

STATE OF ILLINOIS
COUNTY OF COOK



Prepared by and when recorded mail to:
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MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING,
FINANCING STATEMENT
AND ASSIGNMENT OF LEASES AND RENTS

THIS MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING, FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND RENTS (this "Mortgage") is executed as of October 11, 1996, by LASALLE NATIONAL TRUST, N.A., A NATIONAL BANKING ASSOCIATION, AS TRUSTEE UNDER TRUST AGREEMENT DATED SEPTEMBER 15, 1985, AND KNOWN AS TRUST NUMBER 110558 (the "Trust") and WEST SIDE PROPERTIES NO. 1 LIMITED PARTNERSHIP, an Illinois limited partnership (the "Partnership"; the Trust and the Partnership are hereinafter collectively referred to as the "Mortgagor") in favor of, and for the use and benefit of, SUNAMERICA LIFE INSURANCE COMPANY, an Arizona corporation (formerly known as Sun Life Insurance Company of America) ("Mortgagee").

ARTICLE I

PARTIES, PROPERTY, AND DEFINITIONS

The following terms and references shall have the meanings indicated:

1.1 **Chattels:** All goods, fixtures, inventory, equipment, building and other materials, supplies, and other

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tangible personal property of every nature now owned or hereafter acquired by Mortgagor and used, intended for use, or reasonably required in the construction, development, or operation of the Property, together with all accessions thereto, replacements and substitutions therefor, and proceeds thereof.

1.2 Default: Any matter which, with the giving of notice, passage of time, or both, would constitute an Event of Default.

1.3 Environmental Claims: Any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any Environmental Law (for purposes of this definition, "claims") or any permit issued under any such Environmental Law, including, without limitation, (a) any and all claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Substances or arising from alleged injury or threat of injury to health, safety or the environment.

1.4 Environmental Indemnity Agreement: The Environmental Indemnity Agreement of even date herewith made by the Partnership and the Guarantor for the benefit of Mortgagee.

1.5 Environmental Law: Any federal, state or local law, whether common law, court or administrative decision, statute, rule, regulation, ordinance, court order or decree, or administrative order or any administrative policy or guidelines concerning action levels of a governmental authority (federal, state or local) now or hereafter in effect relating to the environment, public health, occupational safety, industrial hygiene, any Hazardous Substance (including, without limitation, the disposal, generation, manufacture, presence, processing, production, Release, storage, transportation, treatment or use thereof), or the environmental conditions on, under or about the Property, as amended and as in effect from time to time (including, without limitation, the following statutes and all regulations thereunder as amended and in effect from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601, et seq.; the Superfund Amendments and Reauthorization Act of 1986, Title III, 42 U.S.C. §§ 11001, et seq.; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300(f), et seq.; the Solid Waste Disposal Act, 42 U.S.C. §§ 6901, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §§ 5101, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §§ 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, et seq.; the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601, et seq.; and the

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Occupational Safety and Health Act, 29 U.S.C. §§ 651, et seq.; and any successor statutes and regulations to the foregoing.

1.6 ERISA: The Employee Retirement Income Security Act of 1974, as amended, together with all rules and regulations issued thereunder.

1.7 Event of Default: Defined in Article VI.

1.8 General Partner: Joseph S. Beale, and any other or successor general partner of Mortgagor.

1.9 Guarantor: Joseph S. Beale.

1.10 Guaranty Agreement: The Guaranty Agreement of even date herewith made by the Guarantor for the benefit of Mortgagee.

1.11 Hazardous Substances: (a) Any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar import, under any applicable Environmental Law; and (b) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority, including, without limitation, asbestos and asbestos-containing materials in any form, lead-based paint, any radioactive materials and polychlorinated biphenyls ("PCB's"), or substances or compounds containing PCB's.

1.12 Intangible Personalty: The right to use all trademarks and trade names and symbols or logos used in connection therewith, or any modifications or variations thereof, in connection with the operation of the improvements existing or to be constructed on the Property, together with all accounts, monies in the possession or control of Mortgagee (including, without limitation, proceeds from insurance, retainages and deposits for taxes and insurance), Permits, contract rights (including, without limitation, rights to receive insurance proceeds) and general intangibles (whether now owned or hereafter acquired, and including proceeds thereof) relating to or arising from Mortgagor's ownership, use, operation, leasing, or sale of all or any part of the Property, specifically including but in no way limited to any right which Mortgagor may have or acquire to transfer any development rights from the Property to other real property, and any development rights which may be so transferred.

1.13 Lease Certificate: The certificate of even date herewith made by the Partnership to Mortgagee concerning Leases.

1.14 Leases: Any and all leases, subleases and other agreements under the terms of which any person other than Mortgagor has or acquires any right to occupy or use the Property, or any part thereof.

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1.15 **Loan Documents:** The Note, all of the deeds of trust, mortgages, collateral assignments, security agreements, and other instruments and documents securing the Note, including this Mortgage, the Environmental Indemnity Agreement, the Guaranty Agreement, the Personal Guaranty Agreement, the Lease Certificate, an Assignment of Leases and Rents and Other Income of even date herewith by Mortgagor for the benefit of Mortgagee, a Collateral Assignment of Beneficial Interest of even date herewith by the Partnership for the benefit of Mortgagee, a Collateral Assignment and Security Agreement of even date herewith by the Partnership for the benefit of Mortgagee, the Subordination of Management Agreement of even date herewith by Mortgagor and Manager for the benefit of Mortgagee, and each other document now or hereafter executed or delivered in connection with the transaction pursuant to which the Note has been executed and delivered. The term "Loan Documents" also includes all modifications, extensions, renewals, and replacements of each document referred to above.

1.16 **Manager:** As defined in Section 4.23.

1.17 **Mortgagee:** The Mortgagee named in the introductory paragraph of this Mortgage (Taxpayer Identification No. 52-0502540), whose legal address is 1 SunAmerica Center, Century City, Los Angeles, California 90067-6022, together with any future holder of the Note.

1.18 **Mortgagor:** The Mortgagor named in the introductory paragraph of this Mortgage, (together with any future owner of the Property or any part thereof or interest therein). The term "Mortgagor" appearing herein shall mean the Trust (together with any future owner of the Property or any part thereof or any interest therein) and the Partnership, individually, collectively or both, as the context may require for the benefit of Mortgagee.

1.19 **Note:** Promissory note of even date herewith, made by Mortgagor, payable to the order of Mortgagee in the principal face amount of \$3,800,000.00 the last payment under which is due on November 1, 2006, unless such due date is accelerated, together with all renewals, extensions and modifications of such promissory note. All terms and provisions of the Note are incorporated by this reference in this Mortgage.

1.20 **Partnership:** West Side Properties No. 1 Limited Partnership, an Illinois limited partnership, whose legal address is c/o Hawthorn Realty Group, Two North LaSalle Street, Suite 730, Chicago, Illinois 60602.

1.21 **Permits:** All permits, licenses, certificates and authorizations necessary for the beneficial development, ownership, use, occupancy, operation and maintenance of the Property.

1.22 **Permitted Exceptions:** The matters set forth in Exhibit B attached hereto.

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1.23 **Personal Guaranty Agreement:** The Personal Guaranty Agreement of even date herewith executed by Guarantor for the benefit of Mortgagee.

1.24 **Property:** The tract or tracts of land described in Exhibit A attached, together with the following:

(a) All buildings, structures, and improvements now or hereafter located on such tract or tracts, as well as all rights-of-way, easements, and other appurtenances thereto;

(b) All of Mortgagor's right, title and interest in any land lying between the boundaries of such tract or tracts and the center line of any adjacent street, road, avenue, or alley, whether opened or proposed;

(c) All of the Leases and all of the rents, income, receipts, revenues, issues and profits of and from such tract or tracts and improvements;

(d) All (i) water and water rights (whether decreed or undecreed, tributary, nontributary or not nontributary, surface or underground, or appropriated or unappropriated); (ii) ditches and ditch rights; (iii) spring and spring rights; (iv) reservoir and reservoir rights; and (v) shares of stock in water, ditch and canal companies and all other evidence of such rights, which are now owned or hereafter acquired by Mortgagor and which are appurtenant to or which have been used in connection with such tract or tracts or improvements;

(e) All minerals, crops, timber, trees, shrubs, flowers, and landscaping features now or hereafter located on, under or above such tract or tracts;

(f) All machinery, apparatus, equipment, fittings, fixtures (whether actually or constructively attached, and including all trade, domestic, and ornamental fixtures) now or hereafter located in, upon, or under such tract or tracts or improvements and used or usable in connection with any present or future operation thereof, including but not limited to all heating, air-conditioning, freezing, lighting, laundry, incinerating and power equipment; engines; pipes; pumps; tanks; motors; conduits; switchboards; plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating, cooking, and communications apparatus; boilers, water heaters, ranges, furnaces, and burners; appliances; vacuum cleaning systems; elevators; escalators; shades; awnings; screens; storm doors and windows; stoves; refrigerators; attached cabinets; partitions; ducts and compressors; rugs and carpets; draperies; and all additions thereto and replacements therefor;

(g) All development rights associated with such tract or tracts, whether previously or subsequently transferred to such tract or tracts from other real property or now or hereafter

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susceptible of transfer from such tract or tracts to other real property;

(h) All awards and payments, including interest thereon, resulting from the exercise of any right of eminent domain or any other public or private taking of, injury to, or decrease in the value of, any of such property; and

(i) All other and greater rights and interests of every nature in such tract or tracts and in the possession or use thereof and income therefrom, whether now owned or subsequently acquired by Mortgagor.

1.25 Release: Disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing and the like, into or upon any land or water or air, or otherwise entering into the environment.

1.26 Secured Obligations: All present and future obligations of Mortgagor to Mortgagee evidenced by or contained in the Note, the Environmental Indemnity Agreement, this Mortgage and all other Loan Documents, whether stated in the form of promises, covenants, representations, warranties, conditions, or prohibitions or in any other form. If the maturity of the Note secured by this Mortgage is accelerated, the Secured Obligations shall include an amount equal to any prepayment premium which would be payable under the terms of the Note as if the Note were prepaid in full on the date of the acceleration. If under the terms of the Note no voluntary prepayment would be permissible on the date of such acceleration, then the prepayment fee or premium to be included in the Secured Obligations shall be equal to one hundred fifty percent (150%) of the highest prepayment fee or premium mentioned in the Note, calculated as of the date of such acceleration. The maximum amount of the Secured Obligations shall be U.S. \$20,000,000.00.

1.27 Trust: The Trust named in the introductory paragraph of this Mortgage, whose legal address is 135 South LaSalle Street, Chicago, Illinois 60602.

ARTICLE II

GRANTING CLAUSE

2.1 Grant to Mortgagee. As security for the Secured Obligations, Mortgagor hereby grants, bargains, sells, conveys, mortgages, and warrants unto Mortgagee the entire right, title, interest and estate of Mortgagor in and to the Property, whether now owned or hereafter acquired; TO HAVE AND TO HOLD the same, together with all and singular the rights, hereditaments, and appurtenances in anywise appertaining or belonging thereto, unto Mortgagee and Mortgagee's successors, substitutes and assigns forever.

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2.2 **Security Interest to Mortgagee.** As additional security for the Secured Obligations, Mortgagor hereby grants to Mortgagee a security interest in the Property, Chattels and Intangible Personalty. To the extent any of the Property, Chattels or the Intangible Personalty may be or have been acquired with funds advanced by Mortgagee under the Loan Documents, this security interest is a purchase money security interest. This Mortgage constitutes a Security Agreement under the Uniform Commercial Code of the state in which the Property is located (the "Code") with respect to any part of the Property, Chattels and Intangible Personalty that may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate (all collectively hereinafter called "Collateral"); all of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Property, and the following provisions of this Section shall not limit the generality or applicability of any other provisions of this Mortgage but shall be in addition thereto:

(a) The Collateral shall be used by Mortgagor solely for business purposes, and all Collateral (other than the Intangible Personalty) shall be installed upon the real estate comprising part of the Property for Mortgagor's own use or as the equipment and furnishings furnished by Mortgagor, as landlord, to tenants of the Property;

(b) The Collateral (other than the Intangible Personalty) shall be kept at the real estate comprising a part of the Property, and shall not be removed therefrom without the consent of Mortgagee (being the Secured Party as that term is used in the Code); and the Collateral (other than the Intangible Personalty) may be affixed to such real estate but shall not be affixed to any other real estate;

(c) No financing statement covering any of the Collateral or any proceeds thereof is on file in any public office; and Mortgagor will, at its cost and expense, upon demand, furnish to Mortgagee such further information and will execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee and will do all such acts and things as Mortgagee may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected first-priority security interest in the Collateral as security for the Secured Obligations, subject to no adverse liens or encumbrances; and Mortgagor will pay the cost of filing the same or filing or recording such financing statements or other documents and this instrument in all public offices wherever filing or recording is deemed by Mortgagee to be necessary or desirable;

(d) The terms and provisions contained in this Section and in Section 7.6 of this Mortgage shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code; and

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(e) This Mortgage constitutes a financing statement under the Code with respect to the Collateral. As such, this Mortgage covers all items of the Collateral that are or are to become fixtures. The filing of this Mortgage in the real estate records of the county where the Property is located shall constitute a fixture filing in accordance with the Code. Information concerning the security interests created hereby may be obtained at the addresses set forth in Article I of this Mortgage. Mortgagor is the "Debtor" and Mortgagee is the "Secured Party" (as those terms are defined and used in the Code) insofar as this Mortgage constitutes a financing statement and their respective addresses as Debtor and Secured Party are set forth in Section 9.10 hereof.

ARTICLE III

MORTGAGOR'S REPRESENTATIONS

3.1 Title. Mortgagor represents to Mortgagee that:

(a) Mortgagor has good and marketable fee simple title to the Property, and such fee simple title is free and clear of all liens, encumbrances, security interests and other claims whatsoever, subject only to the Permitted Exceptions;

(b) Mortgagor is the sole and absolute owner of the Chattels and the Intangible Personalty, free and clear of all liens, encumbrances, security interests and other claims whatsoever, subject only to the Permitted Exceptions;

(c) This Mortgage is a valid and enforceable first lien and security interest on the Property, Chattels and Intangible Personalty, subject only to the Permitted Exceptions; and

(d) Mortgagor, for itself and its successors and assigns, hereby agrees to forever defend, all and singular of the property and property interests granted and conveyed pursuant to this Mortgage, against every person whomsoever lawfully claiming, or to claim, the same or any part thereof.

The representations and covenants contained in this Section shall survive foreclosure of this Mortgage, and shall inure to the benefit of and be enforceable by any person who may acquire title to the Property, the Chattels, or the Intangible Personalty pursuant to any such foreclosure.

3.2 Due Authorization. If Mortgagor is other than a natural person, then each individual who executes this document on behalf of Mortgagor represents and warrants to Mortgagee that such execution has been duly authorized by all necessary corporate, partnership, or other action on the part of Mortgagor. Mortgagor represents that Mortgagor has obtained all consents and approvals

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required in connection with the execution, delivery and performance of this Mortgage.

3.3 Other Representations. Mortgagor represents to Mortgagee as follows:

(a) The Trust is a trust, duly organized, validly existing and in good standing under the laws of the State of Illinois. The sole beneficiary of the Trust is the Partnership which is duly organized, validly existing and in good standing under the laws of the State of Illinois. The General Partner is the sole general partner of the Partnership.

(b) This Mortgage is, and each other Loan Document to which Mortgagor is a party will, when delivered hereunder, be valid and binding obligations of Mortgagor enforceable against Mortgagor in accordance with their respective terms, except as limited by equitable principles and bankruptcy, insolvency and similar laws affecting creditors' rights;

(c) The execution, delivery and performance by Mortgagor of the Loan Documents will not contravene any contractual or other restriction binding on or affecting Mortgagor, any General Partner, or any Guarantor, and will not result in or require the creation of any lien, security interest, other charge or encumbrance (other than pursuant hereto) upon or with respect to any of Mortgagor's properties;

(d) The execution, delivery and performance by Mortgagor or Guarantor of the Loan Documents does not contravene any applicable law;

(e) Except for those matters previously disclosed to Mortgagee in writing and those consents, approvals and releases obtained at closing, no authorization, approval, consent or other action by, and no notice to or filing with, any court, governmental authority or regulatory body is required for the due execution, delivery and performance by Mortgagor or Guarantor of any of the Loan Documents or the effectiveness of any assignment of any of Mortgagor's rights and interests of any kind to Mortgagee;

(f) Except as previously disclosed to Mortgagee in writing, no part of the Property, Chattels, or Intangible Personalty is in the hands of a receiver, no application for a receiver is pending with respect to any portion of the Property, Chattels, or Intangible Personalty and no part of the Property, Chattels, or Intangible Personalty is subject to any foreclosure or similar proceeding;

(g) Except as previously disclosed to Mortgagee in writing, neither Mortgagor, any General Partner nor any Guarantor has made an assignment for the benefit of creditors, nor has Mortgagor, any General Partner or any Guarantor filed, or had filed against any of them, any petition in bankruptcy;

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(h) There is no pending or, to the best of Mortgagor's or the Partnership's knowledge, threatened, litigation, action, proceeding or investigation, including, without limitation, any condemnation proceeding, against Mortgagor, any General Partner, any Guarantor or the Property before any court, governmental or quasi-governmental entity, arbitrator or other authority;

(i) Mortgagor is not a "foreign person" within the meaning of Sections 1445 and 7701 of the United States Internal Revenue Code of 1986, as amended, and the regulations issued thereunder;

(j) Access to and egress from the Property are available and provided by public streets, and Mortgagor has no knowledge of any federal, state, county, municipal or other governmental plans to change the highway or road system in the vicinity of the Property or to restrict or change access from any such highway or road to the Property;

(k) All public utility services necessary for the operation of all improvements constituting part of the Property for their intended purposes are available at the boundaries of the land constituting part of the Property, including water supply, storm and sanitary sewer facilities, and natural gas, electric and telephone facilities;

(l) The Property is located in a zoning district designated M1-2 (Restricted Manufacturing District) of the City of Chicago, Illinois. Such designation permits the development, use and operation of the Property as it is currently operated as a permitted, and not as a non-conforming, use. The Property complies in all respects with all requirements, conditions and restrictions, including but not limited to deed restrictions and restrictive covenants, applicable to the Property;

(m) There are no special or other assessments for public improvements or otherwise now affecting the Property, nor does Mortgagor know of any pending or threatened special assessments affecting the Property or any contemplated improvements affecting the Property that may result in special assessments. There are no tax abatements or exceptions affecting the Property;

(n) Except as previously disclosed to Mortgagee in writing, the Partnership, each General Partner and each Guarantor have filed all tax returns which they are required to file or for which extensions through a date following the date hereof have not been granted, and have paid all taxes as shown on such returns or on any assessment received pertaining to the Property;

(o) Mortgagor has not received any notice from any governmental body having jurisdiction over the Property as to any violation of any applicable law, or any notice from any insurance company or inspection or rating bureau setting forth any

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requirements as a condition to the continuation of any insurance coverage on or with respect to the Property or the continuation thereof at premium rates existing at present which have not been remedied or satisfied;

(p) Except as previously disclosed to Mortgagee in writing, neither Mortgagor, any General Partner nor any Guarantor is in default, in any manner which would adversely affect its properties, assets, operations or condition (financial or otherwise), in the performance, observance or fulfillment of any of the obligations, covenants or conditions set forth in any agreement or instrument to which it is a party or by which it or any of its properties, assets or revenues are bound;

(q) Except as set forth in the Lease Certificate, there are no occupancy rights (written or oral), leases or tenancies presently affecting any part of the Property. The Lease Certificate contains a true and correct description of all Leases presently affecting the Property. No written or oral agreements or understandings exist between Mortgagor and the tenants under the Leases described in the Lease Certificate that grant such tenants any rights greater than those described in the Lease Certificate or that are in any way inconsistent with the rights described in the Lease Certificate. The Lease Certificate correctly identifies the current rent being charged under each of the Leases. No concessions or other waivers of any tenant's obligation to pay rent under any Lease now exists, and no tenant has any right of setoff or any other defense to payment of rent. No rent has been collected more than thirty (30) days in advance under any of the Leases;

(r) Except as expressly set forth in the Lease Certificates, there are no options, purchase contracts or other similar agreements of any type (written or oral) presently affecting any part of the Property;

(s) Except as disclosed to Mortgagee in writing prior to the date hereof, there exists no brokerage agreement with respect to any part of the Property;

(t) Except as otherwise disclosed to Mortgagee in writing prior to the date hereof, (i) there are no contracts presently affecting the Property ("Contracts") having a term in excess of one hundred eighty (180) days or not terminable by Mortgagor (without penalty) on thirty (30) days' notice; (ii) Mortgagor has heretofore delivered to Mortgagee true and correct copies of each of the Contracts together with all amendments thereto; (iii) Mortgagor is not in default of any obligations under any of the Contracts; and (iv) the Contracts represent the complete agreement between Mortgagor and such other parties as to the services to be performed or materials to be provided thereunder and the compensation to be paid for such services or materials, as applicable, and except as otherwise disclosed herein, such other parties possess no unsatisfied claims

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against Mortgagor. Mortgagor is not in default under any of the Contracts and no event has occurred which, with the passing of time or the giving of notice, or both, would constitute a default under any of the Contracts;

(u) Mortgagor has obtained all Permits necessary or desirable for the operation, use, ownership, development, occupancy and maintenance of the Property as a warehouse and manufacturing facility. None of the Permits has been suspended or revoked, and all of the Permits are in full force and effect, are fully paid for, and Mortgagor has made or will make application for renewals of any of the Permits prior to the expiration thereof;

(v) All insurance policies held by Mortgagor relating to or affecting the Property are in full force and effect and shall remain in full force and effect until all Secured Obligations are satisfied. Mortgagor has not received any notice of default or notice terminating or threatening to terminate any such insurance policies. Mortgagor has made or will make application for renewals of any of the insurance policies prior to the expiration thereof;

(w) Mortgagor currently complies with ERISA. Neither the making of the loan evidenced by the Note and secured by this Mortgage nor the exercise by Mortgagee of any of its rights under the Loan Documents constitutes or will constitute a non-exempt prohibited transaction under ERISA; and

(x) (i) There are no underground storage tanks located on, under or about the Property which are subject to the notification requirements under Section 9002 of the Solid Waste Disposal Act, as amended (42 U.S.C. §6991); and (ii) there is no facility located on or at the Property which is subject to the reporting requirements of Section 312 of the federal Emergency Planning and Community Right to Know Act of 1986, as amended, and the federal regulations promulgated thereunder (42 U.S.C. §11022), as facility is defined in the IRPTA.

3.4 Continuing Effect. Mortgagor shall be liable to Mortgagee for any damage suffered by Mortgagee if any of the foregoing representations are inaccurate as of the date hereof, regardless of when such inaccuracy may be discovered by, or result in harm to, Mortgagee. Mortgagor further represents that the foregoing representations, as well as all other representations of Mortgagor to Mortgagee relative to the Loan Documents, shall remain true and correct during the term of the Note and shall survive termination of this Mortgage.

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ARTICLE IV

MORTGAGOR'S AFFIRMATIVE COVENANTS

4.1 **Payment of Note.** Mortgagor will pay all principal, interest, and other sums payable under the Note, on the date when such payments are due, without notice or demand.

4.2 **Performance of Other Obligations.** Mortgagor will promptly and strictly perform and comply with all other covenants, conditions, and prohibitions required of Mortgagor by the terms of the Loan Documents.

4.3 **Other Encumbrances.** Mortgagor will promptly and strictly perform and comply with all covenants, conditions, and prohibitions required of Mortgagor in connection with any other encumbrance affecting the Property, the Chattels, or the Intangible Personalty, or any part thereof, or any interest therein, regardless of whether such other encumbrance is superior or subordinate to the lien hereof.

4.4 **Payment of Taxes.**

(a) **Property Taxes.** Mortgagor will pay, before delinquency, all taxes and assessments, general or special, which may be levied or imposed at any time against Mortgagor's interest and estate in the Property, the Chattels, or the Intangible Personalty. Within ten days after each payment of any such tax or assessment, Mortgagor will deliver to Mortgagee, without notice or demand, an official receipt for such payment. At Mortgagee's option, Mortgagee may retain the services of a firm to monitor the payment of all taxes and assessments relating to the Property, the cost of which shall be borne by Mortgagor.

(b) **Deposit for Taxes.** On or before the date hereof, Mortgagor shall deposit with Mortgagee an amount equal to 1/12th of the amount which Mortgagee estimates will be required to make the next annual payment of taxes, assessments, and similar governmental charges referred to in this Section, multiplied by the number of whole or partial months that have elapsed since the date one month prior to the most recent due date for such taxes, assessments and similar governmental charges. Thereafter, with each monthly payment under the Note, Mortgagor shall deposit with Mortgagee an amount equal to 1/12th of the amount which Mortgagee estimates will be required to pay the next annual payment of taxes, assessments, and similar governmental charges referred to in this Section. The purpose of these provisions is to provide Mortgagee with sufficient funds on hand to pay all such taxes, assessments, and other governmental charges thirty (30) days before the date on which they become past due. If the Mortgagee, in its sole discretion, determines that the funds escrowed hereunder are, or will be, insufficient, Mortgagor shall upon demand pay such additional sums as Mortgagee shall determine necessary and shall pay any increased monthly charges requested by Mortgagee. Provided

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no Default or Event of Default exists hereunder, Mortgagee will apply the amounts so deposited to the payment of such taxes, assessments, and other charges when due, but in no event will Mortgagee be liable for any interest on any amount so deposited, and any amount so deposited may be held and commingled with Mortgagee's own funds.

(c) Intangible Taxes. If by reason of any statutory or constitutional amendment or judicial decision adopted or rendered after the date hereof, any tax, assessment, or similar charge is imposed against the Note, Mortgagee, or any interest of Mortgagee in any real or personal property encumbered hereby, Mortgagor will pay such tax, assessment, or other charge before delinquency and will indemnify Mortgagee against all loss, expense, or diminution of income in connection therewith. In the event Mortgagor is unable to do so, either for economic reasons or because the legal provisions or decisions creating such tax, assessment or charge forbid Mortgagor from doing so, then the Note will, at Mortgagee's option, become due and payable in full upon thirty (30) days' notice to Mortgagor.

(d) Right to Contest. Notwithstanding any other provision of this Section, Mortgagor will not be deemed to be in default solely by reason of Mortgagor's failure to pay any tax, assessment or similar governmental charge so long as, in Mortgagee's judgment, each of the following conditions is satisfied:

(i) Mortgagor is engaged in and diligently pursuing in good faith administrative or judicial proceedings appropriate to contest the validity or amount of such tax, assessment, or charge; and

(ii) Mortgagor's payment of such tax, assessment, or charge would necessarily and materially prejudice Mortgagor's prospects for success in such proceedings; and

(iii) Nonpayment of such tax, assessment, or charge will not result in the loss or forfeiture of any property encumbered hereby or any interest of Mortgagee therein; and

(iv) Mortgagor deposits with Mortgagee, as security for such payment which may ultimately be required, a sum equal to the amount of the disputed tax, assessment or charge plus the interest, penalties, advertising charges, and other costs which Mortgagee estimates are likely to become payable if Mortgagor's contest is unsuccessful.

If Mortgagee determines that any one or more of such conditions is not satisfied or is no longer satisfied, Mortgagor will pay the tax, assessment, or charge in question, together with any interest

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and penalties thereon, within ten (10) days after Mortgagee gives notice of such determination.

4.5 Maintenance of Insurance.

(a) Coverages Required. Mortgagor shall maintain or cause to be maintained, with financially sound and reputable insurance companies or associations, insurance which insures the Property and Chattels against (i) all risk of loss, damage, destruction, theft, or any other casualty or risk, covering the Property including all of Mortgagor's personal property located therein, without deduction for depreciation, in an amount approved by Mortgagee, but in no event less than the full replacement cost thereof and builder's risk insurance throughout the period of any construction of any improvements on the Property, (ii) use and occupancy insurance covering either rental income or business interruption with coverage in an amount not less than twelve months' anticipated gross rental income, (iii) comprehensive general liability insurance covering the Property and Mortgagor, in an amount not less than \$2,000,000.00 for bodily injury and/or property damage liability per occurrence and \$5,000,000.00 in the aggregate or such higher amounts as Mortgagee may reasonably require, and (iv) worker's compensation insurance in accordance with the requirements of applicable law, which policies of insurance maintained pursuant to this Section 4.5 shall provide standard mortgagee endorsements or clauses naming Mortgagee as mortgagee and as loss payee (with respect to property insurance) or additional insured (with respect to liability insurance). Each policy of insurance required hereunder shall provide that it shall not be modified or cancelled without at least thirty (30) days prior written notice to Mortgagee. The original or a certified copy of each insurance policy shall be delivered to Mortgagee, and such delivery will constitute an assignment to Mortgagee, as further security for the Secured Obligations, of all unearned premiums returnable upon cancellation of any such policy. Mortgagor shall also maintain, at the request of Mortgagee, such hazard insurance, in addition to the insurance required above, as Mortgagee may reasonably request and as shall be available, including but not limited to flood, including surface waters, and earthquake, including subsidence, all of such insurance to comply in all respects with the requirements of this Section 4.5.

(b) Renewal Policies. Not less than thirty (30) days prior to the expiration date of each insurance policy required pursuant to subsection 4.5(a) above, Mortgagor will deliver to Mortgagee an appropriate renewal policy (or a certified copy thereof), together with evidence satisfactory to Mortgagee that the applicable premium has been prepaid.

(c) Deposit for Premiums. Upon demand made by Mortgagee following a Default or Event of Default, Mortgagor shall deposit with Mortgagee an amount equal to 1/12th of the amount which Mortgagee estimates will be required to make the next annual payments of the premiums for the policies of insurance referred to

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in this Section, multiplied by the number of whole and partial months which have elapsed since the date one month prior to the most recent policy anniversary date for each such policy. Thereafter, with each monthly payment under the Note, Mortgagor will deposit an amount equal to 1/12th of the amount which Mortgagee estimates will be required to pay the next required annual premium for each insurance policy referred to in this Section. The purpose of these provisions is to provide Mortgagee with sufficient funds on hand to pay all such premiums thirty (30) days before the date on which they become past due. If the Mortgagee, in its sole discretion, determines that the funds escrowed hereunder are, or will be, insufficient, Mortgagor shall upon demand pay such additional sums as Mortgagee shall determine necessary and shall pay any increased monthly charges requested by Mortgagee. Provided no Default or Event of Default exists hereunder, Mortgagee will apply the amounts so deposited to the payment of such insurance premiums when due, but in no event will Mortgagee be liable for any interest on any amounts so deposited, and the money so received may be held and commingled with Mortgagee's own funds.

(d) Application of Hazard Insurance Proceeds.

Mortgagor shall promptly notify Mortgagee of any damage or casualty to all or any portion of the Property or Chattels. Mortgagee may participate in all negotiations and appear and participate in all judicial arbitration proceedings concerning any insurance proceeds which may be payable as a result of such casualty or damaging, and may, in Mortgagee's sole discretion, compromise or settle, in the name of Mortgagee, Mortgagor, or both any claim for any such insurance proceeds. Any such insurance proceeds shall be paid to Mortgagee and shall be applied first to reimburse Mortgagee for all costs and expenses, including attorneys' fees, incurred by Mortgagee in connection with the collection of such insurance proceeds. The balance of any insurance proceeds received by Mortgagee with respect to an insured casualty may, in Mortgagee's sole discretion, either (i) be retained and applied by Mortgagee toward payment of the Secured Obligations, or (ii) be paid over, in whole or in part and subject to such conditions as Mortgagee may impose, to Mortgagor to pay for repairs or replacements necessitated by the casualty; provided, however, that if all of the Secured Obligations have been performed or are discharged by the application of less than all of such insurance proceeds, then any remaining proceeds will be paid over to Mortgagor. Notwithstanding the preceding sentence to the contrary, if (A) no Default or Event of Default shall have occurred and be continuing hereunder, and (B) the proceeds received by Mortgagee, together with any other funds delivered by Mortgagor to Mortgagee for such purpose, shall be sufficient, in Mortgagee's reasonable judgment, to pay for any restoration necessitated by the casualty, and (C) the cost of such restoration shall not exceed \$100,000, and (D) such restoration can be completed, in Mortgagee's judgment, at least ninety (90) days prior to the maturity date of the Note, then Mortgagee shall apply such proceeds as provided in clause (ii) of the preceding sentence. In the event Mortgagee is so obligated or elects to make such

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proceeds available to Mortgagor to pay for repairs or replacements necessitated by the casualty, Mortgagee may require that such proceeds be disbursed, from time to time, upon Mortgagee's being furnished with satisfactory 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 Mortgagee may require and approve, and with all plans and specifications for such repairs, restoration and rebuilding as Mortgagee may require and approve. Mortgagee may limit such payments made prior to the final completion of the work to ninety (90%) percent of the value of the work performed from time to time, and Mortgagee may require that at all times the undisbursed balance of such proceeds remaining in the hands of Mortgagee be at least sufficient to pay for the cost of completion of the work, free and clear of any liens. Notwithstanding anything contained in this Mortgage to the contrary, Mortgagee shall have no responsibility hereunder to collect any amount owing on any insurance policy, to rebuild, repair or replace any damaged or destroyed portion of the Property or to see to the proper application of any insurance proceeds paid over to Mortgagor. No proceeds received by Mortgagee shall bear interest or be subject to any other charge for the benefit of Mortgagor. Mortgagee may, prior to the application of insurance proceeds, commingle them with Mortgagee's own funds and otherwise act with regard to such proceeds as Mortgagee may determine in Mortgagee's sole discretion.

(e) Successor's Rights. Any person who acquires title to the Property or the Chattels upon foreclosure hereunder will succeed to all of Mortgagor's rights under all policies of insurance maintained pursuant to this Section.

4.6 Maintenance and Repair of Property and Chattels. Mortgagor will at all times maintain the Property and the Chattels in good condition and repair, will diligently prosecute the completion of any building or other improvement which is at any time in the process of construction on the Property, and will promptly repair, restore, replace, or rebuild any part of the Property or the Chattels which may be affected by any casualty or any public or private taking or injury to the Property or the Chattels. All costs and expenses arising out of the foregoing shall be paid by Mortgagor whether or not the proceeds of any insurance or eminent domain shall be sufficient therefor. Mortgagor will comply with all statutes, ordinances, and other governmental or quasi-governmental requirements and private covenants relating to the ownership, construction, use, or operation of the Property, including but not limited to any environmental or ecological requirements; provided, that so long as Mortgagor is not otherwise in default hereunder, Mortgagor may, upon providing Mortgagee with security reasonably satisfactory to Mortgagee, proceed diligently and in good faith to contest the validity or applicability of any such statute, ordinance, or requirement. Mortgagee and any person authorized by Mortgagee may

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enter and inspect the Property at all reasonable times, and may inspect the Chattels, wherever located, at all reasonable times.

4.7 Leases. Mortgagor shall timely pay and perform each of its obligations under or in connection with the Leases, and shall otherwise pay such sums and take such action as shall be necessary or required in order to maintain each of the Leases in full force and effect in accordance with its terms. Mortgagor shall immediately furnish to Mortgagee copies of any notices given to Mortgagor by the lessee under any Lease, alleging the default by Mortgagor in the timely payment or performance of its obligations under such Lease and any subsequent communication related thereto. Mortgagor shall also promptly furnish to Mortgagee copies of any notices given to Mortgagor by the lessee under any Lease, extending the term of any Lease, requiring or demanding the expenditure of any sum by Mortgagor (or demanding the taking of any action by Mortgagor), or relating to any other material obligation of Mortgagor under such Lease and any subsequent communication related thereto. Mortgagor agrees that Mortgagee, in its sole discretion, may advance any sum or take any action which Mortgagee believes is necessary or required to maintain the Leases in full force and effect, and all such sums advanced by Mortgagee, together with all costs and expenses incurred by Mortgagee in connection with action taken by Mortgagee pursuant to this Section 4.7, shall be due and payable by Mortgagor to Mortgagee upon demand, shall bear interest until paid at the Default Rate (as defined in the Note), and shall be secured by this Mortgage.

4.8 Eminent Domain; Private Damage. If all or any part of the Property is taken or damaged by eminent domain or any other public or private action, Mortgagor will notify Mortgagee promptly of the time and place of all meetings, hearings, trials, and other proceedings relating to such action. Mortgagee may participate in all negotiations and appear and participate in all judicial or arbitration proceedings concerning any award or payment which may be due as a result of such taking or damaging and may, in Mortgagee's reasonable discretion, compromise or settle, in the names of both Mortgagor and Mortgagee, any claim for any such award or payment. Any such award or payment is to be paid to Mortgagee and will be applied first to reimburse Mortgagee for all costs and expenses, including attorneys' fees, incurred by Mortgagee in connection with the ascertainment and collection of such award or payment. The balance, if any, of such award or payment may, in Mortgagee's sole discretion, either (a) be retained by Mortgagee and applied toward the Secured Obligations, or (b) be paid over, in whole or in part and subject to such conditions as Mortgagee may impose, to Mortgagor for the purpose of restoring, repairing, or rebuilding any part of the Property affected by the taking or damaging. Notwithstanding the preceding sentence to the contrary, if (i) no Default or Event of Default shall have occurred and be continuing hereunder, and (ii) the payment or award received by Mortgagee, together with any other funds delivered by Mortgagor to Mortgagee for such purpose, shall be sufficient in Mortgagee's judgment, to pay for any restoration necessitated by the taking or

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damaging, and (iii) the cost of such restoration shall not exceed \$100,000, and (iv) such restoration can be completed, in Mortgagee's judgment, at least ninety (90) days prior to the maturity date of the Note, and (v) the remaining Property shall constitute, in Mortgagee's judgment, adequate security for the Secured Obligations, then Mortgagee shall apply such proceeds as provided in clause (b) of the preceding sentence. Mortgagee will have no duty to see to the application of any part of any award or payment released to Mortgagor. Mortgagor's duty to pay the Note in accordance with its terms and to perform the other Secured Obligations will not be suspended by the pendency or discharged by the conclusion of any proceedings for the collection of any such award or payment, and any reduction in the Secured Obligations resulting from Mortgagee's application of any such award or payment will take effect only when Mortgagee receives such award or payment. If this Mortgage has been foreclosed prior to Mortgagee's receipt of such award or payment, Mortgagee may nonetheless retain such award or payment to the extent required to reimburse Mortgagee for all costs and expenses, including attorneys' fees, incurred in connection therewith, and to discharge any deficiency remaining with respect to the Secured Obligations.

4.9 Mechanics' Liens. Mortgagor will keep the Property free and clear of all liens and claims of liens by contractors, subcontractors, mechanics, laborers, materialmen, and other such persons, and will cause any recorded statement of any such lien to be released of record within thirty (30) days after the recording thereof. Notwithstanding the preceding sentence, however, Mortgagor will not be deemed to be in default under this Section if and so long as Mortgagor (a) contests in good faith the validity or amount of any asserted lien and diligently prosecutes or defends an action appropriate to obtain a binding determination of the disputed matter, and (b) provides Mortgagee with such security as Mortgagee may require to protect Mortgagee against all loss, damage, and expense, including attorneys' fees, which Mortgagee might incur if the asserted lien is determined to be valid.

4.10 Defense of Actions. Mortgagor will defend, at Mortgagor's expense, any action, proceeding or claim which affects any property encumbered hereby or any interest of Mortgagee in such property or in the Secured Obligations, and will indemnify and hold Mortgagee harmless from all loss, damage, cost, or expense, including attorneys' fees, which Mortgagee may incur in connection therewith.

4.11 Expenses of Enforcement. Mortgagor will pay all costs and expenses, including attorneys' fees, which Mortgagee may incur in connection with any effort or action (whether or not litigation or foreclosure is involved) to enforce or defend Mortgagee's rights and remedies under any of the Loan Documents, including but not limited to all attorneys' fees, appraisal fees, consultants' fees, and other expenses incurred by Mortgagee in securing title to or possession of, and realizing upon, any security for the Secured Obligations. All such costs and expenses

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(together with interest thereon at the Default Rate from the date incurred) shall constitute part of the Secured Obligations, and may be included in the computation of the amount owed to Mortgagee for purposes of foreclosing or otherwise enforcing this Mortgage.

4.12 Financial Reports. Within ninety (90) days after the end of each fiscal year of Mortgagor, Mortgagor will furnish to Mortgagee (a) Mortgagor's operating statements for the Property as of the end of and for the preceding fiscal year, prepared against the budget for such year; (b) an annual certified rent roll signed and dated by the Partnership detailing the names of all tenants under the Leases, the portion of the improvements on the Property occupied by each tenant, the rent and any other charges payable under each Lease and the term of each Lease; and (c) an annual balance sheet and profit and loss statement of Mortgagor and of each Guarantor. The financial statements and reports described in (a) and (c) above shall be in such detail as Mortgagee may require, shall be prepared in accordance with sound accounting principles consistently applied, and shall be certified as true and correct by the Partnership or the applicable Guarantor (or, if required by Mortgagee, such operating statements, balance sheets, and profit and loss statements shall be certified by an independent certified public accountant acceptable to Mortgagee). Mortgagor will also furnish or cause to be furnished to Mortgagee within thirty (30) days of Mortgagee's request, any other financial reports or statements of Mortgagor, including, without limitation, balance sheets, profit and loss statements, other financial statements, and certified rent rolls, required under any of the Loan Documents, requested by any regulatory or governmental authority exercising jurisdiction over Mortgagee, or reasonably requested by Mortgagee from time to time.

4.13 Priority of Leases. To the extent Mortgagor has the right, under the terms of any Lease, to make such lease subordinate to the lien hereof, Mortgagor will, at Mortgagee's request and Mortgagor's expense, take such action as may be required to effect such subordination. Conversely, Mortgagor will, at Mortgagee's request and Mortgagor's expense, take such action as may be necessary to subordinate the lien hereof to any future Lease designated by Mortgagee.

4.14 Inventories; Assembly of Chattels. Mortgagor will, from time to time at the request of Mortgagee, supply Mortgagee with a current inventory of the Chattels and the Intangible Personalty, in such detail as Mortgagee may require. Upon the occurrence of any Event of Default hereunder, Mortgagor will at Mortgagee's request assemble the Chattels and make them available to Mortgagee at any place designated by Mortgagee which is reasonably convenient to both parties.

4.15 Compliance with Laws, Etc. Mortgagor shall comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, maintaining all Permits and paying before the same

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become delinquent all taxes, assessments and governmental charges imposed upon Mortgagor or the Property.

4.16 Records and Books of Account. Mortgagor shall keep accurate and complete records and books of account, in which complete entries will be made in accordance with sound accounting principles consistently applied, reflecting all financial transactions relating to the Property.

4.17 Inspection Rights. At any reasonable time, and from time to time, Mortgagor shall permit Mortgagee, or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit and inspect the Property and to discuss with Mortgagor the affairs, finances and accounts of Mortgagor.

4.18 Change of Executive Offices. Mortgagor shall promptly notify Mortgagee if changes are made in the location of Mortgagor's primary executive offices.

4.19 Further Assurances; Estoppel Certificates. Mortgagor will execute and deliver to Mortgagee upon demand, and pay the costs of preparation and recording thereof, any further documents which Mortgagee may request to confirm or perfect the liens and security interests created or intended to be created hereby, or to confirm or perfect any evidence of the Secured Obligations. Mortgagor will also, within ten (10) days after any request by Mortgagee, deliver to Mortgagee a signed and acknowledged statement certifying to Mortgagee, or to any proposed transferee of the Secured Obligations, (a) the balance of principal, interest, and other sums then outstanding under the Note, and (b) whether Mortgagor claims to have any offsets or defenses with respect to the Secured Obligations and, if so, the nature of such offsets or defenses.

4.20 Costs of Closing. Mortgagor shall on demand pay directly or reimburse Mortgagee for any costs or expenses pertaining to the closing of the loan evidenced by the Note and secured by this Mortgage, including, but not limited to, fees of counsel for Mortgagee, costs and expenses for which invoices were not available at the closing of such loan, or costs and expenses which are incurred by Mortgagee after such closing. All such costs and expenses (together with interest thereon at the Default Rate from the date incurred by Mortgagee) shall constitute a part of the Secured Obligations, and may be included in the computation of the amount owed to Mortgagee for purposes of foreclosing or otherwise enforcing this Mortgage.

4.21 Fund for Electronic Transfer. All monthly payments of principal and interest on the Note, and escrow deposits under this Mortgage, shall be made by Mortgagor by electronic funds transfer from a bank account established and maintained by Mortgagor.

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4.22 Use. Mortgagor shall use the Property solely for the operation of a warehouse and manufacturing facility and for no other use or purpose.

4.23 Management. The Property shall be managed by a property manager ("Manager") under a management agreement approved by Mortgagee (the "Management Agreement"). Mortgagor shall not permit any amendment to or modification of the Management Agreement, or the management of the Property by any person or entity other than Manager, without the prior written consent of Mortgagee.

ARTICLE V

MORTGAGOR'S NEGATIVE COVENANTS

5.1 Waste and Alterations. Mortgagor will not commit or permit any waste with respect to the Property or the Chattels. Mortgagor shall not cause or permit any part of the Property, including but not limited to any building, structure, parking lot, driveway, landscape scheme, timber, or other ground improvement, to be removed, demolished, or materially altered without the prior written consent of Mortgagee.

5.2 Zoning and Private Covenants. Mortgagor will not initiate, join in, or consent to any change in any zoning ordinance or classification, any change in the "zone lot" or "zone lots" (or similar zoning unit or units) presently comprising the Property, any transfer of development rights, any private restrictive covenant, or any other public or private restriction limiting or defining the uses which may be made of the Property or any part thereof, without the express written consent of Mortgagee. If under applicable zoning provisions the use of all or any part of the Property is or becomes a nonconforming use, Mortgagor will not cause such use to be discontinued or abandoned without the express written consent of Mortgagee, and Mortgagor will use its best efforts to prevent the tenant under any Lease from discontinuing or abandoning such use.

5.3 Interference with Leases. Mortgagor will neither do nor neglect to do anything which may cause or permit the termination of any Lease, or cause or permit the withholding or abatement of any rent payable under any Lease. Except with the prior written consent of Mortgagee, which may be granted or withheld in Mortgagee's sole discretion, Mortgagor will not (a) collect rent from all or any part of the Property for more than one month in advance, (b) assign the rents from the Property or any part thereof, or (c) consent to the cancellation or surrender of all or any part of any such Lease, except that Mortgagor may in

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good faith terminate any Lease for nonpayment of rent or other material breach by the tenant. Without Mortgagee's prior written consent, which may be granted or withheld in Mortgagee's sole discretion, Mortgagor shall not enter into or modify any Lease.

5.4 Transfer or Further Encumbrance of Property.

Without the prior written consent of Mortgagee, which may be withheld for any reason, Mortgagor will not sell, lease, convey, assign, or otherwise transfer, dispose of, or be divested of its title to, or mortgage, convey security title to, or otherwise encumber or cause to be encumbered, the Property or any part thereof or interest therein in any manner or way, whether voluntary or involuntary, or cause or permit to occur any of the following: (a) any merger, consolidation or dissolution involving, or the sale or transfer of all or substantially all of the assets of, Mortgagor or any General Partner or any Guarantor; (b) the transfer (at one time or over any period of time) of 10% or more of the voting stock of (i) a corporate Mortgagor, (ii) any corporate General Partner, or (iii) any corporation which is a direct or indirect owner of 10% or more of the voting stock of Mortgagor or any General Partner; (c) the transfer of any general partnership interest in any Mortgagor or in any partnership which is a direct or indirect General Partner of any Mortgagor; (d) the conversion of any such general partnership interest to a limited partnership interest or (e) the transfer (at one time or over any period of time) of any of the membership or beneficial interest in any Mortgagor (if Mortgagor is a limited liability company or land trust). Upon the occurrence of any such transfer, encumbrance or other event, the entire balance of the Note, plus any applicable prepayment premium, shall become immediately due and payable at the option of Mortgagee. Consent to one such transfer or encumbrance by Mortgagee shall not be deemed a waiver to require such consent to further or future transfers or encumbrances. This provision shall not apply to transfers of title or interest under any will or testament or applicable law of descent.

5.5 Further Encumbrance of Chattels.

Mortgagor will neither create nor permit any lien, security interest or encumbrance against the Chattels, Intangible Personality or any part thereof or interest therein, other than the liens and security interests created by the Loan Documents, without the prior written consent of Mortgagee, which may be withheld for any reason.

5.6 Assessments Against Property.

Mortgagor will not, without the prior written approval of Mortgagee, which may be withheld for any reason, consent to or allow the creation of any so-called special districts, special improvement districts, benefit assessment districts or similar districts, or any other body or entity of any type, or allow to occur any other event, that would or might result in the imposition of any additional taxes, assessments or other monetary obligations or burdens on the Property, and this provision shall serve as RECORD NOTICE to any such district or districts or any governmental entity under whose authority such district or districts exist or are being formed

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Mortgagor shall, at its sole cost and expense, comply with all Environmental Laws relative to such underground storage tanks or Hazardous Substances, pay immediately when due the cost of removal of any such underground storage tanks or Hazardous Substances and keep the Property free of any lien imposed pursuant to such Environmental Laws, whether or not such lien has priority over the lien created by this Mortgage. In the event Mortgagor fails to comply with the provisions of this Section within fifteen (15) days after notice of noncompliance or such shorter period as is mandated by applicable law or, if compliance is not feasible within such fifteen (15) days or shorter period, if Mortgagor shall fail to commence a program aimed at compliance with such provisions, which program is satisfactory to Mortgagee in its sole and absolute discretion and in accordance with applicable law, or, having commenced such a program, if Mortgagor shall fail to diligently pursue such program to completion, Mortgagee may, in its sole and absolute discretion, declare an Event of Default and/or cause the underground storage tanks or Hazardous Substances to be removed from the Property. At the option of Mortgagee, to be exercised only by express notice to Mortgagor, the cost of such removal shall be additional Secured Obligations secured hereby and shall become immediately due and payable without notice and with interest thereon at the Default Rate (as defined in the Note). Mortgagor shall give to Mortgagee, its agents and employees access to the Property and hereby specifically grants to Mortgagee, for the term of the Note, a license to enter upon the Property for the purposes of conducting tests and investigations for underground storage tanks or Hazardous Substances, and to remove any underground storage tanks or Hazardous Substances. Mortgagor acknowledges and agrees that in the event underground storage tanks or Hazardous Substances are caused to be removed from the Property by Mortgagor or Mortgagee, the Environmental Protection Agency number, manifest number or similar identification assigned to the underground storage tanks or Hazardous Substances so removed shall be solely in the name of Mortgagor and Mortgagor shall assume all liability for such removed underground storage tanks or Hazardous Substances. Notwithstanding any non-recourse provisions of the Note or any other provision in any Loan Document, Mortgagee shall be entitled to bring an in personam action against Mortgagor, including an action for specific performance or damages, to enforce the provisions of this Section.

5.11 ERISA. Mortgagor shall not engage in any transaction which would cause the Note (or the exercise by Mortgagee of any of its rights under the Loan Documents) to be a non-exempt (under a class exemption), prohibited transaction under ERISA (including for this purpose the parallel provisions of Section 4975 of the Internal Revenue Code of 1986, as amended), or otherwise result in Mortgagee being deemed in violation of any applicable provisions of ERISA. Mortgagor shall indemnify, protect, defend, and hold Mortgagee harmless from and against any and all losses, liabilities, damages, claims, judgments, costs, and expenses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense, and settlement of claims

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and in obtaining any individual ERISA exemption or state administrative exception that may be required, in Mortgagee's sole and absolute discretion) that Mortgagee may incur, directly or indirectly, as the result of the breach by Mortgagor of any warranty or representation set forth in Section 3.3(w) hereof or the breach by Mortgagor of any covenant contained in this Section. This indemnity shall survive any termination, satisfaction or foreclosure of this Mortgage and shall not be subject to the limitation on personal liability described in Section 9.4 hereof.

ARTICLE VI

EVENTS OF DEFAULT

Each of the following events will constitute a default (an "Event of Default") under this Mortgage and under each of the other Loan Documents:

6.1 Failure to Pay Note. Mortgagor's failure to make any payment within five (5) days of its due date under the terms of the Note or any other Loan Document;

6.2 Due on Sale or Encumbrance. The occurrence of any violation of any covenant contained in Section 5.4, 5.5 or 5.7 hereof;

6.3 Other Obligations. The failure of Mortgagor to properly perform any obligation contained herein or in any of the other Loan Documents (other than the obligation to make payments under the Note or the other Loan Documents) and the continuance of such failure for a period of ten (10) days following written notice thereof from Mortgagee to Mortgagor; provided, however, that if such failure is not curable within such ten (10) day period, then, so long as Mortgagor commences to cure such failure within such ten (10) day period and is continually and diligently attempting to cure to completion, such failure shall not be an Event of Default unless such failure remains uncured for thirty (30) days after such written notice to Mortgagor;

6.4 Levy Against Property. The levy against any of the Property, Chattels, or Intangible Personalty of any execution, attachment, sequestration or other writ not released within 30 days of such levy;

6.5 Liquidation. The liquidation, termination or dissolution of Mortgagor, any Guarantor, the Partnership or any General Partner or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise;

6.6 Appointment of Receiver. Unless dismissed within 30 days of appointment, the appointment of a trustee, liquidator or receiver for Mortgagor, any General Partner, or any Guarantor, or

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the assets, or any part thereof, of Mortgagor, any General Partner, any Guarantor or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise, or the appointment of a trustee or receiver for any real or personal property, or the like, or any part thereof, representing the security for the Note;

6.7 Assignments. The making by Mortgagor, any General Partner, any Guarantor or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise, of a transfer in fraud of creditors or an assignment for the benefit of creditors;

6.8 Order for Relief. The entry in bankruptcy of an order for relief for or against Mortgagor, any General Partner, any Guarantor or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise;

6.9 Bankruptcy. The filing of any petition (or answer admitting the material allegations of any petition), or other pleading, seeking entry of an order for relief for or against Mortgagor, any General Partner, any Guarantor or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise as a debtor or bankrupt or seeking an adjustment of any of such parties' debts, or any other relief under any state or federal bankruptcy, reorganization, debtor's relief or insolvency laws now or hereafter existing, including, without limitation, a petition or answer seeking reorganization or admitting the material allegations of a petition filed against any of such parties in any bankruptcy or reorganization proceeding, or the act of any of such parties in instituting or voluntarily being or becoming a party to any other judicial proceedings intended to effect a discharge of the debts of any such parties, in whole or in part, or a postponement of the maturity or the collection thereof, or a suspension of any of the rights or powers of a trustee or of any of the rights or powers granted to Mortgagee herein, or in any other document executed in connection herewith, provided, however, that an involuntary bankruptcy action filed against Mortgagor, any General Partner, any Guarantor or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise shall not constitute an Event of Default hereunder if such involuntary bankruptcy is dismissed within sixty (60) days of the filing thereof;

6.10 Misrepresentation. If any representation or warranty made by Mortgagor, any General Partner, any Guarantor or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise, herein, or in any of the other Loan Documents or any other instrument or document modifying, renewing, extending, evidencing, securing or pertaining to the Note is false, misleading or erroneous in any material respect;

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6.11 **Judgments.** The failure of Mortgagor, any General Partner, any Guarantor or any party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise, to pay any money judgment entered after the date hereof in excess of \$15,000 against any such party before the expiration of thirty (30) days after such judgment becomes final and no longer appealable;

6.12 **Admissions Regarding Debts.** The admission of Mortgagor, any General Partner, any Guarantor or any other party directly or indirectly liable for the payment of the Note, whether as maker, endorser, guarantor, surety, general partner or otherwise, in writing of any such party's inability to pay such party's debts as they become due;

6.13 **Assertion of Priority.** The assertion of any claim of priority over this Mortgage, by title, lien, or otherwise, unless Mortgagor within thirty (30) days after such assertion either causes the assertion to be withdrawn or provides Mortgagee with such security as Mortgagee may require to protect Mortgagee against all loss, damage, or expense, including attorneys' fees, which Mortgagee may incur in the event such assertion is upheld;

6.14 **Other Loan Documents.** The occurrence of any default by Mortgagor, after the lapse of any applicable grace or cure period, or the occurrence of any event or circumstance defined as a default or an Event of Default, under any of the Loan Documents other than this Mortgage;

6.15 **Other Liens.** The occurrence of any default by Mortgagor, after the lapse of any applicable grace or cure period, or the occurrence of any event or circumstance defined as an Event of Default, under any other consensual lien encumbering the Property, or any part thereof or interest therein, or any document or instrument evidencing obligations secured thereby; or

6.16 **Other Indebtedness.** The occurrence of any default by Mortgagor, after the lapse of any applicable grace or cure period, or the occurrence of any event or circumstance defined as an Event of Default, under any other indebtedness incurred or owing by Mortgagor, or any document or instrument evidencing any obligation to pay such indebtedness.

ARTICLE VII

MORTGAGEE'S REMEDIES

Immediately upon or any time after the occurrence of any Event of Default hereunder, Mortgagee may exercise any remedy available at law or in equity, including but not limited to those listed below and those listed in the other Loan Documents, in such sequence or combination as Mortgagee may determine in Mortgagee's sole discretion:

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7.1 Performance of Defaulted Obligations. Mortgagee may make any payment or perform any other obligation under the Loan Documents which Mortgagor has failed to make or perform, and Mortgagor hereby irrevocably appoints Mortgagee as the true and lawful attorney-in-fact for Mortgagor to make any such payment and perform any such obligation in the name of Mortgagor. All payments made and expenses (including attorneys' fees) incurred by Mortgagee in this connection, together with interest thereon at the Default Rate from the date paid or incurred until repaid, will be part of the Secured Obligations and will be immediately due and payable by Mortgagor to Mortgagee. In lieu of advancing Mortgagee's own funds for such purposes, Mortgagee may use any funds of Mortgagor which may be in Mortgagee's possession, including but not limited to insurance or condemnation proceeds and amounts deposited for taxes, insurance premiums, or other purposes.

7.2 Specific Performance and Injunctive Relief. Notwithstanding the availability of legal remedies, Mortgagee will be entitled to obtain specific performance, mandatory or prohibitory injunctive relief, or other equitable relief requiring Mortgagor to cure or refrain from repeating any Default.

7.3 Acceleration of Secured Obligations. Mortgagee may, without notice or demand, declare all of the Secured Obligations immediately due and payable in full.

7.4 Suit for Monetary Relief. Subject to the provisions of Section 9.4 of this Mortgage, with or without accelerating the maturity of the Secured Obligations, Mortgagee may sue from time to time for any payment due under any of the Loan Documents, or for money damages resulting from Mortgagor's default under any of the Loan Documents.

7.5 Possession of Property. To the extent permitted by law, Mortgagee may enter and take possession of the Property without seeking or obtaining the appointment of a receiver, may employ a managing agent for the Property, and may lease or rent all or any part of the Property, either in Mortgagee's name or in the name of Mortgagor, and may collect the rents, issues, and profits of the Property. Any revenues collected by Mortgagee under this Section will be applied first toward payment of all expenses (including attorneys' fees) incurred by Mortgagee, together with interest thereon at the Default Rate from the date incurred until repaid, and the balance, if any, will be applied against the Secured Obligations in such order and manner as Mortgagee may elect in its sole discretion.

7.6 Enforcement of Security Interests. Mortgagee may exercise all rights of a secured party under the Code with respect to the Chattels and the Intangible Personalty, including but not limited to taking possession of, holding, and selling the Chattels and enforcing or otherwise realizing upon any accounts and general intangibles. Any requirement for reasonable notice of the time and place of any public sale, or of the time after which any private

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sale or other disposition is to be made, will be satisfied by Mortgagee's giving of such notice to Mortgagor at least five (5) days prior to the time of any public sale or the time after which any private sale or other intended disposition is to be made.

7.7 Foreclosure Against Property.

(a) Mortgagee may bring an action in any court of competent jurisdiction to foreclose this Mortgage. Mortgagee may bid for and purchase all or any portion of the Property at any foreclosure sale thereof.

(b) All fees, costs and expenses of any kind incurred by Mortgagee in connection with foreclosure of this Mortgage, including, without limitation, the costs of any appraisals of the Property obtained by Mortgagee, the cost of any title reports or abstracts, and costs of any receivership for the Property advanced by Mortgagee, and all attorneys' and consultants' fees and expenses incurred by Mortgagee, shall constitute a part of the Secured Obligations and may be included as part of the amount owing from Mortgagor to Mortgagee at any foreclosure sale.

(c) The proceeds of any sale under this Section shall be applied first to the fees and expenses of the officer conducting the sale, and then to the reduction or discharge of the Secured Obligations in such order and manner as Mortgagee may elect in its sole discretion; any surplus remaining shall be paid over to Mortgagor or to such other person or persons as may be lawfully entitled to such surplus.

(d) Nothing in this Section dealing with foreclosure procedures or specifying particular actions to be taken by Mortgagee shall be deemed to contradict or add to the requirements and procedures now or hereafter specified by Illinois law, and any such inconsistency shall be resolved in favor of Illinois law applicable at the time of foreclosure.

7.8 Appointment of Receiver. To the extent permitted by law, Mortgagee shall be entitled, as a matter of absolute right and without regard to the value of any security for the Secured Obligations or the solvency of any person liable therefor, to the appointment of a receiver for the Property upon ex-parte application to any court of competent jurisdiction. To the extent permitted by law, Mortgagor waives any right to any hearing or notice of hearing prior to the appointment of a receiver. Such receiver and its agents shall be empowered to (a) take possession of the Property and any businesses conducted by Mortgagor or any other person thereon and any business assets used in connection therewith, (b) exclude Mortgagor and Mortgagor's agents, servants, and employees from the Property, (c) collect the rents, issues, profits, and income therefrom, (d) complete any construction which may be in progress, (e) do such maintenance and make such repairs and alterations as the receiver deems necessary, (f) use all stores of materials, supplies, and maintenance equipment on the Property

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and replace such items at the expense of the receivership estate, (g) pay all taxes and assessments against the Property and the Chattels, all premiums for insurance thereon, all utility and other operating expenses, and all sums due under any prior or subsequent encumbrance, and (h) generally do anything which Mortgagor could legally do if Mortgagor were in possession of the Property. All expenses incurred by the receiver or its agents shall constitute a part of the Secured Obligations. Any revenues collected by the receiver shall be applied as follows: (i) first to the expenses of the receivership, including attorneys' fees incurred by the receiver and by Mortgagee, together with interest thereon at the Default Rate from the date incurred until repaid; (ii) second, to the extent required by law, to the payment of the operating expenses of the Property, including, repair, maintenance, management and leasing expenses, utilities, taxes and insurance; and (iii) the balance shall be applied toward the Secured Obligations in such order or manner as Mortgagee may in its sole discretion elect or in such other manner as the court may direct. Unless sooner terminated with the express consent of Mortgagee, any such receivership will continue until the Secured Obligations have been discharged in full, or until title to the Property has passed after foreclosure sale and all applicable periods of redemption have expired.

7.9 Right to Make Repairs, Improvements. Should any part of the Property come into the possession of Mortgagee, whether before or after an Event of Default, Mortgagee may use, operate, and/or make repairs, alterations, additions and improvements to the Property for the purpose of preserving it or its value. Mortgagor covenants to promptly reimburse and pay to Mortgagee, at the place where the Note is payable, or at such other place as may be designated by Mortgagee in writing, the amount of all reasonable expenses (including the cost of any insurance, taxes, or other charges) incurred by Mortgagee in connection with its custody, preservation, use or operation of the Property, together with interest thereon from the date incurred by Mortgagee at the Default Rate, and all such expenses, costs, taxes, interest, and other charges shall be a part of the Secured Obligations. It is agreed, however, that the risk of accidental loss or damage to the Property is undertaken by Mortgagor and Mortgagee shall have no liability whatsoever for decline in value of the Property, for failure to obtain or maintain insurance, or for failure to determine whether any insurance ever in force is adequate as to amount or as to the risks insured.

7.10 Surrender of Insurance. Mortgagee may surrender the insurance policies maintained pursuant to the terms hereof, or any part thereof, and receive and apply the unearned premiums as a credit on the Secured Obligations and, in connection therewith, Mortgagor hereby appoints Mortgagee (or any officer of Mortgagee), as the true and lawful agent and attorney-in-fact for Mortgagor (with full powers of substitution), which power of attorney shall be deemed to be a power coupled with an interest and therefore irrevocable, to collect such premiums.

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7.11 Prima Facie Evidence. Mortgagor agrees that, in any assignments, deeds, bills of sale, notices of sale, or postings, given by Mortgagee, any and all statements of fact or other recitals therein made as to the identity of Mortgagee, or as to the occurrence or existence of any Event of Default, or as to the acceleration of the maturity of the Secured Obligations, or as to the request to sell, posting of notice of sale, notice of sale, time, place, terms and manner of sale and receipt, distribution and application of the money realized therefrom, and without being limited by the foregoing, as to any other act or thing having been duly done by Mortgagee, shall be taken by all courts of law and equity as prima facie evidence that such statements or recitals state facts and are without further question to be so accepted, and Mortgagor does hereby ratify and confirm any and all acts that Mortgagee may lawfully do by virtue hereof.

7.12 Compliance with Illinois Mortgage Foreclosure Law. In the event that any provision in this Mortgage shall be inconsistent with any provision of the Illinois Mortgage Foreclosure Law 715 ILCS 5/15-1101 et seq. (hereinafter the "Act"), the provisions of the Act shall take precedence over the provisions of this Mortgage; provided, however, that the provisions of the Act shall not be applied to invalidate or render unenforceable any provision of this Mortgage that can be construed in a manner consistent with the Act.

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

Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by its judgment of foreclosure.

7.13 Power of Sale. To the extent permitted by applicable law, Mortgagee may terminate Mortgagor's interest in the Property by exercising a power of sale. Such a power of sale may be exercised by Mortgagee after giving ten (10) days' prior written notice, or such additional notice as may be required by applicable law, to Mortgagor of Mortgagee's intent to foreclose.

ARTICLE VIII

ASSIGNMENT OF LEASES AND RENTS

8.1 Assignment of Leases and Rents. Mortgagor hereby unconditionally and absolutely grants, transfers and assigns unto

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Mortgagee all rents, royalties, issues, profits and income ("Rents") now or hereafter due or payable for the occupancy or use of the Property, and all Leases, whether written or oral, with all security therefor, including all guaranties thereof, now or hereafter affecting the Property; reserving unto Mortgagor, however, a license to collect and retain such Rents prior to the occurrence of any Event of Default. Such license shall be revocable by Mortgagee without notice to Mortgagor at any time after the occurrence of an Event of Default. Mortgagor represents that the Rents and the Leases have not been heretofore sold, assigned, transferred or set over by any instrument now in force and will not at any time during the life of this assignment be sold, assigned, transferred or set over by Mortgagor or by any person or persons whomsoever; and Mortgagor has good right to sell, assign, transfer and set over the same and to grant to and confer upon Mortgagee the rights, interest, powers and authorities herein granted and conferred. Failure of Mortgagee at any time or from time to time to enforce the assignment of Rents and Leases under this Section shall not in any manner prevent its subsequent enforcement, and Mortgagee is not obligated to collect anything hereunder, but is accountable only for sums actually collected.

8.2 Further Assignments. Mortgagor shall give Mortgagee at any time upon demand any further or additional forms of assignment or transfer of such Rents, Leases and security as may be reasonably requested by Mortgagee, and shall deliver to Mortgagee executed copies of all such Leases and security.

8.3 Application of Rents. Mortgagee shall be entitled to deduct and retain a just and reasonable compensation from monies received hereunder for its services or that of its agents in collecting such monies. Any monies received by Mortgagee hereunder may be applied when received from time to time in payment of any taxes, assessments or other liens affecting the Property regardless of the delinquency, such application to be in such order as Mortgagee may determine. The acceptance of this Mortgage by Mortgagee or the exercise of any rights by it hereunder shall not be, or be construed to be, an affirmation by it of any Lease nor an assumption of any liability under any Lease.

8.4 Collection of Rents. Upon or at any time after an Event of Default shall have occurred and be continuing, Mortgagee may declare all sums secured hereby immediately due and payable, and may, at its option, without notice, and whether or not the Secured Obligations shall have been declared due and payable, either in person or by agent, with or without bringing any action or proceeding, or by a receiver to be appointed by a court, (a) enter upon, take possession of, manage and operate the Property, or any part thereof (including, without limitation, making necessary repairs, alterations and improvements to the Property); (b) make, cancel, enforce or modify Leases; (c) obtain and evict tenants; (d) fix or modify Rents; (e) do any acts which Mortgagee deems reasonably proper to protect the security thereof; and (f) either with or without taking possession of the Property, in its own name

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sue for or otherwise collect and receive such Rents, including those past due and unpaid. In connection with the foregoing, Mortgagee shall be entitled and empowered to employ attorneys, and management, rental and other agents in and about the Property and to effect the matters which Mortgagee is empowered to do, and in the event Mortgagee shall itself effect such matters, Mortgagee shall be entitled to charge and receive reasonable management, rental and other fees therefor as may be customary in the area in which the Property is located; and the reasonable fees, charges, costs and expenses of Mortgagee or such persons shall be additional Secured Obligations. Mortgagee may apply all funds collected as aforesaid, less costs and expenses of operation and collection, including reasonable attorneys' and agents' fees, charges, costs and expenses, as aforesaid, upon any Secured Obligations, and in such order as Mortgagee may determine. The entering upon and taking possession of the Property, the collection of such Rents and the application thereof as aforesaid shall not cure or waive any default or waive, modify or affect notice of default under the Note or this Mortgage or invalidate any act done pursuant to such notice.

8.5 Authority of Mortgagee. Any tenants or occupants of any part of the Property are hereby authorized to recognize the claims of Mortgagee hereunder without investigating the reason for any action taken by Mortgagee or the validity or the amount of indebtedness owing to Mortgagee, or the existence of any default in the Note or this Mortgage, or under or by reason of this assignment of Rents and Leases, or the application to be made by Mortgagee of any amounts to be paid to Mortgagee. The sole signature of Mortgagee shall be sufficient for the exercise of any rights under this assignment and the sole receipt of Mortgagee for any sums received shall be a full discharge and release therefor to any such tenant or occupant of the Property. Checks for all or any part of the rentals collected under this assignment of Rents and Leases shall be drawn to the exclusive order of Mortgagee.

8.6 Indemnification of Mortgagee. Nothing herein contained shall be deemed to obligate Mortgagee to perform or discharge any obligation, duty or liability of any lessor under any Lease of the Property, and Mortgagor shall and does hereby indemnify and hold Mortgagee harmless from any and all liability, loss or damage which Mortgagee may or might incur under any Lease or by reason of the assignment; and any and all such liability, loss or damage incurred by Mortgagee, together with the costs and expenses, including reasonable attorneys' fees, incurred by Mortgagee in defense of any claims or demands therefor (whether successful or not), shall be additional Secured Obligations, and Mortgagor shall reimburse Mortgagee therefor on demand.

8.7 Separate Assignment. In the event of any inconsistency between the terms of this Article VIII and the Assignment of Leases and Rents and Other Income of even date herewith by Mortgagor for the benefit of Mortgagee (the

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"Assignment"), the terms of the Assignment shall govern and control in all respects.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Time of the Essence. Time is of the essence with respect to all provisions of the Loan Documents.

9.2 Joint and Several Obligations. If Mortgagor is more than one person or entity, then (a) all persons or entities comprising Mortgagor are jointly and severally liable for all of the Secured Obligations; (b) all representations, warranties, and covenants made by Mortgagor shall be deemed representations, warranties, and covenants of each of the persons or entities comprising Mortgagor; (c) any breach, Default or Event of Default by any of the persons or entities comprising Mortgagor hereunder shall be deemed to be a breach, Default, or Event of Default of Mortgagor; (d) any reference herein contained to the knowledge or awareness of Mortgagor shall mean the knowledge or awareness of any of the persons or entities comprising Mortgagor; and (e) any event creating personal liability of any of the persons or entities comprising Mortgagor shall create personal liability for all such persons or entities.

9.3 Waivers. To the extent permitted by law, Mortgagor hereby waives all rights to any homestead or other exemption to which Mortgagor would otherwise be entitled under any present or future constitutional, statutory, or other provision of applicable state or federal law. Mortgagor shall not apply for or avail itself of any appraisement, valuation, redemption, stay, extension or exemption laws, or any so-called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, hereby also waives any and all rights to have the Property and estates comprising the Property marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety. MORTGAGOR HEREBY FURTHER WAIVES, FOR ITSELF AND ON BEHALF OF ANY TRUST ESTATE OF WHICH THE PROPERTY IS A PART AND ALL PERSONS BENEFICIALLY INTERESTED THEREIN AND (TO THE EXTENT PERMITTED BY APPLICABLE LAW) EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN THE PROPERTY OR TITLE TO THE PROPERTY SUBSEQUENT TO THE DATE OF THIS MORTGAGE, ANY AND ALL RIGHTS OF REDEMPTION FROM THE JUDGMENT OR DECREE OF FORECLOSURE OF THE LIEN OF THIS MORTGAGE PURSUANT TO LENDER'S EXERCISE OF ANY AND ALL RIGHTS HEREIN GRANTED, AND BORROWER HEREBY WAIVES ALL OTHER RIGHTS OF REDEMPTION OR REINSTATEMENT TO THE FULLEST EXTENT PERMITTED BY THE PROVISIONS OF THE ILLINOIS MORTGAGE FORECLOSURE LAW, 735 ILCS 5/15-1101 et seq.

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9.4 Non Recourse. Except as expressly hereinafter set forth, the recourse of Mortgagee with respect to the obligations evidenced by the Note shall be solely to the Property, Chattels and Intangible Personalty. Notwithstanding anything to the contrary contained in the Note or in any Loan Document, nothing shall be deemed in any way to impair, limit or prejudice the rights of Mortgagee (a) in foreclosure proceedings or in any ancillary proceedings brought to facilitate Mortgagee's foreclosure on the Property or any portion thereof; (b) to recover from Mortgagor damages or costs (including, without limitation, reasonable attorneys' fees) incurred by Mortgagee as a result of waste by Mortgagor; (c) to recover from Mortgagor any condemnation or insurance proceeds attributable to the Property which were not paid to Mortgagee or used to restore the Property in accordance with the terms of this Mortgage; (d) to recover from Mortgagor any rents, profits, security deposits, advances, rebates, prepaid rents or other similar sums attributable to the Property collected by or for Mortgagor following an Event of Default under any Loan Document and not properly applied to the reasonable fixed and operating expenses of the Property, including payments of the Note and other sums due under the Loan Documents; (e) to pursue the personal liability of Mortgagor under the provisions of Section 5.10 or 5.11 of this Mortgage; (f) to exercise any specific rights or remedies afforded Mortgagee under any other provisions of the Loan Documents or by law or in equity (or to recover under any guarantee given in connection with the Note); (g) to recover from Mortgagor the amount of any accrued taxes, assessments, and/or utility charges affecting the Property (whether or not the same have been billed to Mortgagor) that are either unpaid by Mortgagor or paid by Mortgagee under this Mortgage and to collect from Mortgagor any sums expended by Mortgagee in fulfilling the obligations of Mortgagor, as lessor, under any Leases; and (h) to pursue any personal liability of the Partnership or any Guarantor under the Environmental Indemnity Agreement. The agreement contained in this Section to limit the personal liability of Mortgagor shall become null and void and be of no further force and effect in the event (i) that the Property, or any part thereof or any interest therein, or any interest in Mortgagor, shall be further encumbered by a voluntary lien securing any obligation upon which Mortgagor or any General Partner, principal or affiliate of Mortgagor shall be personally liable for repayment, whether as obligor or guarantor; (ii) of any breach or violation of Sections 5.4, 5.5 or 5.7 of this Mortgage; (iii) of any fraud or material misrepresentation by Mortgagor in connection with the Property, the Loan Documents or the application for the loan which is evidenced by the Note; or (iv) of any execution, amendment, modification or termination of any Lease without the prior written consent of Mortgagee if such consent is required under the terms of the Loan Documents. For purposes of the foregoing, "affiliate" shall mean any individual, corporation, trust, partnership or any other person or entity controlled by, controlling or under common control with Mortgagor (or either of them). A person or entity of any nature shall be presumed to have control when it possesses the power, directly or indirectly to direct, or cause the direction of, the management or policies of

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another person or entity, whether through ownership of voting securities, by contract, or otherwise.

9.5 Rights and Remedies Cumulative. Mortgagee's rights and remedies under each of the Loan Documents are cumulative of the rights and remedies available to Mortgagee under each of the other Loan Documents and those otherwise available to Mortgagee at law or in equity. No act of Mortgagee shall be construed as an election to proceed under any particular provision of any Loan Document to the exclusion of any other provision in the same or any other Loan Document, or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Mortgagee.

9.6 No Implied Waivers. Mortgagee shall not be deemed to have waived any provision of any Loan Document unless such waiver is in writing and is signed by Mortgagee. Without limiting the generality of the preceding sentence, neither Mortgagee's acceptance of any payment with knowledge of a Default by Mortgagor, nor any failure by Mortgagee to exercise any remedy following a Default by Mortgagor shall be deemed a waiver of such Default, and no waiver by Mortgagee of any particular Default on the part of Mortgagor shall be deemed a waiver of any other Default or of any similar Default in the future.

9.7 No Third Party Rights. No person shall be a third party beneficiary of any provision of any of the Loan Documents. All provisions of the Loan Documents favoring Mortgagee are intended solely for the benefit of Mortgagee, and no third party shall be entitled to assume or expect that Mortgagee will not waive or consent to modification of any such provision in Mortgagee's sole discretion.

9.8 Preservation of Liability and Priority. Without affecting the liability of Mortgagor or of any other person (except a person expressly released in writing) for payment and performance of all of the Secured Obligations, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, and without impairing in any way the priority of this Mortgage over the interests of any person acquired or first evidenced by recording subsequent to the recording hereof, Mortgagee may, either before or after the maturity of the Note, and without notice or consent: (a) release any person liable for payment or performance of all or any part of the Secured Obligations; (b) make any agreement altering the terms of payment or performance of all or any of the Secured Obligations; (c) exercise or refrain from exercising, or waive, any right or remedy which Mortgagee may have under any of the Loan Documents; (d) accept additional security of any kind for any of the Secured Obligations; or (e) release or otherwise deal with any real or personal property securing the Secured Obligations. Any person acquiring or recording evidence of any interest of any nature in the Property, the Chattels, or the Intangible Personalty shall be deemed, by acquiring such interest or recording any evidence

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thereof, to have agreed and consented to any or all such actions by Mortgagee.

9.9 Subrogation of Mortgagees. Mortgagee shall be subrogated to the lien of any previous encumbrance discharged with funds advanced by Mortgagee under the Loan Documents, regardless of whether such previous encumbrance has been released of record.

9.10 Notices. Any notice required or permitted to be given by Mortgagor or Mortgagee under this Mortgage shall be in writing and will be deemed given (a) upon personal delivery, (b) on the first business day after receipted delivery to a courier service which guarantees next-business-day delivery, or (c) on the third business day after mailing, by registered or certified United States mail, postage prepaid, in any case to the appropriate party at its address set forth below:

If to Mortgagor/Debtor:

LaSalle National Trust, N.A.,
a National Banking Association, as Trustee
under Trust Agreement dated
September 15, 1985, and known as Trust
Number 110558
135 S. LaSalle Street
Chicago, Illinois 60602

and

West Side Properties No. 1 Limited Partnership
c/o Hawthorn Realty Group
Two North LaSalle Street, Suite 730
Chicago, Illinois 60602
Attention: Mr. Joseph S. Beale

with a copy to:

Stephen P. Sandler, Esq.
Gould and Ratner
222 N. LaSalle Street, Suite 800
Chicago, Illinois 60601

If to Mortgagee/Secured Party:

SunAmerica Life Insurance Company
1 SunAmerica Center
Century City
Los Angeles, California 90067-6022
Attention: Director-Mortgage Lending and Real Estate

Either party may change such party's address for notices or copies of notices by giving notice to the other party in accordance with this Section.

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9.11 **Defeasance.** Upon payment and performance in full of all of the Secured Obligations, Mortgagee will execute and deliver to Mortgagor such documents as may be required to release this Mortgage of record. All such documents shall be prepared and delivered at Mortgagor's cost and expense.

9.12 **Illegality.** If any provision of this Mortgage is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Mortgage, the legality, validity, and enforceability of the remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable. If the rights and liens created by this Mortgage shall be invalid or unenforceable as to any part of the Secured Obligations, then the unsecured portion of the Secured Obligations shall be completely paid prior to the payment of the remaining and secured portion of the Secured Obligations, and all payments made on the Secured Obligations shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the Secured Obligations.

9.13 **Usury Savings Clause.** It is expressly stipulated and agreed to be the intent of Mortgagee and Mortgagor at all times to comply with the applicable law governing the highest lawful interest rate. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Note or under any of the other Loan Documents, or, contracted for, charged, taken, reserved or received with respect to the loan evidenced thereby, or if acceleration of the maturity of the Note, any prepayment by Mortgagor, or any other circumstance whatsoever, results in Mortgagor having paid any interest in excess of that permitted by applicable law, then it is the express intent of Mortgagor and Mortgagee that all excess amounts theretofore collected by Mortgagee be credited on the principal balance of the Note (or, at Mortgagee's option, paid over to Mortgagor), and the provisions of the Note and other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder. The right to accelerate maturity of the Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Mortgagee does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Mortgagee for the use, forbearance or detention of the indebtedness evidenced hereby or by the Note shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the maximum rate or amount of interest

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permitted under applicable law. The term "applicable law" as used herein shall mean any federal or state law applicable to the loan made by Mortgagee to Mortgagor evidenced by the Note.

9.14 Obligations Binding Upon Mortgagor's Successors.

This Mortgage is binding upon Mortgagor and Mortgagor's successors and assigns, and shall inure to the benefit of Mortgagee, and its successors and assigns, and the provisions hereof shall likewise be covenants running with the land. The duties, covenants, conditions, obligations, and warranties of Mortgagor in this Mortgage shall be joint and several obligations of Mortgagor and Mortgagor's successors and assigns.

9.15 Construction. All pronouns and any variations of pronouns herein shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the identity of the parties may require. Whenever the terms herein are singular, the same shall be deemed to mean the plural, as the identity of the parties or the context requires.

9.16 Attorneys' Fees. Any reference in this Mortgage or the other Loan Documents to attorneys' or counsel fees paid or incurred by Mortgagee shall be deemed to include paralegals' fees and legal assistants' fees. Moreover, wherever provision is made herein for payment of attorneys' or counsels fees or expenses incurred by Mortgagee, such provision shall include but not be limited to, such fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such fees or expenses arise before proceedings are commenced, during such proceedings or after entry of a final judgment.

9.17 Waiver and Agreement. MORTGAGOR HEREBY EXPRESSLY WAIVES ANY RIGHT IT MAY HAVE UNDER APPLICABLE LAW TO PREPAY THE NOTE, IN WHOLE OR IN PART, WITHOUT PREPAYMENT CHARGE, UPON ACCELERATION OF THE MATURITY DATE OF THE NOTE, AND AGREES THAT, IF FOR ANY REASON A PREPAYMENT OF ALL OR ANY PART OF THE NOTE IS MADE, WHETHER VOLUNTARILY OR FOLLOWING ANY ACCELERATION OF THE MATURITY DATE OF THE NOTE BY MORTGAGEE ON ACCOUNT OF THE OCCURRENCE OF ANY EVENT OF DEFAULT ARISING FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, AS A RESULT OF ANY PROHIBITED OR RESTRICTED TRANSFER, FURTHER ENCUMBRANCE OR DISPOSITION OF THE PROPERTY OR ANY PART THEREOF SECURING THE NOTE, THEN MORTGAGOR SHALL BE OBLIGATED TO PAY, CONCURRENTLY WITH SUCH PREPAYMENT, THE PREPAYMENT PREMIUM PROVIDED FOR IN THE NOTE (OR, IN THE EVENT OF ACCELERATION WHEN THE NOTE IS CLOSED TO PREPAYMENT, AS PROVIDED IN SECTION 1.26 HEREOF). MORTGAGOR HEREBY DECLARES THAT MORTGAGEE'S AGREEMENT TO MAKE THE LOAN EVIDENCED BY THE NOTE AT THE INTEREST RATE AND FOR THE TERM SET FORTH IN THE NOTE CONSTITUTES ADEQUATE CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY MORTGAGOR, FOR THIS WAIVER AND AGREEMENT.

9.18 Waiver of Jury Trial. MORTGAGEE AND MORTGAGOR KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION,

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PROCEEDING OR COUNTERCLAIM BASED ON THIS MORTGAGE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE OR ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO OR TO ANY LOAN DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR MORTGAGEE AND MORTGAGOR TO ENTER INTO THE LOAN TRANSACTION EVIDENCED BY THE NOTE.

9.19 Inconsistency. In the event of any inconsistency between the terms of the Loan Documents and the terms of that certain First Mortgage Loan Application between Mortgagor and Mortgagee dated December 29, 1994 (as revised), as amended by letters dated January 16, 1995, February 23, 1995, March 10, 1995, April 11, 1995, February 7, 1996, May 14, 1996, and September 19, 1996, the terms of the Loan Documents shall govern and control in all respects.

9.20 Governing Laws. The substantive laws of the State of Illinois shall govern the validity, construction, enforcement and interpretation of this Mortgage.

9.21 No Joint Venture. Mortgagor and Mortgagee acknowledge and agree that under no circumstances shall Mortgagee be deemed to be a partner or joint venturer with Mortgagor, 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.

9.22 Construction Mortgage. This Mortgage is a "construction mortgage" (as defined in Section 9-313(1)(c) of the Illinois Uniform Commercial Code).

This instrument is executed by DEFAIR MORTGAGE FUND, U.A., not personally
indemnified, and its obligations are not guaranteed by any other party.
This instrument is not a security instrument and does not create a lien or
other interest in real property.

This instrument is subject to the terms, conditions, covenants and
stipulations, covenants and/or conditions set forth in the instrument
referred to above.

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IN WITNESS WHEREOF, Mortgagor has executed and delivered this Mortgage as of the date first mentioned above.

LASALLE NATIONAL TRUST, N.A., A
NATIONAL BANKING ASSOCIATION, AS
TRUSTEE UNDER TRUST AGREEMENT
DATED SEPTEMBER 15, 1985, AND
KNOWN AS TRUST NUMBER 110558

Attest:

Nancy A. Black

By: *Joseph S. Beale*
Name: _____
Title: _____

WEST SIDE PROPERTIES NO. 1
LIMITED PARTNERSHIP, an Illinois
limited partnership

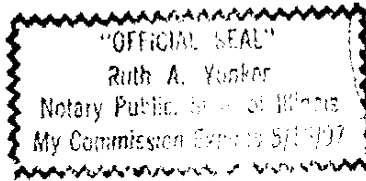
By: *Joseph S. Beale*
Joseph S. Beale
General Partner

STATE OF ILLINOIS)
) ss.
COUNTY OF Cook)

I, RUTH YUNKER, certify that _____
as _____ of LaSalle National Trust, N.A.,
a National Banking Association, as Trustee personally known to me
to be the same person whose name is subscribed to the foregoing
instrument, appeared before me this _____ day in person, and
acknowledged that he signed and delivered the instrument as his
free and voluntary act, in his capacity as _____
of LaSalle National Trust, N.A., a National Banking Association,
and for the uses and purposes therein set forth.

Dated: Oct. 11 1996
My commission expires _____

Witness my hand and official seal.



Ruth A. Yunker
Notary Public

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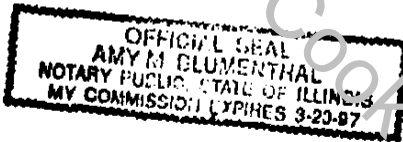
STATE OF ILLINOIS)
) SS.
COUNTY OF Cook)

I, Amy M. Blumenthal, certify that Joseph S. Beale, as General Partner of West Side Properties No. 1 Limited Partnership personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the instrument as his free and voluntary act, in his capacity as General Partner of West Side Properties No. 1 Limited Partnership and for the uses and purposes therein set forth.

Dated: October 11, 1996.

My commission expires 3/23/97

Witness my hand and official seal.



Amy M. Blumenthal
Notary Public

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EXHIBIT A
to
MORTGAGE

(Legal Description)

The mailing addresses for the above-described Property include 2011 West Hastings Street and 2009 West Hastings Street.

The Permanent Index Numbers for the above-described Property are as follows:

17-19-114-051-0000
17-19-114-052-0000
17-19-115-002-0000
17-19-115-003-0000
17-19-115-004-0000
17-19-115-005-0000
17-19-115-006-0000
17-19-115-007-0000
17-19-115-008-0000
17-19-115-009-0000
17-19-115-010-0000
17-19-115-011-0000
17-19-115-012-0000

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EXHIBIT A
to
DEED OF TRUST

(Legal Description)

PARCEL 1:

A TRACT OF LAND DESCRIBED AS FOLLOWS::

LOTS 1 TO 6, ALL INCLUSIVE, IN EMMA WELLS SUBDIVISION OF LOTS 73, 74 AND 75; LOTS 54 TO 72, ALL INCLUSIVE, AND LOTS 76 TO 91, ALL INCLUSIVE; THE VACATED EAST AND WEST ALLEY (VACATED AS PER DOCUMENT NUMBER 7373347) LYING SOUTH OF THE SOUTH LINE OF LOTS 54 TO 72, ALL INCLUSIVE; AND VACATED WEST 14TH STREET (VACATED AS PER DOCUMENT NUMBER 7373347) LYING BETWEEN SOUTH LEAVITT AVENUE, VACATED, AND THE WEST LINE OF LOT 89 EXTENDED SOUTH 66 FEET; EXCEPTING FROM SAID TRACT THAT PART THEREOF LYING SOUTH AND EAST OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A POINT ON THE NORTH LINE OF SAID LOT 54, 54.88 FEET EAST OF THE NORTHWEST CORNER OF LOT 56; THENCE SOUTH ALONG A LINE FORMING AN ANGLE OF 89 DEGREES, 58 MINUTES, 18 SECONDS, MEASURED FROM WEST TO SOUTH, WITH THE SAID NORTH LINE OF LOTS 54 TO 56, A DISTANCE OF 200.70 FEET; THENCE WEST ALONG A LINE FORMING AN ANGLE OF 89 DEGREES, 36 MINUTES, 46 SECONDS, MEASURED FROM SOUTH TO WEST, WITH THE PROLONGATION OF THE LAST DESCRIBED LINE, A DISTANCE OF 12.68 FEET; THENCE NORTHWESTERLY ALONG A LINE FORMING AN ANGLE OF 9 DEGREES, 15 MINUTES, 12 SECONDS, MEASURED FROM WEST TO NORTHWEST, WITH THE PROLONGATION OF THE LAST DESCRIBED LINE, A DISTANCE OF 42.09 FEET TO A POINT OF INTERSECTION WITH THE WEST LINE OF SAID LOT 89; THENCE SOUTH ALONG THE WEST LINE AND THE SOUTHERLY EXTENSION OF SAID WEST LINE OF LOT 89, A DISTANCE OF 135.85 FEET TO ITS INTERSECTION WITH THE SOUTH LINE OF VACATED WEST 14TH STREET;

ALSO:

ALL THAT PART OF THE EAST 1/2 OF SOUTH LEAVITT STREET VACATED EAST OF AND ADJOINING THE EAST LINE OF BLOCK 10 AND THE EAST LINE OF SAID BLOCK 10 PRODUCED SOUTH 66 FEET AND WEST OF AND ADJOINING THE WEST LINE OF BLOCK 11 AND THE WEST LINE OF SAID BLOCK 11 PRODUCED SOUTH 66 FEET IN THE SUBDIVISION OF SECTION 19, AFORESAID, LYING SOUTH OF THE NORTH LINE OF LOT 72 IN THE SUBDIVISION OF SAID BLOCK 11 PRODUCED WEST 66 FEET AND NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT IN THE SOUTH LINE OF WEST 14TH STREET VACATED 50 FEET EASTERLY OF THE EAST LINE OF SOUTH LEAVITT STREET, VACATED; THENCE BY A CURVE, CONVEX TO THE SOUTH HAVING A RADIUS OF 1,910 FEET TO A POINT IN THE CENTER LINE OF SOUTH LEAVITT STREET VACATED 2.5 FEET NORTHERLY FROM THE SOUTH LINE OF SAID WEST 14TH STREET VACATED, ALL IN SECTION 19, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

PARCEL 2:

LOTS 25, 26, 27, 46, 47, 48 AND LOT 45 (EXCEPT THE WEST 9.98 FEET THEREOF); LOT 28 (EXCEPT THE NORTH 79.73 FEET AND EXCEPT THE WEST 9.98 FEET THEREOF), TOGETHER WITH THE NORTH 79.73 FEET OF SAID LOT 28 (EXCEPT THE WEST 9.00 FEET THEREOF); ALSO THE EAST AND WEST ALLEY LYING BETWEEN A LINE 10 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF SOUTH DAMEN AVENUE AND THE EAST LINE OF THE WEST 9.98 FEET OF LOT 45 EXTENDED NORTH 16 FEET; LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF

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LOTS 25 TO 28, AND NORTH OF AND ADJOINING THE NORTH LINE OF LOTS 45 TO 48, VACATED AS PER DOCUMENT NO. 7373347; ALSO THE NORTH 16.67 FEET OF THAT PART OF WEST 14TH STREET LYING BETWEEN A LINE 10 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF SOUTH DAMEN AVENUE AND THE EAST LINE OF THE WEST 9.98 FEET OF LOT 45 EXTENDING SOUTH 16.67 FEET, VACATED AS PER DOCUMENT 7373347; ALL IN CAMPBELL'S SUBDIVISION OF THE EAST 1/2 OF BLOCK 12 IN THE SUBDIVISION OF SECTION 19, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

ALSO:

PARCEL 3:

A PARCEL OF LAND COMPRISED OF THE WEST 9.00 FEET OF THE NORTH 79.73 FEET OF LOT 28, TOGETHER WITH THE WEST 9.98 FEET OF SAID LOT 28 (EXCEPT THE NORTH 79.73 FEET THEREOF); LOTS 29 TO 44, ALL INCLUSIVE, AND THE WEST 9.98 FEET OF LOT 45; ALL IN CAMPBELL'S SUBDIVISION OF THE EAST 1/2 OF BLOCK 12; LOTS 25 TO 48, ALL INCLUSIVE, IN CAMPBELL'S SUBDIVISION OF THE WEST 1/2 OF BLOCK 12; LOTS 49 TO 56, ALL INCLUSIVE, AND LOTS 89 TO 93, ALL INCLUSIVE, IN THE SUBDIVISION OF BLOCK 11; LOTS 1 TO 6, ALL INCLUSIVE, IN THE SUBDIVISION OF LOTS 94, 95 AND 96 IN THE SUBDIVISION OF BLOCK 11; VACATED SOUTH HOYNE AVENUE (VACATED AS PER DOCUMENT NUMBER 7373347); THAT PART OF THE VACATED 16 FOOT EAST AND WEST ALLEY (VACATED AS PER DOCUMENT NUMBER 7373347) LYING EAST OF THE WEST LINE OF LOT 89 EXTENDED NORTH AND WEST OF THE EAST LINE OF THE WEST 9.98 FEET OF LOT 45, AFORESAID, EXTENDED NORTH; THAT PART OF VACATED WEST 14TH STREET (EXCEPT THE EAST 10 FEET THEREOF) (VACATED AS PER DOCUMENT NUMBER 7373347) LYING EAST OF THE WEST LINE OF SAID LOT 89 EXTENDED SOUTH TO THE SOUTH LINE OF SAID VACATED STREET AND LYING WEST OF THE WEST LINE OF SOUTH DAMEN AVENUE (EXCEPT THE NORTH 16.67 FEET THEREOF LYING EAST OF THE EAST LINE OF THE WEST 9.98 FEET OF LOT 45 AFORESAID, EXTENDED SOUTH); ALL IN THE SUBDIVISION OF SECTION 19, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, EXCEPTING FROM THE ABOVE DESCRIBED PARCEL OF LAND THAT PART THEREOF LYING NORTH AND WEST OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A POINT ON THE NORTH LINE OF SAID LOT 54, 54.25 FEET EAST OF THE NORTHWEST CORNER OF SAID LOT 56; THENCE SOUTH ALONG A LINE FORMING AN ANGLE OF 89 DEGREES 58 MINUTES 18 SECONDS (MEASURED FROM WEST TO SOUTH) WITH THE SAID NORTH LINE OF LOTS 54 TO 56, A DISTANCE OF 200.70 FEET; THENCE WEST ALONG A LINE FORMING AN ANGLE OF 89 DEGREES, 36 MINUTES, 46 SECONDS (MEASURED FROM SOUTH TO WEST) WITH THE PROLONGATION OF THE LAST DESCRIBED LINE, A DISTANCE OF 12.68 FEET; THENCE NORTHWESTERLY ALONG A LINE FORMING AN ANGLE OF 9 DEGREES, 15 MINUTES, 12 SECONDS (MEASURED FROM WEST TO NORTHWEST) WITH THE PROLONGATION OF THE LAST DESCRIBED LINE, A DISTANCE OF 42.09 FEET TO A POINT OF INTERSECTION WITH THE WEST LINE OF SAID LOT 89; THENCE SOUTH ALONG THE WEST LINE AND THE SOUTHERLY EXTENSION OF SAID WEST LINE OF LOT 89, A DISTANCE OF 135.85 FEET TO ITS INTERSECTION WITH THE SOUTH LINE OF VACATED 14TH STREET.

PARCEL 4:

LOTS 1 TO 24, ALL INCLUSIVE, IN CAMPBELL'S SUBDIVISION OF THE EAST 1/2 OF BLOCK 12; LOTS 1 TO 24, ALL INCLUSIVE, IN CAMPBELL'S SUBDIVISION OF THE WEST 1/2 OF BLOCK 12; THE VACATED 16 FOOT ALLEY (VACATED AS PER DOCUMENT NUMBER 19169599) IN THE NORTH 1/2 OF BLOCK 12 AFORESAID; ALL IN THE SUBDIVISION OF SECTION 19, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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EXHIBIT B to DEED OF TRUST

(Permitted Exceptions)

1. Real property taxes for 1996 and subsequent years not yet due and payable.
2. RIGHTS OF THE BALTIMORE AND OHIO CHICAGO TERMINAL TRANSFER RAILROAD COMPANY, TO MAINTAIN ITS RETAINING WALL UPON OR UNDER THE SOUTH 1/2 OF WEST 14TH STREET, NOW VACATED, AS RESERVED IN THE DEED FROM SAID CORPORATION TO MIEHLE PRINTING PRESS AND MANUFACTURING CORPORATION, A CORPORATION OF ILLINOIS, DATED JUNE 30, 1922 AND RECORDED MARCH 23, 1923 AS DOCUMENT 7851581, WHICH CONVEYED THE SOUTH 1/2 OF WEST 14TH STREET AFORESAID, NOW VACATED; ALSO RESERVED IN THE DEED FROM SAID RAILROAD COMPANY TO SAID MANUFACTURING COMPANY OF PART OF THE SOUTH 1/2 OF SOUTH LEAVITT STREET, VACATED, DATED APRIL 25, 1928 AND RECORDED MAY 7, 1928 IN BOOK 25762, PAGE 512, AS DOCUMENT 10014545.

(AFFECTS VACATED 14TH STREET LYING SOUTH OF AND ADJOINING LOTS 76 TO 89 IN THE SUBDIVISION OF BLOCK 11 AND THE WEST 15 FEET OF LOT 48 IN CAMPBELL'S SUBDIVISION OF THE EAST 1/2 OF BLOCK 12 AFFECTS PARCELS 1 AND 3).

(NOTE: THIS EXCEPTION REFERS TO RETAINING WALLS LOCATED ON THE LAND AS OF THE DATE OF THIS POLICY IN PARCELS 1, 2 AND 3; ALSO VACATED 14TH STREET LYING SOUTH OF AND ADJOINING LOTS 37 TO 47, ALL INCLUSIVE, AND THE WEST 15 FEET OF LOT 48 IN CAMPBELL'S SUBDIVISION OF THE EAST 1/2 OF BLOCK 12 AND OF VACATED 14TH STREET LYING SOUTH OF AND ADJOINING LOTS 76 TO 93 AND LOTS 1 TO 6, ALL INCLUSIVE, IN THE SUBDIVISION OF LOTS 94, 95 AND 96 IN THE SUBDIVISION OF BLOCK 11).

3. PERPETUAL RIGHT, PRIVILEGE AND EASEMENT FOR RAILROAD SWITCH TRACK PURPOSES, OVER A PORTION OF VACATED SOUTH LEAVITT STREET AND THE LAND EAST AND ADJOINING, AS CONTAINED IN AN INSTRUMENT OR GRANT BY MIEHLE PRINTING PRESS AND MANUFACTURING COMPANY, A CORPORATION OF ILLINOIS, TO STANDARD OIL COMPANY, A CORPORATION OF INDIANA, DATED MARCH 19, 1928 AND RECORDED OCTOBER 27, 1928 IN BOOK 20446, PAGE 382, AS DOCUMENT 10189704, AFFECTING THE LAND DESCRIBED AS FOLLOWS: :

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF VACATED SOUTH LEAVITT STREET WITH THE NORTHERLY RIGHT OF WAY LINE OF THE RAILROAD COMPANY RUNNING THENCE EASTERLY ALONG THE NORTHERLY RIGHT OF WAY LINE OF THE RAILROAD COMPANY, A DISTANCE OF 240 FEET; THENCE WESTERLY, A DISTANCE OF 100 FEET TO A POINT 8 FEET 6 INCHES NORTH OF THE NORTHERLY RIGHT OF WAY OF THE RAILROAD COMPANY; THENCE WESTERLY, A DISTANCE OF 143 FEET MORE OR LESS TO A POINT ON THE CENTER LINE OF VACATED SOUTH LEAVITT STREET, 38 FEET 9 INCHES NORTH OF THE NORTHERLY RIGHT OF WAY OF THE RAILROAD COMPANY; THENCE SOUTH ALONG THE CENTER LINE OF VACATED SOUTH LEAVITT STREET, A DISTANCE OF 38 FEET 9 INCHES TO THE POINT OF BEGINNING.

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4. GRANT RECORDED JULY 10, 1964 AS DOCUMENT 19181043, MADE BY MIENLE-GOSS-DEXTER INCORPORATED UNTO THE COMMONWEALTH EDISON COMPANY AND ITS SUCCESSORS AND ASSIGNS, OF A PERPETUAL RIGHT, EASEMENT, PERMISSION AND AUTHORITY TO CONSTRUCT, OPERATE, USE, MAINTAIN, REPAIR, RELOCATE, REPLACE, RENEW AND REMOVE POLES, CROSSARMS, WIRES, CABLES, CONDUITS AND OTHER OVERHEAD OR UNDERGROUND EQUIPMENT, OR BOTH, FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRIC ENERGY IN, UNDER, OVER, ACROSS AND ALONG THAT PART OF THE EAST AND WEST PUBLIC ALLEY, 16 FEET WIDE, WHICH LIES SOUTH OF AND ADJOINING THE SOUTH LINE OF LOTS 1 TO 12, ALL INCLUSIVE, AND LIES NORTH OF AND ADJOINING THE NORTH LINE OF LOTS 13 TO 24, ALL INCLUSIVE, ALL IN CAMPBELL'S SUBDIVISION OF THE EAST 1/2 OF BLOCK 12, AFORESAID; ALSO THAT PART OF THE EAST AND WEST PUBLIC ALLEY, 16 FEET WIDE, WHICH LIES SOUTH OF AND ADJOINING THE SOUTH LINE OF LOTS 1 TO 12, ALL INCLUSIVE, AND LIES NORTH OF AND ADJOINING THE NORTH LINE OF LOTS 13 TO 24, ALL INCLUSIVE, ALL IN CAMPBELL'S SUBDIVISION OF THE WEST 1/2 OF BLOCK 12, AFORESAID.

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