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MORTGAGE and
ASSIGNMENT OF RENTS

THIS MORTGAGE AND ASSIGNMENT OF RENTS ("Mortgage"), dated and effective as of the 23rd day of January, 1996, by LASALLE NATIONAL TRUST, N.A., as Trustee under a Trust Agreement dated December 8, 1995, and known as Trust No. 119932 ("Mortgagor"), in favor of LASALLE BANK, with its principal place of business at 8303 West Higgins Road, Chicago, Illinois 60631 ("Mortgagee"), has reference to the following facts and circumstances:

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WITNESSETH:

A. Mortgagor has requested an extension of credit totaling SIX MILLION NINE HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$6,950,000.00); and

B. Mortgagee has made such extension of credit to, on behalf or for the benefit of Mortgagor pursuant to a Mortgage Note of even date herewith executed and delivered by and between Mortgagor and Mortgagee.

NOW, THEREFORE, in consideration of the extension of credit made by Mortgagee, Mortgagor agrees with Mortgagee as follows:

ARTICLE I

DEFINITIONS AND TERMS

. DEPT-01 RECORDING	\$89.00
. T#0012 TRAN 9065 02/08/96 09:32:00	
. #6687 # CG #-96-107537	
. COOK COUNTY RECORDER	
. DEPT-10 PENALTY	\$86.00

1.1 The following words, terms and/or phrases shall have the meanings set forth thereafter and such meanings shall be applicable to the singular and plural form thereof, giving effect to the numerical difference; whenever the context so requires, the use of "them" in reference to Mortgagor shall mean Mortgagor as identified at the beginning of this Mortgage:

A. "And/Or": one or the other or both, or any one or more or all, of the things or "Persons" (hereinafter defined) in connection with which the conjunction is used.

B. "Charges": all national, federal, state, county, city, municipal and/or other governmental (or any instrumentality, division, agency, body or department thereof) charges, impositions, levies, assessments and taxes (whether general, special or otherwise), water charges, sewer service charges, liens, claims or encumbrances upon and/or relating to the "Mortgaged Property" (hereinafter defined), "Mortgagor's Liabilities" (hereinafter defined), and/or "Mortgagor's Obligations" (hereinafter defined).

C. "Encumbrances": all liabilities, liens, claims, debts, exceptions, easements, restrictions, security interests,

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Charges and all other types of encumbrances including the first mortgage.

D. "Equipment": all present and future apparatus, machinery, equipment, furniture, fixtures and articles of personal property of any and every kind and nature whatsoever used, attached to, installed or located in or on the "Premises" (hereinafter defined), or required for use in or on or in connection with the Premises or the management, maintenance, operation or business thereof and all replacements thereof, substitutions therefor and accessions thereto including, without limitation, any such item now or at any time or times hereafter situated on the Premises and used to supply or otherwise deliver heat, gas, air conditioning, water, light, electricity, power, plumbing, refrigeration, sprinkling, ventilation, mobility, communication, incineration, recreation, laundry service and all other related or other such services, which are owned by Borrower.

E. "Event of Default": the definition ascribed to this term in Section 6.1 below.

F. "Leases": all present and future leases, agreements, tenancies, licenses and franchises of or from the Premises and/or the Equipment or in any way, manner or respect required, existing, used or useable in connection with the Premises and/or the Equipment or the management, maintenance, operation or business thereof, and all deposits of money as advance rent or for security under any or all of the Leases and all guaranties of lessee's performances thereunder.

G. "Mortgage Note": the Mortgage Note of even date herewith in the principal amount of SIX MILLION NINE HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$6,950,000.00), executed and delivered by Mortgagor to Mortgagee, the terms of which are incorporated herein by reference and made a part hereof. Said Mortgage Note provides for a variable rate of interest tied to the Prime Rate established by LaSalle National Bank, N.A. and that the maximum principal amount outstanding at any time will not exceed SIX MILLION NINE HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$6,950,000.00).

H. "Mortgaged Property": (a) the Premises; (b) the "Rents" (hereinafter defined); (c) the Leases; (d) the Equipment (which shall be deemed to be a part of the Premises, whether physically attached thereto or not); (e) all present and future judgments, awards of damages and settlements made as a result or in lieu of any taking of the Premises, the Equipment and/or the Leases, or any part thereof, under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) thereto; (f) all present and future insurance policies in force or

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effect insuring the Premises, the Rents, the Leases or the Equipment; and (g) all proceeds of each and every of the foregoing.

I. "Mortgagor's Liabilities": (a) the payment of any and all monies including, without limitation, the payment, when due or declared due, of the principal sum thereof and interest thereon (including all additional interest set forth therein), now and/or hereafter owed or to become owing by Mortgagor to Mortgagee under and/or pursuant to the terms and provisions of the Mortgage Note; (b) the payment of any and all other debts, claims, obligations, demands, monies, liabilities and/or indebtednesses (of any and every kind or nature) now and/or hereafter owing, arising, due or payable from Mortgagor to Mortgagee under and/or pursuant to the terms and provisions of this Mortgage (including, without limitation, all advances made to protect and preserve the value of the Mortgaged Property and the priority of Mortgagee's lien thereon); and (c) the payment of any and all other obligations and liabilities of Mortgagor to Mortgagee including, without limitation, all debts, claims, obligations, demands, monies, liabilities and/or indebtednesses (of any and every kind or nature) whether primary, secondary, direct, contingent, fixed or otherwise, now and/or from time to time hereafter owing, arising, due or payable, howsoever evidenced, created, incurred, acquired or owing, and however arising, whether under this Mortgage, the Mortgage Note, the Other Agreements, or by oral agreement or operation of law or otherwise.

J. "Mortgagor's Obligations": the prompt, full and faithful performance, discharge, compliance and observance by Mortgagor of each and every term, condition, warranty, representation, agreement, undertaking, covenant and provision (other than Mortgagor's Liabilities) to be performed, discharged, observed or complied with by Mortgagor contained in this Mortgage, and the Mortgage Note.

K. "Other Agreements": all agreements, instruments and documents including, without limitation, loan agreements, security agreements, guaranties, mortgages, deeds of trust, notes, letters of credit, advices of credit, bankers acceptances, pledges, powers of attorney, consents, assignments, contracts, notices, leases, financing statements and all other written matter heretofore, now and/or from time to time hereafter executed by and/or on behalf of Mortgagor and delivered to Mortgagee, or issued by Mortgagee upon the application and/or other request of, and on behalf of, Mortgagor.

L. "Person": any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government (whether national, federal, state, county, city, municipal or otherwise including, without limitation, any instrumentality, division, agency, body or department thereof).

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M. "Premises": all of the following described real estate, and all of Mortgagor's estate, right, title and interest therein, situated, lying and being in the City of Chicago, State of Illinois and legally described on EXHIBIT "A" attached hereto and made a part hereof consisting of a three and one-half story building with a building area of approximately 200,000 square feet in Chicago, Illinois together with all buildings, improvements, tenements, easements, hereditaments and appurtenances now and/or at any time or times hereafter upon, belonging or otherwise appertaining to or situated on said real estate and all heretofore or hereafter acquired roads, alleys, streets and other public ways abutting said real estate, whether before or after vacation thereof.

N. "Rents": all present and future rents, issues, avails, profits and proceeds of or from the Premises, the Leases and/or the Equipment.

ARTICLE II

CONVEYANCE

2.1 To secure the payment by Mortgagor of Mortgagor's Liabilities under the Mortgage Note in the principal amount of SIX MILLION NINE HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$6,950,000.00) and the performance by Mortgagor of Mortgagor's Obligations, Mortgagor hereby does warrant, grant, give, bargain, confirm, assign, pledge, set over, transfer, sell, convey, remise, release and otherwise mortgage to Mortgagee, its successors and assigns, forever, the Mortgaged Property for the purposes and uses set forth in this Mortgage; provided, nevertheless, that if Mortgagor, their successors or assigns, shall satisfy, discharge and otherwise pay to Mortgagee, its successors or assigns, in full, Mortgagor's Liabilities and keep and perform all of Mortgagor's Obligations, then this Mortgage shall become null and void and shall be released at Mortgagor's expense.

2.2 This Mortgage shall operate as and constitute a Security Agreement with respect to that portion of the Mortgaged Property constituting property or interests in property, whether real or personal, tangible or intangible, which are subject to the priority and perfection of security interest provisions of the Uniform Commercial Code or any similar and applicable law, statute, code or other governing body of law. Therefore, to secure the payment by Mortgagor of Mortgagor's Liabilities and the performance by Mortgagor of Mortgagor's Obligations, Mortgagor hereby grants to Mortgagee a security interest in the Mortgaged Property.

2.3 Mortgagor, within ten (10) days after written request by Mortgagee therefor, will certify in writing to Mortgagee, or to any proposed assignee of this Mortgage, the amount of principal and

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interest then owing and unpaid under the Mortgage Note and/or the Other Agreements and whether Mortgagor has or asserts any offsets or defenses thereto.

ARTICLE III

COVENANTS, WARRANTIES AND REPRESENTATIONS

3.1 Mortgagor covenants with and warrants and represents to Mortgagee as follows:

A. Mortgagor promptly will pay, or cause to be paid, when due or declared due, Mortgagor's Liabilities and promptly, fully and faithfully will perform, discharge, observe and comply with each and every of Mortgagor's Obligations.

B. Mortgagor now has and hereafter shall maintain the standing, right, power and lawful authority to own the Mortgaged Property, to carry on the business of and operate the Mortgaged Property, to enter into, execute and deliver this Mortgage, the Mortgage Note and the Other Agreements to Mortgagee, to encumber the Mortgaged Property to Mortgagee as provided herein or in the Other Agreements and to perform all of Mortgagor's Obligations and to consummate all of the transactions described in or contemplated by this Mortgage, the Mortgage Note and the Other Agreements.

C. The execution, delivery and performance by Mortgagor of and under this Mortgage, the Mortgage Note and the Other Agreements does not and will not constitute a violation of any applicable law and does not and will not conflict with or result in a default or breach of or under or an acceleration of any obligation arising, existing or created by or under any agreement, instrument, document, mortgage, deed, trust deed, note, judgment, order, award, decree or other restriction to which Mortgagor or any of the Mortgaged Property is or hereafter shall become a party or by which Mortgagor or any of the Mortgaged Property is or hereafter shall become bound or any law or regulatory provision now or hereafter affecting Mortgagor or any of the Mortgaged Property.

D. Mortgagor has duly filed or has caused to be filed and shall continue timely to file or cause to be filed all federal, state and other governmental tax and similar returns which Mortgagor is required by law to file. All taxes and other sums which are shown to be payable under such returns have been and shall be timely and fully paid and Mortgagor shall maintain adequate funds reserved in amount to pay fully all such liabilities which hereafter may accrue.

E. All of the Leases, if any, are and shall remain genuine, in all respects what they purport to be, free of set-offs, counterclaims or disputes and valid and enforceable in accordance

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with their terms. All parties to the Leases have and shall have the capacity to contract thereunder. Except for security deposits provided for under the Leases, and revealed by Mortgagor to Mortgagee in writing, no advance payments have been or shall be made thereunder.

F. There is no litigation, action, claim or proceeding pending or, to the best of Mortgagor's knowledge, threatened which might, in any way, manner or respect, materially and adversely affect the Mortgaged Property, the operation or the business thereof, Mortgagee's Encumbrances thereon, the collectibility of the obligations under the Mortgage Note and/or the Other Agreements, the ability of Mortgagor to repay the obligations under the Mortgage Note and/or the Other Agreements or the financial condition of the Mortgaged Property or the operation or business thereof, other than an existing City of Chicago building code violation and Housing Court proceeding relating to the elevator located on the Mortgaged Property.

G. The Mortgaged Property now consists of and is in the same condition as it was when Mortgagee last inspected it, ordinary wear and tear excepted. Mortgagor will construct improvements on the property and build a minimum of 113 condominium units according to the plans and specifications approved by Mortgagee.

H. Mortgagor and the Mortgaged Property possess and hold and shall maintain adequate properties, interests in properties, leases, licenses, franchises, rights and governmental and other permits, certificates, consents and approvals to conduct and operate the business of Mortgagor. None of the foregoing contain or shall contain any term or condition that is materially burdensome to said business or materially different than those of the foregoing customarily possessed or held by other parties conducting or operating a similar business.

I. The location, existence and use of the Premises and the Equipment are and shall remain in compliance with all applicable laws, rules, ordinances and regulations including, without limitation, building and zoning laws, and all covenants and restrictions of record.

J. Mortgagor has or shall prior to the commencement of any work which shall require governmental and municipal approvals and permits received and shall remain in possession of all necessary governmental and municipal approvals and permits for construction of improvements on the Premises.

K. Mortgagor is and shall remain in peaceful possession of and will forever warrant and defend the Mortgaged Property from and against any and all claims thereon or thereto of any and all parties.

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L. Mortgagor will save and hold Mortgagee harmless of and from any and all damage, loss, cost and expense including, without limitation, reasonable attorneys' fees, costs and expenses, incurred by reason of or arising from or on account of or in connection with any suit or proceeding, threatened, filed and/or pending, in or to which Mortgagee is or may become or may have to become a party by reason of or arising from or on account of or in connection with Mortgagor's Liabilities, Mortgagor's Obligations, this Mortgage, the Mortgage Note or the Other Agreements.

M. All financial and operating statements submitted to Mortgagee in connection with this loan secured hereby are true and correct in all respects, and fairly present the respective financial conditions of the subjects thereof and the results of their operations as of the respective dates shown thereon. No materially adverse changes have occurred in the financial conditions and operations reflected therein since their respective dates.

3.2 Mortgagor covenants with and warrants and represents to Mortgagee that Mortgagor is lawfully seized, possessed and the owner of and has good and indefeasible, marketable fee-simple title to the Mortgaged Property, free and clear of all encumbrances except the Encumbrance of this Mortgage and those encumbrances set forth on EXHIBIT "B" attached hereto ("Permitted Encumbrances").

A. Except as set forth in Section 3.1 (G) of this Mortgage, Mortgagor will not change the use or character of or abandon the Mortgaged Property and at all times hereafter shall keep the Mortgaged Property in good condition and repair and will not commit or suffer waste and will make all necessary repairs, replacements and renewals (including the replacement of any items of the Equipment), to the Mortgaged Property so that the value and operating efficiency thereof shall at all times not be diminished; shall not remove any fixture or demolish any building or improvement located in or on the Premises. Mortgagor shall pay for and complete, within a reasonable time, any building or improvement at any time in the process of erection upon the Premises, shall refrain from impairing or diminishing the value of the Mortgaged Property and shall make no material alterations to the Mortgaged Property which in the opinion of Mortgagee diminishes its value, and promptly shall repair, restore or rebuild any building or improvement now or hereafter on the Premises which may become damaged or destroyed. Mortgagor shall comply with all requirements of law and all municipal ordinances governing the Mortgaged Property and the use thereof. Mortgagor shall permit Mortgagee, and its agents, upon demand, access to and to inspect the Mortgaged Property at all reasonable times.

B. Mortgagor shall pay and discharge, as and when due and payable, before any penalty attaches, all Charges that may be at any time levied, assessed or imposed upon or against the

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Mortgaged Property, or any part thereof, and shall deliver to Mortgagee duplicate receipts evidencing payment thereof before delinquency. To prevent default hereunder, Mortgagor may pay in full, under protest, and in the manner provided by statute, any Charge, cause the title company insuring the Mortgagees interest in the Mortgaged Property to insure over the same, or post a bond in an amount acceptable to Mortgagee, and then which Mortgagor may desire to contest any such levy, assessment lien or imposition.

C. Mortgagor shall keep the Mortgage Property free and clear of all Encumbrances (including, without limitation, mechanics liens and other similar liens or claims for liens) of any and every kind and nature except Permitted Encumbrances, and, shall promptly pay or cause to be paid, or insured or bonded over, as an when due and payable or when declared due and payable, any indebtedness which may become or be secured by such an Encumbrance and, immediately upon written request by Mortgagee, shall deliver to Mortgagee evidence satisfactory to Mortgagee of the payment and discharge thereof.

D. Mortgagor shall not, at any time or times hereafter, pledge, hypothecate or otherwise encumber all or any portion of the Mortgaged Property or Mortgagor's interest therein.

E. Without the prior written consent of Mortgagee, Mortgagor shall not sell or otherwise transfer all or any portion of the Mortgaged Property or Mortgagor's interest therein including, but not limited to, an assignment of the beneficial interest. Mortgagee, in its sole discretion, may deliver or withhold such consent based upon Mortgagee's determination, to its sole satisfaction, of the credit worthiness and ability of the proposed assignee, transferee or purchaser to satisfy, perform and discharge Mortgagor's Liabilities in a proper and timely fashion and manner. Mortgagee, in its sole discretion, may condition the delivery of its consent upon Mortgagor agreeing to provide for such additional terms and conditions in the Mortgage Note, Mortgage or Other Agreements as may be acceptable to Mortgagee. Notwithstanding the foregoing, Mortgagee agrees that the sale by Mortgagor of any condominium unit constructed on the Premises will not constitute a violation of this Section 3.2 (E), provided that Mortgagor pays Mortgagee the funds required by the Mortgage in order to obtain a release deed or partial release deed.

F. All present and future items of fixtures, equipment, furnishings or other tangible personal property (whether or not constituting a part of the Mortgaged Property) related or necessary to or used or useable in connection with any present or future building or improvement on the Premises, or the operation or business thereof owned by Mortgagee, are and will be owned free and clear of all Encumbrances except Permitted Encumbrances and Mortgagor will not acquire any such property subject to any Encumbrance except Permitted Encumbrances. Within five (5) days

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after request by Mortgagee, Mortgagor will execute and deliver to Mortgagee an additional security agreement and financing statement, in form and substance acceptable to Mortgagee, covering all such property.

3.3 If Mortgagor, fifteen (15) days after written demand of same from Mortgagee, shall neglect or refuse to keep the Mortgaged Property in good operating condition and repair or to replace or maintain the same as herein agreed, to pay the premiums for the insurance which is required to be maintained hereunder, to pay and discharge all Encumbrances as herein agreed or otherwise defaults in the performance of Mortgagor's Obligations, Mortgagee, at its sole election, may cause such repairs or replacements to be made, obtain such insurance, pay such Encumbrances or perform such Obligations. Any amounts paid by Mortgagee in taking such action (together with interest thereon at the rate equal to the prime rate as the same is determined from time to time by LaSalle Bank, plus five percent (prime plus five percent 5.0%) from the date of Mortgagee's payment thereof until repaid by Mortgagor to Mortgagee), shall be due and payable by Mortgagor to Mortgagee upon demand, and, until paid, shall constitute a part of Mortgagor's Liabilities secured by this Mortgage. Notwithstanding the foregoing, such advances by Mortgagee shall not be deemed to relieve Mortgagor from any Event of Default hereunder or impair any right or remedy consequent thereon. The exercise of the right to take such action shall be optional with Mortgagee and not obligatory upon Mortgagee and Mortgagee shall not in any case be liable to Mortgagor for failure or refusal to exercise any such right. In making any payments pursuant to the exercise of any such right, Mortgagee may rely upon any bills delivered to it by Mortgagor or any such payee and shall not be liable for any failure to make payments in any amounts other than as set forth in any such bills.

ARTICLE IV

TAXES, INSURANCE AND CONDEMNATION

4.1 Mortgagor agrees to pay all taxes and assessments levied against the Mortgaged Property prior to the same becoming delinquent. Upon request from Mortgagee, Mortgagor shall deliver evidence of payment of said taxes and assessment to Mortgagee.

4.2 (a) Mortgagor, at all times, shall keep and maintain the Mortgaged Property fully insured (without co-insurance) against loss or damage by, fire and such other hazards, casualties and contingencies as Mortgagee, from time to time, may require in companies, form, amounts and for such periods as are satisfactory to Mortgagee but, in any event, for not less than the greater of the full insurable value or the full replacement value of the Mortgaged Property. All such policies and renewals thereof shall

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contain, in form and substance acceptable to Mortgagee, standard mortgagee loss payable clauses, as well as a standard waiver of subrogation endorsement and shall be delivered, as issued, to Mortgagee, with premiums therefor paid in full by Mortgagor. All policies shall provide that they are non-cancelable by the insurer without first giving at least ten (10) days' prior written notice to Mortgagee of any intended cancellation. Mortgagor will give immediate written notice to Mortgagee of any loss or damage to the Mortgaged Property caused by any casualty. In case of policies about to expire, Mortgagor will deliver to and deposit with Mortgagee renewal policies or appropriate certificates of insurance not less than thirty (30) days prior to the respective dates of expiration. Mortgagor will deliver and deposit with Mortgagee receipts for the payment of the premiums on all policies and renewals thereof. In the event of foreclosure of this Mortgage or assignment hereof by Mortgagee or transfer of title to the Mortgaged Property in extinguishment of Mortgagor's Liabilities, all right, title and interest of Mortgagor in and to any policies then in force shall pass to the purchaser, grantee or assignee.

(b) Full power is hereby conferred on Mortgagee:

- (1) to settle and compromise all claims under all policies;
- (2) to demand, receive and receipt for all monies becoming due and/or payable under all policies;
- (3) to execute, in the name of Mortgagor or in the name of Mortgagee, any proofs of loss, notices or other instruments in connection with all claims under all policies; and
- (4) to assign all policies to any holder of Mortgagor's Liabilities or to the grantee of the Mortgaged Property in the event of the foreclosure of this Mortgage or other transfer of title to the Mortgaged Property.

(c) In the event of payment under any of the policies, the proceeds of the policies shall be paid by the insurer to Mortgagee and Mortgagee, in its sole and absolute discretion, may:

- (1) apply such proceeds, wholly or partially, after deducting all costs of collection, including reasonable attorneys' fees, either:
 - (a) toward the alteration, reconstruction, repair or restoration of the Mortgaged Property or any portion thereof; or

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(b) as a payment on account of Mortgagor's Liabilities (without affecting the amount or time of subsequent payments required to be made by Mortgagor to Mortgagee under the Mortgage Note or the Other Agreements), whether or not then due or payable;

(2) deliver the same to Mortgagor.

4.3 (a) All awards now or hereafter made by any public or quasi-public authority to or for the benefit of Mortgagor in any way, manner or respect affecting, arising from or relating to the Mortgaged Property, or any portion thereof, by virtue of an exercise of the right of eminent domain by such authority (including, without limitation, any award for taking of title, possession or right of access to a public way, or for any change of grade of streets affecting the Mortgaged Property) hereby are assigned to Mortgagee as additional security for the payment of Mortgagor's Liabilities (and for such purpose, Mortgagor hereby grants to Mortgagee a security interest therein).

(b) Mortgagee shall and hereby is authorized, directed and empowered to collect and receive the proceeds of any such awards from the authorities making the same and to give proper receipts therefor (in Mortgagor's name, in Mortgagee's name or in both names), and may, in its sole and absolute discretion, use such proceeds for any one or more of the following purposes:

- (1) apply the same, or any part thereof, to Mortgagor's Liabilities, whether or not then matured and without affecting the amount or time of subsequent payments required to be made by Mortgagor to Mortgagee under the Mortgage Note or the Other Agreements;
- (2) use the same, or any part thereof, to satisfy, perform or discharge any of Mortgagor's Obligations;
- (3) use the same, or any part thereof, to replace, repair or restore any or all of the Mortgaged Property to a condition satisfactory to Mortgagee; or
- (4) release the same to Mortgagor.

(c) Mortgagor, immediately upon written request by Mortgagee, shall make, execute and deliver and/or cause to be made, executed and delivered to and/or for the benefit of Mortgagee any and all assignments and other instruments sufficient to assign, and cause the payment directly to Mortgagee of, all such awards, free

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and clear of all Encumbrances except Permitted Encumbrances. Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Mortgaged Property by any public or quasi-public authority or corporation, Mortgagor shall continue to pay all of Mortgagor's Liabilities, as and when due and payable, until any such award or payment shall have been actually received by Mortgagee, and any reduction in Mortgagor's Liabilities resulting from the application by Mortgagee of such award or payment as herein set forth shall be deemed to take effect only on the date of such receipt. If, prior to the receipt by Mortgagee of such award or payment, the Mortgaged Property shall have been sold on foreclosure of this Mortgage, Mortgagee shall have the right to receive such award or payment to the extent of any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and of the reasonable attorneys' fees, costs, expenses and disbursements incurred by Mortgagee in connection with the collection of such award or payment.

ARTICLE V

LEASES AND RENTS

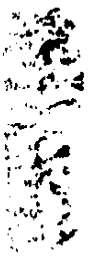
5.1 So long as there shall not have occurred an Event of Default under this Mortgage, or any event which, with notice or lapse of time or both would become an Event of Default under this Mortgage, Mortgagor shall have the right to collect all of the Rents arising from the Leases, if any, or renewals thereof, and shall hold the same, in trust, to be applied first to the payment of all Charges upon the Mortgaged Property, second to the cost of the maintenance of insurance policies upon the Mortgaged Property required hereby, third to the maintenance and repairs required hereby and last to the payment of Mortgagor's Liabilities, before using any part of the Rents for any other purposes.

5.2 At all times, Mortgagee or any of Mortgagee's agents shall have the right to verify the validity, amount or any other matter relating to any or all of the Leases, by mail, telephone, telegraph or otherwise, in the name of Mortgagor, Mortgagee, a nominee of Mortgagee or in any or all of said names.

5.3 Unless Mortgagee notified Mortgagor thereof in writing that it dispenses with any one or more of the following requirements, Mortgagor shall: (a) promptly upon Mortgagor's receipt or learning thereof, inform Mortgagee, in writing, of any assertion of any claims, off-sets or counter-claims by any of the obligors of the Leases; (b) not permit or agree to any material extension, compromise or settlement or make any material change or modification of any kind or nature of or with respect to the Leases or the terms thereof; and (c) promptly upon Mortgagor's receipt or

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learning thereof, furnish to and inform Mortgagee of all material adverse information relating to or affecting the financial condition of any obligor of the Leases.

5.4 Within five (5) days after demand in writing therefor by Mortgagee, Mortgagor shall deliver to Mortgagee, in form and substance acceptable to Mortgagee, a detailed certified rent roll of all the Leases and such other matters and information relating thereto as Mortgagee may request.

5.5 Upon the occurrence of an Event of Default under this Mortgage other than failure to pay any amount whether interest or principal or both, and upon thirty (30) days written notice:

(a) Immediately thereafter upon demand by Mortgagee, Mortgagor shall deliver to Mortgagee the originals of the Leases, with appropriate endorsement and/or other specific evidence of assignment thereto to Mortgagee, which endorsement and/or assignment shall be in form and substance reasonably acceptable to Mortgagee.

(b) Mortgagee, then or at any time or times thereafter, at its sole election, without further notice thereof to Mortgagor, may notify any or all of the obligors of the Leases that the Leases have been assigned to Mortgagee and Mortgagee (in its name, in the name of Mortgagor or in both names) may direct said obligors thereafter to make all payments due from them under the Leases directly to Mortgagee.

(c) Mortgagor, immediately upon demand by Mortgagee, irrevocably, shall direct all obligors of the Leases then and thereafter to make all payments then and thereafter due from them under the Leases directly to Mortgagee.

(d) Mortgagee shall have the right at any time or times thereafter, at its sole election, without further notice thereof to Mortgagor, to enforce the terms of the Leases and obtain payment of and collect the Rents, by legal proceedings or otherwise, in the name of Mortgagor, Mortgagee or in both names.

(e) Mortgagor, irrevocably, hereby designates, makes, constitutes and appoints Mortgagee (and all Persons designated by Mortgagee) as Mortgagor's true and lawful attorney and agent-in-fact, with power, without further notice to Mortgagor and at such time or times thereafter as Mortgagee, at its sole election, may determine, in the name of Mortgagor, Mortgagee or in both names: (i) to demand payment of the Rents and performance of the Leases; (ii) to enforce payment of the Rents and performance of the Leases, by legal proceedings or otherwise; (iii) to exercise any or all of Mortgagor's rights, interests and remedies in and under the Leases and to collect the Rents; (iv) to settle, adjust, compromise, extend or renew the Leases and/or the Rents; (v) to settle, adjust

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or compromise any legal proceeding brought to collect the Rents or obtain performance of the Leases; (vi) to take control, in any manner, of the Rents; (vii) to prepare, file and sign Mortgagor's name on any Proof of Claim in bankruptcy, or similar document in a similar proceeding, against any obligor of the Leases; (viii) to endorse the name of Mortgagor upon any payments or proceeds of the Rents and to deposit the same to the account of Mortgagee; and (ix) to do all acts and things necessary, in Mortgagee's sole discretion, to carry out any or all of the foregoing.

(f) All of the foregoing payments and proceeds received by Mortgagee shall be utilized by Mortgagee, at its sole election and in its sole discretion, for any one or more of the following purposes: (i) to be held by Mortgagee as additional collateral for the payment of Mortgagor's Liabilities; (ii) to be applied to Mortgagor's Liabilities, in such manner and fashion and to such portions thereof as Mortgagee, at its sole election, shall determine; (iii) to be applied to such obligations of Mortgagor or the Mortgaged Property or the operation or business thereof as Mortgagee, at its sole election, shall determine appropriate or warranted under the then existing circumstances; or (iv) to be remitted to Mortgagor.

ARTICLE VI

DEFAULT

6.1 The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Mortgage:

(a) if Mortgagor fails or neglects to perform, keep or observe any of Mortgagor's Obligations;

(b) if any material statement, report or certificate made or delivered by Mortgagor, or any of its officers, employees or agents, to Mortgagee is not true and correct;

(c) if Mortgagor fails to pay Mortgagor's Liabilities, within five (5) days of when due and payable or declared due and payable;

(d) if the Mortgaged Property or any other of Mortgagor's assets are attached, seized, subjected to a writ of distress warrant, or are levied upon, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors and the same is not terminated or dismissed within thirty (30) days thereafter;

(e) if a petition under any section or chapter of the Bankruptcy Reform Act of 1978 or any similar law or regulation shall be filed by Mortgagor or if Mortgagor shall make an

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assignment for the benefit of its creditors or if any case or proceedings is filed by Mortgagor for its dissolution or liquidation;

(f) if Mortgagor is enjoined, restrained or in any way prevented by court order from conducting all or any material part of its business affairs or if a petition under any section or chapter of the Bankruptcy Reform Act of 1978 or any similar law or regulation is filed against Mortgagor or if any case or proceeding is filed against Mortgagor for its dissolution or liquidation and such injunction, restraint or petition is not dismissed or stayed within thirty (30) days after the entry or filing thereof;

(g) if an application is made by Mortgagor for the appointment of a receiver, trustee or custodian for the Mortgaged Property or any other of Mortgagor's assets;

(h) if an application is made by any Person other than Mortgagor for the appointment of a receiver, trustee, or custodian for the Mortgaged Property or any other of Mortgagor's assets and the same is not dismissed within thirty (30) days after the application therefor;

(i) if a notice of any Charge is filed of record with respect to all or any of Mortgagor's assets, or if any Charge at any time or times hereafter becomes an Encumbrance upon the Mortgaged Property or any other of Mortgagor's assets and the same is not released, bonded or insured over, or contested in such manner as to stay the enforcement thereof within fifteen (15) days after the same becomes an Encumbrance;

(j) the occurrence of a default or an Event of Default under any of the Other Agreements, which is not cured within the time, if any, specified therefor in such agreement, instrument or document;

(k) the occurrence of a Default under the Mortgage Note or any of the Other Agreements;

(l) if construction of improvements on the Premises is abandoned or is not commenced and completed within thirty (30) months from the date funds are initially disbursed for acquisition of the Premises;

(m) if for any reason construction of the improvements on the Premises is delayed after once begun and this delay is not cured in forty-five (45) days and such delay is not due to Acts of God, strike, fire or other casualty, labor disputes, material or labor unavailability, governmental regulation, control or other governmental intervention, or other causes beyond the reasonable control of Mortgagor, or at any time during the months of February, March and April, due to inclement weather conditions and there is

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reasonable doubt as to the ability of Mortgagor to complete construction of improvements in compliance with the Loan Agreement;

(n) the bankruptcy or insolvency of the general contractor for the improvements, or any significant subcontractor and failure of Mortgagor to procure a contract or subcontract with a new contractor or subcontractor satisfactory to Mortgagee within forty-five (45) days from the occurrence of such bankruptcy or insolvency;

(o) if, at any time while principal secured by this Mortgage remains outstanding, the loan becomes out of balance, and if, within seven (7) days after notice thereof, Mortgagor has not deposited with Mortgagee or into the construction escrow established pursuant to the Loan Agreement cash equal to the amount by which the loan is out of balance. Reference is made to the Loan Agreement for determination of whether the loan is out of balance.

6.2 Upon the occurrence of an Event of Default, after fifteen (15) days written notice by Mortgagee to Mortgagor of demand on Mortgagor to cure the Event of Default, which Event of Default is not cured, Mortgagor shall be in Default and all of Mortgagor's Liabilities shall become immediately due and payable. Notwithstanding the preceding sentence, if within said fifteen (15) day notice period, Mortgagor, in the opinion of Mortgagee, is diligently attempting to cure the occurrence of any Event of Default (except for failure of Mortgagor to pay any amount due and payable), which Event of Default cannot, in the opinion of Mortgagee, be cured within said fifteen (15) day notice period, then Mortgagor shall not be in Default for so long as Mortgagor continues, in the opinion of Mortgagee, its diligent attempt to cure the occurrence of said Event of Default. Upon Default Mortgagee, in its sole election, and without further demand, may do any one or more of the following:

(a) Collect Mortgagor's Liabilities at once by foreclosure or otherwise, without notice of broken covenant or condition (and in case of such Event of Default and the exercise of such option, Mortgagor's Liabilities shall bear interest, from the date of such Event of Default, at the rate provided in Section 3.3 hereof).

(b) Enter upon and take immediate possession of the Mortgaged Property, expel and remove any Persons, goods or chattels occupying or upon the same, receive all Rents, and issue receipts therefor, manage, control and operate the Mortgaged Property in conformance with applicable statutes as fully as Mortgagor might do if in possession thereof including, without limitation, the making of all repairs and replacements deemed necessary by Mortgagee and the leasing of the same, or any part thereof, from time to time and, after deducting all reasonable attorneys' fees and all costs

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and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to Mortgagor's Liabilities or upon any deficiency decree entered in any foreclosure proceeding. At the option of Mortgagee, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice served personally upon or sent by registered mail to Mortgagor at the address of Mortgagor last appearing on the records of Mortgagee. Mortgagor agrees to surrender possession of the Mortgaged Property to Mortgagee immediately upon the occurrence of a Default.

(c) File one or more suits at law or in equity for the foreclosure of this Mortgage or to collect Mortgagor's Liabilities. In the event of the commencement of any such suit by Mortgagee, Mortgagee shall have the right, either before or after sale, without notice and without requiring bond (notice and bond being hereby waived), without regard to the solvency or insolvency of Mortgagor at the time of application and without regard to the then value of the Mortgaged Property or whether the same is then occupied, to make application for and obtain the appointment of a receiver for the Mortgaged Property. Such receiver shall have the power to collect the Rents during the pendency of such suit and, in case of a sale and a deficiency, during the full statutory period of redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect the Rents, and shall have all other powers which may be necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property. The court before which such suit is pending may from time to time authorize the receiver to apply the net income in his hands in payment, in whole or in part, of Mortgagor's Liabilities. In case of a sale pursuant to foreclosure, the Premises may be sold as one parcel.

(d) In the event of the commencement of any suit by Mortgagee to foreclose this Mortgage, Mortgagee shall have the right to apply to the court in which such proceedings are pending for entry of an order placing Mortgagee in possession of the Mortgaged Property. In the event an order is entered placing Mortgagee in possession of the Mortgaged Property, Mortgagee may thereupon enter upon and take immediate possession of the Mortgaged Property, expel and remove all Persons, goods or chattels occupying or upon the same, receive all Rents, and issue receipts therefor, manage, control and operate the Mortgaged Property including, without limitation, make all repairs and replacements deemed necessary by Mortgagee and lease the same, or any part thereof, from time to time, and, after deducting all reasonable attorneys' fees and all costs and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to Mortgagor's Liabilities or upon any deficiency decree entered in such foreclosure

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proceedings. At the option of Mortgagee, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice of entry of the order placing Mortgagee in possession served personally upon or sent by registered mail to Mortgagor at the address of Mortgagor last appearing on the records of Mortgages.

6.3 Upon the occurrence of an Event of Default under this Mortgage, there will be added to and included as part of Mortgagor's Liabilities (and allowed in any decree for sale of the Mortgaged Property or in any judgment rendered upon this Mortgage, the Mortgage Note and/or the Other Agreements) the following: all of the costs and expenses of taking possession of the Mortgaged Property and of the holding, using, leasing, maintaining, repairing, improving and selling the same including, without limitation, the reasonable costs, charges, expenses and attorneys' fees specified in Section 6.4 below; receivers' fees; any and all expenditures which may be paid or incurred by or on behalf of Mortgagee for appraisers' fees, documentary and expert evidence, stenographers' charges, publication costs, fees and expenses for examination of title, title searches, guaranty policies, Torrens certificates and similar data and assurances with respect to the title of the Mortgaged Property; all prepayment or like premiums, if any, provided for in the Mortgage Note and/or the Other Agreements; and all other reasonable fees, costs and expenses which Mortgagee deems necessary to prosecute any remedy it has under this Mortgage, or to inform bidders at any sale which may be had pursuant to its rights hereunder, of the true condition of title or of the value of the Mortgaged Property. All such costs, charges, expenses, prepayment or like premiums, fees and other expenditures shall be a part of Mortgagor's Liabilities, secured by this Mortgage, payable on demand and shall bear interest at the rate specified in Section 3.3 hereof from the date of Mortgagee's payment thereof until repaid to Mortgagee.

6.4 If foreclosure proceedings are instituted upon this Mortgage, or if Mortgagee shall be a party to, shall intervene, or file any petition, answer, motion or other pleading in any suit or proceeding relating to this Mortgage, the Mortgage Note, the Other Agreements or Mortgagor's Liabilities, or if Mortgagee shall incur or pay any expenses, costs, charges or attorneys' fees by reason of the employment of counsel for advice with respect to this Mortgage, the Mortgage Note, the Other Agreements or Mortgagor's Liabilities, and whether in court proceedings or otherwise, such expenses and all of Mortgagee's reasonable attorneys' fees shall be part of Mortgagor's Liabilities, secured by this Mortgage, payable on demand and shall bear interest at the rate specified in Section 3.3 hereof from the date of Mortgagee's payment thereof until repaid to Mortgagee.

6.5 The proceeds of any foreclosure sale of the Mortgaged Property shall be applied and distributed, first, on account of the

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fees, charges, costs and expenses described in Section 6.3 above, second, to the balance of Mortgagor's Liabilities, and third, the surplus, if any, to Mortgagor.

6.6 In the event of the commencement of judicial proceedings to foreclose this Mortgage, Mortgagor, on behalf of itself, its successors and assigns, and each and every Person it may legally bind acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage: (a) does hereby expressly waive any and all rights of appraisal, valuation, stay extension and (to the extent permitted by law) redemption from sale under any order or decree of foreclosure of this Mortgage; and (b) does hereby agree that when sale is had under any decree of foreclosure of this Mortgage, upon confirmation of such sale, the sheriff, the master in chancery or other officer making such sale, or his successor in office, shall be and is authorized immediately to execute and deliver to any purchaser at such sale a deed conveying the Mortgaged Property, showing the amount paid therefor, or if purchased by the Person in whose favor the order or decree is entered, the amount of his bid therefor, it being Mortgagor's intention to expressly waive any and all rights of redemption from sale under any order of foreclosure of this Mortgage, on behalf of Mortgagor, the trust estate, and all persons beneficially interested therein, and each and every person except judgment creditors of any such trustee, in its representative capacity, and of the trust estate, acquiring any interest in or title to the Mortgaged Premises subsequent to the date of this Mortgage.

6.7 Mortgagee shall have the right from time to time to sue for any sums, whether interest, principal or any other sums required to be paid by or for the account of Mortgagor under the terms of this Mortgage, the Mortgage Note or the Other Agreements, as the same become due under the Mortgage Note, this Mortgage or the Other Agreements, or for any other of Mortgagor's Liabilities which shall become due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a Default or Defaults by Mortgagor existing at the time such earlier action was commenced.

6.8 No right or remedy of Mortgagee hereunder is exclusive of any other right or remedy hereunder or now or hereafter existing at law or in equity, but is cumulative and in addition thereto and Mortgagee may recover judgment thereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting or affecting or impairing the security or any right or remedy afforded by this Mortgage. No delay in exercising, or omission to exercise, any such right or remedy will impair any such right or remedy or will be construed to be a waiver of any Event of Default by Mortgagor hereunder, or acquiescence therein, nor will it affect any subsequent Event of Default hereunder by Mortgagor of the same or different nature. Every such right or remedy may be exercised independently or

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concurrently, and when and so often as may be deemed expedient by Mortgagee. No terms or conditions contained in this Mortgage, the Mortgage Note or the Other Agreements may be waived, altered or changed except as evidenced in writing signed by Mortgagor and Mortgagee.

6.9 In addition to the partial releases permitted by Section 8.7 hereof, Mortgagee shall release this Mortgage by proper instrument upon payment and discharge of all of Mortgagor's Liabilities, including all prepayment or like premiums, if any, provided for in the Mortgage Note or the Other Agreements and payment of all costs, expenses and fees, including reasonable attorneys' fees, incurred by Mortgagee for the preparation, execution and/or recording of such release.

6.10 Upon occurrence of a Default and acceleration of the maturity of Mortgagor's Liabilities as provided herein, a tender of payment thereof by Mortgagor, or any other Person, or a payment thereof received upon or on account of a foreclosure of this Mortgage or Mortgagee's exercise of any of its other rights or remedies under this Mortgage, the Mortgage Note, the Other Agreements or under any applicable law or in equity shall be deemed to be a voluntary prepayment made by Mortgagor of Mortgagor's Liabilities and, therefore, such payment must, to the extent permitted by law, include the premiums and other payments required under the prepayment privilege, if any, contained in the Mortgage Note or the Other Agreements.

6.11 (a) Any agreements between Mortgagor and Mortgagee are expressly limited so that, in no event whatsoever, whether by reason of disbursement of the proceeds of the loans secured hereby or otherwise, shall the amount paid or agreed to be paid to Mortgagee for the use, detention or forbearance of the loan proceeds to be disbursed exceed the highest lawful contract rate permissible under any law which a court of competent jurisdiction may deem applicable thereto.

(b) If fulfillment of any provision herein in the Mortgage Note or in the Other Agreements, at the time performance of such provision becomes due, involves exceeding such highest lawful contract rate, then *ipso facto*, the obligation to fulfill the same shall be reduced to such highest lawful contract rate. If by any circumstance Mortgagee shall ever receive as interest an amount which would exceed such highest lawful contract rate, the amount which may be deemed excessive interest shall be applied to the principal of Mortgagor's Liabilities and not to interest.

(c) Notwithstanding the Mortgage Note, the terms and provisions of this Paragraph shall control all other terms and provisions contained herein, in the Mortgage Note or in the Other Agreements.

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administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended; (iv) more than 100 gallons of crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute); (v) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. §2011 et seq., as amended or hereafter amended; and (vi) asbestos in any form or condition.

7.2 Representations. Mortgagor hereby represents to Mortgagee that to the best of Mortgagor's knowledge and belief as of the date of this Mortgage:

(a) **Compliance.** The Premises (which includes underlying groundwater and areas leased to tenants, if any), and the use and operation thereof, have been and are currently in compliance with all applicable laws, ordinances, requirements and regulations (including consent decrees and administrative orders) relating to public health and safety and protection of the environment, including those statutes, laws, regulations, and ordinances identified in Section 7.1 above, all as amended and modified from time-to-time (collectively, "Environmental Laws"). All required governmental permits and licenses are in effect, and Mortgagor is in compliance therewith.

(b) **Absence of Hazardous Material.** No generation, manufacture, storage, treatment, transportation or disposal of Hazardous Material has occurred or is occurring on or from the Premises, except as has been disclosed in writing to and approved by Mortgagee ("Permitted Material"). No environmental or public health or safety hazards currently exist with respect to the Premises or the business or operations conducted thereon. No underground storage tanks (including petroleum storage tanks) are present on or under the Premises except as has been disclosed in writing to and approved by Mortgagee ("Permitted Tanks").

(c) **Proceedings and Actions.** There have been no past, and there are no pending or threatened: (i) actions or proceedings by any governmental agency or any other entity regarding public health risks or the environmental condition of the Premises, or the disposal or presence of Hazardous Material, or regarding any Environmental Laws; or (ii) liens or governmental actions, notices of violations, notices of noncompliance or other proceedings of any kind that could impair the value of the Premises, or the priority of the Mortgage lien or of any of the Other Agreements.

7.3 Mortgagor's Covenants. Mortgagor hereby covenants with Mortgagee as follows:

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(a) Compliance. The Premises and the use and operation thereof, will remain in compliance with all Environmental Laws. All required governmental permits and licenses will remain in effect, and Mortgagor shall comply therewith. All Hazardous Material present, handled or generated on the Premises will be disposed of in a lawful manner. Mortgagor will satisfy all requirements of applicable Environmental Laws for the maintenance and removal of all underground storage tanks on the Premises if any.

(b) Absence of Hazardous Material. Other than Permitted Material, no Hazardous Material shall be introduced to or handled on the Premises without twenty-one (21) days' prior written notice to Mortgagee.

(c) Proceedings and Actions. Mortgagor shall immediately notify Mortgagee and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports, or notices relating to the condition of the Premises or compliance with Environmental Laws. Mortgagor shall promptly cure and have dismissed with prejudice any such actions and proceedings to the satisfaction of Mortgagee. Mortgagor shall keep the Premises free of any lien imposed pursuant to any Environmental Laws.

(d) Environmental Audit. Mortgagor shall provide such information and certifications which Mortgagee may reasonably request from time to time to insure Mortgagor's compliance with Section 7.1 et seq. To investigate Mortgagor's compliance with Environmental Laws and with this Section, Mortgagee shall have the right, but no obligation, at any time to enter upon the Premises, take samples, review Mortgagor's books and records, interview Mortgagor's employees and offices, and conduct similar activities. Mortgagor shall cooperate in the conduct of such an audit.

7.4 Mortgagee's Right to Rely. Mortgagee is entitled to rely upon Mortgagor's representations and warranties contained in Section 7.1 et seq. despite any independent investigations by Mortgagee or its consultants. The Mortgagor shall take reasonable actions to determine for themselves, and to remain aware of, the environmental condition of the Premises and shall have no right to rely upon any environmental investigations or findings made by Mortgagee or its consultants.

7.5 Indemnification. Mortgagor agrees to indemnify, defend (at trial and appellate levels and with counsel acceptable to Mortgagee and at Mortgagor's sole cost), and hold Mortgagee and Mortgagee's parent and subsidiary corporations, and their affiliates, shareholders, directors, officers, employees, and agents (collectively, "Mortgagee's Affiliates"), free and harmless from and against all loss, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgment, suits, proceedings, damages (including consequential damages),

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disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against Mortgagee or any of Mortgagee's Affiliates in connection with or arising from:

(a) any Hazardous Material on, in, under or affecting all or any portion of the Premises, the groundwater, or any surrounding areas;

(b) any misrepresentation, inaccuracy or breach of any warranty, covenant or agreement contained or referred to in Section 7.1 et seq.;

(c) any violation or claim of violation by Mortgagor of any Environmental Laws; or

(d) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material.

The indemnification contained in this Section 7.5 shall survive repayment of the Mortgage Note or any transfer of the Premises by foreclosure or by a deed in lieu of foreclosure. Mortgagor, its successors and assigns, hereby waive, release and agree not to make any claim or bring any cost recovery action against Mortgagee under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that Mortgagee is strictly liable under any Environmental Laws, Mortgagor's obligation to Mortgagee under this indemnity shall likewise be without regard to fault on the part of Mortgagor with respect to the violation or condition which results in liability to Mortgagee.

ARTICLE VIII

MISCELLANEOUS

8.1 Every provision for notice, demand or request required in this Mortgage, the Mortgage Note or the Other Agreements or by applicable law shall be deemed fulfilled by written notice, demand or request personally served on (with proof of service endorsed thereon), or mailed to, as hereinafter provided, the party entitled thereto or on its successors or assigns. If mailed, such notice, demand or request shall be made certified or registered mail, return receipt requested, and deposited in any post office station or letter-box, enclosed in a postage paid envelope addressed to: such party at its address set forth below or to such other address as either party hereto shall direct by like written notice and

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shall be deemed to have been made on the second (2nd) day following posting as aforesaid. For the purposes herein, notices shall be sent to Mortgagor and Mortgagee as follows:

BORROWER: LaSalle National Trust, N.A., as
Trustee under Trust No. 119932
135 South LaSalle Street
Chicago, Illinois 60603
Attn: Land Trust Department

With copies to: 2300 W. Wabansia, L.L.C.
2354 Hassel Road, Suite I
Hoffman Estates, Illinois 60195
Attn: Calvin D. Boender and
Robert G. Finnigan,
Managing Members

and

Joseph D. Palmisano, Esq.
Joseph D. Palmisano, P.C.
79 West Monroe Street, Suite 826
Chicago, Illinois 60602

Lender: LaSalle Bank
8103 West Higgins Road
Chicago, Illinois 60631
Attn: Michael A. Sykes
Vice President

With Copy To: Thomas W. Murphy, Esq.
Johnson & Bell, Ltd.
222 North LaSalle Street
Suite 2200
Chicago, Illinois 60601

8.2 All the covenants contained in this Mortgage will run with the land. Time is of the essence of this Mortgage and all provisions herein relating thereto shall be strictly construed.

8.3 This Mortgage, and all the provisions hereof, will be binding upon and inure to the benefit of the successors and assigns of Mortgagor and Mortgagee.

8.4 This Mortgage was executed and delivered in, and, except as otherwise specifically stated in any given paragraph hereof, shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Illinois.

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8.5 Any provision of this Mortgage which is unenforceable in any state in which this Mortgage may be filed or recorded or is invalid or contrary to the law of such state, or the inclusion of which would affect the validity, legality or enforcement of this Mortgage, shall be of no effect, and in such case all the remaining terms and provisions of this Mortgage shall subsist and be fully effective according to the tenor of this Mortgage, the same as though no such invalid portion had ever been included herein.

8.6 Mortgagor hereby represents that: (a) the proceeds of the Mortgage Note will be used for the purposes specified in Section 3-04(1)(a) or (c) of Chapter 17 of the Illinois Revised Statutes, as amended; (b) the loan constitutes a "business loan" within the purview of that Section; (c) the loan is a transaction exempt from the Truth in Lending Act, 15 U.S.C. §1601, et seq.; and (d) the proceeds of the Mortgage Note will not be used for the purchase of registered equity securities within the purview of Regulation "U" issued by the Board of Governors of the Federal Reserve System.

8.7 Lender shall grant Borrower partial releases from the Mortgage for the sale of any of the units comprising the Premises upon the payment by Borrower to Lender of a sum equal to ninety-four percent (94%) of the total net sales proceeds per closing. In addition, Borrower shall pay Lender a partial release fee of Four Hundred Sixty and 00/100 (\$460.00) per unit to be released, excluding garage units. For purposes of this Section 8.7 the term "net sales proceeds" shall mean the sales price less normal closing costs and prorations which shall be deemed to be real estate taxes, transfer taxes, recording fees, title charges, survey costs, reasonable attorneys' fees and brokers' commissions. Further, for purposes of this Section 8.7, a "sale" shall mean a sale to a non-related third party or a sale to any other party or entity as approved by Lender in writing. Borrower shall deposit the remaining six percent (6%) of total net sales into a restricted escrow account maintained by Borrower with Lender, the purpose of which restricted escrow account shall be to provide for the future income tax liabilities which may be incurred by Borrower or its members with respect to the sale of a unit or units. Disbursements from such escrow account shall be made as set forth in the Loan Agreement.

8.8 This Mortgage is executed by LASALLE NATIONAL TRUST, N.A., as Trustee under a Trust Agreement dated December 8, 1995 and known as Trust No. 119932, not personally but solely as Trustee of the Trust in the exercise and the power and authority conferred upon and vested in it as such Trustee (and said Trustee hereby warrants and possess full power and authority to execute this instrument), and is expressly understood and agreed that nothing herein or the Mortgage Note contained shall be construed as creating any liability on the Mortgagor or on said Trustee personally to pay the Mortgage Note or any interest that may accrue thereon, or any indebtedness accruing thereunder, or to perform any

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covenant either express or implied herein contained, all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security interest hereunder, and that so far as the Mortgagor and Successors and said Trustee personally are concerned, the holders or owners of any indebtedness accruing hereunder shall look solely to any one or more of more: (a) the mortgage premises and rents, issues and profits, for the payment thereof, by the enforcement of a lien hereby created, in the manner herein and the Mortgage Note provided; (b) assets to the Trust held under the Trust Agreement therefor; (c) the Guaranty of the Mortgage Note and this Mortgage delivered to Mortgagee currently herewith, if applicable; or (d) enforcement of the liens and security interest creating by the other loan documents and any other security given to secure said indebtedness.

8.9 In the event of a conflict of the terms and provisions of this Mortgage with the terms and provisions of any other loan document, the terms and provisions of the Loan Agreement shall control and govern such conflict.

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be executed by its duly authorized representatives on the day and year first written above.

LASALLE NATIONAL TRUST, N.A., not personally but as Trustee under a Trust Agreement dated December 8, 1995 and known as Trust No. 119932

By: LASALLE NATIONAL TRUST, N.A.

By: 
Its Trust Officer
Vice President

ATTEST:

By: 
Its Assistant Secretary

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EXHIBIT "A"

Legal Description

LOTS 34 TO 47, BOTH INCLUSIVE IN ISHAMS RESUBDIVISION OF PARTS OF BLOCKS 3, 4 AND 5 OF ISHAMS SUBDIVISION OF THE NORTH 1/2 OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTHWEST OF MILWAUKEE AVENUE IN COOK COUNTY, ILLINOIS.

ADDRESS: 2305 W. WABANSIA, CHICAGO, ILLINOIS

P. I. N. 14-31-319-027

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96107537

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EXHIBIT "B"

PERMITTED EXCEPTIONS

1. TAXES FOR THE YEAR 1995 AND SUBSEQUENT YEARS.
2. MECHANICS LIEN CLAIM IN FAVOR OF HAYES BOILER AND MECHANICAL NIC AGAINST AMERICAN NATIONAL BANK OF CHICAGO, AS TRUSTEE UNDER TRUST NUMBER 109999-02 RECORDED MAY 13, 1994 AS DOCUMENT NUMBER 94434508 IN THE AMOUNT OF \$18,7210.00.
3. PROCEEDING PENDING IN CIRCUIT COURT AS CASE NUMBER 95M1405030 FILED AUGUST 10, 1995 BY CITY OF CHICAGO AGAINST AMERICAN NATIONAL BANK AND TRUST COMPANY, AS TRUSTEE UNDER TRUST NUMBER 109999-02, AND OTHERS FOR BUILDING VIOLATION, RECEIVER AND DEMOLITION.
LIS PENDENS NOTICE RECORDED AS DOCUMENT 95562003.
NOTE: A COMPLETE EXAMINATION OF SAID PROCEEDING HAS NOT BEEN MADE.
4. TERMS, POWERS, PROVISIONS AND LIMITATION OF THE TRUST UNDER WHICH TITLE TO THE LAND IS HELD.
5. EXISTING UNRECORDED LEASES AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING BY, THROUGH OR UNDER THE LESSEES.
6. ENCROACHMENT OF 3 STORY BRICK BUILDING LOCATED MAINLY ON LAND OVER AND ONTO PUBLIC WAY SOUTH AND ADJOINING BY 0.02 FEET AND PUBLICWAY NORTH AND ADJOINING BY 0.05 FEET AS DISCLOSED BY SURVEY MADE BY CERTIFIED SURVEY COMPANY, DATED JULY 6, 1989 NO. 84926.
7. A JUNIOR MORTGAGE DATED AS OF JANUARY 23, 1996 AND RECORDED WITH THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS ON _____, 1996 AS DOCUMENT NO. _____
AS EXECUTED BY LASALLE NATIONAL TRUST, N.A. AS TRUSTEE U/T
NO. 119932

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- DEPT-01 RECORDING \$25.00
- T90012 TRAN 9065 02/08/96 09:33:00
- 46689 # CG *-96-107538
- COOK COUNTY RECORDER
- DEPT-10 PENALTY \$22.00

Above Space For Recorder's Use Only

THIS INDENTURE, made January 23 19 96, between
LaSALLE NATIONAL TRUST, N.A. AS TRUSTEE UNDER A
TRUST AGREEMENT DATED 12/8/95 AND KNOWN AS TRUST
and not personally
NO. 119932, 135 S. LaSalle Street, Chicago, IL 60603
(NO. AND STREET) (CITY) (STATE)
 herein referred to as "Mortgagee," and INDEPENDENT TRUST
CORPORATION, an Illinois corporation
15255 94th Avenue, Orland Park, Illinois 60462
(NO. AND STREET) (CITY) (STATE)

herein referred to as "Mortgagee," witnesseth:
 THAT WHEREAS the Mortgagee are justly indebted on certain Series A and Series B Subordinated Secured Promissory Notes
THREE MILLION AND NO/100 of even date herewith, in the principal sum of ----- DOLLARS
 (\$ 3,000,000.00) (collectively the "Notes")
 and all of said principal and interest are made payable at such place as the holders of the note may, from time to time, in writing appoint, and in absence of such appointment, then at the office of the Mortgagee at specified above

NOW, THEREFORE, the Mortgagee to secure the payment of the said principal sum of money and said interest in accordance with the terms, provisions and limitations of this mortgage, and the performance of the covenants and agreements herein contained, by the Mortgagee to be performed, and also in consideration of the sum of One Dollar in hand paid, the receipt whereof is hereby acknowledged, do by these presents CONVEY AND WARRANT unto the Mortgagee, and the Mortgagee's successors and assigns, the following described Real Estate and all of their estate, right, title and interest therein, situate, lying and being in the City of Chicago COUNTY OF Cook AND STATE OF ILLINOIS, to wit:

Lots 34 to 47, both inclusive in Ishams Resubdivision of parts of Blocks 3, 4 and 5 of Ishams Subdivision of the North 1/2 of the South 1/2 of the South West 1/4 of Section 31, Township 40 North, Range 14 East of the Third Principal Meridian, lying South West of Milwaukee Avenue in Cook County, Illinois

which, with the property hereinafter described, is referred to as the "premises".

This Mortgage is a junior mortgage, subject and subordinate to a Mortgage of even date herewith to LaSalle Bank

Permanent Real Estate Index Number(s): 14-31-319-027
 Address(es) of Real Estate: 2300 WEST WABANSIA, CHICAGO, ILLINOIS

TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagee may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily) and all apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing), screens, window shades, doors and windows, floor coverings, motor beds, awnings, stoves and water heaters. All of the foregoing are declared to be a part of said real estate whether physically attached thereto or not, and it is agreed that all similar apparatus, equipment or articles hereafter placed in the premises by Mortgagee or their successors or assigns shall be considered as constituting part of the real estate.

TO HAVE AND TO HOLD the premises unto the Mortgagee, and the Mortgagee's successors and assigns, forever, for the purposes and upon the uses herein set forth. Free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, which said rights and benefits the Mortgagee do hereby expressly release and waive.

The name of a record owner is: Mortgagee
 This mortgage consists of two pages. The covenants, conditions and provisions appearing on page 2 (the reverse side of this mortgage) are incorporated herein by reference and are a part hereof and shall be binding on Mortgagee, their heirs, successors and assigns.

Witness the hand . . . and seal . . . of Mortgagee the day and year first above written.
LA SALLE NATIONAL TRUST, N.A., SEE ATTACHED RIDER (Seal)
 PLEASE PRINT OR TYPE NAME(S) BELOW SIGNATURE(S)
 ATTEST: Nancy A. Attenu (Seal) Asst Secretary
LaSALLE NATIONAL TRUST, N.A. AS TRUSTEE UNDER A TRUST AGREEMENT DATED 12/8/95 AND KNOWN AS TRUST NO. 119932 & not personally (Seal)
BY: [Signature] (Seal) Vice-President

I, the undersigned, a Notary Public in and for said County of Cook in the State aforesaid, DO HEREBY CERTIFY that

personally known to me to be the same person whose name subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and official seal, this _____ day of _____ 19____

This instrument was prepared by JOSEPH D. PALMISANO, 79 W. Monroe, Suite 626, Chicago (NAME AND ADDRESS)
 Mail this instrument to JOSEPH D. PALMISANO, 79 West Monroe Street, Suite 826 (NAME AND ADDRESS)
 Chicago, Illinois 60603

96107538

[Handwritten signature]

81

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