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This Document Prepared By
and After Recording Return To:

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Sachnoff and Weaver, Ltd.
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Suite 2900
Chicago, Illinois 60606

96845813

. DEPT-01 RECORDING \$101.00
. T#0012 TRAN 2971 11/05/96 13:08:00
. #2855 # DT #--96--345813
. COOK COUNTY RECORDER

Common Address:

7420 N. Lehigh
Niles, IL 60648

**MORTGAGE, ASSIGNMENT OF LEASES
AND RENTS, SECURITY AGREEMENT and FINANCING STATEMENT**

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT and FINANCING STATEMENT (herein sometimes called "Mortgage") is made as of October 1, 1996, by Nimlok Company, a Delaware corporation, as mortgagor ("Borrower") having its principal office at 6019 W. Howard Street, Niles, IL 60648, in favor of Bank One, Chicago, N.A., located at 311 S. Arlington Heights Road, Arlington Heights, IL 60005 ("Bank"), as mortgagee.

RECITALS:

WHEREAS, the Illinois Development Finance Authority ("Issuer") is issuing its Adjustable Rate Industrial Development Revenue Bonds, Series 1996 A (Tax Exempt) and Series 1996 B (Taxable) (Nimlok Company Project) in the aggregate principal amount of \$3,600,000 (the "Bonds") pursuant to an Indenture of Trust dated as of October 1, 1996 (the "Indenture") between the Issuer and Bank One, Springfield, as Trustee ("Trustee") to obtain monies (the "Loan") which will be disbursed to Borrower to be used to finance a portion of the cost to acquire, construct, renovate and rehabilitate a manufacturing facility located at 7420 N. Lehigh, Niles, IL 60648; and

WHEREAS, to evidence and secure the obligations of Borrower in connection with the Bonds, Borrower has executed and delivered to Trustee and Issuer, as applicable, the Indenture, a Loan Agreement, an Arbitrage Compliance Agreement, a Tax Compliance Agreement, and various other certificates, indemnities, pledges, consents, contracts,

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notices, statements, notes, documents, instruments and agreements (collectively referred to herein as the "Bond Documents");

WHEREAS, the Bonds are to be secured by an Irrevocable Letter of Credit (the "Letter of Credit") in the original amount of \$3,644,384 to be issued by the Bank in favor the Trustee for the benefit of the owners of the Bonds, which Letter of Credit is being issued pursuant to and in accordance with a Letter of Credit and Reimbursement Agreement dated as of October 1, 1996 by and between Borrower and the Bank (the "Letter of Credit Agreement") whereby Borrower is obligated to reimburse the Bank for all drawings made by the Trustee on the Letter of Credit and to pay certain other costs and expenses;

WHEREAS, to evidence and secure the obligations and liabilities of Borrower to Bank in connection with the Loan and the Letter of Credit, Borrower has executed and delivered to Bank the Letter of Credit Agreement, this Mortgage and an Application and Agreement for Letter of Credit. Borrower has also executed various other security agreements, assignments, certificates and indemnities relating to the obligations evidenced by the Letter of Credit Agreement. The Letter of Credit Agreement, this Mortgage, the Application and Agreement for Letter of Credit, together with all such agreements, loan agreements, security agreements, assignments, certificates, indemnifications, documents, notes, guarantees, pledges, consents, contracts, notices, financing statements, hypothecation agreements, collateral assignments, mortgages, chattel mortgages, and instruments given to evidence or secure the indebtedness evidenced by the Letter of Credit Agreement and all other written matter and all amendments, modifications, supplements, extensions and restatements thereof and thereto, and all agreements, notes, documents or instruments delivered in substitution therefor or in lieu thereof, whether heretofore, now or hereafter executed by or on behalf of Borrower or any other person or entity, delivered to Bank or any participant with respect to the Bonds are collectively referred to herein as the "Credit Documents";

WHEREAS, as used in this Mortgage, the term "Secured Obligations" means and includes all of the following: (i) the payment of any and all monies, including, but not limited to, payment of all fees relating to the Letter of Credit and all amounts to be paid to Bank for any drawings under the Letter of Credit, now and/or hereafter owed or to become owing by any Borrower to Bank pursuant to the terms and provisions of the Letter of Credit agreement; (ii) the payment of any and all other debts, claims, obligations, demands, monies, liabilities and/or indebtedness (or any and every kind or nature) now and/or hereafter owing, arising due or payable from Borrower to Bank under and/or pursuant to the terms and provisions of this Mortgage, the Letter of Credit or the other Credit Documents; (iii) the prompt and full performance, discharge, compliance and observance by Borrower of each and every term, condition, warranty, representation, agreement, undertaking, covenant and provisions to be performed, discharged, observed or complied

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with by Borrower contained in this Mortgage, the Letter of Credit Agreement and the other Credit Documents; and (iv) any and all other liabilities, obligations and indebtedness however created, arising or evidenced of Borrower to Bank of every kind and nature, whether primary secondary, direct, indirect, absolute, contingent, recourse, non-recourse, fixed or otherwise (including without limitation interest, charges, expenses, attorney's fees and other sums chargeable to Borrower by the Bank pursuant to the terms of any revolving credit loan, any term loan, any letter of credit, or any other financial accommodation, whether or not evidenced by a promissory note, security agreement, pledge, or assignment hereto or hereafter of made or granted by Borrower to Bank, future advances made to or for the benefit of Borrower, and all rate hedging obligations), whether now existing or hereafter arising, due or to become due, whether under written or oral agreement, by operation of law, and whether or not relating to the Credit Documents and the transactions contemplated therein.

GRANT

NOW THEREFORE, for and in consideration of Bank's making the proceeds of the loan available to Borrower and any other financial accommodation to or for the benefit of Borrower, consideration of the various agreements contained herein and in the other Credit Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Borrower, and in order to secure the full, timely and proper payment and performance of each and every one of the Secured Obligations,

BORROWER HEREBY MORTGAGES, CONVEYS, TRANSFERS AND ASSIGNS TO BANK AND ITS SUCCESSORS AND ASSIGNS, FOREVER, AND HEREBY GRANTS TO BANK AND ITS SUCCESSORS AND ASSIGNS FOREVER A CONTINUING SECURITY INTEREST IN AND TO, ALL OF THE FOLLOWING (COLLECTIVELY REFERRED TO HEREIN AS THE "COLLATERAL"),

(a) Land. All of the land described on Exhibit A attached hereto, together with all tenements, rights, easements, hereditaments, rights of way, privileges, liberties, appendages and appurtenances now or hereafter belonging or in any-wise appertaining to the land (including, without limitation, all rights relating to storm and sanitary sewer, water, gas, electric, railway and telephone services); all air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the land; all estate, claim, demand, right, title or interest of Borrower in and to any street, road, highway, or alley (vacated or otherwise) adjoining the land or any part thereof; all strips and gores belonging, adjacent or pertaining to the land; and any after-acquired title to any of the foregoing (all of the foregoing is herein referred to collectively as the "Land");

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(b) Improvements and Fixtures. All buildings, structures, replacements and other improvements and property of every kind and character now or hereafter located or erected on the Land, together with all furnishings, fixtures, fittings, building or construction materials, equipment, appliances, machinery, plant equipment, apparatus, and other articles of any kind or nature whatsoever now or hereafter found on, affixed to or attached to the Land, including (without limitation) all motors, boilers, engines and devices for the operation of pumps, and all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment (except to the extent any of the foregoing items in this subparagraph are owned by tenants and such tenants have the right to remove such items at the termination of their Lease (as hereinafter defined)) (all of the foregoing are herein referred to collectively as the "Improvements", all of the Land and the Improvements, and any other property which is real estate under applicable law, is sometimes referred to collectively herein as the "Premises");

(c) Personal Property. All equipment, goods, inventory and supplies, including without limitation, machinery appliances, stoves, refrigerators, water fountains and coolers, fans, heaters, incinerators, compactors, water heaters and similar equipment, signs, blinds, window shades, carpeting, floor coverings, office equipment, furniture, linens, growing plants, fire sprinklers and alarms, control devices, (HVAC, all window cleaning, building cleaning, swimming pool, recreational, monitoring, garbage, pest control and other equipment, tools, furnishings, furniture, pipes, plumbing, light fixtures, non-structural additions to the Premises, and all other tangible property of any kind or character now or hereafter owned by Borrower and used or useful in connection with the Premises, any construction undertaken on the Premises, any trade, business or other activity (whether or not engaged in for profit) for which the Premises is used, the maintenance of the Premises or the convenience of any tenants, guests, licensees or invitees of Borrower, all regardless of whether located on the Premises or located elsewhere (except to the extent any of the foregoing items in this subparagraph are owned by tenants and such tenants have the right to remove such items at the termination of their Leases (all of the foregoing is herein referred to collectively as the "Goods");

(d) Intangibles. All goodwill, trademarks, trade names, option rights, purchase contracts, books and records and general intangibles of Borrower relating to the Premises or the Improvements (collectively, the "Intangibles");

(e) Rents. All rents, issues, profits, royalties, avails, income and other benefits derived or owned by Borrower directly or indirectly from the Land or the Improvements (all of the foregoing is herein collectively called the "Rents");

(f) Leases. All rights of Borrower under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whether now

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existing or entered into at any time hereafter, whereby any person agrees to pay money or any consideration for the use, possession or occupancy of, or any estate in, the Land or the Improvements or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof (all of the foregoing is herein referred to collectively as the "Leases");

(g) Service Agreements. All rights and interests of Borrower in and under any and all service and other agreements relating to the operation, maintenance, and repair of the Premises or the buildings and improvements thereon ("Service Agreements");

(h) Contracts for Construction. All rights of Borrower under any contracts executed by Borrower or anyone acting of behalf of Borrower with any provider of goods or services for or in connection with any construction undertaken on, or services performed or to be performed in connection with, the Real Estate or the Improvements, including any architect's agreement and any Construction Contract (defined for purposes hereof as defined in the Letter of Credit) (all of the foregoing are herein referred to collectively as the "Contracts for Construction");

(i) Plans. All plans, specifications, architectural renderings, drawings, licenses, permits, soil test reports, other reports of examinations or analyses, contracts for services to be rendered Borrower, or otherwise in connection with the Premises (including all plans for repair, restoration and rehabilitations of the Premises in connection with the Loan) and all other property, contracts, reports, proposals, and other materials now or hereafter existing in any way relating to the Premises or the Collateral or construction of additional improvements thereto (the "Plans");

(j) Loan Proceeds. All proceeds, contract rights and payments payable to Borrower under any loan commitment for financing of the Premises ("Loan Proceeds");

(k) Insurance. All unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Borrower and all proceeds of the conversion, voluntary or involuntary, of the Collateral or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and compensation hereafter made to the present and all subsequent owners of the Collateral by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Collateral or any easement therein, including awards for any change of grade of streets;

(l) Awards. All judgments, awards of damages and settlements which may result from any damage to the Premises or any part thereof or to any rights appurtenant thereto; all compensation, awards, damages, claims, rights of action and proceeds of, or on account of (i) any damage or taking, pursuant to the power of eminent domain, of the

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Premises or any part thereof, (ii) any damage to the Premises by reason of the taking, pursuant to the power of eminent domain, of other property or of a portion of the Premises, or (iii) the alteration of the grade of any street or highway on or about the Premises or any part thereof; all proceeds of any sales or other dispositions of the Premises or any part thereof;

(m) **Betterments.** All right, title and interest of Borrower in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Premises, hereafter acquired by, or released to, Borrower or constructed, assembled or placed by Borrower on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Borrower, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Borrower and specifically described herein.

(n) **Other Property.** All other property or rights of Borrower of any kind or character related to the Land or the improvements, and all proceeds (including, without limitation, insurance and condemnation proceeds) and products of any of the foregoing. It is specifically understood that the enumeration of any specific articles of property shall not exclude or be deemed to exclude any items of property not specifically mentioned. All of the Premises hereinabove described, real, personal and mixed, whether affixed or annexed or not, and all rights hereby conveyed and mortgaged are intended to be a unit and are hereby understood and agreed and declared to be appropriated to the use of the Premises, and shall for the purposes of this Mortgage be deemed to be real estate and conveyed and mortgaged hereby.

TO HAVE AND TO HOLD the Premises unto Bank, its successors and assigns, forever, hereby expressly waiving and releasing any and all right, benefit, privilege, advantage or exemption under and by virtue of any and all statutes and laws of the State of Illinois providing for the exemption of homesteads from sale on execution or otherwise.

1. COVENANTS AND AGREEMENTS OF BORROWER.

Further to secure the payment and performance of the Secured Obligations, Borrower hereby covenants and agrees with Bank as follows:

1.1 **Payment of Secured Obligations.** Borrower agrees that it will pay, timely and in the manner required in the appropriate documents or instruments, all Secured Obligations (including fees and charges). All sums payable by Borrower hereunder shall,

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except as expressly set forth herein, be paid without demand, counterclaim, offset, deduction or defense. Borrower waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, deduction or defense.

1.2 Impositions.

(a) Payment of Taxes.

(i) Borrower will pay before delinquent all taxes and assessments, general or special, and any and all levies, claims, charges, expenses and liens, ordinary or extraordinary, governmental or non-governmental, statutory or otherwise, due or to become due (collectively referred to herein as an "Imposition" or "Impositions"), that may be levied, assessed, made, imposed or charged on or against the Collateral or any property used in connection therewith, and will pay before due any tax or other charge on the interest or estate in lands created or represented by this Mortgage or by any of the other Credit Documents, whether levied against Borrower or Bank or otherwise, and, upon request by Bank, will submit to Bank all receipts showing payment of all of such taxes, assessments and charges.

(ii) Notwithstanding anything to the contrary contained in the foregoing sentence, if, by law, any Imposition, at the option of the taxpayer, can and customarily is paid in installments, whether or not interest shall accrue on the unpaid balance of such Imposition, Borrower may, so long as no Event of Default shall exist under this Mortgage or any other Credit Document, exercise the option to pay such Imposition in installments and, in such event, shall pay such installment, together with any interest thereon, as the same become due and payable and before any fine, penalty, additional interest or cost may be added thereto.

(b) Contest of Impositions. Borrower shall have the right at its own expense to contest the amount or validity, in whole or in part, of any Imposition, by appropriate proceedings diligently conducted in good faith, but only after payment of such Imposition unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, notwithstanding the provisions of Section 1.2(a) above, payment of such Imposition shall be postponed if and only so long as:

(i) neither the Premises nor any part thereof would by reason of such postponement or deferment be, in the judgment of Bank, in danger of being forfeited or lost; and

(ii) Borrower shall, upon demand by Bank, have deposited with Bank the amount so contested and unpaid, together with all interest and penalties in

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connection therewith and all charges that may or might be assessed against or become a charge on the Premises or any part thereof in such proceedings.

Upon termination of any such proceedings, it shall be the obligation of Borrower to pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including counsel fees), interest, penalties or other liabilities in connection therewith. Upon such payment, Bank shall return any amount deposited with it with respect to such Imposition. Bank shall, if requested by Borrower, disburse said moneys on deposit with it directly to the imposing authority to whom such Imposition is payable. Upon failure of Borrower so to do, the amount theretofore deposited may be applied by Bank to the payment, removal and discharge of such Imposition, the interest and penalties in connection therewith and any costs, fees (including reasonable attorney's fees) or other liability accruing in any such proceedings. The balance, if any, shall be returned to Borrower and the deficiency, if any, shall be paid by Borrower to Bank within five (5) days after demand therefor.

1.3 Maintenance and Repair Protection of Security.

(a) Borrower shall promptly notify Bank of and appear in and defend any suit, action or proceeding that affects the Premises or the rights or interest of Bank hereunder and the Bank may elect to appear in or defend any such action or proceeding. Borrower agrees to indemnify, defend, and reimburse Bank from any and all loss, damage, expense or cost arising out of or incurred in connection with any such suit, action or proceeding, including costs of evidence of title and reasonable attorneys' fees and such amounts together with interest thereon at the Interest Rate, shall become additional Secured Obligations and shall become immediately due and payable.

(b) Borrower will: (i) not abandon the Premises; (ii) not do or suffer anything to be done which would depreciate or impair the value of the Collateral or the security of this Mortgage; (iii) not remove or demolish any of the Improvements; (iv) pay promptly for all labor and materials for all construction, repairs and improvements to or on the Premises; (v) not make any changes, additions or alterations to the Land or the Improvements, except as required by applicable governmental requirements, in accordance with the plans and specifications submitted to Bank pursuant to the terms of the Letter of Credit Agreement or as otherwise approved in writing by Bank, which approval shall not be unreasonable withhold; (vi) maintain, preserve and keep the Goods and the Improvements in good, safe and insurable condition and repair and promptly make any needful and proper repairs, replacements, renewals, additions or substitutions required by wear, damage, obsolescence or destruction; (vii) promptly restore and replace any of the Improvements or Goods which are destroyed or damaged; (viii) not commit, suffer, or permit waste of any part of the Premises; and (ix) maintain all grounds and abutting sidewalks in good and neat order and repair.

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1.4 Sales; Liens. Except as expressly permitted pursuant to the Letter of Credit Agreement, Borrower shall not, without the prior written consent of Bank, which consent may be withheld in Bank's sole and exclusive discretion:

(a) directly or indirectly sell, contract to sell (if possession of the Land or the Improvements is to be transferred prior to the closing date such as an installment agreement for deed), assign, transfer, convey, or dispose of the Land or the Improvements, or any portion thereof or any interest or estate therein, whether legal, equitable, beneficial or possessory (including but not limited to: (i) any conveyance into trust, (ii) any conveyance, sale or assignment of the beneficial interest in any trust holding title to the Land or the Improvements, (iii) any conveyance, sale or assignment of or any part of any general partner's interest in a partnership holding title to the Land or the Improvements or a partnership beneficiary of a trust holding title to the Land or the Improvements, (iv) except as expressly permitted by Bank pursuant to the terms of the Letter of Credit Agreement, any sale, conveyance or assignment of the issued and outstanding capital stock which has voting rights of a corporation holding title to the Land or the Improvements or a corporate beneficiary of a trust holding title to the Land or the Improvements, or permit or contract or agree to do any of the foregoing; or (v) any sale, conveyance or assignment of the member's interest or any sale, conveyance or assignment of any manager's interest in any limited liability company holding title to the Land or the Improvements or a limited liability company beneficiary of a trust holding title to the Land or the Improvements);

(b) subject or permit the Land or the Improvements, or any portion thereof or interest therein (whether legal, equitable, beneficial or otherwise) or estate in any thereof (including the right to receive the rents and profits therefrom) directly or indirectly, to any mortgage, deed of trust, lien, claim, security interest, encumbrance or right (whether senior or junior to, or on a parity with, this Mortgage) other than Permitted Encumbrances, as defined in the Letter of Credit Agreement Agreement, or

(c) subject or permit the beneficial interest under any trust holding title to the Land or the Improvements, or any portion thereof or interest therein (whether legal, equitable, beneficial or otherwise) or estate in any thereof (or permit the same to be subjected), directly or indirectly, to any mortgage, deed of trust, lien, claim, security interest, encumbrance, collateral assignment or right, or

(d) lease the Land or the Improvements; provided that Borrower shall have the right to lease up to an aggregate of 7,000 square feet of the Premises without Bank's consent, on the conditions that (i) all leases are expressly subordinate to the lien of this Mortgage and (ii) Borrower promptly delivers a copy of each such Lease to Bank.

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1.5 Access by Bank. Borrower will at all times: (a) deliver to Bank either all of its executed originals (in the case of chattel paper or instruments) or certified copies (in all other cases) of all leases, agreements creating or evidencing intangibles, all amendments and supplements thereto, and any other document which is, or which evidences, governs, or creates, Collateral; (b) permit access by Bank and its agents, representatives, contractors and participants (if any) during normal business hours to its books and records, tenant registers, offices, insurance policies and other papers for examination and the making of copies and extracts; (c) prepare such schedules, summaries, reports and progress schedules as Bank and its agents, representatives, contractors and participants (if any) may reasonably request; and (d) permit Bank and its agents, representatives, contractors and participants (if any), at all reasonable times, to enter onto and inspect the Premises.

1.6 Stamp and Other Taxes. If the Federal, or any state, county, local, municipal or other, government or any subdivision of any of thereof having jurisdiction, shall levy, assess or charge any tax (excepting therefrom any franchise tax or income tax on the Bank's receipt of interest payments on the principal portion of the Secured Obligations), assessment or imposition upon this Mortgage, the Secured Obligations, the Letter of Credit Agreement or any of the other Credit Documents, the interest of the Bank in the Collateral, or any of the foregoing, or upon Bank by reason of or as holder of any of the foregoing, or shall at any time or times require revenue stamps to be affixed to the Letter of Credit Agreement, this Mortgage, or any of the other Credit Documents, Borrower shall pay all such taxes and stamps to or for Bank as they become due and payable. If any law or regulation is enacted or adopted permitting, authorizing or requiring any tax, assessment or imposition to be levied, assessed or charged, which law or regulation prohibits Borrower from paying the tax, assessment, stamp, or imposition to or for Bank, then Bank shall have the right, in its sole and exclusive discretion, upon notice to Borrower, to declare all Secured Obligations to be immediately due and payable and all sums hereby secured shall become immediately due and payable.

1.7 Insurance and Eminent Domain.

(a) Required Insurance. Borrower will at all times maintain or cause to be maintained on the Goods, the Premises and on all other tangible Collateral, all insurance required at any time or from time to time by the other Credit Documents or as reasonably requested by Bank and in any event the following:

(i) Casualty Insurance: insurance covering the Premises and the Goods in the event of fire, lightning, windstorm, vandalism, malicious mischief and all other risks normally covered by "all risk" or "all perils" endorsements to such policies and such other risks as Bank shall reasonably require in amounts (but in no event less than the original principal amount of the Loan) equal to 100% of the replacement value of the Improvements, fixtures and equipment from time to time on the Real Estate, without

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depreciations plus the cost of debris removal, with full replacement cost, "agreed amount" and inflation guard endorsements;

(ii) Comprehensive General Public Liability Insurance:

comprehensive general public liability insurance (including coverage for elevators and escalators, if any,) contractual liability, explosion, underground property, and broad form property damage endorsement, against claims for bodily injury, death or property damage occurring or caused by events occurring on, in or about the Premises and adjoining streets and sidewalks, in such minimum combined single limit amount as Bank shall from time to time determine, in its reasonable discretion;

(iii) Workers' Compensation Insurance: Worker's Compensation and employer's liability insurance covering its employees in such amount as is required by law;

(iv) Builder's Risk Insurance: during the course of any construction or repair of the Premises, a Builder's Risk Completed Value Policy of insurance against "all risks", including collapse and transit coverage, during construction of such improvements, covering the total value of work performed and equipment, supplies and materials furnished and, to the extent not covered by other insurance as to which Bank is a named insured during such work;

(v) Contents Insurance: Fire and Extended Coverage Insurance (contents broad form) and Sprinkler Leakage Insurance on Borrower's personal property located on the Premises, and on all improvements or betterment constructed by Borrower, in amounts sufficient to fully insure such personal property;

(vi) Flood Insurance: insurance against flood (if required by the Federal Flood Disaster Protection Act of 1973 and regulations issued thereunder or any other law applicable to the Bank);

(vii) Plate Glass: plate glass (which may be self-insured by Borrower upon the prior written consent of Bank), sprinkler, garage and machinery explosion and pressurized vessel insurance.

(b) Terms of Policies. All insurance shall be in such amounts satisfactory to the Bank, and all to be maintained in such form and with such companies as shall be approved by the Bank. Borrower shall deliver to and keep deposited with the Bank original certificates or certified copies of all policies of such insurance and renewals thereof, with premiums prepaid, and with (i) standard non-contributory mortgagee and loss payable clauses satisfactory to the Bank entitling Bank to collect any and all proceeds payable under such insurance, (ii) clauses providing for not less than thirty (30) days' prior

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written notice to the Bank of cancellation or material modification of such policies, attached thereto in favor of the Bank and (iii) standard waiver of subrogation endorsements. Bank shall be an additional named insured and loss-payee on all policies of insurance delivered by Borrower pursuant to this Mortgage. All of the above-mentioned original insurance policies or certified copies of such policies and certificates of such insurance satisfactory to Bank, together with receipts for the payment of premiums thereon, shall be delivered to and held by Bank, which delivery shall constitute assignment to Bank of all return premiums to be held as additional security hereunder. All renewal and replacement policies shall be delivered to Bank at least thirty (30) days before the expiration of the expiring policies.

(c) ●● Failure to Obtain Insurance. If Borrower shall fail to obtain or to maintain any of the policies required by this Mortgage or any other Credit Document or to pay any premium relating thereto or to renew any such policies and to deliver evidence of such renewal to Bank no later than thirty (30) days prior to the expiration of the existing policy, then Bank, without waiving or releasing any obligation or default by Borrower hereunder and whether or not such failure is an Event of Default hereunder, without notice to Borrower, may (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which Bank deems advisable. All sums so disbursed by Bank pursuant to this Section, including costs relating thereto, shall be payable by Borrower to Bank within five (5) days after demand therefor plus interest thereon at the Default Rate, and shall be additional Secured Obligations.

(d) Blanket Policies. Any insurance provided for in this Section may be effected by a policy or policies of blanket insurance, provided however, the amount of the total insurance allocated to the Premises shall be such as to furnish protection the equivalent of separate policies in the amounts herein required, and provided further that in all other respects, any such policy or policies shall comply with the other provisions of this Mortgage, except that no such policy shall be submitted to Bank less than thirty (30) days prior to expiration of an existing policy. In any such case, it shall not be necessary to deliver the original of any such blanket policy to the Bank, but the Bank shall be furnished with a certificate or duplicate of such policy reasonably acceptable to Bank. Each policy of insurance provided for in this Section shall contain the standard form of waiver of subrogation.

(e) Separate Insurance. Borrower shall not carry any separate insurance on the Improvements or other Collateral concurrent in kind or form with any insurance required hereunder or contributing in the event of loss thereunder, unless such policy contains a standard non-contributing mortgagee clause entitling Bank to collect any and all proceeds thereunder as well as a standard waiver of subrogation endorsement.

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(f) Notice of Loss: Repair of Damage. If the Premises shall be destroyed or damaged in whole or in part, by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen in an amount to repair of \$25,000 or more, Borrower shall give to Bank and the insurance companies that have insured against such risks immediate notice of such loss. Subject to the provisions of Section 1.9, Borrower, at its own cost and expense, whether or not such damage or destruction shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient for the purpose, shall promptly repair, alter, restore, replace and rebuild the same, at least to the extent of the value and as nearly as possible to the character of the Premises existing immediately prior to such occurrence. Bank shall in no event be called upon to repair, alter, replace, restore or rebuild such Premises, or any portion thereof, nor to pay any of the costs or expenses thereof.

(g) Settlement of Loss. Provided no Event of Default or Unmatured Default has occurred and is continuing, Borrower shall have the right to settle and adjust any claim under such insurance policies which insure against such risk.. Upon the occurrence of an Event of Default or Unmatured Default and during the continuation thereof, Bank (or after entry of a decree of foreclosure, purchaser at the sale, or the decree creditor, as applicable) is authorized to either (i) settle and adjust any claim under such insurance policies which insure against such risk and Bank shall act in its sole and absolute discretion without notice to or consent of Borrower, or (ii) allow Borrower to settle, adjust or compromise any claims for loss with the insurance companies on the amounts to be paid with respect to such loss. Any expenses incurred by Bank in the adjustment, collection or determination of the application of insurance proceeds shall be additional Secured Obligations payable on demand or deducted from insurance proceeds. Nothing contained in this Mortgage shall create any responsibility or obligation on Bank to collect any amount owing on any insurance policy. All insurance proceeds shall be deposited with Bank to be disbursed in accordance with Section 1.9.

1.8 Condemnation and Eminent Domain. Any and all awards compensation or payment heretofore or hereafter made or to be made to the present or any subsequent owner of the Premises by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Premises, (including any award from the United States governmental at any time after the allowance of a claim therefor, the ascertainment of the amount thereto, and the issuance of a warrant for payment thereof) (collectively "Awards"), are hereby assigned (to secure payment of the Secured Obligations) by Borrower to Bank. Provided no Event of Default or Unmatured Default has occurred and is continuing, Borrower shall have the right to negotiate and settle any Awards. All Awards shall be deposited with Bank to be disbursed in accordance with Section 1.9. Upon the occurrence of an Event of Default or an Unmatured Default and during the continuation thereof, Bank is hereby authorized to negotiate, collect and receive from the condemnation authorities, all Awards and to give appropriate receipts and acquittances therefor. Borrower shall give Bank immediate

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notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Premises (including severance of, consequential damage to or change in grade of streets), and shall deliver to Bank copies of any and all papers served in connection with any such proceedings. Borrower further agrees to make, execute and deliver to Bank, free and clear of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Bank for the purpose of validly and sufficiently assigning all awards and other compensation heretofore, now and hereafter made to Borrower for any taking, either permanent or temporary, under any such proceeding. Notwithstanding the foregoing, any expenses, including, without limitation, attorneys' fees and expenses, incurred by Bank in intervening in such action or compromising and settling such action or claim, or collecting such proceeds, shall be reimbursed to Bank first out of the Awards.

1.9 Application of Insurance Proceeds and Awards.

(a) In all events, Bank is authorized to collect and receipt for any such insurance proceeds or Awards. If an Event of Default or Unmatured Default has occurred and is continuing, insurance proceeds or Awards may, at the option of Bank, be: (i) applied in reduction of the Secured Obligations, whether due or not; or (ii) held by the Bank and applied to pay for the cost of repair, rebuilding or restoration of the buildings and other improvements on the Premises. Provided that no Event of Default or Unmatured Default exists and is continuing at any time while Restoration (defined below) is occurring Bank agrees to pay over (or cause to be paid over) to Borrower, provided Borrower complies with the following terms and conditions, any monies which may be received by Bank from insurance provided by Borrower or Award payable with respect to such eminent domain proceeding; but in no event to any extent or in any sum exceeding the amount actually collected by Bank upon the loss. Bank, before paying such monies over to Borrower, shall be entitled to reimburse itself therefrom for the necessary and proper expenses paid or incurred by Bank in collection of such monies. The amount of insurance proceeds or Award collected by Bank, less the amount reasonably expended by Bank to collect such insurance proceeds or Award shall be referred to herein as the "Net Proceeds." Bank shall pay to Borrower, as hereinafter provided, the Net Proceeds for the purpose of repairs or restoration to be made by the Borrower to restore the Premises to a value which shall not be less than its value prior to such fire or other casualty or taking by eminent domain proceedings (the "Restoration"), under the terms and conditions set forth in Section 1.9.

(b) Restoration of Damage in an Amount Less than \$500,000. For purposes of determining the projected cost of Restoration, Borrower shall retain, within thirty (30) days of the casualty, an independent insurance adjuster, acceptable to Bank in its reasonable discretion, which insurance adjuster shall project the cost of Restoration, and such projection shall determine the applicability of either Section 1.9(a) or 1.9(b). In the event of any loss, damage or destruction to the Premises or a taking by eminent

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domain, if the projected cost of Restoration is less than \$500,000, in the aggregate, Borrower shall furnish to Bank an estimate of the cost to complete the Restoration, prepared by a licensed architect or general contractor, reasonably acceptable to Bank, and such Net Proceeds shall be paid to Borrower upon completion of Restoration. As used herein, the term "cost of Restoration" shall mean all costs, expenses, charges incurred in connection with the demolition and Restoration of the Premises, including but not limited to all payments to be made to contractors and materialmen, architects, and those costs set forth in Section 1.9(e).

(c) Restoration of Damage in an Amount Greater Than or Equal to \$500,000. In the event of any loss, damage or destruction to the Premises, if the projected cost of Restoration determined in accordance with the provisions hereof, is equal to or greater than \$500,000, in the aggregate, Borrower agrees to furnish the following to Bank not more than sixty (60) days after the casualty or condemnation and not less than ten (10) business days before the commencement of any work of demolition upon the Premises or before the commencement of any work necessary to restore the Premises, except for work which must be performed to keep the Premises safe from vandals, watertight, from becoming a nuisance or to prevent additional damage from the weather or elements, which work Borrower shall immediately perform and the cost of which shall be reimbursed to Borrower from the Net Proceeds:

(i) Complete plans and specifications for demolition and Restoration of the Premises, prepared by an architect (the "Architect") whose qualifications shall meet with the reasonable satisfaction of Bank and which plans and specifications shall meet with reasonable approval of Bank, which plans and specifications shall be and become the sole and absolute property of Bank upon the occurrence of an Event of Default under the terms hereof.

(ii) Borrower shall provide a certificate that, (x) upon completion of Borrower, the Premises will comply with all applicable laws, including all Environmental Laws and zoning laws, and (y) a good faith estimate that completion of Restoration, pursuant to AIA construction contract described in subsection (iii) hereof, shall occur within one (1) year of the date of casualty or condemnation.

(iii) An AIA construction contract in assignable form made with a reputable and responsible builder, providing for the erection, completion and terms of payment for all work, labor and material necessary to Restore the Premises in accordance with the approved plans and specifications.

(iv) In the event the estimated cost of demolition and Restoration of the Premises, plus those incidental costs incurred in connection therewith

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described below are in excess of the Net Proceeds, Borrower shall deliver to Bank cash in the amount of such excess which cash shall be the first funds disbursed hereunder .

(v) Borrower shall procure, at its sole cost and expense, all necessary permits and approvals from all governmental authorities having jurisdiction over the Premises or the Restoration and shall, on demand, deliver photocopies thereof to Bank.

(d) Conditions Precedent to Payment of Net Proceeds for Casualties in Excess of \$500,000. In the event the cost of Restoration is equal to or greater than \$500,000, Net Proceeds shall be paid to Borrower under the following terms and conditions:

(i) Net Proceeds shall be paid to Borrower in installments as such Restoration progresses upon application to be submitted by Borrower to Bank showing the cost of labor and materials incorporated into such Restorations or incorporated therein since the last previous application for disbursement.

(ii) If any mechanic's lien is filed against the Premises, Borrower shall not be entitled to receive any further installment payments of Net Proceeds until such lien is satisfied or otherwise discharged unless such lien is to be satisfied out of such further installment and should not have been satisfied out of a previous installment of Net Proceeds.

(iii) The amount of Net Proceeds to be paid to Borrower upon application shall be an amount equal to the cost of labor and materials theretofore incorporated by Borrower in such Restoration, or incorporated therein since the payment of the last previous installment of Net Proceeds, less ten percent (10%) of the installment to be paid. Said ten percent (10%) retainage shall be held by Bank until all Restoration has been completed, at which time such retainage shall be disbursed to Borrower to pay for the cost of Restoration.

(iv) Upon completion of and payment for such Restoration, the balance of any and all Net Proceeds held by Bank shall be paid over to the Borrower.

(v) Concurrently with each request for disbursement of Net Proceeds, Borrower shall cause to be delivered to Bank a certificate of the Architect stating that the sum then requested to be paid either has been paid

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by Borrower or is justly due to contractors, subcontractors, materialmen, engineers, Architects or other persons (whose names and addresses shall be stated), and giving a brief description of such services and materials and the principal subdivisions thereof and the several amounts so paid or due each of said persons in respect thereof, and stating that the progress of the work up to the date of said certificate; that no part of such expenditures has been or is being made the basis, in any previous or then pending request, for the withdrawal of Net Proceeds, and that the sum then requested does not exceed the value of the services and material described in said certificate.

(vi) Concurrently with each request for disbursement of Net Proceeds, Borrower shall cause to be delivered to Bank a sworn contractor's statement, setting forth the names and addresses of each subcontractor he has contracted with, the amounts then due and owing to the contractor and each subcontractor, and such other information as Bank or the title insurer may reasonably require, together with mechanic's lien waivers relating to the work theretofore performed and paid for.

(vii) There shall be furnished to Bank an official search, or a certificate of a title company satisfactory to Bank, or other evidence showing that there has not been filed any vendor's or mechanic's lien affecting the Premises which has not been discharged of record, except as such will be discharged upon payment of the amount then requested to be withdrawn.

(viii) At Bank's election, the Net Proceeds shall be disbursed through a construction escrow with Chicago Title Insurance Company, or such other title insurer as Bank shall reasonably approve, which escrow shall provide that said title insurer shall issue its endorsement to the then existing Lender's Title Insurance Policy, insuring the priority of this Mortgage as a first mortgage lien upon the Premises concurrently with each disbursement of Net Proceeds.

(ix) At Bank's election, Net Proceeds shall be disbursed directly to the architect, contractor, subcontractor or materialmen, as applicable.

(x) Disbursements of Net Proceeds shall not be made more frequently than every thirty (30) days.

(xi) At Bank's election, Bank shall have the right to have an independent architect inspect the progress of the Restoration, making the certification required pursuant to subsection (v) above.

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(e) Borrower shall pay all incidental costs and expenses incurred in connection with the Restoration, including without limitation insurance settlement costs, title insurance premiums, reasonable attorneys' fees, Architect's fees, the inspecting architect's fees, permit fees, bond premiums and escrow fees.

(f) Upon the occurrence of any Event of Default after the occurrence of any casualty with respect to which Net Proceeds are to be disbursed pursuant to the terms hereof, Bank shall not be obligated to disburse any further installments of Net Proceeds unless or until such Event of Default is waived by Bank.

(g) In the event the Net Proceeds payable as a result of a casualty or eminent domain proceeding is in an amount in excess of the then unpaid principal balance plus accrued but unpaid interest under the Bonds, at Borrower's election the Net Proceeds shall be used to redeem the Bonds and the balance thereof, if any, shall be paid to Borrower. Borrower shall make said election within ninety (90) days after receipt of notice of the occurrence of the casualty or eminent domain proceeding.

(h) If Net Proceeds are payable less than one year before the Final Payment Date (as defined in the Indenture), Bank may elect either to disburse the Net Proceeds in accordance with the preceding subsections of this Section or to use the Net Proceeds to redeem Bonds as contemplated in the Indenture.

1.10 Governmental Requirements.

(a) Compliance with Laws.

(i) Borrower will at all times fully comply with, and cause the Collateral and the use and condition thereof fully to comply with, all federal, state, county, municipal, local and other governmental statutes, ordinances, requirements, regulations, rules, orders, licensing provisions and decrees of any kind whatsoever that apply or relate to Borrower or the Collateral or the use thereof (including but not limited to any zoning or building laws or ordinances, any noise abatement, occupancy, or environmental protection laws or regulations, any rules or regulations of the Federal Aviation Administration, or any rules, regulations or orders of any governmental agency), and will observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits, privileges, easements, rights-of-way, covenants, restrictions, grants, franchises and concessions (including, without limitation, those relating to land use and development, landmark preservation, construction, access, water rights and use, noise and pollution) which are applicable to Borrower or have been granted (whether or not of record) for the Collateral or the use thereof. Unless required by applicable law or unless Bank has otherwise first agreed in writing, Borrower shall not make or allow any changes to be made in the nature of the occupancy or use of the Premises or any portion thereof for

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which the Premises or such portion was intended at the time this Mortgage was delivered. Borrower shall not initiate or acquiesce in any change in any zoning or other land use classification now or hereafter in effect and affecting the Premises or any part thereof without in each case obtaining Bank's prior written consent thereto.

(ii) At all times the environmental and ecological condition of the Premises shall not be in violation of any law, ordinance, rule or regulation applicable thereto; the soil, surface, water and ground water of or on the Premises shall be free from any solid waste, toxic, hazardous or special substances or contaminants; and the Premises shall not be used for the manufacture, refinement, treatment, storage, hauling or disposal of any such material. No "Hazardous Materials" (as hereinafter defined) shall be discharged, dispersed, released, treated, or allowed to escape on the Premises and no Hazardous Materials shall be generated, stored or disposed of on the Premises, except in strict compliance with all laws, rules and regulations applicable thereto; no asbestos or asbestos-containing materials shall be installed, used, incorporated into or disposed of on the Premises; no polychlorinated biphenyls ("PCBs") will be located on, in, or used in connection with the Premises; no underground storage tanks shall be located on the Premises (after remediation of any existing tank); and the Premises shall be in compliance with all applicable federal, state and local statutes, laws, regulations, ordinances, orders, or codes relating to environmental matters.

(iii) "Hazardous Materials" means asbestos, PCBs, and any hazardous, toxic or special substance, material or waste that is regulated by any governmental authority, including the State of Illinois or the United States government and includes, without limitation, any material, substance or waste that is (i) designated as such pursuant to Section 307 of the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq. (33 U.S.C. §1317); (ii) defined as such pursuant to §1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901 et. seq. (42 U.S.C. §6903); (iii) defined as such pursuant to §101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et. seq. (42 U.S.C. §9601); or (iv) designated or defined under any applicable federal or state statute or county or municipal law, regulation, ordinance, order or code, in each case as amended.

(b) Contest of Laws. Borrower shall have the right, after prior notice to Bank and so long as there exists no material threat to the priority of the lien of the Mortgage, the Credit Documents or the value of the Collateral, to contest by appropriate legal proceedings conducted in the name of Borrower, the validity or application of any ordinances, requirements, regulations, rules, orders and decrees of the nature referred to in subsection 1.9.1. above. Borrower shall indemnify and hold Bank harmless from any cost, expense, liability or damage, including reasonable attorney's fees, relating to such contest.

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1.11 Mechanics' Liens.

(a) Prohibitions Against Liens. Subject to Borrower's rights set forth in Section 1.11(b) Borrower will not permit any mechanics' or other construction lien under the laws of Illinois to be recorded against or attach to the Premises or any part thereof. In addition, it is further expressly made a covenant and condition hereof that the lien of this Mortgage shall extend to any and all improvements and fixtures now or hereafter on the Premises, prior to any other lien thereon that may be claimed by any person, so that subsequently accruing claims for lien on the Premises shall be junior and subordinate to this Mortgage. **ALL CONTRACTORS, SUBCONTRACTORS, AND OTHER PARTIES DEALING WITH THE PREMISES, OR WITH ANY PARTIES INTERESTED THEREIN, ARE HEREBY REQUIRED TO TAKE NOTICE OF THE ABOVE PROVISIONS.**

(b) Discharge and Contest of Mechanic's Liens. If any mechanic's, laborer's or materialmen's lien shall at any time be filed against the Premises or any part thereof, Borrower, within 30 days after notice of the filing thereof, shall cause the same to be discharged of record or otherwise stayed by payment, deposit, order of a court of competent jurisdiction ("**Discharged**") or (ii) in the event Borrower elects to contest such lien in good faith and due diligence, Borrower shall have such lien bonded or insured over ("**Bonded**") by a title insurance company acceptable to Bank (the "**Title Company**"), in form and substance acceptable to Bank. If Borrower shall fail to cause such lien to be Discharged or Bonded in accordance with the terms hereof within such period then, in addition to any other right or remedy, Bank may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event Bank shall be entitled, if Bank so elects, to compel the prosecution of an action for the foreclosure of such lien by the lien or and to pay the amount of the judgment in favor of the lien or, with interest, costs and allowances. In any event, if any suit, action or proceedings shall be brought to foreclose or enforce any such lien (whether or not the prosecution thereof was so compelled by Bank), Borrower shall, at its own sole cost and expense, promptly pay, satisfy and discharge any final judgment entered therein, in default of which Bank, at its option, may three (3) days after notice thereof, do so. Any and all amounts so paid by Bank as in this Section provided, and all costs and expenses paid or incurred by Bank in connection with any or all of the foregoing matters, including, without limitation, reasonable attorneys' fees and disbursements shall become due and payable within five (5) days after notice thereof, such amounts, charges, costs, expenses, fees and sums, together with interest thereon at the Default Rate.

(c) Continuing Priority. Subject to Borrower's right to contest set forth in Sections 1.10 and 1.11 hereof, Borrower will: pay such fees, Impositions and charges, execute and file (at Borrower's expense) such financing statements, obtain such acknowledgments or consents, notify such obligors or providers of services and materials

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and do all such other acts and things as Bank may from time to time request to establish and maintain a valid and perfected first and prior lien on and security interest in the Collateral and to provide for payment to Bank directly of all cash proceeds thereof, with Bank in possession of the Collateral to the extent Bank deems possession reasonably necessary to maintain its security interest in the Collateral; keep all of its books and records relating to the Collateral on the Premises or at the principal office of Borrower; keep all tangible Collateral on the Premises, except as Bank may otherwise consent in writing; make notations on its books and records sufficient to enable Bank, as well as third parties, to determine the interest of the Bank hereunder; and not collect any rents or the proceeds of any of the Leases or Intangibles more than thirty (30) days before the same shall be due and payable (except as the Bank may otherwise consent in writing), except for deposits by tenants of the Premises to secure such tenant's performance of its obligations under its Lease.

1.12 Utilities. Borrower will pay all utility charges incurred in connection with the Premises promptly when due and maintain all utility services available for use at the Premises.

1.13 Contract Maintenance; Other Agreements. Borrower will, for the benefit of Bank, fully and promptly keep, observe, perform and satisfy each obligation, condition, covenant, and restriction affecting the Premises or imposed on it under any agreement between Borrower and a third party relating to the Collateral or the Secured Obligations so that there will be no default thereunder and so that the persons (other than Borrower) obligated thereon shall be and remain at all times obligated to perform for the benefit of the Bank. Except as expressly contemplated in the Credit Documents, Borrower will not permit to exist any condition, event or fact which could allow or serve as a basis or justification for any such person to avoid such performance.

1.14 Notify Bank of Default. Borrower shall notify Bank in writing within five (5) days after the date on which it becomes aware of or receives notice of the occurrence of any Event of Default or other event which, upon the giving of notice or the passage of time or both, would constitute an Event of Default hereunder or under any of the other Credit Documents (an "Unmatured Default").

1.15 No Assignments; Future Leases. Borrower will not cause or permit (by operation of law or otherwise) any Rents, Leases, or other contracts relating to the Premises to be assigned to any party other than Bank without first obtaining the express written consent of Bank to any such assignment or permit any such assignment to occur by operation of law. In addition, Borrower shall not cause or permit all or any portion of or interest in the Premises or the Improvements to be leased (that word having the same meaning for purposes hereof as it does in the law of landlord and tenant) directly or indirectly to any person, except in accordance with Section 1.4 hereof.

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1.16 Borrower To Comply With Leases. Borrower will, at its own cost and expense:

(a) Faithfully abide by, perform and discharge each and every obligation, covenant and agreement under any Leases to be performed by the landlord thereunder;

(b) Enforce or secure the performance of each and every material obligation, covenant, condition and agreement of Leases by the tenants thereunder to be performed;

(c) Not borrow against, pledge or further assign any rentals due under the Leases;

(d) Not permit the prepayment of any rents due under any Lease for more than thirty (30) days in advance nor for more than the next accruing installment of rents, nor anticipate, discount (other than front-end incentives such as rent abatement), compromise, forgive or waive any such rents;

(e) Not waive, excuse, condone or in any manner release or discharge any tenants of or from the obligations, covenants, conditions and agreements by said tenants to be performed under the Leases without the express prior written consent of Bank;

(f) Not permit any tenant to assign or sublet its interest in its Lease unless expressly required to do so by the terms of the Lease and then only if such assignment does not work to relieve the tenant of any liability for payment or performance of its obligations under the Lease and only if the new tenant is of the same or better creditworthiness as the prior tenant and the terms of the new Lease provide for the same or better use of the leased space;

(g) Not terminate any Lease or accept a surrender thereof or a discharge of the tenant unless required to do so by the terms of its Lease or unless Borrower and tenant or another equally financially responsible tenant shall have executed a new Lease effective upon such termination for the same term of years at a rental not less than as provided in the terminated lease and on terms no less favorable to the landlord than as in the terminated Lease;

(h) Not consent to a subordination of the interest of any tenant to any party other than Bank and then only if specifically consented to by the Bank; and

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(i) Not amend or modify any Lease in any material respect or alter the material financial obligations of the parties thereunder.

1.17 Bank's Right to Perform Under Leases. Should Borrower fail to perform, comply with or discharge any obligations of Borrower under any Lease or should the Bank become aware of or be notified by any tenant under any Lease of a failure on the part of Borrower to so perform, comply with or discharge its obligations under said Lease, Bank may, but shall not be obligated to, and without further demand upon Borrower, and without waiving or releasing Borrower from any obligation in this Mortgage contained, remedy such failure, and Borrower agrees to repay upon demand all sums incurred by the Bank in remedying any such failure together with interest at the Default Rate. All such sums, together with interest at the Default Rate shall become so much additional Secured Obligations, but no such advance shall be deemed to relieve Borrower from any default hereunder.

1.18 Assignment of Rents, Leases and Profits.

(a) Borrower does hereby sell, assign, and transfer unto Bank all of the Rents, Leases and profits from the Premises, it being the intention of this Mortgage to establish an absolute transfer and assignment of all such Rents, Leases and profits from and on the Premises unto the Bank and Borrower does hereby appoint irrevocably Bank its true and lawful attorney, in its name and stead, which appointment is coupled with an interest, to collect all of said Rents and profits; provided that Bank grants Borrower the privilege to collect and retain such rents, income, and profits unless and until an Event of Default exists under this Mortgage.

(b) Upon the occurrence of an Event of Default, and whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale of the Premises or during any period of redemption, Bank, without regard to waste, adequacy of the security or solvency of Borrower, may revoke the privilege granted Borrower hereunder to collect the rents, issues and profits of the Premises, and may, at its option, without notice:

(i) in person or by agent, with or without taking possession of or entering the Premises, with or without bringing any action or proceeding, give, or require Borrower to give, notice to any or all tenants under any Lease authorizing and directing the tenant to pay such rents and profits to Bank; collect all of the rents, issues and profits; enforce the payment thereof and exercise all of the rights of the landlord under any Lease and all of the rights of Bank hereunder; enter upon, take possession of, manage and operate said Premises, or any part thereof; cancel, enforce or modify any Lease, and fix or modify rents, and do any acts which the Bank deems proper to protect the security hereof with or without taking possession of said Premises; and

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(ii) apply for the appointment of a receiver in accordance with the statutes and law made and provided for, which receivership Borrower hereby consents to, which receiver shall collect the rents, profits and all other income of any kind, manage the Premises so as to prevent waste, execute leases within or beyond the period of receivership, and apply the rents, profits and income in the following order:

(iii) to payment of all reasonable fees of any receiver appointed hereunder,

(iv) to application of tenant's security deposits;

(v) to payment when due of prior or current Impositions with respect to the Premises or, if this Mortgage so requires, to the periodic escrow for payment of the Impositions when due;

(vi) to payment when due of premiums for insurance of the type required by this Mortgage or as deemed reasonably necessary by Bank, or, if this Mortgage so requires, to the periodic escrow for the payment of premiums then due;

(vii) to payment of all expenses for maintenance, repair and restoration of the Premises;

(viii) if received prior to a foreclosure sale, such amounts shall be paid to the Bank and applied by Bank to the Secured Obligations in accordance with the terms of the Letter of Credit Agreement; provided that, if the Premises shall be foreclosed and sold pursuant to a foreclosure sale, then during the period of redemption from such foreclosure sale:

(ix) if the Bank is the purchaser at the foreclosure sale, the rents shall be paid to the Bank to be applied to the extent of any deficiency remaining after the sale, the balance to be retained by the Bank, and if the Premises be redeemed by Borrower or any other party entitled to redeem (such right to redeem Borrower hereby acknowledging that it has waived in accordance with the terms hereof); to be applied as a credit against the redemption price provided that, if the Premises not be redeemed, any remaining excess rents are to be paid to the Bank whether or not a deficiency exists;

(x) If the Bank is not the purchaser at the foreclosure sale, the rents shall be paid to the Bank to be applied to the Secured Obligation to the extent of any deficiency remaining after the sale, and the balance, if any, shall be paid to the purchasers to be applied as a credit against the redemption price, provided that, if the Premises not be redeemed, any remaining excess rents shall be paid to the purchasers.

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(c) The entering upon and taking possession of the Premises, the collection of such rents and profits and the application thereof as aforesaid shall not cure or waive any defaults under this Mortgage nor in any way operate to prevent the Bank from pursuing any other remedy which it may now or hereafter have under the terms of this Mortgage nor shall it in any way be deemed to constitute the Bank a mortgagee-in-possession. The rights and powers of the Bank hereunder shall remain in full force and effect both prior to and after any foreclosure of the Mortgage and any sale pursuant thereto and until expiration of the period of redemption from said sale (such right to redeem Borrower hereby acknowledging that it has waived in accordance with the terms hereof), regardless of whether a deficiency remains from said sale. The purchaser at any foreclosure sale, including the Bank, shall have the right, at any time and without limitation, to advance money to any receiver appointed hereunder to pay any part or all of the items which the receiver would otherwise be authorized to pay if cash were available from the Premises and the sum so advanced, with interest at the Default Rate, shall be a part of the sum required to be paid to redeem from any foreclosure sale.

(d) The rights hereunder shall in no way be dependent upon and shall apply without regard to whether the Premises are in danger of being lost, materially injured or damaged or whether the Premises are adequate to discharge the Secured Obligations. The rights contained herein are in addition to and shall be cumulative with the rights given in any separate instrument, if any, assigning any leases, rents and profits of the Premises and shall not amend or modify the rights in any such separate agreement.

1.19 Bank's Performance. If Borrower fails to pay or perform any of its obligations herein contained (including payment of expenses of foreclosure and court costs) and all applicable grace or cure periods have expired, Bank may (but need not), as agent or attorney-in-fact of Borrower, make any payment or perform (or cause to be performed) any obligation of Borrower hereunder, in any form and manner deemed expedient by Bank, and any amount so paid or expended (plus reasonable compensation to Bank for its out-of-pocket and other expenses for each matter for which it acts under this Mortgage), with interest thereon at the Default Rate, shall be added to the principal debt hereby secured and shall be repaid to Bank within five (5) days after notice thereof. By way of illustration only, and not in limitation of the foregoing, Bank may (but shall have no obligation to) do all or any of the following: make payments of principal or interest or other amounts on any lien, encumbrance or charge on any of the Collateral; make repairs; collect rents; prosecute collection of the Collateral or proceeds thereof; purchase, discharge, compromise or settle any tax lien or any other lien, encumbrance, suit, proceeding, title or claim thereof; contest any tax or assessment; and redeem from any tax sale or forfeiture affecting the Premises. In making any payment or securing any performance relating to any obligation of Borrower hereunder, Bank shall (as long as it acts in good faith) be the sole judge of the legality, validity and amount of any lien or encumbrance and of all other

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matters necessary to be determined in satisfaction thereof. No such action of Bank shall ever be considered as a waiver of any right accruing to it on account of the occurrence of any matter which constitutes an Event of Default.

1.20 Subrogation. To the extent that Bank, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or Borrower or any other person pays any such sum with the proceeds of the loan secured hereby, Bank shall have and be entitled to a lien or other interest on the Collateral equal in priority to the lien or other interest discharged and Bank shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Bank in securing the Secured Obligations.

2. DEFAULT. Each of the following shall constitute an event of default ("Event of Default") hereunder :

2.1 Payment. Failure to make any payment of principal, interest, fees or any other amount due under the Letter of Credit Agreement, this Mortgage or any other Credit Document within five (5) days of the due date thereof; or failure to pay any of the other Secured Obligations, within five (5) days of the due date thereof, whether at maturity or by acceleration or otherwise.

2.2 Performance. Except as specifically set forth in any other provision of this Section 2., (a) default in the timely and proper performance of any of the covenants or agreements of Borrower contained herein, and the continuation of such failure for thirty (30) days after written notice thereof is given to Borrower by Bank; (b) default in the performance of any of the covenants or agreements of Borrower contained in the Letter Credit Agreement or the other Credit Documents, provided that to the extent (if any) that such other document or instrument provides a grace or cure period with respect to such default, the same grace or cure period, and only such period, shall apply with respect thereto under this Mortgage; or (c) default in the performance of any covenant or agreement set forth in Sections 1.4., 1.7 or 1.10 herein.

2.3 Tax on Bank. The imposition of a tax, other than a state or federal income tax, on or payable by Bank by reason of its ownership of the Letter of Credit Agreement, or this Mortgage, and Borrower not promptly paying said tax, or it being illegal for Borrower to pay said tax.

2.4 Representations and Warranties. Any representation, warranty, or disclosure made to Bank by Borrower in connection with or as an inducement to the making of the loan evidenced by the Letter of Credit, this Mortgage or any of the other Credit Documents, proving to be false or misleading in any material respect as of the time the

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same was made, whether or not any such representation or disclosure appears as part of this Mortgage.

2.5 Material Destruction of Premises. The Premises or any material part thereof is damaged or destroyed by fire or other casualty and the loss is not adequately covered by insurance actually collected or in the process of collection, and Borrower fails to deposit or to cause to be deposited with the Bank the full amount of the deficiency in cash within ten (10) days of the Bank's written request therefor.

2.6 Mechanics Liens. Any lien or notice of lien of any kind whatsoever (whether for the performance of work or services or the supplying of materials or other things, or in the nature of a judgment lien or lien for Impositions, or otherwise) is filed or served against the Premises or any part thereof or is received by the Bank, and remains unsatisfied or unbonded to the Bank's satisfaction for a period of thirty (30) days after Borrower receives notice thereof, provided that Borrower shall have the right to contest such lien in accordance with the terms of Section 1.10. of this Mortgage.

3. REMEDIES

3.1 Acceleration. Upon the occurrence of any Event of Default, the entire indebtedness evidenced by Letter of Credit Agreement and all other Secured Obligations, together with interest thereon at the Default Rate shall, at the option of Bank, be immediately due and payable, without presentment, demand, protest or notice of any kind to Borrower or to any other person and notwithstanding any other provision thereof.

3.2 Possession of Premises; Remedies under Credit Documents. To the extent permitted by law, Borrower hereby waives all right to the possession, income, and Rents of the Premises from and after the occurrence of any Event of Default. Bank is hereby expressly authorized and empowered, at and following the occurrence of any Event of Default, to enter into and upon and take possession of the Premises or any part thereof, to complete any construction or repairs in progress thereon at the expense of Borrower, to lease the same, to collect and receive all Rents and to apply the same, less the necessary or appropriate expenses of collection thereof, either for the care, operation and preservation of the Premises or, at the election of Bank in its sole discretion, to a reduction of the Secured Obligations in such order as Bank may, in its sole discretion elect. Bank, in addition to the rights provided under the Letter of Credit Agreement and any of the other Credit Documents, is also hereby granted full and complete authority to enter upon the Premises, employ watchmen to protect the Goods and Improvements from depredation or injury and to preserve and protect the Collateral, and to continue any and all outstanding contracts for the erection, completion or repair of improvements to the Premises, to make and enter into any contracts and obligations wherever necessary in its own name, and to

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pay and discharge all debts, obligations and liabilities incurred thereby, all at the expense of Borrower. All such expenditures by Bank shall be Secured Obligations hereunder. Upon the occurrence of any Event of Default, Bank may also exercise any or all rights or remedies under the Letter of Credit Agreement and any of the other Credit Documents.

3.3 Foreclosure; Receiver.

(a) Upon the occurrence of any Event of Default, Bank shall have the right immediately or at any time thereafter to foreclose the lien of this Mortgage.

(b) Upon the filing of any complaint for that purpose, the court in which such complaint is filed may, upon application of Bank, in Bank's sole and absolute discretion, appoint a receiver of the Premises pursuant to the Illinois Mortgage Foreclosure Law, as amended (Illinois Code Ann. 735 ILCS 5/15-1001, *et. seq.*) (the "Mortgage Foreclosure Act"). Such appointment may be made either before or after sale, without choice; without regard to the solvency or insolvency, at the time of application for each receiver, of the person or persons, if any, liable for the payment of the indebtedness secured hereby; without regard to the value of the Premises at such time and whether or not the same is then occupied as a homestead; without bond being required of the applicant; and Bank hereunder or any employee or agent thereof may be appointed as such receiver. Such receiver shall have all powers and duties prescribed by the Mortgage Foreclosure Act, including the power to take possession, control and care of the Premises and to collect all rents, issues, deposits, profits and avails thereof during the tendency of such foreclosure suit and apply all funds received toward the indebtedness secured by this Mortgage, and in the event of a sale and a deficiency where Borrower has not waived its statutory rights of redemption, during the full statutory period of redemption, as well as during any further times when Borrower or its devisees, legatees, administrators, legal representatives, successors or assigns except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits and avails, and shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management and operation of the Premises during the whole of any such period. To the extent permitted by law, such receiver may extend or modify any then existing leases and make new leases of the Premises or any part thereof, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Loan, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Borrower and all persons whose interests in the Premises are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree or issuance of certificate of sale or deed to any purchaser or at any time thereafter.

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(c) The court may, from time to time, authorize said receiver to apply the net amounts remaining in his hands, after deducting reasonable compensation for the receiver and his counsel as allowed by the court, in payment (in whole or in part) of any or all of the Secured Obligations, including without limitation the following, in such order of application as Bank may, in its sole and absolute discretion, elect: (i) amounts due upon the Letter of Credit Agreement, (ii) amounts due upon any decree entered in any suit foreclosing Mortgage, (iii) costs and expenses of foreclosure and litigation upon the Premises, (iv) insurance premiums, repairs, Impositions, water charges and interest, penalties and costs, in connection with the Premises, (v) any other lien or charge upon the Premises that may be or become superior to the lien of this Mortgage, or of any decree foreclosing the same and (vi) all moneys advanced by Bank to cure or attempt to cure any default by Borrower in the performance of any obligation or condition contained in any of the other Credit Documents or this Mortgage or otherwise, to protect the security hereof provided herein, or in any of the other Credit Documents, with interest on such advances at the Default Rate, as defined in the Letter of Credit Agreement.. The excess of the proceeds of sale, if any, shall then be paid to Borrower, upon request.

(d) This Mortgage may be foreclosed once against all, or successively against any portion or portions, of the Premises, as Bank may elect, until all of the Premises have been foreclosed against and sold. As part of the foreclosure, Bank in its discretion may, with or without entry, personally or by attorney, sell to the highest bidder all or any part of the Premises, and all right, title, interest, claim and demand therein, and the right of redemption thereof, as an entirety, or in separate lots, as Bank may elect, and in one sale or in any number of separate sales held at one time or at any number of times, all in any manner and upon such notice as provided by applicable law. Upon the completion of any such sale or sales, Bank shall transfer and deliver, or cause to be transferred and delivered, to the purchaser or purchasers of the property so sold, in the manner and form as provided by applicable law, and Bank is hereby irrevocably appointed the true and lawful attorney-in-fact of Borrower, in its name and stead, to make all necessary transfers of property thus sold, and for that purpose Bank may execute and deliver, for and in the name of Borrower, all necessary instruments of assignment and transfer, Borrower hereby ratifying and confirming all that said attorney-in-fact shall lawfully do by virtue hereof.

(e) In the case of any sale of the Premises pursuant to any judgment or decree of any court at public auction or otherwise, Bank may become the purchaser, and for the purpose of making settlement for or payment of the purchase price, shall be entitled to deliver over and use the obligations under the Letter of Credit Agreement and any claims for the debt in order that there may be credited as paid on the purchase price the amount of the debt. In case of any foreclosure of this Mortgage (or the commencement of or preparation therefor) in any court, all expenses of every kind paid or incurred by Bank for the enforcement, protection or collection of this security, including court costs,

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attorneys' fees, stenographers' fees, costs of advertising, and costs of title insurance and any other documentary evidence of title, shall be paid by Borrower.

3.4 Remedies for Leases and Rents.

(a) If any Event of Default shall occur, then, whether before or after institution of legal proceedings to foreclose the lien of this Mortgage or before or after the sale thereunder, Bank shall be entitled, in its discretion, to do all or any of the following:

(i) enter and take actual possession of the Premises, the Rents, the Leases and other Collateral relating thereto or any part thereof personally, or by its agents or attorneys, and exclude Borrower therefrom;

(ii) enter upon and take and maintain possession of all of the documents, books, records, papers and accounts of Borrower relating thereto;

(iii) as attorney-in-fact or agent of Borrower, or in its own name as mortgagee and under the powers hereby granted, hold, operate, manage and control the Premises, the Rents, the Leases and other Collateral relating thereto and conduct the business, if any, thereof (including entering into new leases of the Premises, or any part thereof, under such terms and conditions as Bank, in its sole and absolute discretion, may elect) either personally or by its agents, contractors or nominees, with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment of the Rents, the Leases and other Collateral relating thereto (including actions for the recovery of rent, actions in forcible detainer and actions in distress of rent);

(iv) cancel or terminate any Lease or sublease for any cause or on any ground which would entitle Borrower to cancel the same;

(v) elect to disaffirm any Lease or sublease made subsequent hereto or subordinated to the lien hereof;

(vi) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements to the Premises that, in its reasonable discretion, may seem appropriate;

(vii) insure and reinsure the Collateral for all risks incidental to Bank's possession, operation and management thereof; and

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(viii) receive all such Rents and proceeds, and perform such other acts in connection with the management and operation of the Collateral, as Bank in its sole discretion may deem necessary or desirable.

(b) Borrower hereby grants Bank full power and authority to exercise each and every one of the rights, privileges and powers contained herein at any and all times after any Event of Default without notice to Borrower or any other person. Bank, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the Rents to the payment of or on account of the following, in such order as it may, in its sole and absolute discretion, determine: (i) to the payment of the operating expenses of the Premises, including the cost of management and leasing thereof (which shall include reasonable compensation to Bank and its agents or contractors, if management be delegated to agents or contractors, and it shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into Leases), established claims for damages, if any, and premiums on insurance hereinabove authorized; (ii) to the payment of Impositions, charges and special assessments, the costs of all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Collateral, including the cost from time to time of installing, replacing or repairing the Collateral, and of placing the Collateral in such condition as will, in the judgment of Bank, make it readily rentable; (iii) to the payment of any Secured Obligations; and (iv) to the payment of any other cost or expense required or permitted hereunder.

(c) The entering upon and taking possession of the Premises, or any part thereof, and the collection of any Rents and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Premises or any part thereof by Bank or a receiver, and the collection, receipt and application of the Rents, Bank shall be entitled to exercise every right provided for in this Mortgage or by law or in equity upon or after the occurrence of an Event of Default.

(d) Any of the actions referred to in this Section 3.4 may be taken by Bank irrespective of and without regard to the adequacy of the security for the Secured Obligations.

3.5 Personal Property.

(a) Whenever there exists an Event of Default hereunder, Bank may exercise from time to time any rights, powers and remedies available to it under applicable law and as may be provided in this Mortgage, the Letter of Credit Agreement and the other Credit Documents upon default in the payment of any indebtedness. Borrower shall,

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promptly upon request by Bank, assemble the Collateral and make it available to Bank at such place or places reasonably convenient for both Bank and Borrower, as Bank shall designate. Any notification of intended disposition required by law of any of the Collateral shall be deemed reasonably and properly given if given at least ten (10) days before such disposition.

(b) Without limiting the generality of the provisions of Section 3.5.1, whenever there exists an Event of Default hereunder, Bank may, with respect to so much of the Collateral as is personal property under applicable law, to the fullest extent permitted by applicable law, without further notice, advertisement, hearing or process of law of any kind: (i) notify any person obligated on the Collateral to perform directly for Bank its obligations thereunder, (ii) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, (iii) endorse any checks, drafts or other writings in the name of Borrower to allow collection of the Collateral, (iv) take control of any proceeds of the Collateral, (v) enter upon any premises where any of the Collateral may be located and take possession of and remove such Collateral, (vi) sell any or all of the Collateral, free of all rights and claims of Borrower therein and thereto, at any public or private sale, and (vii) bid for and purchase any or all of the Collateral at any such sale. Any proceeds of any disposition by Bank of any of the Collateral may be applied by Bank to the payment of expenses in connection with the Collateral, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds shall be applied by Bank toward the payment of such of the Secured Obligations and in such order of application as Bank may from time to time elect.

(c) Bank may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code or other applicable law as in effect from time to time or otherwise available to it under applicable law. Borrower hereby expressly waives presentment, demand, notice of dishonor, protest and notice of protest in connection with the Letter of Credit Agreement and, to the fullest extent permitted by applicable law, any and all other notices, demands, advertisements, hearings or process of law in connection with the exercise by Bank of any of its rights and remedies hereunder. Borrower hereby constitutes Bank its attorney-in-fact with full power of substitution to take possession of the Collateral upon any Event of Default and, as Bank in its sole discretion deems necessary or proper, to execute and deliver all instruments required by Bank to accomplish the disposition of the Collateral; this power of attorney is a power coupled with an interest and is irrevocable while any of the Secured Obligations are outstanding.

3.6 No Liability on Bank. Notwithstanding anything contained herein, Bank shall not be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of Borrower and Borrower shall and does

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hereby agree to indemnify against and hold Bank harmless of and from any and all liabilities, losses or damages which Bank may incur or pay under or with respect to any of the Collateral or under or by reason of its exercise of rights hereunder and any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any of the Collateral or in any of the contracts, documents or instruments evidencing or creating any of the Collateral, unless such liability, claim, cost or demand is caused solely by Bank's willful misconduct. Bank shall not have responsibility for the control, care, management or repair of the Premises or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss, injury or death to any tenant, licensee, employee, stranger or other person. No liability shall be enforced or asserted against Bank in its exercise of the powers herein granted to it, and Borrower expressly waives and releases any such liability. Should Bank incur any such liability, loss or damage under any of the Leases or under or by reason hereof, or in the defense of any claims or demands, Borrower agrees to reimburse Bank immediately upon demand for the full amount thereof, including costs, expenses and reasonable attorneys' fees.

3.7 Accounts. Upon the occurrence of any Event of Default, Bank shall, to the fullest extent permitted by law, be entitled to appropriate and apply on the payment of the Secured Obligations (whether or not due and in any order of priority as may be selected by Bank in its sole and absolute discretion), any and all accounts and monies held in possession of Bank for the benefit of Borrower.

3.8 Remedies Cumulative. No remedy or right of Bank hereunder or under the Letter of Credit Agreement or any of the other Credit Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy, but each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Bank. All obligations of Borrower, and all rights, powers and remedies of Bank, expressed herein shall be in addition to, and not in limitation of, those provided by law or in the Letter of Credit Agreement or any other Credit Documents or any other written agreement or instrument relating to any of the Secured Obligations or any security therefor.

3.9 Compliance with the Illinois Mortgage Foreclosure Law.

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

(b) Borrower and Bank shall have the benefit of all of the provisions of the Mortgage Foreclosure Act, including all amendments thereto which may become effective from time to time after the date hereof. In the event any provision of the Mortgage Foreclosure Act which is specifically referred to herein may be repealed, Bank shall have the benefit of such provision as most recently existing prior to such repeal, as though the same were incorporated herein by express reference.

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

4. GENERAL

4.1 Permitted Acts. Borrower agrees that, without affecting or diminishing in any way the liability of Borrower or any other person (except any person expressly released in writing by Bank) for the payment or performance of any of the Secured Obligations or for the performance of any obligation contained herein or affecting the lien hereof upon the Collateral or any part thereof, Bank may at any time and from time to time, without notice to or the consent of any person release any person liable for the payment or performance of any of the Secured Obligations; extend the time for, or agree to alter the terms of payment of, any indebtedness under the Letter of Credit Agreement or any of the Secured Obligations; modify or waive any obligation; subordinate, modify or otherwise deal with the lien hereof; accept additional security of any kind; release any Collateral or other property securing any or all of the Secured Obligations; make releases of any portion of the Premises; consent to the making of any map or plat of the Premises; consent to the creation of a condominium regime on all or any part of the Premises or the submission of all or any part of the Premises to the provisions of any condominium act or any similar provisions of law of the state where the Premises are located, or to the creation of any easements on the Premises or of any covenants restricting the use or occupancy thereof; or exercise or refrain from exercising, or waive, any right Bank may have hereunder or under any of the other Credit Documents.

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4.2 Legal Expenses. Borrower agrees to indemnify Bank, and hold Bank harmless, from and against all loss, damage and expense, including without limitation reasonable attorneys' fees, incurred by Bank in connection with any suit or proceeding which does or may affect all or any portion of the Collateral, the value, use or operation of the Premises, or the validity, enforceability, lien or priority of this Mortgage or of any of the Secured Obligations.

4.3 Cross Default and Cross-Collateralization. Borrower hereby expressly agrees and acknowledges that : (i) Secured Obligations include liabilities and obligations of the Borrower to Bank, whether or not now existing or contemplated, including liabilities and obligations hereafter arising and accruing, and whether or not related to the transactions contemplated in the Letter of Credit Agreement, (ii) all Secured Obligations are secured by the mortgage and lien granted by Borrower to Bank pursuant hereto, and (iii) any event of default under the terms of any agreement evidencing or securing a Secured Obligation, whether now existing or hereafter arising shall be an Event of Default hereunder.

4.4 Security Agreement, Fixture Filing. This Mortgage, to the extent that it conveys or otherwise deals with personal property or with items of personal property which are or may become fixtures, shall also be construed as a security agreement under the Uniform Commercial Code as in effect in the state in which the Premises are located, and this Mortgage constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the County in which the Premises are located with respect to any and all fixtures included within the term "Collateral" as used herein and with respect to any Goods or other personal property that may now be or hereafter become such fixtures.

4.5 Notices. Any and all notices given in connection with this Mortgage shall be deemed adequately given only if in writing and addressed to the party for whom such notices are intended at the address set forth below. All notices shall be sent by personal delivery, Federal Express or other overnight messenger service, first class registered or certified mail, postage prepaid, return receipt requested or by other means at least as fast and reliable as first class mail. A written notice shall be deemed to have been given to the recipient part on the earlier of (a) the date it shall be delivered to the address required by this Mortgage; (b) the date delivery shall have been refused at the address required by this Mortgage; or (c) with respect to notices sent by mail, the date as of which the postal service shall have indicated such notice to be undeliverable at the address required by this Mortgage. Any and all notices referred to in this Mortgage, or which either party desires to give to the other, shall be addressed as follows:

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If to Borrower: Nimlok Company
6019 W. Howard Street
Niles, IL 60648
Attn: Chief Financial Officer

with a copy to: McLachlan, Rissman & Doll
6 W. Hubbard Street
Chicago, IL 60610
Attn: John H. Doll, Esq.

If to Bank: Bank One, Chicago, N.A.
311 S. Arlington Heights Road
Arlington Heights, IL 60005
Attn: James Atkinson, Vice President

with a copy to: Sachinoff & Weaver, Ltd.
South Wacker Drive
Suite 2900
Chicago, Illinois 60606
Attn: Cynthia Jared, Esq.

Any party hereto may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

4.6 Successors; Borrower; Gender. All provisions hereof shall inure to and bind the parties and their respective successors, vendees and assigns. The word "Borrower" shall include all persons claiming under or through Borrower and all persons liable for the payment or performance of any of the Secured Obligations whether or not such persons shall have executed the Letter of Credit Agreement or this Mortgage. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

4.7 Care by Bank. Bank shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as Borrower requests in writing, but failure of Bank to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of Bank to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by Borrower, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

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4.8 Application of Payments. Any and all payments which may be received by or tendered to Bank made by Borrower or any other person (including, without limitation, any Guarantor now or hereafter existing) at any time or from time to time and which relate in any way to the sums advanced under the Letter of Credit Agreement or any other Secured Obligation, shall be applied in accordance with the terms of the Letter of Credit Agreement, absent an express provision in this Mortgage to the contrary.

4.9 Representation by Counsel. Borrower hereby represents and warrants that Borrower has been represented by competent counsel of its choice in the negotiation and execution of this Mortgage, the Letter of Credit Agreement and the other Credit Documents, and that Borrower has read and understood this Mortgage, the Letter of Credit Agreement and the other Credit Documents and intends to be bound hereby. In accordance with the foregoing, the general rule of construction to the effect that any ambiguity in a contract are to be resolved against the party drafting the contract shall not be employed in the construction and interpretation of this Mortgage.

4.10 Release of Mortgage. If Borrower, its successors or assigns, shall (i) timely pay all payments of principal, interest, penalties, fees and all other amounts due and owing according to the terms of the Letter of Credit Agreement, this Mortgage and the other Credit Documents, (ii) pay all sums (a) advanced in protecting the lien of this Mortgage (b) in payment of Impositions, (c) in payment of insurance premiums covering Improvements thereon, (d) in payment of principal and interest on prior liens, (e) in payment of expenses and attorney's fees herein provided for, and (f) in payment of all sums advanced for any other purpose authorized herein; and (iii) keep and perform all of the covenants and agreements contained in the Letter of Credit Agreement, herein and all other Credit Documents, then the Bank shall (notwithstanding any covenants or agreements in the Environmental Indemnity Agreement or any other Credit Document that survives payment of all principal and interest, release this Mortgage.

4.11 No Obligation on Bank. This Mortgage is intended only as security for the Secured Obligations. Anything herein to the contrary notwithstanding, (i) Borrower shall be and remain liable hereunder and with respect to the Collateral to perform all of the obligations assumed by it hereunder, (ii) Bank shall have no obligation or liability under or with respect to the Collateral by reason of or arising out of this Mortgage, and (iii) Bank shall not be required or obligated in any manner to perform or fulfill any of the obligations of Borrower hereunder, pursuant to or with respect to any of the Collateral.

4.12 No Waiver; Writing. No delay on the part of Bank in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. The granting or withholding of consent by Bank to any

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transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions.

4.13 Governing Law. The parties agree that the Federal or state courts in Illinois are a proper forum and shall be the only forum for the resolution of any and all disputes of any nature which may arise between the parties to this Mortgage. No party to the contract shall attempt to change venue from a court in Illinois to a court in any other jurisdiction. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

4.14 Waiver. Borrower, on behalf of itself and all persons now or hereafter interested in the Premises or the Collateral, to the fullest extent permitted by applicable law hereby waives all rights under all appraisement, homestead, moratorium, valuation, exemption, stay, extension, and redemption statutes, laws or equities now or hereafter existing, and hereby further waives the pleading of any statute of limitations as a defense to any and all Secured Obligations secured by this Mortgage, and Borrower agrees that no defense, claim or right based on any thereof will be asserted, or may be enforced, in any action enforcing or relating to this Mortgage or any of this Collateral. Without limiting the generality of the preceding sentence, Borrower, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date of this Mortgage, hereby irrevocably waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage or under any power contained herein or under any sale pursuant to any statute, order, decree or judgment of any court. Borrower, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Mortgage, hereby expressly waives and releases all rights to direct the order in which any of the Collateral shall be sold in the event of any sale or sales pursuant hereto and to have any of the Collateral and/or any other property now or hereafter constituting security for any of the Secured Obligations marshaled upon any foreclosure of this Mortgage or of any other security for any of said indebtedness.

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

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4.16 Bank Not a Joint Venturer or Partner. Borrower and Bank acknowledge and agree that in no event shall Bank be deemed to be a partner or joint venturer with Borrower. Without limitation of the foregoing, Bank shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document evidencing or securing any of the Secured Obligations, or otherwise.

4.17 Time of Essence. Time is declared to be of the essence in this Mortgage, the Letter of Credit Agreement, and any Credit Documents and of every part hereof and thereof.

4.18 WAIVER OF TRIAL BY JURY. BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE, THE LETTER OF CREDIT AGREEMENT OR THE OTHER CREDIT DOCUMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. BORROWER HEREBY EXPRESSLY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR BANK TO ACCEPT THIS MORTGAGE AND TO MAKE THE LOAN SECURED HEREBY AND BY THE OTHER CREDIT DOCUMENTS.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Mortgage in Cook County, Illinois on the day and year first above written.

Nimlok Company

By: 
Title: CAPITLAW

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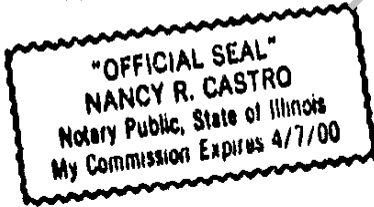
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STATE OF Illinois)
) SS:
COUNTY OF _____)

The Undersigned, a Notary Public within and for said County, in the State aforesaid, duly commissioned and acting, do hereby certify that on this 29th day of October, 1996, personally appeared before me GERALD PEREZ, the CHAIRMAN of NIMLOK COMPANY, to me personally well known and known to be the person who signed the foregoing instrument, and who, being by me duly sworn, stated and acknowledged that he is the CHAIRMAN President of said corporation and that he signed and delivered the same on behalf of said corporation, with authority, as his/her and its free and voluntary act and deed for the uses and purposes therein mentioned and set forth.

WITNESS my hand and seal as such Notary Public the day and year in this certificate above written.

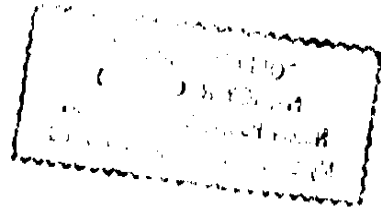


Nancy R. Castro
Notary Public

My commission expires: _____

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EXHIBIT A

THE REAL ESTATE

THE SOUTH 425 FEET OF THE EAST 18.5 ACRES (EXCEPT THE WEST 330.0 FEET THEREOF) OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND THAT PART OF THE SOUTH 425 FEET OF LOT 5 OF MCDONNELL'S SUBDIVISION OF THE SOUTH EAST 1/4 OF SECTION 29, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE WESTERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD, IN COOK COUNTY, ILLINOIS.

Address: 7420 Lehigh, Niles, IL

PIN: 10-29-30-3-017-0000
10-29-400-008-0000

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