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## MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS

This Mortgage, Security Agreement and Assignment of Rents ("Mortgage Agreement"), is made as of the 1st day of December, 1996, by and between Prospect Heights Self Storage, 13000 Rockland Road, Lake Bluff, Illinois 60044 ("Mortgagor") and First of America Bank - Illinois, N.A. with offices located at 325 North Milwaukee Avenue, Libertyville, Illinois 60048 ("Mortgagee").

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COOK COUNTY RECORDER

### WITNESSETH:

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in a principal sum of up to Two Million Two Hundred Twenty Five Thousand and No/100 Dollars (\$2,225,000.00) evidenced by that certain Letter of Credit Agreement of the Mortgagor of even date herewith, executed by Mortgagor in favor of Mortgagee (the "Prospect Reimbursement Agreement") pursuant to which Mortgagee has issued its Irrevocable Letter of Credit No. 2520132 ("Letter of Credit") to American National Bank and Trust Company of Chicago, as Trustee under an Indenture of Trust dated as of December 1, 1996. The Letter of Credit is issued for the benefit of Mortgagor, Rockland Financial, L.L.C., an Illinois limited liability company ("Issuer") and Storage Investments, L.L.C., an Illinois limited liability company ("Storage Reimbursement Party") to secure the payment of the principal amount plus interest to become due on those certain Taxable Adjustable Demand Revenue Bonds Series 1996 (Rockland Financial, L.L.C. Project) issued by Issuer. All sums payable pursuant to the Prospect Reimbursement Agreement shall bear interest at the rates set forth therein and are made payable at such place as the Mortgagee may, from time to time in writing appoint, and in absence of such appointment, then at the office of Mortgagee located at 325 North Milwaukee Avenue, Libertyville, Illinois.

NOW, THEREFORE, the Mortgagor, to secure the payment of said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Mortgage Agreement, and of the Prospect Reimbursement Agreement secured hereby and any other obligations or indebtedness of the Mortgagor to the Mortgagee hereafter arising and any other sums advanced by Mortgagee to protect the security of this Mortgage Agreement or discharge the obligations of Mortgagor hereunder, and the performance of the covenants and agreements herein contained by the Mortgagor to be performed, and also in consideration of the sum of One Dollar (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, does by these presents MORTGAGES, GRANTS, CONVEYS AND RELEASES unto the Mortgagee, its successors and assigns, all of Mortgagor's estate, right, title and interest in the following real

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estate located in the County and State as set forth in the legal description attached hereto and made a part hereof as Exhibit A which, with the property hereinafter described, is referred to herein as the "premises" or as the "mortgaged premises."

TOGETHER with all improvements, tenements, easements, hereditaments and appurtenances thereunto belonging, and all rents, issues and profits thereof for so long as and during all such times as the Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily), and all partitions, attached floor coverings, now or hereafter, therein or thereon, all elevators, and all fixtures, apparatus and equipment used to supply heat, gas, air conditioning, water, light, power sprinkler protection, waste removal, refrigeration, and ventilation, including (without restricting the foregoing) all fixtures, apparatus and equipment used in the operation of any business conducted on the premises (other than trade fixtures, furnishings, and furniture), the structures or buildings, additions and improvements, and replacements thereof, erected, or to be erected, upon the realty, including any on-site energy systems providing electricity, heating and air conditioning, and all plant, equipment, apparatus, machinery and fixtures of every kind and nature whatsoever forming part of said structures or buildings, or of any structures or buildings heretofore or hereafter standing on the realty or on any part thereof.

The parties hereto agree that the amount of indebtedness secured by this instrument shall not, in any event, exceed the sum of Twenty Eight Million and No/100 Dollars (\$28,000,000.00).

Mortgagor hereby represents, as a special inducement to the Mortgagee to make this loan, that as of the date hereof there are no encumbrances to secure debt junior to this Mortgage Agreement and covenants that there are to be none as of the date when this Mortgage Agreement becomes of record, except in either case encumbrances having the prior written approval of the Mortgagee herein or which are Permitted Encumbrances as defined in the Prospect Reimbursement Agreement.

TO HAVE AND TO HOLD the premises unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses therein set forth.

## IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, etc.: Mortgagor shall (a) subject to the terms of paragraph 27(b) hereof promptly repair, restore or rebuild any buildings or improvements now or hereafter on the premises which may become damaged or be destroyed; (b) keep said premises in good condition and repair without waste and free from mechanics' liens or claims for lien not expressly subordinated to the lien hereof or addressed by Mortgagor in a manner deemed satisfactory by Mortgagee in the exercise of Mortgagee's commercially reasonable discretion; (c) pay when due any indebtedness which may be secured by a lien or charge on the premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said

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premises; (e) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to the premises and the use thereof; (f) make no material alterations to said premises other than maintenance and capital improvements undertaken in the ordinary course of the business currently operating on the premises except as required by law or municipal ordinances, or restrictions of record with respect to the premises and the use thereof without Mortgagee's written consent which consent shall not be unreasonably withheld; (g) suffer or permit no change in the general nature of the use of the premises, without Mortgagee's written consent which consent shall not be unreasonably withheld; (h) initiate or acquiesce in no zoning reclassification, without Mortgagee's written consent which consent shall not be unreasonably withheld; (i) pay each item of indebtedness secured by this Mortgage Agreement when due according to the terms hereof or of the Prospect Reimbursement Agreement; and (j) execute within twenty one (21) business days after presentation of any documents, including without limitation, any subordination agreements which Mortgagee shall, in its sole, exclusive and commercially reasonable discretion, deem necessary to evidence, preserve and protect its interests.

2. Representations and Warranties: Mortgagor hereby represents, warrants, and covenants to Mortgagee that:

2.1 Validity of Loan Instruments. (a) The execution, delivery and performance by Mortgagor of the Prospect Reimbursement Agreement, this Mortgage, and any other instruments given by Mortgagor to secure the performance of Mortgagor's obligations to Mortgagee, and the borrowing evidenced by the Prospect Reimbursement Agreement (1) are within the powers of Mortgagor, (2) have received all necessary governmental approval; and (3) do not violate in any material respect any provisions of any law, any order of any court or agency of government or any indenture, agreement or other instrument, including without limitation, the Operating Agreement of Storage Investments, L.L.C., dated December 19, 1994, as subsequently amended, by which it or any portion of the mortgaged premises is bound, or be in conflict with, result in breach of, or constitute (with due notice and/or lapse of time) a default under any instrument providing for the creation or imposition of any lien, charge or encumbrance of any nature whatsoever, upon any of its property or assets, except as contemplated by the provisions of this Mortgage Agreement and any additional documents securing the Prospect Reimbursement Agreement; and (b) the Prospect Reimbursement Agreement, Mortgage Agreement and any additional instrument securing the performance of Mortgagor's obligations, when executed and delivered by Mortgagor, will constitute the legal, valid and binding obligations of Mortgagor, and other obligors named therein, if any, in accordance with their respective terms.

2.2 Other Information. All other information, reports, papers, balance sheets, statements of profit and loss, and data given to Mortgagee, its agents, employees, representatives or counsel by Mortgagor in respect of Mortgagor and all other documents securing the payment of the Prospect Reimbursement Agreement are accurate and correct in all material respects and complete as of the date of said document or other instrument insofar as completeness may be necessary to give Mortgagee a true and accurate knowledge of the subject matter.

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2.3 Litigation. There is not now pending against or affecting Mortgagor or others obligated under the terms of this Mortgage Agreement and all other documents securing the payment of the Prospect Reimbursement Agreement, nor, to the knowledge of Mortgagor or others obligated under the terms of this Mortgage Agreement and all other documents securing the payment of the Prospect Reimbursement Agreement, is there threatened, any action, suit or proceeding at law or in equity or by or before any administrative agency which if adversely determined would materially impair or affect the financial condition or operation of Mortgagor or the mortgaged premises. Provided, however, that Mortgagee acknowledges that it has been made aware of the possibility of condemnation proceedings which may be initiated by the City of Prospect Heights, Illinois with respect to all or a portion of the premises and further that the existence of the possibility of those proceedings does not constitute a violation of the terms of this Mortgage Agreement.

3. Insurance. Mortgagor shall keep all buildings and improvements now or hereafter situated on said premises insured against loss or damage by fire, malicious mischief and vandalism and such other hazards in such amounts as may reasonably be required by Mortgagee, up to the full insurable value thereof, including, without limitation on the generality of the foregoing, property damage insurance and extended coverage. Mortgagor shall also provide plate glass and liability insurance with such limits for personal injury and death and property damage as Mortgagee acting in a commercially reasonable manner may require, and will also keep in effect business interruption insurance in such amounts as Mortgagee may require. All policies of insurance to be furnished hereunder shall be issued by companies, and in amounts, reasonably satisfactory to Mortgagee, with mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without ten (10) days' prior written notice to the Mortgagee. Upon request of the Mortgagee, Mortgagor shall deliver to Mortgagee duplicate originals of all policies, including additional and renewal policies, or certificates of insurance in form and content reasonably satisfactory to Mortgagee, and, in the case of insurance about to expire, upon request of Mortgagee, shall deliver renewal policies not less than thirty (30) days prior to their respective dates of expiration. If any renewal policy is not delivered as requested to Mortgagee thirty (30) days before the expiration of any existing policy or policies, with evidence of premium paid, Mortgagee may, but is not obligated to, obtain the required insurance on behalf of Mortgagor (or insurance in favor of Mortgagee alone) and pay the premiums thereon. Any monies so advanced shall be deemed additional indebtedness and shall become immediately due and payable with interest thereon at the same rate as provided in the Prospect Reimbursement Agreement.

So long as any sum remains due hereunder or under the Prospect Reimbursement Agreement, Mortgagor covenants and agrees that it shall not place, or cause to be placed or issued, any casualty, fire, rent loss, liability, or other insurances separate from the insurance required to be maintained under the terms hereof, unless in each such instance the Mortgagee herein is included therein as the payee under a standard mortgagee's loss payable clause. Mortgagor covenants to advise Mortgagee whenever any such separate insurance coverage is

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placed, issued or renewed, and agrees to deposit duplicate originals or certificates of insurance of all such policies with Mortgagee upon Mortgagee's reasonable request.

In the event that Mortgagor fails to pay any premium as required by the terms of any insurance policy then in effect, Mortgagor will deposit with Mortgagee, upon request of Mortgagee, an amount sufficient to pay premiums due or which may become due relating to any insurance required hereunder in such manner and at such times as Mortgagee may, in its sole discretion, deem advisable. Such deposits shall be held without any allowance of interest and need not be kept separate and apart. In no event shall Mortgagee be liable for any damages arising out of Mortgagee's manner or method of estimating or making such payments. Such deposits are hereby pledged as additional security for the indebtedness hereunder provided, however, that said deposits must first be applied to any premiums remaining unpaid after fifteen (15) business days written notice to Mortgagee.

In the event of a foreclosure of this Mortgage Agreement, or in case of any transfer of title to the mortgaged premises in extinguishment of the debt, all right, title and interest of Mortgagor to any insurance policies covering the subject property shall pass to the Mortgagee or transferee of the mortgaged premises.

4. Tax Deposits. In the event of a default hereunder remaining uncured within any applicable cure period, Mortgagee may demand and Mortgagor covenants and agrees to deposit at such place as the Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the office of FIRST OF AMERICA BANK - ILLINOIS N.A. located at 325 North Milwaukee Avenue, Libertyville, Illinois 60048, on the first day of each month of the mortgage term, until the indebtedness secured by this Mortgage Agreement is fully paid, and all obligations secured by this Mortgage Agreement are fully discharged, a sum equal to one-twelfth of the last total annual taxes and assessments for the last ascertainable year (general and special) on said premises (unless said taxes are based upon assessments which exclude the improvements or any part thereof now constructed, or to be constructed, in which event the amount of such deposits shall be based upon the Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed). Such deposits are to be held without any allowance of interest and need not be kept separate and apart, and are to be used for payment of taxes and assessments (general and special) on said premises next due and payable when they become due. If the funds so deposited are insufficient to pay any such taxes or assessments (general and special) for any year when the same shall become due and payable, the Mortgagor shall within ten (10) days after receipt of demand therefor, deposit such additional funds as may be necessary to pay such taxes and assessments (general and special) in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) for any year, the excess shall be held as deposit on subsequent year's taxes or assessments.

5. Mortgagee's Interest in and Use of Deposits. In the event of a default in any of the provisions contained in this Mortgage Agreement or in the Prospect Reimbursement Agreement, which has not been cured within the applicable cure period arising after Mortgagor's or Borrower's receipt of notice of said default the Mortgagee may at its option, without being

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required to do so, apply any monies of the Mortgagor at the time on deposit as may be required hereunder, including without limitation those monies on deposit, pursuant to paragraphs 3 and 4, hereof on any of Mortgagor's obligations herein or Borrower's obligations under the Prospect Reimbursement Agreement, in such order and manner as the Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the mortgaged premises. Such deposits are hereby pledged as additional security for the indebtedness hereunder and shall be held in trust to be irrevocably applied by the depository for the purposes for which made hereunder and shall not be subject to the direction or control of the Mortgagor; provided, however, that neither the Mortgagee nor said depository shall be liable for any failure to apply to the payment of taxes and assessments any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested said depository in writing to make application of such funds to the payment of the particular taxes or assessments for payment of which they were deposited, accompanied by the bills for such taxes and assessments. In any case, however, if Mortgagee is not paying such items receipts showing and evidencing payment of all such taxes and insurance premiums shall be exhibited to Mortgagee within thirty (30) days after the due date for payment of same.

6. Adjustment of Losses with Insurer and Application of Proceeds of Insurance. In case of loss, the Mortgagee (or after entry of decree of foreclosure, purchaser at the sale) is hereby authorized either (a) after having consulted with Mortgagor in the exercise of good faith to settle and adjust any claim under such insurance policies without consent of Mortgagor, or (b) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. In either case Mortgagee is authorized to collect and receipt for any such insurance money. Such insurance proceeds may, at the option of Mortgagee, acting in a commercially reasonable manner and after having consulted with Mortgagor, either be applied in reduction of the indebtedness secured hereby, whether due or not, or be held by the Mortgagee and used to reimburse Mortgagor for the cost of the rebuilding or restoration of the buildings or improvements on said premises. The buildings and improvements shall be so restored or rebuilt as to be of at least equal value and substantially the same character as prior to such damage or destruction. In the event Mortgagor is entitled to reimbursement out of insurance proceeds for any work done to restore or rebuild the improvements on the premises, such proceeds shall be made available, from time to time, upon the Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with such architect's certificates, waiver of lien, contractors' sworn statements and other evidence of cost and of payments, including, at the option of Mortgagee, insurance against mechanic's liens and/or a performance bond or bonds in form satisfactory to Mortgagee, with premium fully prepaid and which shall be written with such surety company or companies as may be satisfactory to Mortgagee, as the Mortgagee may reasonably require and approve. If the estimated cost of the work exceeds twenty percent (20%) of the original principal amount of the indebtedness secured hereby, all plans and specifications for such rebuilding or restoration as the Mortgagee may reasonably require shall be subject to approval by the Mortgagee which approval shall not be unreasonably withheld. No payment made prior to the final completion of the work shall exceed ninety (90%) percent of the value of the work performed, from time to time, and at all times the undistributed balance of said proceeds remaining in the hands of the Mortgagee shall be at least sufficient to pay for cost of

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completion of the work free and clear of liens. In case of loss after foreclosure proceedings have been instituted, the proceeds of any such insurance policy or policies, if not applied as aforesaid in rebuilding or restoring the building or improvements, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if he shall then be entitled to the same, or as the court may direct. In case of the foreclosure of this Mortgage Agreement, the court in its decree may provide that the mortgagee's clause attached to each of said insurance policies may be canceled and that the decree creditor may cause a new loss clause to be attached to each of said policies making the loss thereunder payable to said decree creditor, and any such foreclosure decree may further provide that in the case of one or more redemptions under said decree, pursuant to any applicable statute providing for redemption that the preceding loss clause attached to each insurance policy may be canceled and a new loss clause to be attached thereto, making the loss thereunder payable to such redeemer. In the event of foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

7. Stamp Tax. If, by the laws of the United States of America, or of any state having jurisdiction over the Mortgagor, any tax is due or becomes due in respect of the issuance of the Prospect Reimbursement Agreement, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The Mortgagor further covenants to hold harmless and agrees to indemnify the Mortgagee, its successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Prospect Reimbursement Agreement.

8. Performance of Obligations Under Commitment. Mortgagee has heretofore issued its Letter of Commitment dated September 24, 1996 pertaining to the mortgaged premises, which has been accepted by the parties named therein. Mortgagor hereby covenants and agrees to comply with all of the terms and conditions of said Commitment, and any non-compliance thereof remaining uncured after the expiration of any applicable cure period shall be and constitute a default under this Mortgage Agreement and the Prospect Reimbursement Agreement. Provided, however, that in the event there is a direct inconsistency between the terms and provisions of said commitment letter and the terms and provisions of the Prospect Reimbursement Agreement, the terms and provisions of the Prospect Reimbursement Agreement shall control.

9. Prepayment Privilege. The Mortgagor shall have the privilege of making prepayments on the principal of said Prospect Reimbursement Agreement (in addition to the required payments) in accordance with and subject to the terms and conditions set forth in said Prospect Reimbursement Agreement.

10. Effect of Extensions of Time and Acceptance of Partial Payments. (a) If the payment of Mortgagor's obligations or any part thereof shall be extended or varied or if any part of the security shall be released, all entities or persons now or at any time hereafter liable therefor by reason of any guaranty or otherwise, shall be held to the terms and provisions of any

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instrument giving rise to said liability and the lien and all provisions hereof shall continue in full force, with the right of recourse, as limited hereunder, against all such entities being expressly reserved by the Mortgagee, notwithstanding such extension, variation or release.

(b) In the event the ownership of the mortgaged premises, as defined above or any part thereof, becomes vested in a person or entity other than Mortgagor by assignment or otherwise, (without hereby applying Mortgagee's consent to any assignment, transfer or conveyance of the mortgaged premises) the Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage Agreement and to said debt in the same manner as with Mortgagor without in any way vitiating or discharging Mortgagor's liability hereunder or upon the debt. No sale or assignment of the mortgaged premises, and no forbearance on the part of the Mortgagee, and no extension of the time for the payment of the debt hereby secured, given by the Mortgagee, shall operate to release, modify, change, or affect the original liability, if any, of Mortgagor, either in whole or in part.

(c) The Mortgagee, at its sole option and without notice, may release any part of the mortgaged premises, or any person liable for the debt, without in any way affecting the lien hereof upon any part of the mortgaged premises not expressly released, and may agree with any party obligated on the debt, or having any interest in the mortgaged premises, to extend the time for payment of any part or all of the debt. Such agreement shall not in any way release or impair the lien hereof, but shall extend the lien hereof as against the title of all parties having any interest in the mortgaged premises which interest is subject to this Mortgage Agreement.

(d) Acceptance by Mortgagee or the holders of the Prospect Reimbursement Agreement of any payment in an amount less than the amount then due on the Prospect Reimbursement Agreement shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be a default thereunder subject to any applicable cure periods. At any time thereafter and until the entire amount then due on the Prospect Reimbursement Agreement has been paid, Mortgagee shall be entitled to exercise all rights conferred upon it in this Mortgage Agreement and the Prospect Reimbursement Agreement upon the occurrence of a default.

11. Effect of Changes in Laws Regarding Taxation. In the event of the enactment after this date of any law of the state in which the premises are located deducting from the value of land for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the property, or the manner of collection of taxes, so as to materially affect this Mortgage Agreement or the debt secured hereby or the holder thereof, then, and in any such event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee (a) it will be unlawful to require Mortgagor to make such payment or (b) the making of such payments will result in the imposition of interest beyond the maximum amount permitted by law, then and in such event,

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the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable subject to and in accordance with the terms and provisions of the Prospect Reimbursement Agreement.

12. Mortgagee's Performance of Mortgagor's Defaulted Obligations. In case of default therein and upon ten (10) days written notice to Mortgagor if in the commercially reasonable determination the giving of such notice is feasible, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof not addressed by Mortgagee in a manner deemed satisfactory by Mortgagee acting in a commercially reasonable manner, or redeem from any tax sale or forfeiture affecting said premises or contest any tax or assessment or perform any act or obligation required of Mortgagor. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorney's fees, and any other monies advanced by Mortgagee to protect the mortgaged premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable upon fifteen (15) days written notice and with interest thereon at the rate stated in the Prospect Reimbursement Agreement. No act or failure to act by Mortgagee shall be considered as a waiver of any right accruing to Mortgagor on account of any default on the part of Mortgagor.

13. Mortgagee's Reliance on Tax Bills, etc. Mortgagee in making any payments hereby authorized: (a) relating to taxes and assessments, provided the amount of such taxes or assessments are not subject to a bona fide challenge by Mortgagor made in accordance with the applicable rules and regulations of the taxing or assessing body, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien not subject to a bona fide dispute by Mortgagor, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

14. Acceleration of Indebtedness in Case of Default. If (a) an event of default occurs under the Prospect Reimbursement Agreement which remains uncured after the expiration of any applicable cure period; or (b) default shall be made in the due observance or performance of any of the covenants, agreements, terms or conditions of the Mortgage Agreement required to be kept or performed or observed by the Mortgagor and the same shall continue for forty five (45) days after written notice given by the Mortgagee to the Mortgagor; or (c) if any representation or warranty made by Mortgagee in this Mortgage, or any document further securing the obligations secured hereby, shall prove to have been false or misleading in any material aspect as of the date on which such representation or warranty was made; or (d) if the holder of a mortgage or of any other lien on the mortgaged premises (without hereby implying Mortgagee's consent to any such mortgage or other lien) institutes foreclosure proceedings or other proceedings for the enforcement of its remedies thereunder and the same remain undischarged or unbonded to

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if not paid, shall be included as a part of the mortgage debt and shall include interest at the rate stated in the Prospect Reimbursement Agreement from the dates of their respective expenditures.

16. Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the mortgaged premises shall be distributed and applied in the following order of priority: first, on account of all reasonable costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, to the payment of all other costs and expenses due under the terms of the Prospect Reimbursement Agreement, with interest thereon as herein provided; third, to the payment of all principal and interest remaining unpaid on the Prospect Reimbursement Agreement; fourth, any balance to Mortgagor, its successors or assigns, as their rights may appear.

17. Appointment of Receiver. Upon, or at any time after the filing of a complaint to foreclose the lien created by this Mortgage Agreement, the court in which such complaint is filed may appoint a receiver of said premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the premises or whether the same shall be then occupied as a homestead or not and the Mortgagee hereunder or any holder of the Prospect Reimbursement Agreement may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there is a redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any decree foreclosing this Mortgage Agreement, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; or (b) the deficiency in case of a sale and deficiency.

18. Assignment of Rents and Leases. (a) To further secure the indebtedness secured hereby, Mortgagor does hereby sell, assign and transfer unto the Mortgagee all the rents, issues and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any letting of, or of any agreement for the use of occupancy of the premises or any part thereof, which may have been heretofore or may be hereafter made or agreed to or which may be made or agreed to by the Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all of such leases and agreements, and all the avails thereunder, unto the Mortgagee, and Mortgagor does hereby appoint irrevocably the Mortgagee its true and lawful attorney in its name and stead (with or without taking possession of the premises as provided in paragraph 19 hereof) to rent, lease or let all or any portion of said premises to any party or parties at such rental and upon such terms as said Mortgagee shall, in its discretion, determine and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter, and all now due or that may hereafter

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Mortgagee's satisfaction acting in a commercially reasonable manner for a period of sixty (60) days; or (e) all or any part of the mortgaged premises is sold or transferred or sublet or assigned by Mortgagor without the prior written consent of Mortgagee (which consent shall not be unreasonably withheld); or (f) Mortgagor shall fail to execute within twenty one (21) business days after presentation of any documents, including without limitation, any subordination agreements which Mortgagee, shall in its sole and exclusive discretion deems necessary to evidence, preserve and protect its interest; then and in every such case the whole of any sum hereby secured shall, at the option of the Mortgagee, become due and payable, together with accrued interest and other charges thereon, upon fifteen (15) business days written notice to Mortgagor.

15. Foreclosure: Expense of Litigation. When the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof, and in the event of the default in the payment of any installment due under the Prospect Reimbursement Agreement, Mortgagee may accelerate the payment of same and may institute proceedings to foreclose this Mortgage Agreement for the entire amount then unpaid with respect to said Prospect Reimbursement Agreement. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the premises. All such reasonable expenses and fees as may be incurred in the protection of said premises and the maintenance of the lien of this Mortgage Agreement, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage Agreement, the Prospect Reimbursement Agreement or said premises and the maintenance of the lien of this Mortgage Agreement, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the same rate as stated in the Prospect Reimbursement Agreement and shall be secured by this Mortgage Agreement.

Mortgagee may employ counsel for advice or other legal service at Mortgagee's discretion in connection with any dispute as to the obligations of Mortgagor hereunder, or as to the title of Mortgagee to the mortgaged premises pursuant to this Mortgage, or in any litigation to which Mortgagee may be a party which may affect the title to the mortgaged premises or the validity of the indebtedness hereby secured, and any reasonable attorneys' fees so incurred shall be added to and be a part of the debt hereby secured. Any costs and expenses reasonably incurred in connection with any dispute or litigation affecting said debt or Mortgagee's title to the mortgaged premises shall be added to and be a part of the indebtedness hereby secured. All such amounts shall be payable by Mortgagor to Mortgagee upon fifteen (15) business days written notice, and

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become due under each and every of the leases and agreements, written or verbal or other tenancy existing, or which may hereafter exist on said premises, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as the Mortgagee would have upon taking possession pursuant to the provisions of paragraph 19 hereof.

(b) The Mortgagor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the above described premises for more than two installments in advance except in the ordinary course of the business currently operating on the premises and that the payment of none of the rents to accrue for any portion of the said premises has been or will be waived, released, reduced, discounted, or otherwise discharged or compromised by the Mortgagor except in the ordinary course of Mortgagor's business. Mortgagor agrees that it will not otherwise assign any of the rents or profits of said premises, except to a purchaser or grantee of the premises.

(c) Nothing herein contained shall be construed as constituting the Mortgagee as a mortgagee in possession in the absence of the taking of actual possession of the premises by the Mortgagee. In the exercise of the powers herein granted the Mortgagee, no liability other than that arising out of Mortgagee's negligence or of any act found by a court to be taken in bad faith by Mortgagee shall be asserted or enforced against the Mortgagee, all such liability being expressly waived and released by Mortgagor.

(d) The Mortgagor agrees to assign and transfer to the Mortgagee, Mortgagor's interest in all leases upon all or any part of the premises hereinbefore described and to execute and deliver, at the request of the Mortgagee, all such further assurances and assignments in the premises as the Mortgagee shall from time to time require.

(e) Although it is the intention of the parties that the assignment contained in this paragraph 18 shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that so long as Mortgagor is not in default hereunder, or under the Prospect Reimbursement Agreement and until the occurrence of a default thereunder remains uncured after the expiration of any applicable cure period, Mortgagor shall have the privilege of renting, leasing or letting all or any portion of the premises and collecting and retaining the rents accruing under the leases assigned hereby.

19. Mortgagee's Right of Possession in Case of Default. (a) In any case in which under the provisions of this Mortgage Agreement the Mortgagee has a right to institute foreclosure proceedings, whether before or after the whole principal sum secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, forthwith, upon demand of Mortgagee and subject to the order, if any, of any court of competent jurisdiction, Mortgagor shall surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the premises or any part thereof personally, or by its agents or attorneys, as for condition broken, and Mortgagee may pursuant to any order of a court of competent jurisdiction, enter

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upon and take and maintain possession of all or any part of said premises, together with all documents, books, records, papers and accounts of the Mortgagor or then owner of the premises relating thereto, and may exclude the Mortgagor, its agents or servants, wholly therefrom and may as attorney in fact or agent of the Mortgagor, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the premises and conduct the business, if any, thereof, either personally or by its agents, and 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 or security of the avails, rents, issues and profits of the premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to the Mortgagor, and with full power to cancel or terminate any lease for any cause or on any ground which would entitle Mortgagor to cancel the same, to elect to disaffirm any lease or sublease made subsequent to this Mortgage Agreement or subordinated to the lien hereof, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, and improvements to the premises as to it may seem judicious, insure and reinsure the same and all risks incidental to Mortgagee's possession, operations and management thereof and to receive all of such avails, rents, issues and profits.

(b) The Mortgagee may but shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge any obligation, duty or liability under any lease assigned hereunder, and the Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under said leases or under or by reason of the assignment thereof and of and from 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 said subleases other than that arising out of Mortgagee's gross negligence or acts of Mortgagee found by a court to be committed in bad faith. Should the Mortgagee incur any such liability, loss or damage, under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and the Mortgagor shall reimburse the Mortgagee therefor within fifteen (15) days of Borrower's receipt of a demand for payment thereof.

20. Mortgagee's Right of Inspection. Mortgagee shall have the right to inspect the premises upon reasonable notice at all reasonable times and access thereto shall be permitted for that purpose.

21. Condemnation. Mortgagor hereby assigns, transfers and sets over unto Mortgagee the entire proceeds of any award or any claim for damages for any of the mortgaged premises taken or damaged under the power of eminent domain or by condemnation to which Mortgagor may be entitled up to the full amount of any monies due or to become due hereunder. Mortgagee after consulting with Mortgagor and acting in a commercially reasonable manner may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby, whether

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due or not, or to require Mortgagor to restore or rebuild, in which event the proceeds shall be held by Mortgagee and used to reimburse Mortgagor for the cost of the rebuilding or restoring of buildings or improvements on said premises, in accordance with plans and specifications to be submitted to and approved by Mortgagee. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the award, before being entitled to reimbursement out of the award. Any surplus which may remain out of said award after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any other party entitled thereto.

22. Release Upon Payment and Discharge of Mortgagor's Obligations. Mortgagee shall release this Mortgage Agreement and the lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby including the cost of preparation of any release document.

23. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by overnight delivery to any party hereto at its address stated above or at such other address of which it shall have notified the party giving such notice in writing. Notice shall be deemed given by overnight delivery upon deposit with an overnight carrier for next day delivery. Whenever in this Mortgage Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice.

24. Waiver of Defense. No action for the enforcement of the lien or of any provisions hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Prospect Reimbursement Agreement.

25. Waiver of Statutory Rights. Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage Agreement, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the mortgaged premises marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the mortgaged premises sold as an entirety. To the extent permitted by law, the Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage Agreement on its behalf and on behalf of each and every person, except decree or judgment creditors of the Mortgagor, acquiring any interest in or title to the premises subsequent to the date of this Mortgage Agreement.

26. Furnishing of Financial Statements to Mortgagee. Mortgagor covenants and agrees to furnish to Mortgagee within thirty (30) days after the end of each quarter of each fiscal year of the operation of the premises, commencing with the current fiscal quarter, a quarterly operating statement containing statements of income and expenses relating to the premises and

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of The Nagel Group, Inc., all in form and detail satisfactory to the Mortgagee. Additionally, Mortgagor further covenants and agrees to furnish to Mortgagee, at Mortgagor's expense, within one hundred twenty (120) days after the end of each fiscal year of the operation of the premises, commencing with the current fiscal year, an annual operating statement containing statements of income and expenses relating to the premises and of The Nagel Group, Inc., setting forth in each case, in comparative form, the figures for the previous fiscal year, all in form and detail satisfactory to the Mortgagee. These financial statements submitted on behalf of The Nagel Group, Inc. shall be prepared and certified by a certified public accountant of recognized standing, licensed to do business in the State of Illinois, selected by the Mortgagor and reasonably acceptable to the Mortgagee. Mortgagor will provide, within ten (10) business days of their filing, true, correct and complete copies of any state or federal income tax returns filed by or on behalf of Mortgagor.

27. Mortgagor's Additional Covenants. Mortgagor further covenants and agrees with Mortgagee, its successors and assigns as follows:

(a) That no construction shall be commenced upon the land hereinbefore described or upon any adjoining land at any time owned or controlled by Mortgagor or by other business entities related to Mortgagor, unless the plans and specifications for such construction shall have been submitted to and approved in writing by Mortgagee to the end that such construction shall not, in the reasonable judgment of Mortgagee, entail prejudice to the indebtedness evidenced by the Prospect Reimbursement Agreement and this Mortgage Agreement.

(b) In the event of the happening of any casualty, of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtained or obtainable) resulting in damage to or destruction of the mortgaged premises or any part thereof, Mortgagor will give notice thereof to Mortgagee, and will promptly, at Mortgagor's sole cost and expense (whether or not there are sufficient and available insurance proceeds) commence and diligently continue to restore, replace, repair or rebuild the mortgaged premises to be of at least equal value and substantially the same character and condition as prior to such casualty; provided that in any case where the Mortgagee has elected to use insurance or condemnation loss proceeds to apply on the mortgage indebtedness, the provisions of this paragraph (b) shall not apply.

(c) That Mortgagor will not commit or permit any waste on the mortgaged premises and will keep the buildings, fences and other improvements now or hereafter erected on the mortgaged premises in sound condition and in good repair and free from mechanics' liens or other liens or claims for liens not expressly subordinate to the lien hereof or addressed by Mortgagee in a manner deemed by Mortgagee to be satisfactory acting in a commercially reasonable manner, and will neither do nor permit to be done anything to the mortgaged

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premises that may impair the value thereof and the Mortgagee shall have the right of entry upon the mortgaged premises at all reasonable times upon reasonable notice for the purposes of inspecting the same.

(d) That Mortgagor will comply with all requirements of law, municipal ordinances or restrictions of record with respect to the mortgaged premises or the use thereof and will not initiate or acquiesce in any zoning classification, without Mortgagee's written consent which consent shall not be unreasonably withheld.

(e) That no building or other property now or hereafter covered by the lien of this Mortgage Agreement shall be removed, demolished or materially altered, without the prior written consent of the Mortgagee which consent shall not be unreasonably withheld.

(f) Except as permitted in the Reimbursement Agreement, Mortgagor will not, without the prior written consent of Mortgagee, transfer, convey, mortgage, assign or encumber the mortgaged premises.

(g) Mortgagor covenants and represents that neither Mortgagor nor any other person involved with the mortgaged premises has committed or been charged with any act or omission affording the federal government or any state or local government the right of forfeiture as against the mortgaged premises or any part thereof or any monies paid in performance of its obligations under the Prospect Reimbursement Agreement. Mortgagor covenants and agrees not to commit, permit, or suffer to exist any act or omission affording such right of forfeiture. Without limiting the foregoing, the filing of formal charges or the commencement of proceedings against Mortgagor and any part of the mortgaged premises for which forfeiture is a potential result shall constitute an event of default unless dismissed within sixty (60) days of the date of filing.

(h) Mortgagor shall not, without prior written approval of Mortgagee which approval shall not be unreasonably withheld, merge or consolidate with or acquire any other entity. In addition, other than in the ordinary course of its business, Mortgagor shall not make any investment in the securities of another individual, business or corporation without the prior written approval of the Mortgagee which approval shall not be unreasonably withheld.

28. Environmental Warranties and Indemnification. (a) All covenants, warranties and representations from the Mortgagor to the Mortgagee in any Environmental Certificate executed by the Mortgagor and relating to the premises are incorporated herein by reference in their entirety. The breach of any covenant, warranty or representation contained in such Environmental Certificate shall be an occurrence of default under the terms of this Mortgage Agreement.

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(b) Mortgagor covenants that to its best knowledge, the premises is not contaminated by Hazardous Materials (as defined herein) and further covenants, so long as the Indebtedness remains outstanding (i) that it shall not cause or knowingly permit, as a result of any intentional or unintentional act or omission on the part of the Mortgagor, any tenant, subtenant or occupant, the discharge, dispersal, release or disposal of Hazardous Materials onto the premises; and (ii) that it shall not knowingly allow any conditions to exist that would subject it to damages, penalties, injunctive relief or clean-up costs under any applicable federal, state or local statutes, laws or regulations, or at common law.

(c) Mortgagor shall comply with and take reasonable steps to ensure compliance by all tenants, subtenants and occupants with all applicable federal, state and local laws, ordinances, rules and regulations, with respect to environmental matters, and shall keep the premises free and clear of any liens imposed pursuant to such laws, ordinances, rules and regulations.

(d) If Mortgagor breaches any covenant, warranty or representation contained herein or if Mortgagor permits any condition or substance on the premises which impairs the environmental condition of the premises, the Mortgagor, at its own expense, shall conduct all investigations, removal, remediation and all other actions necessary to evaluate and correct any condition or substance causing degradation of the environmental condition of the premises in accordance with governmental or judicial direction and all applicable, federal state and local laws, ordinances, rules, regulations and policies within the cure periods provided therein, and to the reasonable satisfaction of the Mortgagee. Mortgagor shall provide Mortgagee with copies and verification of all reports concerning such investigations and other actions so taken.

(e) If an environmental assessment has been conducted at Mortgagee's request, such assessment shall not be deemed a waiver or relinquishment of Mortgagee's right to rely on the covenants, representations, warranties or agreements made herein or to receive the protection and indemnity contained herein. If at any time during the term of this Mortgage, the Mortgagee reasonably believes that any federal, state or local law, ordinance, rule or regulation, with respect to Hazardous Materials or the environmental condition of the premises has been or is being violated, the Mortgagee shall have the right to require Mortgagor, at Mortgagor's expense, to have an environmental assessment or assessments completed and to furnish evidence satisfactory to Mortgagee that no such violation has occurred. Until receipt of such evidence, the Mortgagee shall not be required to make any advances or loans to Mortgagor. Mortgagee's exercise of its rights under this subparagraph (e) shall in no way limit its other rights and remedies outlined herein and in the Prospect Reimbursement Agreement.

(f) The Mortgagor shall upon reasonable notice, provide the Mortgagee with reasonable access to the premises, the Mortgagor's business records and Mortgagor's agents and employees for the purpose of confirming compliance with the provisions of this Mortgage, conducting or causing to be conducted environmental assessment or assessments and protecting the Mortgagee's security interest. The Mortgagee shall be under no duty to exercise such access, the nonexercise of which shall in no way prejudice the rights of the Mortgagee under this Mortgage Agreement or otherwise.

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(g) Mortgagor has a continuing duty to notify the Mortgagee of any material change of conditions affecting the continuing accuracy and truthfulness of any covenant, representation, or warranty of the Mortgagor, contained in this Mortgage Agreement or in any Environmental Certificate delivered by Mortgagor to Mortgagee.

(h) All obligations and liabilities of the Mortgagor under this Mortgage, including, but not limited to, the indemnity contained herein, shall survive discharge of the Mortgage Agreement as a result of foreclosure or deed given in lieu thereof, or any other exercise by Mortgagee of any remedies available to it for any default under this Mortgage Agreement and shall be in full force and effect at the time any claim or action is asserted by or against the Mortgagee. Provided, however, any term or provision contained herein to the contrary notwithstanding Mortgagee shall be solely responsible for liabilities arising while Mortgagee or any agent of Mortgagee is in actual and exclusive possession of the premises. Provided further, however, Mortgagor shall be solely responsible for liabilities arising out of the placement of hazardous materials, if any, on the premises prior to Mortgagee's or its agent taking actual possession of the premises.

(i) For purposes of this Mortgage Agreement, "Hazardous Materials" shall include, without limitation, any chemical or other material which is or may become injurious to the public health, safety, or welfare, or to the environment, flammable explosives, petroleum fractions, pesticides, radioactive materials, hazardous materials, hazardous waste, regulated substances, hazardous or toxic substances, asbestos-containing materials, polychlorinated biphenyls, contaminating pollutants or related or similar materials, including by way of example, substances or materials defined by any federal, state or local environmental law, ordinance, rule or regulation, including without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 *et seq.*), the Federal Insecticide, Fungicide, and Rodenticide Act as amended (7 U.S.C. 136 *et seq.*), or, as applicable, the Michigan Environmental Response Act, as amended (M.C.L. 299.601 *et seq.*), the Illinois Environmental Protection Act, as amended (Ill.Rev.Stat. 1983 Ch. 111 1/2 ¶1001 *et seq.*), or the Indiana Hazardous Waste Act, as amended (IC 13-7 *et seq.*) and the regulations adopted and publications promulgated pursuant thereto. "Hazardous materials" shall not include materials of a nature and quantity normally used in the maintenance of the premises while the premises are being operated as a self storage facility.

29. Security Agreement. This Mortgage Agreement shall be deemed a Security Agreement as defined in the Illinois Commercial Code. This Mortgage Agreement creates a security interest in favor of Mortgagee in all personal property tangible or intangible owned by Mortgagor, either referred to or described herein or located on the premises in any way connected with the use or enjoyment of the premises. The remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be (i) as prescribed herein, or (ii) by general law, or (iii) as to the Prospect Reimbursement Agreement or such part of the security which is also reflected in any financing statement filed to perfect the security interest herein created, by the specific statutory consequences now or hereafter enacted and specified in the

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Illinois Commercial Code, all at Mortgagee's sole election. Mortgagor and Mortgagee agree that the filing of such a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing this declaration and the hereby stated intention of the parties hereto, that everything used in connection with the production of income from the mortgaged premises and/or adapted for use therein and/or which is described or reflected in this Mortgage Agreement is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used by the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with the Mortgagee, (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) the rights in or the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) the Mortgagor's interest as lessor in any present or future lease or rights to income arising out of the use and/or occupancy of the mortgaged premises hereby, whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of Mortgagee as determined by this instrument or impugning the priority of the Mortgagee's lien granted hereby or by any other record document on such mention in the financing statement is declared to be for the protection of the Mortgagee in the event any court or judge shall at any time hold with respect to (1), (2) and (3) that notice of Mortgagee's priority of interest to be effective against a particular class of persons, including but not limited to the Federal government and any subdivisions or entity of the Federal government, must be filed in the Commercial Code records.

Notwithstanding the aforesaid, the Mortgagor covenants and agrees that so long as any balance remains unpaid on the Prospect Reimbursement Agreement it will execute (or cause to be executed) and delivered to Mortgagee, such renewal certificates, affidavits, extension statements or other documentation in proper form, and do all such acts including delivery of the Prospect Reimbursement Agreement to the Mortgagee within twenty one (21) days of the date hereof, so as to keep perfected the lien created by any security agreement and financing statement given to Mortgagee by Mortgagor, and to keep and maintain the same in full force and effect until the entire principal indebtedness and all interest to accrue thereunder has been paid in full; with the provision that the failure of the undersigned Mortgagor to so do shall constitute a default hereunder and under the Prospect Reimbursement Agreement.

30. Usury Laws, Etc. If under any circumstances whatever fulfillment of any provision of this Mortgage Agreement or the Prospect Reimbursement Agreement at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by applicable usury statute or any other law, then ipso facto the obligation to be fulfilled shall be reduced to the limit of such validity, and paid according to the provision of the Prospect Reimbursement Agreement, so that in no event shall any exaction be possible under this Mortgage Agreement or the Prospect Reimbursement Agreement that is in excess of the limit of such validity; but such obligation shall be fulfilled to the limit of such validity. In no event shall Mortgagor, its successors or assigns, be bound to pay for the use, forbearance or detention of the money loaned and secured hereby interest of more than the legal limit, and the right to demand

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any such excess shall be and hereby is waived. This provision of this paragraph shall control every other provision of this Mortgage Agreement and the Prospect Reimbursement Agreement.

31. Binding on Successors and Assigns. This Mortgage Agreement and all provisions hereof shall extend to and be binding upon Mortgagor and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such person and all person liable for the payment of the indebtedness or any part thereof, whether or not such person shall have executed the Prospect Reimbursement Agreement or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Prospect Reimbursement Agreement.

32. Captions. The captions and headings of various paragraphs of this Mortgage Agreement are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

33. Defeasance Clause. If Mortgagor pays to Mortgagee said principal sum and all other sums payable by Mortgagor to Mortgagee as are hereby secured, in accordance with the provisions of the Prospect Reimbursement Agreement and in the manner and at the times therein set forth, without deduction, fraud, or delay, then and from thenceforth this Mortgage, and the estate hereby granted, shall cease and become void, anything herein contained to the contrary notwithstanding.

34. Incorporation of Riders, Exhibits and Addenda. All riders, exhibits and addenda attached to this Mortgage Agreement are by express and specific reference incorporated in and made a part of this Mortgage Agreement; and with the provision that the covenants contained in each of said riders, exhibits and addenda, and the other things therein set forth shall have the same force and effect as any other covenant or thing herein expressed.

35. Assurances of Cooperation. The parties agree that they will, at any time after the execution of this Mortgage Agreement, and from time to time, execute, acknowledge, and deliver or cause to be executed, acknowledged and delivered to each other the various documents which shall be reasonably required to carry out the various undertakings under this Mortgage Agreement. The parties further agree that each of them will use reasonable diligent efforts to cause the conditions precedent hereto to be met.

36. Limitation of Liability. Anything contained herein to the contrary notwithstanding, it is expressly understood and agreed that nothing herein shall be construed as creating any liability on any manager or member of Mortgagor to pay any amount due under this Mortgage Agreement or any other loan document; but nothing contained herein shall be construed to prevent Lender from exercising any remedy allowed by law or by the terms of this Mortgage Agreement or any other loan document which does not result in such an obligation by any such manager or member to pay money.

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37. Severability. If any term or provision hereof should be held to be invalid, unenforceable, or illegal, such holding shall not invalidate or render unenforceable any other provision hereof, and the remaining provisions shall not be impaired thereby.

38. Joint and Several Obligation. The obligations of all parties signing this Mortgage Agreement shall be joint and several. Wherever the term "Mortgagor" shall be used herein, said term shall be construed to mean all parties signing this instrument as obligor.

39. Governing Law. Mortgagor further agrees that this Mortgage Agreement shall be governed and construed by the laws of the State of Illinois.

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

\* \* \*

IN WITNESS WHEREOF, Mortgagor has signed this instrument on the day and year first above written.

MORTGAGOR:

PROSPECT HEIGHTS SELF STORAGE, L.L.C., an Illinois limited liability company

By: \_\_\_\_\_

Name: Matthew M. Nagel

Title: Member

THIS MORTGAGE WAS PREPARED BY:

Thomas J. Dillon  
McFadden & Dillon, P.C.  
135 South LaSalle Street  
Suite 2110  
Chicago, Illinois 60603

AFTER RECORDING RETURN TO:

Deborah A. Payne  
Commonwealth Land Title Insurance Company  
30 N. LaSalle, Suite 3440  
Chicago, IL 60602

Thomas J. Dillon  
McFadden & Dillon, P.C.  
135 South LaSalle Street  
Suite 2110  
Chicago, Illinois 60603

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## EXHIBIT A

### LEGAL DESCRIPTION

Key (Prospect Heights)

LOT 1 IN PIPER LANE MINTWAREHOUSE SUBDIVISION, BEING A RESUBDIVISION OF PART OF LOT 1 IN PINECREST APARTMENTS, A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 24, TOWNSHIP 42 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 22, 1988 AS DOCUMENT 88117034.

ALSO DESCRIBED AS FOLLOWS:

THAT PART OF LOT 1 IN PINECREST APARTMENTS BEING A SUBDIVISION OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 24, TOWNSHIP 42 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, RECORDED MARCH 29, 1979 AS DOCUMENT NUMBER 24897636, IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF SECTION 24; THENCE EAST ALONG SECTION LINE 616.67 FEET; THENCE SOUTH  $00^{\circ}45'30''$  EAST, 1136.26 FEET FOR A POINT OF BEGINNING; THENCE DUE EAST 199.44 FEET; THENCE DUE SOUTH 110.50 FEET; THENCE DUE WEST 169.56 FEET; THENCE DUE SOUTH 31.5 FEET; THENCE DUE EAST 288.12 FEET; THENCE DUE NORTH 87.20 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 483.00 FEET; THENCE ALONG SAID CURVE 179.68 FEET TO THE END OF CURVE; THENCE NORTH  $21^{\circ}18'54''$  WEST 55.61 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 350.00 FEET; THENCE ALONG SAID CURVE 214.49 FEET TO THE END OF CURVE; THENCE NORTH  $27^{\circ}50'37''$  EAST 72.40 FEET; THENCE DUE EAST 342.54 FEET; THENCE SOUTH  $00^{\circ}45'30''$  EAST 631.02 FEET; THENCE DUE WEST 658.82 FEET; THENCE NORTH  $00^{\circ}45'30''$  WEST 186.82 FEET TO THE POINT OF BEGINNING.

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