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COOK COUNTY RECORDER

95-1051

CONSTRUCTION LOAN MORTGAGE, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT

This Construction Loan Mortgage, Security Agreement and Fixture Financing Statement (this "Mortgage") is made as of December 20, 1995, by ORCHARD PLACE L.L.C., an Illinois limited liability company, with a mailing address of 35 West Wacker Drive, Suite 3240, Chicago, Illinois ("Borrower") to LINCOLN NATIONAL BANK, a national banking association with a mailing address of 3959 N. Lincoln Avenue, Chicago, IL 60613 ("Lender"), and pertains to the real estate described in Exhibit "A" attached hereto and made a part hereof.

I

RECITALS

WHEREAS, Borrower and Lender have entered into that certain Construction Loan Agreement of even date herewith (the "Loan Agreement") regarding the disbursement of a construction and permanent loan in the maximum principal amount of TWENTY-ONE MILLION and NO/100 DOLLARS (\$21,000,000.00) from Lender to Borrower (the "Loan"); and

WHEREAS, pursuant to the provisions of the Loan Agreement, Borrower has executed and delivered to Lender that certain Mortgage Note (the "Note") of even date herewith in the maximum principal amount of TWENTY-ONE MILLION and NO/100 DOLLARS (\$21,000,000.00), wherein Borrower promises to pay to the order of Lender the amount of the Loan, or so much thereof as may now or hereafter be disbursed by Lender under the Note, together with interest thereon, in installments as set forth in the Note, the entire unpaid principal balance being due and payable on December 20, 1997, unless extended pursuant to the provisions of the Note and Loan Agreement to the third anniversary of the Conversion Date as that term is defined by the Loan Agreement; and

This instrument was prepared by, and after recordation should be returned to, Joel C. Solomon, Grossman, Solomon & Pielkow, P.C., 7101 N. Cicero Avenue, Suite 110, Lincolnwood, IL 60466.

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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 Loan Agreement, the Note, this Mortgage and all other documents which are executed and delivered as additional evidence of or security for repayment of the Loan, whether now or hereafter existing, together with all renewals, modifications and amendments thereto, are hereinafter collectively referred to as the "Loan Documents"); and

WHEREAS, as security for the repayment of the Loan in addition to the other Loan Documents, Lender has required Borrower to execute and deliver to Lender this Mortgage.

II

THE GRANT

NOW, THEREFORE, to secure (i) the payment of the principal amount of the Note and interest thereon and the performance of the agreements contained herein and in the other Loan Documents, (ii) the payment of any and all other indebtedness, direct or contingent, that may now or hereafter become owing from Borrower to Lender under the Loan Documents, and (iii) the performance of all other obligations under the Loan Documents, and in consideration of the matters recited hereinabove, Borrower hereby grants, bargains, sells, conveys and mortgages to Lender and 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 (the "Premises"), together with the following-described property (the Premises and 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;

b. All right, title and interest of Borrower, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, 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

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privileges of the Premises or in any way now or hereafter appertaining thereto, including 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;

d. all rents, issues, deposits and profits 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, dynamos, 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, stokers, 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, except as otherwise provided in the Loan Documents, Lender is hereby authorized to collect and receive said awards and proceeds and to give

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proper receipts and acquittances therefor and to apply the same toward the payment of the indebtedness and other sums secured hereby;

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 accessions of and to the Premises or the other Mortgaged Property;

j. All of Borrower's right, title and interest in 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.

To have and to hold the same unto Lender and its successors and assigns forever, for the purposes and uses herein set forth.

BORROWER REPRESENTS, WARRANTS AND COVENANTS that it is lawfully seized of the Premises, that the same is unencumbered except by the "Permitted Exceptions", as defined in the Loan Agreement, 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.

Provided, however, that if and when Borrower has paid the principal amount of the Note and all interest as provided thereunder, has paid any and all other amounts required under the Loan Documents and has performed all of the agreements contained in the Loan Documents, then this Mortgage shall be released at the cost of Borrower, but otherwise shall remain in full force and effect.

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subsequent deposit or deposits. Neither Lender nor any such depositary shall be liable for any failure to make such payments of insurance premiums or taxes unless Borrower, while not in default hereunder, has requested Lender or such depositary, in writing, to make application of such deposits to the payment of particular insurance premiums or taxes, accompanied by the bills for such insurance premiums or taxes; provided, however, that Lender may, at its option, make or cause such depositary to make any such application of the aforesaid deposits without any direction or request to do so by Borrower.

3.03. Property Taxes. Subject to the provisions of Section 6.2 of the Loan Agreement and Paragraph 3.02 hereof, Borrower shall pay immediately, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges that may be asserted against the Property or any part thereof or interest therein, and to furnish to Lender a copy of the appropriate real estate tax bill marked "paid" or comparable duplicate receipts thereof within ten (10) days after payment thereof; provided, however, that in the event Lender is collecting monthly deposits as required by Paragraph 3.02(a) hereof, Lender may, at its option, either make such deposits available to Borrower for the payments required under this Paragraph 3.03 or may make such payments on behalf of Borrower. Borrower may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments, provided that:

a. such contest shall have the effect of preventing the collection of the tax or assessment 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 or assessment 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, when added to the monies or other security, if any, deposited with Lender pursuant to Paragraph 3.02(a) hereof, is sufficient, in Lender's judgment, to pay in full such contested tax and assessment 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 and assessment, increasing such amount to cover additional penalties and interest whenever, in Lender's judgment, such increase is advisable.

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In the event Borrower fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit as hereinabove provided, Lender may, at its option, apply the monies and liquidate any securities deposited with Lender in payment of, or on account of, such taxes and assessments, 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 and assessments, 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 and assessments, restore such deposit to an amount satisfactory to Lender. Provided that Borrower is not then in default 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 and assessments or that part thereof then unpaid, together with all penalties and interest thereon.

3.04. Payments by Lender. In the event that Borrower fails to make any payment described in this Section 3.04 within ten (10) days after Lender's written demand, Lender is hereby authorized to make or advance, in the place and stead of Borrower, any payment relating to taxes, assessments, water and sewer charges, and other governmental charges, fines, impositions or liens that may be asserted against the Property or any part thereof, and 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. 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 judgment and discretion, such payments and/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 reasonable attorneys' fees and court costs, shall constitute additional indebtedness secured hereby and shall be repayable by Borrower upon demand with interest at the "Default Interest Rate" (as that term is defined in the Note).

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3.05. Insurance.

a. Hazard.

(i) Subject to the provisions of Section 6.2 of the Loan Agreement, 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 and without co-insurance) against loss or damage resulting from fire, windstorm and other hazards as may be required by Lender, and to pay promptly, when due, any premiums on such insurance; provided, however, that in the event Lender is collecting monthly deposits as required by Paragraph 3.02(b) hereof, Lender may, at its option, either make such deposits available to Borrower for the payments required under this Paragraph 3.05 or may make such payments on behalf of Borrower. All such insurance shall be in form and of content and shall be carried in companies approved in writing by Lender, and all such policies and renewals thereof (or certificates evidencing the same), marked "paid", shall be delivered to Lender at least thirty (30) days before the expiration of their existing policies and shall have attached thereto standard non-contributing mortgage 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 loss, unless each such policy includes a standard non-contributing mortgage 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 Premises approved in writing by Lender, Borrower shall give immediate notice thereof by mail to Lender.

(ii) In case of loss, Lender (or after entry of decree of foreclosure, purchaser at the sale, or the decree creditor, as the case may be) is hereby authorized, at its sole discretion, to either: (a) settle and adjust any claim under any insurance policies without the consent of Borrower, or (b) allow Borrower to agree 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 money. In case of any such loss, Lender shall have the right to collect any insurance proceeds and apply the same toward payment of the indebtedness secured hereby, after deducting all expenses and fees of collection, subject to the provisions of Section 8.1 of the Loan Agreement. In the event the net insurance proceeds are insufficient to pay the then existing indebtedness secured hereby, together with all

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accrued interest, fees and charges, unless the Borrower is able to complete the Project in accordance with Section 8.1 of the Loan Agreement, 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. Notwithstanding anything to the contrary contained herein, provided no default has occurred which remains uncured hereunder or under any of the other Loan Documents, (a) Borrower may settle, adjust or compromise any claims for loss, damage or destruction arising out of a single occurrence which does not exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00) in the aggregate, and (b) Borrower may settle, adjust or compromise any claims which exceed \$500,000.00 in the aggregate, subject to Lender's prior written consent which shall not be unreasonably withheld.

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 it shall then be entitled to the same, or as the court may 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 redepton 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 redepton. 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 any 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 Premises or any improvements thereon or to perform any act hereunder.

(iii) In the event Lender is obligated or elects to apply such proceeds toward repairing, restoring, and rebuilding such improvements, such proceeds shall be made available, from time to time, upon Lender's being furnished with satis-

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factory evidence of the estimated cost of such repairs, restoration and rebuilding and with such architect's and other certificates, waivers of lien, certificates, contractors' sworn statements and other evidence of the estimated cost thereof and of payments as Lender may reasonably require and approve, and, if the estimated cost of the work exceeds ten percent (10%) of the original principal amount of the indebtedness secured hereby, with all plans and specifications for such repairs, restoration and rebuilding as Lender may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Lender shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens. Lender shall hold all such funds in a segregated interest-bearing account, with interest to accrue to Borrower's benefit.

b. Liability. Borrower shall carry and maintain such comprehensive public liability and workmen's compensation insurance as may be required from time to time by Lender in form and of content, in amounts and with companies approved in writing by Lender, in accordance with the provisions of the Loan Agreement.

c. Rent Loss. Borrower shall carry and maintain rental insurance to cover a loss of six (6) months' rental income from the Premises in form and of content, in amounts and with companies satisfactory to Lender. Certificates of such insurance, premiums prepaid, shall be deposited with Lender and shall contain provision for ten (10) days' notice to Lender prior to any cancellation thereof.

d. Other Insurance. Upon Lender's written request, Borrower shall carry and maintain such other insurance coverage(s) as Lender may, in its sole 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. 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, any improvement, located thereon or any easement thereon or appurtenance thereof (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

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hereby authorized to negotiate, collect and receive from the condemnation authorities and to give appropriate receipts and acquittances therefor; provided, however, that so long as no default has occurred which remains uncured hereunder or under any of the Loan Documents, Borrower may negotiate such awards, subject to Lender's prior written consent. 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, or any easement thereon or appurtenance thereof (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, at any time upon request, free and clear of any encumbrances 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 and hereafter made to Borrower for any taking, either permanent or temporary, under any such proceeding. At Lender's option, any such award may either be applied toward the indebtedness secured by this Mortgage or applied toward restoring the improvements, in which event the same shall be paid out in the same manner as is provided with respect to insurance proceeds in Paragraph 3.05(a) hereof.

3.07. Maintenance of Property. Except as required in connection with the normal maintenance and repair of the Premises, no building or other improvement on the Premises shall be altered, removed or demolished, nor shall any fixtures, chattels or articles of personal property on, in or about the Premises be 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, restore or rebuild any building or other improvement now or hereafter situated on the Premises that may become damaged or be destroyed. Any such building or other improvement shall be so 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 reasonably require, and, from time to time, to make

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accelerate the maturity of the Note, causing the entire principal balance, accrued interest and prepayment premium, if any, to be immediately due and payable, without notice to Borrower. 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, 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 previously in control of such corporation;

b. if Borrower is a limited liability company, any sale, conveyance, assignment or other transfer of all or any portion of the membership interest of any member of such limited liability company that results in a material change in the identity of the person(s) in control of such limited liability company; (excepting, however, transfers upon death of a member or which result from estate planning by a member;

c. any sale, conveyance, assignment or other transfer of all or any portion of the interest of any entity directly or indirectly in control of the corporation or limited liability company constituting the Borrower that results in a material change in the identity of the person(s) in control of such entity; and

d. any hypothecation of all or any portion of the stock thereof, if Borrower is a corporation, or of all or any portion of the interest of any general partner thereof, if Borrower is a partnership, 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, that could result in a material change in the identity of the person(s) in control of such corporation, partnership or entity directly or indirectly in control of such corporation or partnership if the secured party under such hypothecation exercised its remedies thereunder.

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. Lender's Dealings with Transferees. 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

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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.

3.11. 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.

3.12. 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 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. Nothing contained in this Paragraph 3.12 shall be construed as obligating Lender to pay any portion of Borrower's federal income tax.

3.13. Inspection of Property. Borrower shall permit Lender and its representatives and agents to inspect the Mortgaged Property from time to time upon reasonable notice to Borrower and any affected tenants of the Premises during normal business hours and as frequently as Lender considers reasonable.

3.14. 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, within ten (10) days after demand written notice therefor by Lender, shall permit Lender or its agents to examine such books and records and all supporting vouchers and data, as well as such other information as Lender may deem necessary or appropriate at any time and from time to time on request at its offices, at the address hereinabove

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identified or at such other location as may be mutually agreed upon.

3.15. Certified Annual Operating Statements. Borrower shall furnish to Lender, within ninety (90) days after the close of each calendar year, an annual operating statement of income and expenses of the Mortgaged Property and of Borrower, signed and certified by Borrower. Such report shall contain such detail and embrace such items as Lender may reasonably require.

3.16. Acknowledgment of Debt. Borrower or Lender shall furnish from time to time, within fifteen (15) days after request, a written statement, duly acknowledged, specifying the amount due under the Note, this Mortgage or 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. This Mortgage secures the entire outstanding principal amount of the Loan 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 Loan is repaid in whole or in part and future advances made at a later date, as well as any amounts owed to Lender pursuant to paragraphs 3.04 and 3.05 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, expenses and advances due to or paid or incurred by Lender in connection with the Loan, all in accordance with the application and loan commitment issued in connection with this transaction, if any, and the other Loan Documents. Under no circumstances, however, shall the total indebtedness secured by this Mortgage exceed the sum of three (3) times the original principal amount of the Note.

3.18. Assignment of Rents and Leases. The terms, covenants, conditions and other provisions of the Assignment of Rents and Leases given by Borrower to Lender are hereby expressly incorporated herein by reference and made a part hereof, with the same force and effect as though the same were more particularly set forth herein.

3.19. 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 county wherein the Premises are situated, of a unilateral declaration to that effect.

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3.20. Release. 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 Lender's liens all or any part of the Mortgaged Property, or release in part or in whole from liability any person or entity obligated to repay any indebtedness secured hereby, without in any way affecting the liability of any party to any of 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.

3.21. 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 3.22 shall govern and control; (b) neither Borrower nor any of the other "Obligors" (as that term is defined in the Note) 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 defined 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 of the other Obligors shall have any action against Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest.

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3.22. Borrower's Representations. Borrower hereby represents and covenants to Lender that:

a. Borrower (i) is an Illinois limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois and has complied with all conditions prerequisite to its doing business in the State of Illinois; (ii) has the power and authority to own its properties and to 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; and (iv) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

3.23. 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.

3.24. 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, as amended (the "Act"), Borrower will keep the Premises insured by flood insurance in an amount equal to the maximum limit of coverage available under the Act.

3.25. 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 all personal property, fixtures and goods owned by Borrower and affecting property either referred to or described herein or in any way connected with the use or enjoyment of the Premises. The remedies for any violation of the covenants, terms and conditions of the agreement 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 and/or adapted for use therein and/or which is described or

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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 or the proceeds of any fire and/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 and/or occupancy of the Mortgaged Property whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of 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 Commercial Code records.

b. Borrower covenants and agrees that so long as any balance remains unpaid on the Note, it will execute (or cause to be executed) and deliver to Lender any and all renewal certificates, affidavits, extension statements or other documentation in proper form so as to keep perfected the lien created by any Security Agreement and Financing Statement given to Lender by Borrower, and to keep and maintain the same in full force and effect until the entire principal indebtedness and all interest to accrue thereunder has been paid in full.

3.26. Construction Loan.

a. This Mortgage is a "Construction Loan Mortgage" within the purview and operation of the Illinois Uniform Commercial Code, as amended. The proceeds of the loan secured by this Mortgage shall be disbursed to or upon the direction of Borrower solely for the purpose of paying the cost of construction of improvements upon the Premises and related costs (which may include the acquisition costs of the Mortgaged Property) in accordance with the terms of the Loan Agreement. Accordingly, the lien created by this Mortgage shall be a first lien against all fixtures, equipment and

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other personal property of every kind owned by Borrower 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.

b. All advances and indebtedness arising and accruing under the Loan Agreement from time to time shall be secured hereby to the same extent as though the Loan Agreement were fully incorporated in this Mortgage, and the occurrence of any event of default under the Loan Agreement shall constitute a default under this Mortgage entitling Lender to all of the rights and remedies conferred upon Lender by the terms of this mortgage or by law.

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 of Borrower to pay any sum secured hereby, including without limitation any installment of principal thereof or interest thereon, within ten (10) days after written notice that said amount was not paid when due under the applicable time specified in the Note, the Loan Agreement, this Mortgage or any of the other Loan Documents, or if no such time is specified, within ten (10) days after written notice that said amount was not paid when due;

b. Failure of Borrower to comply with any of the requirements of Paragraph 3.08 hereof, which remains uncured for thirty (30) days after notice of the Default;

c. Failure of Borrower to perform or observe any other covenant, warranty or other provision contained in this Mortgage for a period in excess of thirty (30) days after Lender notifies Borrower thereof, or, with respect to defaults which cannot be cured within thirty (30) days, the failure of Borrower to promptly commence and diligently pursue the cure of such Default upon receipt of notice thereof, and to complete said cure within ninety (90) days of said notice, except as otherwise provided herein;

d. The occurrence of any event of Default under the terms of any of the Loan Agreement or any of the other Loan Documents;

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e. The material Default by the Borrower under the terms of any lease which is subject of an Assignment of Lease for the purpose of securing the Note, and which remains uncured for thirty (30) days after notice by Lender of the Default, unless the Default cannot reasonably be cured within thirty (30) days and Borrower is making diligent efforts to cure the Default;

f. Untruth or deceptiveness in any material respect of any representation or warranty contained in any of the Loan Agreement, the Note, this Mortgage, the other Loan Documents or any other document or writing pertaining to the Loan submitted to Lender by or on behalf of Borrower or any guarantors of payment of the Note (hereinafter referred to as the "Guarantors").

4.02. Acceleration of Maturity. At any time during the existence of any Default, at the option 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 or under this Mortgage or any of the other Loan Documents, shall without notice 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 of in which the Premises are located and exercise any other remedies available to Lender hereunder or under any of the other Loan Documents, or 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 exercise either or both 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 any one 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

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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 or the other Loan Documents, 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 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, 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, actions in forcible detainer and actions in distress for rent, 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 lease;

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 subject to the terms of any subordination agreement entered into by Mortgagee with a lessee;

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

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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, except as specifically provided to the contrary herein. Nothing herein contained shall be construed as constituting Lender 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 or any of the other Loan Documents, 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 determine:

a. operating expenses of the Mortgaged Property (including without limitation reasonable 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,

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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 or the other Loan Documents, 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 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, 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, actions in forcible detainer and actions in distress for rent, 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 subject to the terms of any subordination agreement entered into by Mortgagee with a lessee;

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

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from time to time, of installing or replacing 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 a Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, either appoint Lender as "Mortgagee-in-Possession" or appoint a receiver of the Mortgaged Property pursuant to the Illinois Mortgage Foreclosure Act, 735 ILCS Section 5/15-1105, et seq., as amended (the "IMF Act") (either appointee being hereinafter referred to in this paragraph as the "receiver"). Such appointment may be made either before or after foreclosure sale, without notice except as may be required by applicable law; 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 regard to the value of the Mortgaged Property at such time and whether or not the same is then occupied as a homestead; and without bond being required of the applicant. Such receiver shall have all powers and duties prescribed by the IMF Act, including 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, heirs, executors, 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 be authorized by the court to extend or modify any then existing leases and to 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

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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 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 remaining unpaid under the Note, in the order of priority specified by Lender in its sole discretion; and (d) the balance to 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. 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. Waiver of Statutory 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 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

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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. To the full extent permitted by law, Borrower hereby expressly waives any and all rights of redemption under the IMF Act, on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Borrower and on behalf of 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 redemption of Borrower and such other 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 Notes. Borrower acknowledges that the Premises do not constitute agricultural real estate as defined in Section 15-1201 of the IMF Act or residential real estate as defined in Section 15-1219 of the IMF Act.

4.14. 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 reasonable attorneys' fees and court costs) incurred by or asserted against Lender by reason of (a) the ownership of the Premises 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; provided, however, that the foregoing indemnification shall not apply to items caused by Lender's gross negligence or willful misconduct. Any amounts owed to Lender by reason of this Paragraph 4.14 shall constitute additional indebtedness which is secured by this Mortgage and shall become immediately due and payable upon ten (10) days after written demand therefor, and shall bear interest at the Default Interest Rate from

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the date such loss or damage is sustained by Lender until paid. The obligations of Borrower under this Paragraph 4.14 shall survive any termination or satisfaction of this Mortgage.

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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 on the date on which delivery is received or refused, regardless of whether sent by overnight courier, United States registered or certified mail, return receipt requested, or personal delivery. 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.

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. The place of negotiation, execution and delivery of this Mortgage, the location of the Mortgaged Property, and the place of payment and performance under the Loan Documents being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that state. 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.

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.

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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.

5.09. Gender. 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. 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.

5.11. 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 the 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.

5.12. 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 or any beneficiary of 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.

5.13. 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

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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 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 Sections 15-1510 and 15-1512 of the IMF Act, whether incurred before or after any decree or judgment of foreclosure shall be added to the indebtedness secured hereby or by the judgment of foreclosure.

5.14. Jury Waiver. TO THE MAXIMUM 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 MORTGAGE, OR IN ANY WAY CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE DEALINGS OF BORROWER AND LENDER WITH RESPECT TO THIS MORTGAGE, 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 MORTGAGE 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. Litigation. To the maximum extent permitted by law, Borrower hereby agrees that all actions or proceedings arising in connection with this Mortgage shall be tried and determined only in the state and federal court located in the County of Cook, State of Illinois, or, at the sole 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 contro-

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EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

THAT PART OF LOTS 1 TO 7, LOTS 38 TO 55 AND LOT 60 AND THAT PART OF VACATED LA CROSSE AVENUE AND VACATED ALLEY FALLING WITHIN THE FOLLOWING DESCRIBED TRACT OF LAND:

BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 1; THENCE EAST ALONG THE SOUTH LINE OF SIMPSON STREET, 216.35 FEET TO THE CENTERLINE OF VACATED LA CROSS AVENUE; THENCE SOUTH ALONG SAID CENTERLINE, 141.00 FEET TO THE NORTH LINE OF SAID LOT 46 EXTENDED WEST; THENCE EAST ALONG SAID EXTENDED LINE AND THE NORTH LINE OF LOT 46, 156.14 FEET TO THE NORTHEAST CORNER THEREOF; THENCE SOUTH ALONG THE EAST LINE OF LOTS 38 TO 46, A DISTANCE OF 269.08 FEET TO A LINE WHICH IS 410.08 FEET SOUTH OF AND PARALLEL TO THE SOUTH LINE OF SIMPSON STREET; THENCE WEST ALONG SAID LINE WHICH IS 410.08 FEET SOUTH OF AND PARALLEL TO THE SOUTH LINE OF SIMPSON STREET, 372.25 FEET TO THE WEST LINE OF SAID LOT 60; THENCE NORTH ALONG THE WEST LINE OF LOT 60 AND SAID WEST LINE EXTENDED AND THE WEST LINE OF LOT 1, 410.08 FEET TO THE PLACE OF BEGINNING, ALL IN TALMAN AND THIELE'S CICERO AVENUE SIMPSON STREET SUBDIVISION OF THE NORTH 40 RODS OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SAID SECTION 16, 40.00 FEET SOUTH OF THE NORTH LINE OF SAID NORTHEAST 1/4; THENCE SOUTH ON THE WEST LINE OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SAID SECTION 16, 410.08 FEET; THENCE WEST ON A LINE PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST 1/4, 12.00 FEET; THENCE NORTH ON A LINE PARALLEL WITH THE WEST LINE OF THE EAST 33 RODS 291.77 FEET TO A POINT OF CURVE; THENCE NORTHWESTERLY ON A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 50.46 FEET, 33.84 FEET; THENCE NORTHWESTERLY ON A LINE TANGENT TO THE LAST DESCRIBED CURVE 53.82 FEET TO A POINT OF CURVE; THENCE NORTHERLY ON A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 72.12 FEET, 48.09 FEET TO A POINT ON A LINE 40.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST 1/4, 72.00 FEET WEST OF THE PLACE OF BEGINNING; THENCE EAST ON A LINE 40.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH

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LINE OF SAID NORTHEAST 1/4, 72.00 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE SOUTH 10.00 FEET OF THE NORTH 460.08 FEET OF THE EAST 12.00 FEET OF THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE WEST LINE OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SAID SECTION 16, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

EASEMENT FOR INGRESS AND EGRESS AS CREATED BY A GRANT FROM CASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST NUMBER 38391, DATED MAY 29, 1969 AND FILED JULY 1, 1969 IN THE OFFICE OF THE REGISTRAR OF TITLES AS DOCUMENT LR2459484 AND REFILED MARCH 24, 1972 AS DOCUMENT LR2614018 OVER, UNDER, UPON AND THROUGH THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 SECTION 16, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE WEST LINE OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SAID SECTION 16, 40.00 FEET SOUTH OF THE NORTH LINE OF SAID NORTHEAST 1/4; THENCE WEST ON A LINE 40.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST 1/4, 72.00 FEET TO THE PLACE OF BEGINNING OF THIS DESCRIPTION; THENCE SOUTHERLY ON A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 72.12 FEET, 48.09 FEET; THENCE SOUTHEASTERLY ON A LINE TANGENT TO THE LAST DESCRIBED CURVE 53.82 FEET TO A POINT OF CURVE; THENCE SOUTHEASTERLY ON A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 50.46 FEET, 33.84 FEET TO ITS INTERSECTION WITH A LINE 120 FEET WEST OF AND PARALLEL TO THE WEST LINE OF THE EAST 3 RODS OF SAID NORTHEAST 1/4; THENCE SOUTH ON A LINE PARALLEL WITH THE WEST LINE OF THE EAST 33 RODS, 291.77 FEET; THENCE WEST ON A LINE PARALLEL WITH THE NORTH LINE OF THE NORTHEAST 1/4 OF SAID SECTION 16, 12.00 FEET; THENCE NORTH ON A LINE PARALLEL WITH THE WEST LINE OF THE EAST 33 RODS, 291.81 FEET TO A POINT OF CURVE; THENCE NORTHWESTERLY ON A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 38.46 FEET, 25.80 FEET; THENCE NORTHWESTERLY ON A LINE TANGENT TO THE LAST DESCRIBED CURVE 53.82 FEET TO A POINT OF CURVE; THENCE NORTHERLY ON A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 84.12 FEET, 56.10 FEET TO A POINT ON A LINE 40.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST 1/4, 12.00 FEET WEST OF THE PLACE OF BEGINNING; THENCE EAST ON A LINE 40.00 FEET SOUTH OF AND PARALLEL WITH THE NORTH LINE OF SAID NORTHEAST 1/4, 12.00 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

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PARCEL 5:

EASEMENT FOR INGRESS AND EGRESS AS CREATED BY A GRANT FROM LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST NUMBER 38391, DATED MAY 29, 1969 AND FILED JULY 1, 1969, IN THE OFFICE OF THE REGISTRAR OF TITLE AS DOCUMENT LR2459484 AND REFILED MARCH 24, 1972 AS DOCUMENT LR2614018 OVER, UNDER, UPON AND THROUGH THE SOUTH 10.00 FEET OF THE NORTH 460.08 FEET OF THE WEST 12.00 FEET OF THE EAST 24.00 FEET OF THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE WEST LINE OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SAID SECTION 16, IN COOK COUNTY, ILLINOIS.

PARCEL 6:

EASEMENT FOR INGRESS AND EGRESS AS CREATED BY A GRANT FROM LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST NUMBER 38391, DATED MAY 29, 1969 AND FILED JULY 1, 1969 AS DOCUMENT LR2459484 AND REFILED MARCH 24, 1972 AS DOCUMENT LR2614018 IN THE OFFICE OF THE REGISTRAR OF TITLES OVER, UNDER, UPON AND THROUGH THAT PART OF LOTS 38, 55 AND 60 AND THAT PART OF VACATED LA CROSSE AVENUE AND VACATED ALLEY IN TALMAN AND THIELE'S CICERO AVENUE - SIMPSON STREET SUBDIVISION OF THE NORTH 40 RODS OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF A LINE 420.08 FEET SOUTH OF AND PARALLEL TO THE SOUTH LINE OF SIMPSON STREET AND LYING SOUTH OF A LINE 410.08 FEET SOUTH OF AND PARALLEL TO THE SOUTH LINE OF SIMPSON STREET, IN COOK COUNTY, ILLINOIS.

PARCEL 7:

LOTS 8, 9, 10, 11, 12, 13, 14, 15 AND 16 IN TALMAN AND THIELE'S CICERO AVENUE SIMPSON STREET SUBDIVISION OF THE NORTH 40 RODS OF THE EAST 33 RODS OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THAT PART OF SAID ABOVE DESCRIBED PROPERTY BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 16; THEN SOUTH ALONG THE EAST LINE OF SAID LOT 16, BEING ALSO THE WEST LINE OF SKOKIE BOULEVARD, A DISTANCE OF 125.00 FEET TO THE SOUTH LINE OF SAID LOT 16; THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 16, A DISTANCE OF 18.00 FEET TO A POINT DISTANT 18.00 FEET WEST MEASURED AT RIGHT ANGLES FROM SAID EAST LINE OF LOT 16; THENCE NORTH PARALLEL WITH SAID EAST LINE OF LOT 16, A DISTANCE OF 55.66 FEET TO A POINT; THENCE NORTHWESTERLY ALONG A STRAIGHT LINE A DISTANCE OF 34.88 FEET TO A POINT OF CURVATURE, DISTANCE 22.27 FEET WEST, MEASURED AT RIGHT ANGLES FROM THE EAST LINE OF SAID LOT 16; THENCE NORTHWESTERLY ALONG A CURVED LINE HAVING A RADIUS OF 42.00 FEET AND CONCAVE TO THE SOUTHWEST A DISTANCE OF 45.37

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FEET TO A POINT 4.27 FEET SOUTH MEASURED AT RIGHT ANGLES FROM THE SOUTH LINE OF SIMPSON STREET, AS THE SAME IS SHOWN ON THE PLAT OF SUBDIVISION REGISTERED AS DOCUMENT NO. 268690; THENCE NORTHWESTERLY ALONG A STRAIGHT LINE A DISTANCE OF 34.88 FEET TO A POINT IN THE NORTH LINE OF SAID LOT 14, DISTANT 87.34 FEET WEST FROM SAID WEST LINE OF SKOKIE BOULEVARD, AS MEASURED ALONG SAID NORTH LINE OF SAID LOTS 14, 15 AND 16; THENCE EAST ALONG SAID NORTH LINE OF LOTS 14, 15 AND 16, A DISTANCE OF 87.34 FEET TO THE POINT OF BEGINNING), TOGETHER WITH THE EAST 1/2 OF VACATED 66.00 FEET WIDE ACROSS LA CROSSE AVENUE RECORDED MARCH 17, 1974 AS DOCUMENT NO. 2410456 LYING SOUTH OF THE SOUTH LINE OF GOLF ROAD AND LYING NORTH OF THE SOUTH LINE EXTENDED WEST OF THE 16.00 FOOT PUBLIC ALLEY, SOUTH OF AND ADJOINING LOTS 8, 9, 10, 11, 12, 13, 14, 15 AND 16 AFORESAID, IN COOK COUNTY, ILLINOIS.



Chuck Farnham

c/o GUARANTY NATIONAL TITLE
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