BY
AND AFTER RECORDING RETURN TO:
Daniel Kohn, Esq.
Holleb & Coff
55 East Monroe Street
Suite 4100
Chicago, Illinois 60603

DEPT-01 RECORDING 4103.00
110012 TRSN 5004 07/05/95 14:02:00
11347 JRI 07-95-433627
COOK COUNTY RECORDER
DEPT-10 PENALTY 4100.00

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WHEREAS, in consideration of advances, credit and other financial accommodations heretofore or hereinafter made to Borrower by Lender, Lender has required Borrower hereby to deliver, pledge, assign, transfer, mortgage and warrant to Lender the "Mortgaged Property," as that term is hereinafter defined, as security for repayment of the Loan as well as any and all other amounts owed to Lender under the terms of the Loan Documents.

II

THE GRANT

NOW, THEREFORE, to secure the payment of the principal amount of the Note and interest thereon and all other sums due thereunder or incurred in connection with any of the Loan Documents and the performance of the agreements contained herein, in the other Loan Documents, and in all renewals, extensions and modifications of the Note and the other Loan Documents, Borrower hereby GRANTS, BARGAINS, SELLS, CONVEYS, and MORTGAGES to Lender, its successors and assigns, forever all of its estate, right, title and interest, whether now or hereafter acquired, in and to that certain real estate situated in the County of Cook, State of Illinois, as more particularly described in Exhibit "A" attached hereto and made a part hereof (collectively, the "Premises"), together with the following described property (the Premises together with the following described property being hereinafter referred to collectively as the "Mortgaged Property"), all of which other property is hereby pledged on a parity with the Premises and not secondarily:

(a) All buildings and other improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration and repair of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Mortgaged Property immediately upon the delivery thereof to the Premises (other than any of the foregoing which is owned by any tenants in the Premises);

(b) All right, title and interest of Borrower, including, without limitation, any after-acquired reversion, in and to the beds of the ways, streets, sidewalks and alleys adjoining the Premises;

(c) Each and all of the tenements, hereditaments, easements, appurtenances, passages, waters, water courses, riparian rights and any and all other rights, liberties and privileges of the Premises or in any way now or hereafter appertaining thereto, including, without limitation, homestead and any other claim at law or in equity, as well as any after-acquired title, franchise or license and the reversions and remainders thereof;

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(d) All leases now or hereafter on or affecting the Premises, whether written or oral, and all agreements for use of the Premises, together with all rents, issues, deposits, profits and other benefits now or hereafter arising from or in respect of the Premises accruing and to accrue from the Premises and the avails thereof;

(e) All fixtures and personal property now or hereafter owned by Borrower and attached to or contained in and used in connection with the Premises or the aforesaid improvements thereon, including, without limitation, any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, boilers, bookcases, cabinets, carpets, coolers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, sinks, sprinklers, stoves, toilets, ventilators, wall coverings, washers, windows, window coverings, wiring and all renewals or replacements thereof or articles in substitution therefor, whether or not the same be attached to such improvements, it being agreed that all such property owned by Borrower and placed on the Premises or used in connection with the operation or maintenance thereof shall, so far as permitted by law, be deemed for the purpose of this Mortgage to be part of the real estate constituting and located on the Premises and covered by this Mortgage;

(f) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Premises and the other Mortgaged Property, or any part thereof, or to any rights appurtenant thereto;

(g) All compensation, awards, damages, claims, rights of actions and proceeds of or on account of (i) any damage or taking, pursuant to the power of eminent domain, of the Premises and the other Mortgaged Property or any part thereof, (ii) damage to all or any portion of the Premises and the other Mortgaged Property by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Premises and the other Mortgaged Property or of other property, or (iii) the alteration of the grade of any street or highway on or about the Premises and the other Mortgaged Property or any part thereof; and Lender is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and to apply the same toward the payment of the indebtedness and other sums secured hereby;

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(h) All contract rights, general intangibles, actions and rights in action, including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Premises or the other Mortgaged Property;

(i) All proceeds, products, replacements, additions, substitutions, renewals and accretions of and to the Premises or the other Mortgaged Property;

(j) All building materials and goods which are procured or to be procured for use on or in connection with the Mortgaged Property, whether or not such materials and goods have been delivered to the Premises;

(k) All plans, specifications, architectural renderings, drawings, licenses, permits, soil test reports, other reports of examinations or analyses, contracts for services to be rendered Borrower, or otherwise in connection with the Mortgaged Property and all other property, contracts, reports, proposals, and other materials now or hereafter existing in any way relating to the Premises or the other Mortgaged Property or construction of additional improvements thereto;

(l) The proceeds from any, sale, transfer, pledge or other disposition of any or all of the foregoing described Mortgaged Property (subject to the provisions of Paragraph 3.30(c) hereof);

To have and to hold the same unto Lender and its successors and assigns forever, for the purposes and uses herein set forth together with all right to possession of the Premises after the occurrence of any Default (as defined in Paragraph 4.01 hereof) hereunder subject only to the schedule of exceptions, if any, listed in the title insurance policy insuring Lender's interest in the Premises ("**Permitted Encumbrances**"); the Borrower hereby **RELEASING AND WAIVING** all rights under and by virtue of the homestead exemption laws of the State where the Premises are located.

BORROWER REPRESENTS AND COVENANTS that it is lawfully seized of the Premises, that the same is unencumbered except by the Permitted Encumbrances, if any, and that it has good right, full power and lawful authority to convey and mortgage the same, and that it will warrant and forever defend said parcels and the quiet and peaceful possession of the same against the lawful claims of all persons whomsoever.

If and when the principal amount of the Note and all interest as provided thereunder has been paid, and Borrower has satisfied all obligations thereunder and under the other Loan Documents, then this Mortgage shall be released at the cost of Borrower, but

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otherwise shall remain in full force and effect, except as otherwise provided in Paragraph 3.30(c) hereof.

III

GENERAL AGREEMENTS

3.01 Principal and Interest. Borrower shall pay or cause to be paid promptly when due the principal and interest on the indebtedness evidenced by the Note at the times and in the manner provided in the Note, this Mortgage and the other Loan Documents. Any amount not paid when due hereunder shall accrue with interest at the Default Interest Rate (as defined in the Note).

3.02 Property Taxes. Subject to Paragraph 3.03 hereof, Borrower shall pay immediately, when first due and owing, all general taxes, special taxes, special assessments and water charges and sewer charges (individually, each of the foregoing being herein referred to as a "Tax", and collectively, as "Taxes") and any other charges that may be asserted against the Mortgaged Property or any part thereof or interest therein, and furnish to Lender duplicate receipts therefor within thirty (30) days after payment thereof but in no event less than ten (10) days prior to the date(s) any of said Taxes are due. Borrower may, in good faith and with diligence, contest the validity or amount of any such Taxes, provided that:

(a) such contest shall have the effect of preventing the collection of the Tax so contested and the sale or forfeiture of the Mortgaged Property or any part thereof or interest therein to satisfy the same;

(b) Borrower has notified Lender in writing of the intention of Borrower to contest the same before any Tax has been increased by any interest, penalties or costs; and

(c) Borrower has deposited with Lender, at such place as Lender may from time to time in writing designate, a sum of money or other security acceptable to Lender that is sufficient, in Lender's judgment, to pay in full such contested Tax and all penalties and interest that might become due thereon, and shall keep on deposit an amount sufficient, in Lender's judgment, to pay in full such contested Tax, increasing such amount to cover additional penalties and interest whenever, in Lender's judgment, such increase is advisable. Upon the consummation of such contest, any excess funds held by Lender shall be returned to Borrower.

In the event Borrower fails to prosecute such contest in good faith and with diligence, Lender may, at its option, apply the monies and liquidate any securities deposited with Lender in

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payment of, or on account of, such Taxes, or any portion thereof then unpaid, including all penalties and interest thereon. If the amount of the money and any such security so deposited is insufficient for the payment in full of such Taxes, together with all penalties and interest thereon, Borrower shall forthwith, upon demand, either deposit with Lender a sum that, when added to such funds then on deposit, is sufficient to make such payment in full, or, if Lender has applied funds on deposit on account of such Taxes, restore such deposit to an amount satisfactory to Lender. Provided no Default exists hereunder, Lender shall, if so requested in writing by Borrower, after final disposition of such contest and upon Borrower's delivery to Lender of an official bill for such Taxes, apply the money so deposited in full payment of such Taxes or that part thereof then unpaid, together with all penalties and interest thereon, and any excess security shall be returned to Borrower.

3.03 Tax Escrow. If Lender so requests, Borrower shall, simultaneously with Borrower's monthly payments of interest and principal to Lender deposit monthly with Lender one-twelfth (1/12th) of one hundred ten percent (110%) of the annual Taxes as estimated by Lender in such manner as Lender may prescribe so as to provide for the current year's real estate tax obligation when due. If the amount estimated to pay said Taxes when due is not sufficient, Borrower shall pay the difference within five (5) days following Lender's demand therefor. Should Borrower fail to deposit sufficient amounts with Lender to pay such obligations, Lender may, but shall not be obligated to, advance monies necessary to make up any deficiency in order to pay such obligations. Any monies so advanced by Lender shall become so much additional indebtedness secured hereby and shall become immediately due and payable with interest due thereon at the Default Interest Rate. Lender is not obligated to inquire into the validity or accuracy of the real estate tax obligations before making payments of the same and nothing herein contained shall be construed as requiring Lender to advance other monies for said purpose nor shall Lender incur any personal liability for anything it may do or omit to do hereunder. It is agreed that all such payments made, at the option of Lender, shall be (i) carried in an interest bearing real estate tax escrow account for the benefit of Borrower and withdrawn by Lender to pay the real estate tax obligations, and (ii) all such payments are hereby pledged together with any other account of Borrower, or any guarantor hereof, held by Lender to further secure the indebtedness represented by the Note and any officer of Lender is authorized to withdraw the same and apply said sums as aforesaid and as otherwise provided in the Loan Documents.

3.04 Payments by Lender. In the event of a Default hereunder, Lender is hereby authorized to make or advance, in the place and stead of Borrower, any payment relating to Taxes and other governmental charges, fines, impositions or liens that may be asserted against the Mortgaged Property or any part thereof, and

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may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy thereof or into the validity of any tax, assessment, lien, sale, forfeiture or title or claim relating thereto. In the event of a Default hereunder, Lender is further authorized to make or advance, in the place and stead of Borrower, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge or payment, as well as take any and all actions which Lender deems necessary or appropriate on Borrower's behalf whenever, in Lender's sole and absolute judgment and discretion, such payments or actions seem necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Lender is further authorized, at its option, to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Lender's choosing. All payments, costs and other expenses incurred by Lender pursuant to this Paragraph 3.04, including, without limitation, attorneys' fees, expenses and court costs, shall constitute additional indebtedness secured hereby and shall be repayable by Borrower upon demand with interest at the Default Interest Rate.

3.05 Insurance.

Borrower shall at all times maintain, or cause to be maintained, the following insurance coverage with respect to the Mortgaged Property, which insurance coverage may be maintained by Borrower under separate insurance policies or under blanket insurance policies covering the Mortgaged Property together with other properties, all in form, content and amount reasonably satisfactory to Lender:

(a) Hazard. (i) Borrower shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured under a replacement cost form of insurance policy (without depreciation) against loss or damage resulting from fire, windstorm and other hazards (collectively, any "Loss") as may be required by Lender, and to pay promptly, when due, any premiums on such insurance. All such insurance shall be in form and of content satisfactory to Lender and shall be carried with companies approved in writing by Lender, and all such policies and renewals thereof (or insurance binders evidencing the same), marked "paid" shall be delivered to Lender at least thirty (30) days before the expiration of then existing policies and shall have attached thereto standard noncontributing mortgagee clauses entitling Lender to collect any and all proceeds payable under such insurance, as well as standard waiver of subrogation endorsements. Borrower shall not carry any separate insurance on such improvements concurrent in kind or form with any insurance required hereunder or contributing in the event of any Loss, unless each such policy includes a standard noncontributing mortgagee

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clause entitling Lender to collect any and all proceeds thereunder, as well as a standard waiver of subrogation endorsement. In the event of a change in ownership or of occupancy of the Mortgaged Premises, or any portion thereof, Borrower shall give immediate notice thereof by mail to Lender.

(ii) In case of any loss, Lender (or after entry of decree of foreclosure, purchaser at the sale, or the decree creditor, as the case maybe) is hereby authorized to either: (1) settle, adjust or compromise any claim under any insurance policies, provided, however, that no consent shall be required thereto by Borrower and Lender shall act in its reasonable discretion without the consent of Borrower; or (2) allow Borrower to settle, adjust or compromise any claims for any Loss with the insurance company or companies on the amount to be paid upon the Loss. In either case Lender is authorized to collect and receipt for any such insurance proceeds. In case of any such Loss, if, in Lender's sole and absolute judgment and determination, either the improvements to the Premises cannot be restored or the funds collected from any such insurance settlements are insufficient to pay for the full restoration and repair of such damage, Lender shall have the right to collect any and all insurance proceeds and apply the same toward payment of the indebtedness secured hereby, after deducting all expenses and fees of collection. In the event the net insurance proceeds are insufficient to pay the then existing indebtedness secured hereby, together with all accrued interest, fees and charges, and Borrower fails to deposit with Lender the amount of any such deficiency within twenty (20) days after Lender's demand therefor, Lender may, at its sole election, declare the entire unpaid balance to be immediately due and payable, and Lender may then treat the same as in the case of any other Default hereunder. In the event any insurance company raises a defense against either Borrower or Lender to any claim for payment due to any Loss by reason of fire or other casualty submitted by Lender or any party on behalf of Lender, then Lender may, at its option, whether or not Lender has received funds from any insurance settlements, declare the unpaid balance to be immediately due and payable, and Lender may then treat the same as in the case of any other Default hereunder. Notwithstanding anything to the contrary contained herein, provided no Default, or event which with the passage of time or the giving of notice would constitute a Default hereunder, has occurred which remains uncured hereunder or under any of the other Loan Documents and is continuing, Borrower may settle, adjust, collect proceeds from or compromise any claims for Loss arising out of a single occurrence which does not exceed Ten Thousand Dollars (\$10,000.00) in the aggregate.

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Notwithstanding anything to the contrary contained in the immediately foregoing paragraph, but subject to the immediately succeeding paragraph, the insurance proceeds remaining after deduction of all of Lender's expenses of collection and settlement of such proceeds, including, without limitation, attorneys' fees and expenses, shall be made available to Borrower and Borrower shall have the option to repair and restore the Mortgaged Property if all of the following conditions are satisfied: (i) no Default, or event which with the giving of notice or the passage of time would constitute a Default, shall have occurred hereunder or under any of the other Loan Documents and be continuing; (ii) the insurance proceeds shall, in Lender's reasonable judgment, be sufficient to complete the repair and restoration of the buildings, structures and other improvements on the Premises to an architectural and economic unit of the same character and the same value as existed immediately prior to such casualty, or if Lender shall determine that the proceeds are insufficient, Borrower shall have deposited with Lender within twenty (20) days after Lender's demand therefor the amount of the deficiency in cash; (iii) after such repair or restoration, the Mortgaged Property shall in Lender's reasonable judgment adequately secure the outstanding balance of the Loan; (iv) none of the insurers have denied liability to Borrower or Lender; and (v) such casualty shall have occurred prior to May 31, 1995.

If such insurance proceeds are to be used to restore or rebuild the Mortgaged Property, Borrower shall promptly and expeditiously rebuild and restore the buildings and improvements to the equivalent of their condition immediately prior to the loss and in accordance with the original plans and specifications or to such other condition as Lender shall approve in writing, and such proceeds shall be made available, from time to time, upon Lender being furnished with (i) satisfactory evidence of the estimated cost of completion thereof, (ii) a deposit from Borrower covering any deficiency between the estimated cost of rebuilding and restoration and the amount of proceeds held by Lender, (iii) a copy of a fixed price or guaranteed maximum price construction contract with a general contractor acceptable to Lender covering all work necessary to complete such restoration or repair, (iv) such architect's certificates, waivers of lien, contractors sworn statements and other evidence of cost and of payments as Lender may require and approve, (v) a payment and performance bond covering the general contractor in form, substance and amount and issued by a surety acceptable to Lender, in its sole discretion and (vi) otherwise in accordance with Lender's then standard form of disbursement agreement. Lender shall also be furnished with all plans and specifications for such rebuilding or restoration as Lender shall require and approve. No payment made prior to the final completion of the work

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shall exceed ninety percent (90%) of the value of the work performed, from time to time, and at all times the undisbursed balance of said proceeds remaining in Lender's possession shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

In case of any Loss after foreclosure proceedings have been instituted, all insurance proceeds shall, at Lender's option, be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if said owner shall then be entitled to the same, or as the court may otherwise direct. In case of the foreclosure of this Mortgage, the court in its decree may provide that the mortgagee's clause attached to each of said insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said policies making the Loss thereunder payable to said decree creditor. Any foreclosure decree may further provide that in case of any one or more redemptions made under said decree, each successive redeemer may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such redeemer. In the event of foreclosure sale, Lender is hereby authorized, without the consent of Borrower, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Lender may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

Nothing contained in this Mortgage shall create any responsibility or obligation on Lender to collect any amount owing on any insurance policy, to rebuild, repair or replace any damaged or destroyed portion of the Mortgaged Property, or to perform any act hereunder.

(iii) If Lender elects or is obligated hereunder to apply such insurance proceeds toward repairing, restoring, and rebuilding such improvements, such insurance proceeds shall be made available therefor, by Lender, or such other depository designated by Lender, from time to time, to Borrower or at Lender's option directly to contractors, sub-contractors, material suppliers and other persons entitled to payment in accordance with and subject to such conditions to disbursement as Lender may impose to ensure that the work is fully completed in a good and workmanlike manner and paid for and that no liens or claims arise by reason thereof, provided that Lender is furnished with evidence satisfactory to Lender of the estimated cost of such repairs, restoration and rebuilding and with architect's and other certificates, waivers of lien, contractors' sworn statements, and other evidence of the

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estimated cost thereof and of payments as Lender may require and approve. In addition to the foregoing, if the estimated cost of the work exceeds ten (10%) percent of the original principal amount of the indebtedness secured hereby, Borrower shall also deliver, to Lender for its prior approval evidence satisfactory to Lender that the appraised value of the Mortgaged Property after such work will not be less than its appraised value established in the appraisal delivered to Lender on or prior to the date hereof and all plans and specifications for such repairs, restoration and rebuilding as Lender may require and approve. No payment made prior to the final completion of the work shall exceed ninety (90%) percent of the value of the repair, restoration or rebuilding work performed, from time to time, and at all times the undischarged balance of such proceeds remaining in the custody or control of Lender shall be, in Lender's sole and absolute discretion, at least sufficient to pay for the cost of completion of the work, free and clear of any liens. Lender may, at any time after a Default hereunder, or under any of the other Loan Documents and in its sole and absolute discretion, procure and substitute for any and all of the insurance policies so held as aforesaid, such other policies of insurance in such amounts and carried in such companies as Lender may select. Lender may commingle any such funds held by it under this Section 3.05, provided, however, that Lender shall not be obligated to pay any interest with respect to any such funds held by or on behalf of Lender.

(b) Liability. Borrower shall carry and maintain such comprehensive public liability against death, bodily injury and property damage insurance as may be required from time to time by Lender in form, content, and in amounts satisfactory to, and with companies approved in writing by, Lender in its sole and absolute discretion; provided, however, that the amounts of coverage with respect to liability only shall not be less than Three Million and No/100 Dollars (\$3,000,000.00) single limit liability and that the policies shall name Lender as an additional insured party thereunder. Insurance binders respecting such insurance, premiums prepaid, shall be deposited with Lender and shall contain provision for ten (10) days' notice to Lender prior to any cancellation or payment of any claims thereunder.

(c) Builder's Risk. Borrower shall obtain or shall cause to be obtained Builder's Risk Insurance on an "all risks" basis for one hundred percent (100%) of the insurable value of all construction work in place or in progress from time to time, insuring the Mortgaged Property, including materials in storage and while in transit, against loss or damage by fire or other casualty, with extended coverage, and with "X," "C" and "U" coverage, vandalism and malicious

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mischief coverage, bearing a replacement cost-agreed amount endorsement; and

(d) Other Insurance. Upon Lender's written request, Borrower shall carry and maintain or cause to carry and maintain such other insurance coverage(s), including, but not limited to, rent loss insurance and flood insurance, as Lender may, in its sole and absolute discretion, deem necessary or appropriate in such amounts, with such companies and in such form as Lender deems satisfactory, all at Borrower's sole expense.

3.06 Condemnation and Eminent Domain. Any and all awards heretofore or hereafter made or to be made to the present or any subsequent owner of the Mortgaged Property by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Mortgaged Property (including any award from the United States government at any time after the allowance of a claim therefor, the ascertainment of the amount thereto, and the issuance of a warrant for payment thereof), are hereby assigned by Borrower to Lender, which awards Lender is hereby authorized to negotiate, collect and receive from the condemnation authorities. Lender is hereby authorized to give appropriate receipts and acquittances therefor. Borrower shall give Lender immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Mortgaged Property (including severance of, consequential damage to or change in grade of streets), and shall deliver to Lender copies of any and all papers served in connection with any such proceedings. Borrower further agrees to make, execute and deliver to Lender, free and clear of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Lender for the purpose of validly and sufficiently assigning all awards and other compensation heretofore, now and hereafter made to Borrower for any taking, either permanent or temporary, under any such proceeding. Any such award shall, at Lender's sole discretion, be applied toward the indebtedness secured by this Mortgage or applied toward restoring the Mortgaged Property in the same manner as provided for insurance proceeds in Paragraph 3.05(a) hereof.

3.07 Maintenance of Property. No portion of the Mortgaged Property shall be altered, removed or demolished, severed, removed, sold or mortgaged without the prior written consent of Lender and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered by this Mortgage or by any separate security agreement executed in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from any other security interest therein, encumbrances thereon or reservation of title thereto. Borrower shall promptly repair,

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restore or rebuild any building or other improvement now or hereafter situated on the Premises that may become damaged or be destroyed, unless the indebtedness secured by this Mortgage has been accelerated by Lender in accordance with the terms hereof. Any such building or other improvement shall be repaired, restored or rebuilt so as to be of at least equal value and of substantially the same character as prior to such damage or destruction.

Borrower further agrees not to permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or any part thereof, to keep and maintain the Mortgaged Property and every part thereof in good repair and condition, to effect such repairs as Lender may require, and, from time to time, to make all necessary and proper replacements thereof and additions thereto so that the Premises and such buildings, other improvements, fixtures, chattels and articles of personal property will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed.

3.08 Compliance with Laws. Borrower shall comply with all statutes, ordinances, regulations, rules, orders, decrees and other requirements relating to the Mortgaged Property, or any part thereof, by any federal, state or local authority, and shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the Mortgaged Property or that have been granted to or contracted for by Borrower in connection with any existing or presently contemplated use of the Mortgaged Property or any part thereof. Borrower shall not initiate or acquiesce in any changes to or termination of any of the foregoing or of zoning actions affecting the use of the Mortgaged Property or any part thereof without the prior written consent of Lender.

3.09 Liens and Transfers. Without Lender's prior written consent, Borrower shall not, directly or indirectly, create, suffer or permit to be created or filed or to remain against the Mortgaged Property, or any part thereof, hereafter any mortgage lien or other lien, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to the Mortgaged Property, whether superior or inferior to the lien of this Mortgage; provided, however, that Borrower may, within ten (10) days after the filing thereof, contest in good faith by appropriate legal or administrative proceedings any lien claim arising from any work performed, material furnished or obligation incurred by Borrower upon furnishing Lender security and indemnification satisfactory to Lender, in its sole and absolute discretion, for the final payment and discharge thereof. In the event Borrower hereafter creates, suffers or permits any superior or inferior lien to be attached to the Mortgaged Property or any part thereof without such consent or without furnishing security as aforesaid,

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Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance thereof and all interest accrued thereon to be immediately due and payable.

If Borrower, without Lender's prior written consent, sells, transfers, conveys, assigns, pledges, hypothecates, leases or otherwise disposes of the title to all or any portion of the Mortgaged Property, whether by operation of law, voluntarily or otherwise, or any interest (beneficial or otherwise) thereto, or enters into any agreement to do any of the foregoing, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance, and accrued interest to be immediately due and payable. Without limiting the generality of the foregoing, each of the following events shall be deemed a sale, transfer, conveyance, assignment, pledge, hypothecation or other disposition prohibited by the foregoing sentence:

(a) If Borrower is a corporation (other than a title holding trustee), any sale, conveyance, assignment or other transfer of all or any portion of the stock of such corporation, that results in a material change in the identity of the person(s) or entities in control of such corporation, or any corporation which controls any of Borrower;

(b) notwithstanding anything to the contrary contained in the partnership agreement of Borrower, any sale, conveyance, assignment or other transfer of all or any portion of the partnership interest of any general partner of Borrower or entities in control of Borrower or any partnership which controls Borrower;

(c) any sale, conveyance, assignment or other transfer of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of any corporation or partnership constituting Borrower or any corporation or partnership which controls Borrower, or any sale, conveyance, assignment or other transfer by Borrower in any corporation or partnership in which Borrower has a controlling interest, directly or indirectly; and

(d) any hypothecation of all or any portion of any stock or general partnership interest therein, or of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of such corporation or partnership, or any corporation or partnership which controls Borrower, or any sale, conveyance, assignment or other transfer by Borrower in any corporation or partnership in which Borrower has a controlling interest, directly or indirectly.

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As used herein, all references to "corporations" shall be deemed to also refer to limited liability companies, and all references to the stock or shareholders' interest therein shall be deemed to refer to all ownership interests in any such limited liability companies.

Any waiver by Lender of the provisions of this **Paragraph 3.09** shall not be deemed to be a waiver of the right of Lender in the future to insist upon strict compliance with the provisions hereof.

3.10 Subrogation to Prior Lienholder's Rights. If the proceeds of the loan secured hereby or any part thereof, or any amount paid out or advanced by Lender is used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then Lender shall be subrogated to the rights of the holder thereof in and to such other lien or encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

3.11 Lender's Dealings with Transferee. In the event of the sale or transfer, by operation of law, voluntarily or otherwise, of all or any part of the Mortgaged Property, Lender shall be authorized and empowered to deal with the vendee or transferee with regard to the Mortgaged Property, the indebtedness secured hereby and any of the terms or conditions hereof as fully and to the same extent as it might with Borrower, without in any way releasing or discharging Borrower from its covenants hereunder, specifically including those contained in **Paragraph 3.09** hereof, and without waiving Lender's right of acceleration pursuant to **Paragraph 3.09** hereof.

3.12 Stamp Taxes. If at any time the United States government or any federal, state or municipal governmental subdivision requires Internal Revenue or other documentary stamps, levies or any tax on this Mortgage or on the Note, or requires payment of the United States Interest Equalization Tax on any of the indebtedness secured hereby, then such indebtedness and all interest accrued thereon shall be and become due and payable, at the election of the Lender, thirty (30) days after the mailing by Lender of notice of such election to Borrower; provided, however, that such election shall be unavailing, and this Mortgage and the Note shall be and remain in effect, if Borrower may and does lawfully pay for such stamps or tax, including interest and penalties thereon, to or on behalf of Lender.

3.13 Change in Tax Laws. In the event of the enactment, after the date of this Mortgage, of any law of the state in which the Premises are located deducting from the value of the Premises, for the purpose of taxation, the amount of any lien thereon, or imposing upon Lender the payment of all or any part of the taxes, assessments, charges or liens hereby required to be paid by

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Borrower, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Borrower's interest in the Mortgaged Property, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holder thereof, then Borrower, upon demand by Lender, shall pay such taxes, assessments, charges or liens, or reimburse Lender therefor; provided, however, that if, in the opinion of counsel for Lender, it might be unlawful to require Borrower to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then Lender may elect, by notice in writing given to Borrower, to declare all of the indebtedness secured hereby to become due and payable thirty (30) days after the giving of such notice. Nothing contained in this Paragraph 3.13 shall be construed as obligating Borrower to pay any portion of Lender's federal income tax.

3.14 Inspection of Property. Borrower shall permit Lender and its representatives and agents to inspect the Mortgaged Property from time to time upon reasonable prior telephonic notice during normal business hours and as frequently as Lender considers reasonable.

3.15 Inspection of Books and Records. Borrower shall keep and maintain full and correct books and records showing in detail the income and expenses of the Mortgaged Property and after demand therefor by Lender shall permit Lender or its agents to examine such books and records and all supporting vouchers and data, copies of any leases encumbering the Premises and such other information as Lender may deem necessary or appropriate at any time and from time to time on request at Borrower's offices, at the address hereinabove identified or at such other location as may be mutually agreed upon.

3.16 Acknowledgment of Debt. Borrower shall furnish from time to time, within ten (10) days after Lender's request, a written statement, duly acknowledged, specifying the amount due under the Note, this Mortgage and any of the other Loan Documents and disclosing whether any alleged offsets or defenses exist against the indebtedness secured hereby.

3.17 Other Amounts Secured; Maximum Indebtedness. Borrower acknowledges and agrees that this Mortgage secures the entire principal amount of the Note and interest accrued thereon, regardless of whether any or all of the loan proceeds are disbursed on or after the date hereof, and regardless of whether the outstanding principal is repaid in whole or part and future advances made at a later date, as well as any amounts owed to Lender pursuant to Paragraphs 3.02 and 3.04 hereof, any and all litigation and other expenses pursuant to Paragraphs 4.05 and 4.06 hereof and any other amounts as provided herein or in any of the other Loan Documents, including, without limitation, the payment of any and all loan commissions, service charges, liquidated damages,

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expenses and advances due to or paid or incurred by Lender in connection with the Loan, all in accordance with the loan commitment issued in connection with this transaction and the Loan Documents. Under no circumstances, however, shall the total indebtedness exceed three (3) times the original principal amount of the loan.

3.18 Declaration of Subordination. At the option of Lender, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any condemnation or eminent domain award) to any and all leases of all or any part of the Mortgaged Property upon the execution by Lender and recording thereof, at any time hereafter, in the appropriate official records of the county wherein the Premises are situated, of a unilateral declaration to that effect.

3.19 Releases. Lender, without notice and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens thereon, may release from the liens of Lender all or any part of the Mortgaged Property, or release from liability any person or entity obligated to repay any indebtedness secured hereby, without in any way affecting the liability of any party pursuant to the Note, this Mortgage or any of the other Loan Documents, including, without limitation, any guaranty given as additional security for the indebtedness secured hereby, and without in any way affecting the priority of the lien of this Mortgage, and may agree with any party liable therefor to extend the time for payment of any part or all of such indebtedness. Any such agreement shall not in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the indebtedness secured hereby, but shall extend the lien hereof as against the title of all parties having any interest, subject to the indebtedness secured hereby, in the Mortgaged Property.

3.20 Beneficiary's Representations and Warranties. Beneficiary hereby represents, warrants and covenants to Lender that:

(a) Borrower is lawfully seized of the Mortgaged Property hereby mortgaged, granted and conveyed and has the right to mortgage, grant and convey the Mortgaged Property, that the Mortgaged Property is unencumbered except by the Permitted Encumbrances, if any, and that Beneficiary will defend generally the title to the Mortgaged Property, or any portion thereof, against any and all claims and demands, subject only to the Permitted Encumbrances, if any.

(b) Beneficiary (i) is a limited liability company, duly organized and validly existing under the laws of the State of Illinois and is in good standing in the State of Illinois; (ii) has the power and authority to own its properties and to

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carry on its business as now being conducted; (iii) is qualified to do business in every jurisdiction in which the nature of its business or its properties makes such qualification necessary, including, without limitation, the State of Illinois; and (iv) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to Beneficiary.

(c) The execution, delivery and performance of the Note and the other Loan Documents by Borrower: (i) have received all necessary governmental approval; (ii) do not violate any provision of any law, any order of any court or agency of government or any indenture, agreement or other instrument to which Borrower is a party, or by which it or any portion of the Premises is bound; and (iii) are not in conflict with, nor will it result in breach of, or constitute (with due notice or lapse of time) a default under any indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever, upon any of its property or assets, except as contemplated by the provisions of this mortgage.

(d) The Note and the other Loan Documents, when executed and delivered by Borrower and the other makers thereof, as appropriate, will constitute the legal, valid and binding obligations of Borrower and all other obligors named therein, if any, in accordance with their respective terms.

(e) All other information, reports, papers, balance sheets, statements of profit and loss, and data submitted to Lender or its agents and employees regarding Borrower or any other party obligated under the terms of the Note or any of the other Loan Documents are accurate and correct in all material respects, and are complete insofar as completeness may be necessary to give Lender a true and accurate knowledge of the subject matter.

(f) There is not now pending against or affecting Borrower or any other party obligated under the terms of the Note or any of the other Loan Documents, nor, to the best of Borrower's knowledge, is there threatened any action, suit or proceeding at law, in equity or before any administrative agency which, if adversely determined, would materially impair or affect the financial condition or operation of Borrower or the Mortgaged Property.

3.21 Utilities. Borrower will (except to the extent paid by lessees) pay all utility charges incurred in connection with the Premises and all improvements thereon, and shall maintain all utility services now or hereafter available for use at the Premises.

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3.22 Hazardous Waste. Borrower and the other co-makers of the Note have executed and delivered to Lender that certain Environmental Indemnification Agreement of even date herewith regarding the environmental condition of the Mortgaged Premises and the compliance thereof with all "Environmental Laws" (as defined therein), the terms and conditions of which are incorporated herein by this reference. Borrower covenants and agrees that any and all amounts owed to Lender pursuant to said Environmental Indemnification Agreement shall constitute additional indebtedness secured by this Mortgage and all of the other Loan Documents.

3.23 Assignment of Rents. (a) As further security for the repayment of the Note, and any amounts due pursuant to this Mortgage, Borrower does hereby sell, assign and transfer to Lender all rents, issues, deposits and profits now due and which may hereinafter become due under or by reason of any lease or any letting of, or any agreement for the use, sale, or occupancy of the Premises or any portion thereof (whether written or verbal), which may have been heretofore or may hereafter be made or agreed to or which may be made or agreed by Lender under the powers herein granted, including without limitation sale contracts, escrow and other agreements, it being Borrower's intention hereby to establish an absolute transfer and assignment of all such leases, contracts, escrows and agreements pertaining thereto (such leases, contracts, escrows and agreements being collectively referred to hereinbelow as "agreements" and any such individual lease, contract, escrow or other agreement being referred to hereinbelow as an "agreement"), and all the avails thereof, to Lender.

Borrower does hereby irrevocably appoint Lender as its true and lawful attorney in its name and stead (with or without taking possession of the Premises) to rent, lease, let, or sell all or any portion of the Premises to any party or parties at such price and upon such term as Lender in its sole discretion may determine, and to collect all of such rents, issues, deposits, profits and avails now due or that may hereafter become due under any and all of such agreements or other tenancies now or hereafter existing on the Premises, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as Lender would have upon taking possession of the premises pursuant to the provisions set forth hereinbelow.

This assignment confers upon Lender a power coupled with an interest and it cannot be revoked by Borrower.

(b) Borrower represents and agrees that without the prior written consent of the Lender, no rent for right of future possession will be paid by any person in possession of any portion of the Premises in excess of one installment

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thereof paid in advance and that no payment of rents to become due for any portion of the Premises has been or will be waived, conceded, released, reduced, discounted, or otherwise discharged or compromised by Borrower. Borrower waives any right of set-off against any person in possession of any portion of the Premises. Borrower agrees that it will not assign any of such rents, issues, profits, deposits or avails, except to a purchaser or grantee of the Premises, and shall not agree to any modification of the terms, or a voluntary surrender, of any such lease or agreement without the prior written consent of Lender.

(c) Borrower further agrees to assign and transfer to Lender all future leases and agreements pertaining to all or any portion of the Premises and to execute and deliver to Lender, immediately upon demand of Lender, all such further assurances and assignments pertaining to the Premises as Lender may from time to time require.

(d) Borrower shall, at its own cost: (i) at all times perform and observe all of the covenants, conditions and agreements of the lessor under the terms of any or all leases or similar agreements affecting all or any part of the Premises; (ii) at all times enforce and secure the performance and observance of all of the material covenants, conditions and agreements of the lessees under the terms of any or all of said leases or other agreements; (iii) appear in and defend any action or other proceeding arising out of or in any manner connected with said leases and other agreements, and to pay any and all costs of Lender incurred by reason of or in connection with said proceedings, including, without limitation, attorneys' fees, expenses and court costs; and (iv) promptly furnish Lender with copies of any notices of default either sent or received by Borrower under the terms of or pursuant to any of said leases or other agreements.

(e) Although it is the intention of Borrower and Lender that the assignment, including, without limitation, the power of attorney appointment, contained in this Paragraph 3.23 is a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Lender shall not exercise any of the rights and powers conferred upon it herein unless and until a Default hereunder has occurred except as otherwise provided in any of the other Loan Documents.

(f) Lender, in the exercise of the rights and powers conferred upon it herein, shall have full power to use and apply the rents, issues, deposits, profits and avails of the Premises to the payment of or on account of the following, in such order as Lender may, in its sole and absolute discretion determine:

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(i) operating expenses of the Premises (including, without limitation, all costs of management, sale and leasing thereof, which shall include compensation to Lender and its agents, if management be delegated thereto, attorneys' fees, expenses and court costs, and lease or sale commissions and other compensation and expenses of seeking and procuring tenants or purchasers and entering into leases or sales), establishing any claims for damages, and premiums on insurance authorized hereinabove;

(ii) taxes, special assessments, water and sewer charges on the premises now due or that may hereafter become due;

(iii) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Premises (including without limitation the cost from time to time of installing or replacing personal property therein, and of placing the Premises in such condition as will, in the sole judgment of Lender, make them readily rentable or salable);

(iv) any indebtedness secured by the Mortgage or any deficiency that may result from any foreclosure sale pursuant thereto; and

(v) any remaining funds to Borrower or its successors or assigns, as their interests and rights may appear.

(g) Borrower does further specifically authorize and instruct each and every present and future lessee or purchaser of all or any portion of the Premises to pay all unpaid rentals or deposits agreed upon in any lease or agreement pertaining to the Premises to Lender upon receipt of demand from Lender to pay the same without any further notice or authorization by Borrower, and Borrower hereby waives any rights or claims it may have against any lessee by reason of such payments to Lender.

(h) Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligations, duty or liability under any leases or agreements pertaining to the Premises, and Borrower shall and does hereby agree to indemnify and hold Lender harmless from and against any and all liability, loss and damage that Lender may or might incur under any such leases or agreements or under or by reason of the assignment thereof, as well as any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on Lender's part to perform or discharge any

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of the terms, covenants or conditions contained in such leases or agreements. Should Lender incur any such liability, loss or damage under such leases or agreements, or under or by reason of the assignment thereof, or in the defense of any claims or demands relating thereto, Borrower shall reimburse Lender for the amount thereof (including, without limitation, attorneys' fees, expenses and court costs) immediately upon demand.

(i) Nothing herein contained shall be construed as making or constituting Lender a "mortgagee in possession" in the absence of the taking of actual possession of the Premises by Lender pursuant to the provisions set forth herein. In the exercise of the powers herein granted Lender, no liability shall be asserted or enforced against Lender, all such liability being expressly waived and released by Borrower.

3.24 Security Agreement. (a) This Mortgage shall be deemed a "Security Agreement" as defined in the Illinois Uniform Commercial Code, and creates a security interest in favor of Lender in all property including, without limitation, all personal property, fixtures and goods affecting property either referred to or described herein or in anyway connected with the use or enjoyment of the Premises. The remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law or, as to such part of the security which is also reflected in any financing statement filed to perfect the security interest herein created, by the specific statutory consequences now or hereinafter enacted and specified in the Illinois Uniform Commercial Code, all at Lender's sole election. Borrower and Lender agree that the filing of such a financing statement in the records normally having to do with personal property shall not be construed as in any way derogating from or impairing the intention of the parties hereto that everything used in connection with the production of income from the Premises or adapted for use therein or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Lender, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) the rights in or the proceeds of any fire or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) Borrower's interest as lessor in any present or future lease or rights to income growing out of the use or occupancy of the

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Mortgaged Property whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of Lender under this Mortgage or impugning the priority of the Lender's lien granted hereby or by any other recorded document, but such mention in the financing statement is declared to be for the protection of the Lender in the event any court or judge shall at any time hold with respect to (1), (2) and (3) that notice of Lender's priority of interest to be effective against a particular class of persons, including, but not limited to, the Federal Government and any subdivisions or entity of the Federal Government, must be filed in the Illinois Uniform Commercial Code records.

(b) Borrower shall execute, acknowledge and deliver to Lender, within ten (10) days after request by Lender, any and all security agreements, financing statements and any other similar security instruments required by Lender, in form and of content satisfactory to Lender, covering all property of any kind whatsoever owned by Borrower that, in the sole opinion of Lender, is essential to the operation of the Mortgaged Property, and concerning which there may be any doubt whether title thereto has been conveyed, or a security interest therein perfected, by this Mortgage under the laws of the state in which the Premises are located. Borrower shall further execute, acknowledge and deliver any financing statement, affidavit, continuation statement, certificate or other document as Lender may request in order to perfect, preserve, maintain, continue and extend such security instruments. Borrower further agrees to pay to Lender all fees, costs and expenses (including, without limitation, all attorneys' fees and expenses) incurred by Lender in connection with the preparation, execution, recording, filing and refiling of any such document.

3.25 Fixture Financing Statement. From the date of its recording, this Mortgage shall be effective as a fixture financing statement with respect to all goods constituting part of the Mortgaged Premises which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of Debtor:

Ridge Terrace, L.L.C.
c/o Andrus Realty Group, Inc.
5079 North Lincoln Avenue
Chicago, Illinois 60625

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(b) Name and Address of Secured Party:

Commercial National Bank of Chicago
4800 North Western Avenue
Chicago, Illinois 60625
Attention: President

(c) This document covers goods which are or are to become fixtures.

3.26 Interest Laws. It being the intention of Lender and Borrower to comply with the laws of the State of Illinois, it is agreed that notwithstanding any provision to the contrary in the Note, this Mortgage or any of the other Loan Documents, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection of all or any portion of the indebtedness evidenced by the Note. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Note, this Mortgage or any of the other Loan Documents, then in such event: (a) the provisions of this Paragraph 3.26 shall govern and control; (b) neither Borrower nor any other party obligated under the terms of the Note or any of the other Loan Documents shall be obligated to pay any Excess Interest; (c) any Excess Interest that Lender may have received hereunder shall, at the option of Lender, be (i) applied as a credit against the then unpaid principal balance under the Note, accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing; (d) the "Interest Rate" (as that term is used in the Note) shall be subject to automatic reduction to the maximum lawful contract rate allowed under the applicable usury laws of the aforesaid State, and the Note, this Mortgage and the other Loan Documents shall be deemed to be automatically reformed and modified to reflect such reduction in the Interest Rate; and (e) neither Borrower nor any other party obligated under the terms of the Note or any of the other Loan Documents shall have any action against Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest.

3.27 Flood Area. If the Premises are now or hereafter located in an area which has been identified by the Secretary of Housing and Urban Development as a flood hazard area and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (the "Act"), Borrower will keep the Premises insured by flood insurance up to the maximum limit of coverage available under the Act.

3.28 Financial Information. During the term of the Loan, Borrower shall furnish, or cause to be furnished, to Lender on not less than an annual basis, and in any event within thirty (30) days

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after Lender's request therefor, such financial information as Lender shall, in its sole discretion, request, including without limitation financial statements, statements of revenues and expenses pertaining to the Mortgaged Property and copies of the then most recent federal tax returns of Borrower and each co-maker of the Note.

3.29 Construction Escrow. Borrower acknowledges and agrees that all Loan proceeds in excess of Eight Hundred Ten Thousand and No/100 Dollars (\$810,000.00) shall be disbursed in accordance with the terms and conditions set forth in that certain construction loan escrow agreement of even date herewith between Borrower, the other co-makers of the Note, Lender and the title insurer (the "Escrow Agreement"). In connection with said Escrow Agreement, Borrower hereby covenants and agrees as follows:

(a) Borrower will comply or will cause compliance with all of the covenants of the Escrow Agreement;

(b) The provisions set forth in the Escrow Agreement are incorporated herein by express reference, and any default by any party to the Escrow Agreement other than Lender in any of the terms contained therein shall constitute a default under this Mortgage, and in such event Lender may declare the entire debt to be immediately due and payable, or pursue any right, remedy or recourse reserved herein, in the Escrow Agreement or in any of the other Loan Documents;

(c) Borrower will cause the construction of improvements in accordance with the Escrow Agreement; and

(d) All sums advanced or incurred or other obligations created for which Lender is liable under the Escrow Agreement from time to time shall be secured by this Mortgage and all of the other Loan Documents.

3.30 Conversion; Partial Releases. Notwithstanding anything to the contrary contained herein, Lender acknowledges and agrees that Borrower intends to submit the Mortgaged Property to the provisions of the Illinois Condominium Property Act in order to create twenty-four (24) separate condominium units (the "Units") and thereafter sell the individual Units. In connection therewith, Borrower and Lender agree as follows:

(a) Borrower shall not execute or enter into any declaration of condominium, property report, grant of easements, covenants and conditions or any similar instrument binding or purporting to bind all or any portion of the Mortgaged Property without Lender's prior written consent, which consent shall be granted at Lender's sole discretion. Borrower further agrees that it shall not execute or record any declaration of condominium until the Initial Closing, as such term is defined in the Escrow Agreement. Any declaration,

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grant of easement or other covenant or condition executed and/or recorded with respect to all or any portion of the Mortgaged Property in violation of the provisions of this subparagraph shall be of no force or effect.

(b) As a condition to Lender's consent to and execution of any declaration of condominium, Borrower shall furnish each of the following documents to Lender, all of which shall be satisfactory to Lender in form and substance:

(i) Declaration of Condominium, together with an endorsement to Lender's title insurance policy confirming that the title insurer is prepared to insure the ownership of each Unit as a condominium unit and the priority of any mortgage granted by the purchaser of each unit over inchoate liens securing the payment of condominium assessments;

(ii) Articles of incorporation and by-laws for the unit owners' association which will govern the operation of the Premises following the conversion thereof;

(iii) Management agreement regarding the management of the Premises.

(c) Provided that there is not then existing any default or any condition or circumstance which, with the passage of time and/or giving of notice, would constitute a default under any of the Loan Documents and all of the provisions of Article 4 of the Escrow Agreement have been fulfilled, Lender agrees to release individual Units from the lien of this Mortgage upon Lender's receipt of the net sales proceeds from the sale of such Unit after deducting normal and customary costs for title insurance premiums, escrow charges, transfer taxes, real estate tax and condominium assessment prorations, and brokerage commissions incurred in connection with such sale, provided, however, that (x) the aggregate amount of all such costs shall not exceed ten percent (10%) of the sales price of the Unit, and (y) in no event shall Lender receive less than Sixty-Five Thousand and No/100 Dollars (\$65,000.00) for each Two Bedroom Unit (as defined in the Escrow Agreement) and Forty-Eight Thousand and No/100 Dollars (\$48,000.00) for each One bedroom Unit (as defined in the Escrow Agreement).

All amounts received by Lender pursuant to this subparagraph 3.30(c) shall be applied against the principal amount then outstanding.

3.31 Construction Mortgage. This is a "Construction Loan Mortgage" within the purview and operation of the Uniform Commercial Code of the State of Illinois, as amended. A portion of the proceeds of the Loan secured by this Mortgage shall be disbursed to or upon the direction of Borrower for the purpose of paying the cost of construction of improvements upon the Premises

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and related costs, pursuant to and in accordance with the Escrow Agreement and any other agreements executed and delivered concurrently herewith. Borrower covenants and agrees that all of such loan proceeds will be used solely for such purpose. Accordingly, the lien created by this Mortgage shall be a first lien against all fixtures, equipment and other personal property of every kind incorporated as aforesaid, and such lien shall take precedence and be paramount and superior to any other lien, charge or security interest that any person may claim against such fixtures or personal property.

IV

DEFAULTS AND REMEDIES

4.01 Events Constituting Defaults. Each of the following events shall constitute a default (a "Default") under this Mortgage:

(a) Failure to pay when due any sum secured hereby, including, but not limited to, any installment of principal or interest or both thereon, and such failure continues for a period in excess of five (5) days after the same becomes due and payable under the Note;

(b) Failure to comply with any of the requirements of Paragraph 3.09 or Paragraph 3.30;

(c) Failure of Borrower to perform or observe any other covenant, warranty or other provision contained in this Mortgage and not otherwise covered in any of the other provisions of this Paragraph 4.01, for a period in excess of thirty (30) days after the date on which notice of the nature of such failure is given by Lender to Borrower; provided, however, that if such default cannot be cured within said thirty (30) days period and Borrower diligently commences and prosecutes such cure, said cure period shall be extended, but in no event shall such cure period exceed one hundred eighty (180) days from the date of such notice by Lender to cure such default;

(d) Untruth or material deceptiveness or inaccuracy of any representation or warranty contained in the Note, this Mortgage or any other Loan Document, or any writing pertaining to the foregoing, submitted to Lender by or on behalf of Borrower or any co-maker of the Note;

(e) Admission by Trustee, Beneficiary or any co-maker of the Note in writing, including, without limitation, an answer or other pleading filed in any court, of such party's insolvency or inability to pay its debts generally as they fall due;

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(f) Institution by Trustee, Beneficiary or any co-maker of the Note of bankruptcy, insolvency, reorganization or arrangement proceedings of any kind under the Federal Bankruptcy Code, whether as now existing or as hereafter amended, or any similar debtors' or creditors' rights law, whether federal or state, now or hereafter existing, or the making by any such party of a general assignment for the benefit of creditors;

(g) Institution of any proceedings described in Paragraph 4.01(f) against Trustee, Beneficiary or any co-maker of the Note that are consented to by such party are not dismissed, vacated, or stayed within sixty (60) days after the filing thereof;

(h) Appointment by any court of a receiver, trustee or liquidator of or for, or assumption by any court of jurisdiction of, all or any part of the Mortgaged Property or all or a major portion of the property of Beneficiary or any co-maker of the Note if such appointment or assumption is consented to by such party or if, within sixty (60) days after such appointment or assumption, such receiver, trustee or liquidator is not discharged or such jurisdiction is not relinquished, vacated or stayed;

(i) Declaration by any court or governmental agency of the bankruptcy or insolvency of Trustee, Beneficiary or any co-maker of the Note;

(j) Any material adverse change in the financial condition of Beneficiary or any co-maker of the Note which causes Lender to reasonably deem itself to be insecure;

(k) Any amendment, modification or supplement of or change in the operating agreement or management agreement of Beneficiary, or transfer of any ownership interest in Beneficiary, without the prior written consent of Lender;

(l) The dissolution, death or adjudicated incompetency of Beneficiary or any co-maker of the Note; provided, however, that in the event of the death of any one (1) individual co-maker of the Note, the estate of such decedent shall have the right to deposit with Lender cash collateral in an amount reasonably acceptable to Lender to secure said decedent's obligations under the Note and the other Loan Documents within thirty (30) days after such death, in which event the death of such co-maker shall not constitute a Default hereunder; or

(m) The failure to establish or maintain with Lender all deposit accounts relating to the operation of the Premises.

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4.02 Acceleration of Maturity. Upon the occurrence of any Default, at the election of Lender, the entire principal balance then outstanding under the Note, together with all unpaid interest accrued thereon and all other sums due from Borrower thereunder, under this Mortgage or any other Loan Document shall become immediately due and payable with interest thereon at the Default Interest Rate.

4.03 Foreclosure of Mortgage. Upon the occurrence of any Default, or at any time thereafter, Lender may, at its option, proceed to foreclose the lien of this Mortgage by judicial proceedings in accordance with the laws of the state in which the Premises are located and to exercise any other remedies of Lender provided herein or in the other Loan Documents, or which Lender may have at law or in equity. Any failure by Lender to exercise such option shall not constitute a waiver of its right to exercise the same at any other time.

4.04 Lender's Continuing Options. The failure of Lender to declare a Default or exercise any one or more of its options to accelerate the maturity of the indebtedness secured hereby and to foreclose the lien hereof following any Default as aforesaid, or to exercise any other option granted to Lender hereunder in anyone or more instances, or the acceptance by Lender of partial payments of such indebtedness, shall neither constitute a waiver of any such Default or of Lender's options hereunder nor establish, extend or affect any grace period for payments due under the Note, but such options shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Lender, may, at Lender's option, be rescinded by written acknowledgment to that effect by Lender and shall not affect Lender's right to accelerate maturity upon or after any future Default.

4.05 Litigation Expenses. In any proceeding to foreclose the lien of this Mortgage or enforce any other remedy of Lender under the Note, this Mortgage, the other Loan Documents or in any other proceeding whatsoever in connection with the Mortgaged Property in which Lender is named as a party, there shall be allowed and included, as additional indebtedness secured hereby in the judgment or decree resulting therefrom, all expenses paid or incurred in connection with such proceeding by or on behalf of Lender, including, without limitation, attorney's fees and expenses and court costs, appraiser's fees, outlays for documentary evidence, expert advice, stenographers' charges, publication costs, survey costs, and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates and any similar data and assurances with respect to title to the Premises as Lender may deem necessary, and any other expenses and expenditures which may be paid or incurred by or on behalf of Lender and permitted by the IMF Act (as such term is hereinafter defined in Paragraph 4.09) to be included

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In the decree of sale, either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to any such decree the true condition of the title to or value of the Premises or the Mortgaged Property. All expenses of the foregoing nature, and such expenses as may be incurred in the protection of any of the Mortgaged Property and the maintenance of the lien of this Mortgage thereon, including, without limitation, the fees and expenses of, and court costs incurred by, any attorney employed by Lender in any litigation affecting the Note, this Mortgage or any of the other loan Documents or any of the Mortgaged Property, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall be immediately due and payable by Borrower with interest thereon at the Default Interest Rate.

4.06 Performance by Lender. In the event of any Default, or in the event any action or proceeding is instituted which materially affects, or threatens to materially affect, Lender's interest in the Premises, Lender may, but need not, make any payment or perform any act on Borrower's behalf in any form and manner deemed expedient by Lender, and Lender may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any; purchase, discharge, compromise or settle any tax lien or other prior or junior lien or title or claim thereof; redeem from any tax sale or forfeiture affecting the Mortgaged Property; or contest any tax or assessment thereon. All monies paid for any of the purposes authorized herein and all expenses paid or incurred in connection therewith, including without limitation attorneys' fees and court costs, and any other monies advanced by Lender to protect the Mortgaged Property and the lien of this Mortgage, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Borrower to Lender without notice and with interest thereon at the Default Interest Rate. Inaction of Lender shall never be construed to be waiver of any right accruing to Lender by reason of any default by Borrower. Lender shall not incur any personal liability because of anything it may do or omit to do hereunder, nor shall any acts of Lender act as a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage or to proceed to foreclose this Mortgage.

4.07 Right of Possession. In any case in which, under the provisions of this Mortgage, Lender has a right to institute foreclosure proceedings, whether or not the entire principal sum secured hereby becomes immediately due and payable as aforesaid, or whether before or after the institution of proceedings to foreclose the lien hereof or before or after sale thereunder, Borrower shall, forthwith upon demand of Lender, surrender to Lender, and Lender shall be entitled to take actual possession of, the Mortgaged Property or any part thereof, personally or by its agent or attorneys, and Lender, in its discretion, may enter upon and take and maintain possession of all or any part of the Mortgaged

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Property, together with all documents, books, records, papers and accounts of Borrower or the then owner of the Mortgaged Property relating thereto, and may exclude Borrower, such owner and any agents and servants thereof wholly therefrom and may, as attorney-in-fact or agent of Borrower or such owner, or in its own name as Lender and under the powers herein granted:

(a) hold, operate, manage and control all or any part of the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, whether legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits and avails of the Mortgaged Property, including, without limitation, actions for recovery of rent, and actions in forcible detainer, all without notice to Borrower;

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

(c) elect to disaffirm any lease or sublease of all or any part of the Mortgaged Property made subsequent to this Mortgage or subordinated to the lien hereof;

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

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

Without limiting the generality of the foregoing, Lender shall have all right, power, authority and duties as provided in the IMF Act. Nothing herein contained shall be construed as constituting Lender

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as Mortgagee in possession in the absence of the actual taking of possession of the Premises.

4.08 Priority of Payments. Any rents, issues, deposits, profits and avails of the Property received by Lender after taking possession of all or any part of the Mortgaged Property, or pursuant to any assignment thereof to Lender under the provisions of this Mortgage shall be applied in payment of or on account of the following, in such order as Lender or, in case of a receivership, as the court, may in its sole and absolute discretion determine:

(a) operating expenses of the Mortgaged Property (including, without limitation, compensation to Lender, any receiver of the Mortgaged Property, any agent or agents to whom management of the Mortgaged Property has been delegated, and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized);

(b) taxes, special assessments, water and sewer charges now due or that may hereafter become due on the Mortgaged Property, or that may become a lien thereon prior to the lien of this Mortgage;

(c) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Mortgaged Property (including, without limitation, the cost, from time to time, of installing or replacing any personal property therein, and of placing the Mortgaged Property in such condition as will, in the judgment of Lender or any receiver thereof, make it readily rentable or salable);

(d) any indebtedness secured by this mortgage or any deficiency that may result from any foreclosure sale pursuant hereto; and

(e) any remaining funds to Borrower or its successors or assigns as their interests and rights may appear.

4.09 Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may appoint upon petition of Lender, and at Lender's sole option, a receiver of the Mortgaged Property pursuant to the Illinois Mortgage Foreclosure Act, as amended (Chapter 110, sections 1101, et seq., Ill. Rev. Stats.) (the "IMF Act"). Such appointment maybe made either before or after 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 secured hereby; without

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regard to the value of the Mortgaged Property at such time and whether or not the same is then occupied as a homestead; without bond being required of the applicant; and Lender hereunder or any employee or agent thereof may be appointed as such receiver. Such receiver shall have all powers and duties prescribed by the IMF Act, including, without limitation, the power to take possession, control and care of the Mortgaged Property and to collect all rents, issues, deposits, profits and avails thereof during the pendency of such foreclosure suit and apply all funds received toward the indebtedness secured by this Mortgage, and in the event of a sale and a deficiency where Borrower has not waived its statutory rights of redemption, during the full statutory period of redemption, as well as during any further times when Borrower or its devisees, legatees, administrators, legal representatives, successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits and avails, and shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of any such period. To the extent permitted by law, such receiver may extend or modify any then existing leases and make new leases of the Mortgaged Property or any part thereof, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire beyond the maturity date of the Loan, 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 Mortgaged Property are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree or issuance of certificate of sale or deed to any purchaser.

4.10 Foreclosure Sale. In the event of any foreclosure sale of the Mortgaged Property, the same may be sold in one or more parcels. Lender may be the purchaser at any foreclosure sale of the Mortgaged Property or any part thereof.

4.11 Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property, or any part thereof, shall be distributed and applied in the following order of priority: (a) on account of all costs and expenses incident to the foreclosure proceedings, including, without limitation, all such items as are mentioned in Paragraphs 4.05 and 4.06 hereof; (b) all other items that, under the terms of this Mortgage, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon at the Default Interest Rate; (c) all principal and interest, together with any prepayment charge, remaining unpaid under the Note, in the order of priority specified by Lender in its sole and absolute discretion; and (d) the balance, if any, to

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Borrower or its successors or assigns, as their interests and rights may appear.

4.12 Application of Deposits. In the event of any Default, Lender may, at its option, without being required to do so, apply any monies or securities that constitute deposits made to or held by Lender or any depository pursuant to any of the provisions of this Mortgage toward payment of any of Borrower's obligations under the Note, this Mortgage or any of the other Loan Documents in such order and manner as Lender may elect in its sole and absolute discretion. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Borrower or to the then owner or owners of the Mortgaged Property. Such deposits are hereby pledged as additional security for the prompt payment of the indebtedness evidenced by the Note and any other indebtedness secured hereby and shall be held to be applied irrevocably by such depository for the purposes for which made hereunder and shall not be subject to the direction or control of Borrower.

4.13 Indemnification. Borrower will indemnify and hold Lender harmless from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, attorneys' fees, expenses and court costs) incurred by or asserted against Lender by reason of (a) the ownership of the Premises by Borrower or any interest therein or receipt of any rents, issues, proceeds or profits therefrom; (b) any accident, injury to or death of persons, or loss of or damage to property occurring in, on or about the Premises or any part thereof or on the adjoining sidewalks, curbs, adjacent parking areas or streets; (c) any use, nonuse or condition in, on or about the Premises or any part thereof or on the adjoining sidewalks, curbs, adjacent parking areas or streets; (d) any failure on the part of Borrower to perform or comply with any of the terms of this Mortgage; or (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof. Any amounts owed to Lender by reason of this Paragraph 4.13 shall constitute additional indebtedness which is secured by this Mortgage and shall become immediately due and payable upon demand therefor, and shall bear interest at the Default Interest Rate from the date such loss or damage is sustained by Lender until paid. The obligations of Borrower under this Paragraph 4.13 shall survive any termination or satisfaction of this Mortgage.

4.14 Waiver of Rights of Reinstatement, Redemption and Other Rights. To the full extent permitted by law, Borrower agrees that it will not at any time or in any manner whatsoever take any advantage of any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor take any advantage of any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale thereof to be made pursuant to any provisions

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herein contained, or to any decree, judgment or order of any court of competent jurisdiction; or after such sale claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. To the full extent permitted by law, Borrower hereby expressly waives any and all rights it may have to require that the Premises be sold as separate tracts or units in the event of foreclosure. BORROWER HEREBY EXPRESSLY WAIVES ITS RIGHT OF REINSTATEMENT AND ANY AND ALL RIGHTS OF REDEMPTION UNDER THE IMPACT ACT FOR ITSELF AND ON BEHALF OF ALL PERSONS CLAIMING OR HAVING AN INTEREST (DIRECT OR INDIRECT) BY, THROUGH OR UNDER BORROWER AND ON BEHALF OF ANY TRUST ESTATE OF WHICH THE PREMISES ARE A PART, ALL PERSONS BENEFICIALLY INTERESTED THEREIN AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE PREMISES SUBSEQUENT TO THE DATE HEREOF, IT BEING THE INTENT HEREOF THAT ANY AND ALL SUCH RIGHTS OF REINSTATEMENT AND REDEMPTION OF BORROWER AND ALL SUCH PERSONS ARE AND SHALL BE DEEMED TO BE HEREBY WAIVED TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW. To the full extent permitted by law, Borrower agrees that it will not, by invoking or utilizing any applicable law or laws or otherwise, hinder, delay or impede the exercise of any right, power or remedy herein or otherwise granted or delegated to Lender, but will permit the exercise of every such right, power and remedy as though no such law or laws have been or will have been made or enacted. To the full extent permitted by law, Borrower hereby agrees that no action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid in an action at law upon the Note.

V

MISCELLANEOUS

5.01 Notices. Any notice that Lender or Borrower may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address hereinabove set forth, or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice shall be deemed to have been delivered two (2) business days after mailing by United States certified mail, return receipt requested, or when delivered in person or upon receipt if sent by a nationally recognized overnight air courier if addressed to a party at its address set forth above. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to Lender by this Mortgage is not required to be given.

5.02 Time of Essence. It is specifically agreed that time is of the essence of this Mortgage.

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5.03 Covenants Run with Land. All of the covenants of this Mortgage shall run with the land constituting the Premises.

5.04 Governing Law/Venue. To the extent permitted by law, this Mortgage shall be governed by the laws of the State of Illinois (without giving effect to Illinois choice of law principles). To the extent that this Mortgage may operate as a security agreement under the Uniform Commercial Code, Lender shall have all rights and remedies conferred therein for the benefit of a secured party, as such term is defined therein. To the maximum extent permitted by law, Borrower hereby agrees that all actions or proceedings arising in connection with this Note shall be tried and determined only in the state and federal courts located in the County of Cook, State of Illinois, or, at the option of Lender, in any other Court in which Lender shall initiate legal or equitable proceedings and which has subject matter jurisdiction over the matter in controversy. To the maximum extent permitted by law, Borrower hereby expressly waives any right it may have to assert the doctrine of forum non conveniens or to object to venue to the extent any proceeding is brought in accordance with this paragraph.

5.05 Rights and Remedies Cumulative. All rights and remedies set forth in this Mortgage are cumulative, and the holder of the Note and of every other obligation secured hereby may recover judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy afforded hereby.

5.06 Severability. If any provision of this Mortgage or any paragraph, sentence, clause, phrase or word, or the application thereof, is held invalid in any circumstance, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included herein.

5.07 Non-Waiver. Unless expressly provided in this Mortgage to the contrary, no consent or waiver, whether express or implied, by any interested party referred to herein to or of any breach or default by any other interested party referred to herein regarding the performance by such party of any obligations contained herein shall be deemed a consent to or waiver of the party of any obligations contained herein or shall be deemed a consent to or waiver of the performance by such party of any other obligations hereunder or the performance by any other interested party referred to herein of the same, or of any other, obligations hereunder.

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

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5.09 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.

5.10 Successors and Assigns. This Mortgage and all provisions hereof shall be binding upon Borrower, its successors, assigns, legal representatives and all other persons or entities claiming under or through Borrower, and the word "Borrower," when used herein, shall include all such persons and entities and any others liable for the payment of the indebtedness secured hereby or any part thereof, whether or not they have executed either Note or this Mortgage. The word "Lender," when used herein, shall include lender's successors, assigns and legal representatives, including all other holders, from time to time, of the Note.

5.11 No Joint Venture. Borrower and Lender acknowledge and agree that under no circumstances shall Lender be deemed to be a partner or joint venturer with Borrower, including, without limitation, by virtue of its becoming a mortgagee in possession or exercising any of its rights pursuant to this Mortgage or pursuant to any of the other Loan Documents, or otherwise.

5.12 Compliance with the Illinois Mortgage Foreclosure Law.

(a) In the event that any provision in this Mortgage shall be inconsistent with any provisions of the IMF Act, the IMF Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the IMF Act.

(b) Borrower and Lender shall have the benefit of all of the provisions of the IMF Act, including, without limitation, all amendments thereto which may become effective from time to time after the date hereof. In the event any provision of the IMF Act which is specifically referred to herein may be repealed, Lender shall have the benefit of such provision as most recently existing prior to such repeal, as though the same were incorporated herein by express reference.

(c) If any provision of this Mortgage shall grant to Lender any rights or remedies upon default of Borrower which are more limited than the rights that would otherwise be vested in Lender under the IMF Act in the absence of said provision, Lender shall be vested with the rights granted in the IMF Act to the full extent permitted by law.

(d) Without limiting the generality of the foregoing, all expenses incurred by Lender to the extent reimbursable under any provisions of the IMF Act, including, without limitation, Section 15-1510 and 15-1512 thereof, whether incurred before or after any decree or judgment of foreclosure

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shall be added to the indebtedness hereby secured or by the judgment of foreclosure.

5.13 Deed in Trust. If title to the Mortgaged Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Mortgaged Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

5.14 Jury Waiver. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF BORROWER AND LENDER HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY ACTION, CAUSE OF ACTION, CLAIM, DEMAND, OR PROCEEDING ARISING UNDER OR WITH RESPECT TO THIS AGREEMENT, OR IN ANY WAY CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE DEALINGS OF BORROWER AND LENDER WITH RESPECT TO THIS AGREEMENT, OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF BORROWER AND LENDER HEREBY AGREES THAT ANY SUCH ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY AND THAT BORROWER OR LENDER MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT OR OTHER TRIBUNAL AS WRITTEN EVIDENCE OF THE CONSENT OF EACH OF BORROWER AND LENDER TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

5.15 Trustee's Exculpation. This instrument is executed by American National Bank and Trust Company of Chicago, not personally but solely as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said American National Bank and Trust Company of Chicago hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing contained herein or in any of the other Loan Documents shall be construed as creating any liability on the part of American National Bank and Trust Company of Chicago personally to make any payment or to perform any covenant, warranty or indemnity, either express or implied, contained herein or in any of the Loan Documents, all such liability, if any, being expressly waived by Lender and all other parties now or hereafter claiming any right or security hereunder, it being the agreement of the parties that the legal holders of the Note and the owner(s) of any indebtedness accruing hereunder shall look solely to the collateral granted to Lender under the Loan Documents and the liability of all other makers under the terms of the Loan Documents.

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IN WITNESS WHEREOF, Borrower has executed this Mortgage as of the date and year first set forth above.

AMERICAN NATIONAL BANK AND TRUST COMPANY
OF CHICAGO, as Trustee as aforesaid

By:

TITLE: Trustee

RIDGE TERRACE, L.L.C., an Illinois
limited liability company

By:

JEFFREY TAMANE a member

By:

JOHN T. ANDRUS, a member

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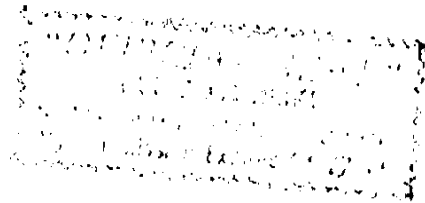
STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

I, L. M. SOVERENSKI, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Edward S. Karpis, personally known to me to be the Edward V. Proffers of American National Bank and Trust Company of Chicago, as Trustee as aforesaid, and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such he has signed and delivered the said instrument pursuant to authority, as his free and voluntary act, and as the free and voluntary act of said Bank, as Trustee as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 30th day of June, 1995.

L. M. Sovrenski
Notary Public

My Commission Expires:



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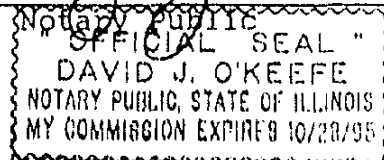
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STATE OF ILLINOIS)
COUNTY OF COOK)SS

I, DAVID J. O'KEEFE, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that JEFFREY T. YAMANE and JOHN T. ANDRUS, personally known to me to be a member in RIDGE TERRACE, L.L.C., an Illinois limited liability company, is the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such members they signed and delivered the said instrument pursuant to authority, as their free and voluntary act and as the free and voluntary act of said company, for the use and purposes therein set forth.

GIVEN under my hand and notarial seal this 30th day of June, 1995.

David J. O'Keefe



Document prepared by and after recording to be returned to:

Daniel Kohn, Esq.
Holleb & Coff
55 East Monroe Street
Suite 4100
Chicago, Illinois

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EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

LOT 15 IN BLOCK 4 IN EVANSTON HEIGHTS, A SUBDIVISION OF LOTS 16 AND 18 AND (EXCEPT THE WEST 198 FEET OF THE NORTH 94 FEET) LOT 15 AND (EXCEPT THE WEST 198 FEET) LOT 20 IN COUNTY CLERKS DIVISION IN THE NORTHWEST 1/4 OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF THE NORTHWEST 1/4 OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF RIDGE AVENUE AND THE SOUTH LINE EXTENDED EAST OF LOT 15 IN BLOCK 4 IN EVANSTON HEIGHTS AFORESAID; THENCE SOUTHERLY ALONG SAID CENTER LINE TO A POINT 368 FEET SOUTH OF THE NORTH LINE OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SAID SECTION, BEING THE NORTHEAST CORNER OF RIDGE VIEW SUBDIVISION IN SAID NORTHWEST 1/4; THENCE WEST ALONG SAID NORTH LINE 233 FEET; THENCE NORTHERLY, PARALLEL WITH THE CENTER LINE OF RIDGE ROAD, TO THE SOUTH LINE OF LOT 15 IN BLOCK 4 IN EVANSTON HEIGHTS AFORESAID, EXTENDED WEST; THENCE EAST ALONG THE SOUTH LINE OF LOT 15 AND SAID SOUTH LINE EXTENDED, TO THE PLACE OF BEGINNING (EXCEPT THE WESTERLY 17.33 FEET THEREOF DEDICATED FOR PUBLIC ALLEY BY PLAT FILED AS DOCUMENT NUMBER 1337290, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 950 Harvard Terrace
Evanston, Illinois

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