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96197346

**MORTGAGE,
SECURITY AGREEMENT
AND
FINANCING STATEMENT**

THIS INDENTURE is made as of MARCH 4, 1996, by and between AETNA BEARING COMPANY (the "Mortgagor"), and LASALLE BANK NI, (the "Mortgagee").

. DEPT-01 RECORDING \$91.00
. T#0012 TRAN 9601 03/14/96 14:28:00
. #2728 : ER *-96-197346
. COOK COUNTY RECORDER

WITNESSETH:

WHEREAS, Mortgagor is justly indebted to Mortgagee in the principal sum of NINE HUNDRED EIGHTY THOUSAND AND NO/100 Dollars (\$980,000.00), evidenced by that certain Note of the Mortgagor of even date herewith, made payable to the order of and delivered to Mortgagee, in and by which Note the Mortgagor promises to pay the principal sum together with interest thereon prior to maturity or the occurrence of a Default at the rate of interest equal to EIGHT AND ONE-QUARTER (8.25%) percent per annum (the "Interest Rate") and following maturity or the occurrence of a Default at the Interest Rate plus five (5%) per cent (the "Default Rate") (such note and any and all notes issued in renewal thereof or in substitution or replacement therefor are hereinafter referred to as the "Note"). The Note matures FEBRUARY 29, 2001. Each installment shall be paid at such place as the holder of the Note may, from time to time, in writing appoint, and in the absence of such appointment, then at the office of LaSalle Bank NI, 3201 North Ashland Avenue, Chicago, Illinois 60657.

THIS DOCUMENT WAS PREPARED BY
AND AFTER RECORDING RETURN TO:

Ruth Yunker
LaSalle Bank NI
3201 North Ashland Avenue
Chicago, Illinois 60657

Return to Recorders Box #146

PERMANENT REAL ESTATE TAX
IDENTIFICATION NO.

13-27-301-003; 009; 010

PROPERTY ADDRESS:

4600 W. Schubert
Chicago, IL 60639

96197346

BOX 333-CTI

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NOW, THEREFORE, in consideration of the debt evidenced by the Note and to secure the payment of said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Mortgage, and of the Note secured hereby (collectively, the Note, this Mortgage and all other documents executed in connection therewith are referred to herein as the "Loan Documents"), including any and all extensions, modifications and renewals of the foregoing indebtedness, and the performance of the covenants and agreements herein and in the Note contained, by Mortgagor to be performed, and any other indebtedness or liability of Mortgagor to Mortgagee, whether direct or indirect, joint or several absolute or contingent, now or hereafter existing however created or arising and however evidenced, and also in consideration of the sum of One Dollar (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, Mortgagor does by these presents GRANT, MORTGAGE and CONVEY unto the Mortgagee, its successors and assigns, the following:

(a) All that certain described real estate and all of its estate, right, title and interest therein, situate, lying and being in the City of Chicago, County of Cook, State of Illinois, which is more specifically described on Exhibit "A" attached hereto, which, with the property hereinafter described, is referred to herein as the "Premises";

(b) 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 Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily);

(c) If and to the extent owned by Mortgagor, all fixtures, fittings, furnishings, appliances, apparatus, equipment and machinery including, without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, ovens, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other air-conditioning, plumbing and heating fixtures, mirrors, mantles, refrigerating plants, refrigerators, iceboxes, dishwashers, carpeting, furniture, laundry equipment, cooking apparatus and appurtenances, and all building material, supplies and equipment now or hereafter delivered to the Premises and intended to be installed therein; all other fixtures and personal property of whatever kind and nature at present contained in or hereafter placed in any building standing on said Premises but only if used in the operation of the Premises; such other goods, equipment, chattels and personal property as are usually furnished by landlords in letting other premises of the character of the Premises; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof and

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(c) If and to the extent owned by Mortgagor, all fixtures, fittings, furnishings, appliances, apparatus, equipment and machinery including, without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, ovens, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other air-conditioning, plumbing and heating fixtures, mirrors, mantles, refrigerating plants, refrigerators, iceboxes, dishwashers, carpeting, furniture, laundry equipment, cooking apparatus and appurtenances, and all building material, supplies and equipment now or hereafter delivered to the Premises and intended to be installed therein; all other fixtures and personal property of whatever kind and nature at present contained in or hereafter placed in any building standing on said Premises but only if used in the operation of the Premises; such other goods, equipment, chattels and personal property as are usually furnished by landlords in letting other premises of the character of the Premises; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof and

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all of the estate, right, title and interest of the Mortgagor in and to all property of any nature whatsoever, now or hereafter situated on the Premises or intended to be used in connection with the operation thereof;

(d) All of the right, title and interest of Mortgagor in and to any fixtures or personal property subject to a lease agreement, conditional sale agreement, chattel mortgage, or security agreement, and all deposits made thereon or therefor, together with the benefit of any payments now or hereafter made thereon;

(e) All leases and use agreements of machinery, equipment and other personal property of Mortgagor in the categories hereinabove set forth, under which Mortgagor is the lessee of, or entitled to use, such items;

(f) All rents, income, profits, revenues, receipts, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits and guarantees under any and all leases, tenancies, licenses or other use agreements or arrangements now existing or hereafter created of the Premises or any part thereof with the right to receive and apply the same to indebtedness due Mortgagee and Mortgagee may demand, sue for and recover such payments but shall not be required to do so;

(g) All judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises or any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Premises or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets;

(h) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims;

(i) Any monies on deposit with Mortgagee for the payment of real estate taxes or special assessments against the Premises or for the payment of premiums on policies of fire and other hazard insurance covering the collateral described hereunder or the Premises, and all proceeds paid for damage done to the collateral described hereunder or the Premises;

(j) All substitutions, replacements, additions and proceeds, including insurance and condemnation award proceeds, of any of the foregoing property; it being understood that the enumeration of any specific articles of property shall in no wise exclude or be held to exclude any items of property not specifically mentioned. All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed

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of Taxes on said Premises next due and payable when they become due. If the funds so deposited are insufficient to pay any of the Taxes for any year when the same shall become due and payable, Mortgagor shall, within 10 days after receipt of demand therefor, deposit such additional funds as may be necessary to pay the Taxes in full. If the funds so deposited exceed the amount required to pay the Taxes for the year, the excess shall be applied on a subsequent deposit or deposits. Said deposits need not be kept separate and apart from other funds of Mortgagee.

Anything in this Paragraph 3 to the contrary notwithstanding, if the funds so deposited are insufficient to pay the Taxes or any installment thereof, Mortgagor will, not later than 30 days prior to the last day on which the same may be paid without penalty or interest, deposit with Mortgagee the full amount of any such deficiency.

If any Taxes shall be levied, charged, assessed or imposed upon or for the Premises, or any portion thereof, and if such Taxes shall also be a levy, charge, assessment or imposition upon or for any other premises not covered by the lien of this Mortgage, then the computation of any amount to be deposited under this Paragraph 3 shall be based upon the entire amount of such Taxes, and Mortgagor shall not have the right to apportion the amount of any such taxes or assessments for the purpose of such computation.

Mortgagee's Interest In and Use of Deposits

4. In the event of a Default hereunder or the Note secured hereby, Mortgagee may at its option, without being required to do so, apply any monies at the time of deposit pursuant to Paragraphs 3 and 5 hereof, on any of Mortgagor's obligations herein or in said Note contained, in such order and manner as 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 of the Premises. A security interest within the meaning of the UCC is hereby granted to Mortgagee in and to any monies on deposit pursuant to Paragraphs 3 and 5 hereof, as additional security for the indebtedness hereunder and such monies shall be applied by Mortgagee for the purposes made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, while not in Default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment of the particular taxes, assessments and insurance premiums for payment of which they were deposited, accompanied by the bills for such taxes, assessments and insurance premiums. Mortgagee shall not be liable for any act or omission taken in

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good faith or pursuant to the instruction of any party but shall be liable only for its gross negligence or willful misconduct.

Insurance

5. Mortgagor shall keep all buildings and improvements now or hereafter situated on the Premises insured against loss or damage by policies of All Risk Replacement Cost Insurance with an Agreed Amount Endorsement and such other appropriate insurance as may be required by Mortgagee, all in form and substance satisfactory to Mortgagee, including, without limitation, rent insurance, business interruption insurance, flood insurance (if and when the Premises lie within an area designated by an agency of the federal government as a flood risk area). Mortgagor shall also provide liability insurance with such limits for personal injury and death and property damage as Mortgagee may require. All policies of insurance to be furnished hereunder shall be in forms, companies and amounts satisfactory to Mortgagee, each insurer to have a Best's rating of A+:XV, with mortgage 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 30 days' prior written notice to Mortgagee. Mortgagor shall deliver all policies including additional and renewal policies, to Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than 30 days prior to their respective dates of expiration. Upon Mortgagor's failure to comply with the requirements of this Paragraph, Mortgagee may, in its sole discretion but without any obligations hereunder so to do, effect any insurance required hereunder and pay the premiums due therefor, and any amounts so paid by Mortgagee shall become immediately due and payable by the Mortgagor with interest at the Default Rate as described in Paragraph 11, hereof, and shall be secured by this Mortgage.

Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon under a standard mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

Mortgagor shall furnish proof of payment of all insurance premiums. Following a Default, Mortgagor covenants and agrees that Mortgagee may in its complete and sole discretion request that Mortgagor deposit on a monthly basis an amount equal to the premiums due on any such policies and that Mortgagee, beginning on the first day of the calendar month following such request by Mortgagee and continuing on the first day of each month thereafter shall deposit with Mortgagee, an amount equal to the premiums that will next become due and payable on such policies

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divided by the number of months to elapse prior to the date when such premiums become delinquent. No interest shall be payable on such deposits, and such deposits need not be kept in a separate account.

Adjustment of Losses With Insurer and Application of Proceeds of Insurance

6. In case of loss or damage by fire or other casualty, Mortgagee is authorized (a) to settle and adjust any claim under insurance policies which insure against such risks, or (b) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid in regard to such loss. In either case, Mortgagee is authorized to collect and issue a receipt for any such insurance money. At the option of Mortgagee, such insurance proceeds shall be applied either to reduce the indebtedness secured hereby or to reimburse Mortgagor for the cost of rebuilding and restoration. Irrespective of whether such insurance proceeds are used to reimburse Mortgagor for the cost of said rebuilding or restoration or not, and irrespective of whether such insurance proceeds are or are not adequate for such purpose, the buildings and improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. Notwithstanding the foregoing provisions, Mortgagee agrees that net insurance proceeds shall be made available for the restoration of the portion of the Mortgaged Premises damaged or destroyed if written notice for such use is made within forty-five (45) days after receipt of such proceeds and the following conditions are satisfied: (i) no Default, or event which if uncured within any applicable cure period, would constitute a Default, shall have occurred or be continuing hereunder (and if such an event shall occur during restoration Mortgagee may, provided all applicable notice and cure or grace periods have expired without cure by Mortgagor, at its election apply any insurance proceeds then remaining in its hands to the reduction of the indebtedness evidenced by the Note and the other indebtedness hereby secured), (ii) if the cost of repairs exceeds \$25,000.00, Mortgagor shall have submitted to Mortgagee plans and specifications for the restoration which shall be satisfactory to it in Mortgagee's reasonable judgment, (iii) Mortgagor shall have submitted to Mortgagee evidence satisfactory to Mortgagee (including fixed price contracts with good and responsible contractors and materialmen covering all work and materials necessary to complete restoration), the cost to complete restoration is not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, Mortgagor shall have deposited the amount of such deficiency with Mortgagee, (iv) Mortgagor shall have obtained a waiver of the right of subrogation from any insurer under such policies of insurance, (v) in Mortgagee's judgment, all restoration can be completed prior to the maturity date of the Note, (vi) Mortgagor

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collect and receive said rents, issues, profits and proceeds until the occurrence of a Default by Mortgagor under the terms and provisions hereof; provided that any rents, issues and profits collected and received by Mortgagor after the occurrence of a default hereunder which is not cured within the applicable grace period provided hereby shall be deemed collected and received by Mortgagor in trust for Mortgagee and Mortgagor shall account to Mortgagee for the full amount of such receipts. Mortgagor agrees to apply said rents, issues and profits, whenever received, to payment of the Note and other sums secured hereby. The right of Mortgagor to collect and receive said rents, issues and profits in trust for Mortgagee during the continuance of any Default by Mortgagor under the terms and provisions of this Mortgage may be revoked by Mortgagee's giving written notice of such revocation to Mortgagor.

Mortgagor will, from time to time after notice and demand, execute and deliver to Mortgagee, in form satisfactory to Mortgagee, further agreements evidencing its willingness to comply and its compliance with the provisions of this Section. Mortgagor shall pay Mortgagee the expenses incurred by Mortgagee in connection with the recording of any such agreement.

Effect of Extensions of Time

9. If the payment of said indebtedness or any part thereof is extended or varied or if any part or any security for the payment of the indebtedness is released or additional security is taken, all persons now or at any time hereafter liable therefor, or interested in said Premises, shall be held to assent to such extension, variation, or taking of additional security or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by the Mortgagee, notwithstanding such extension, variation, taking of additional security or release.

Effect of Changes in Laws Regarding Taxation

10. 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 the Premises 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 Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holders thereof, then, and in any 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

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Mortgagee (a) it might be unlawful to require Mortgagor to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, 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 sixty (60) days from the giving of such notice.

Mortgagee's Performance of Defaulted Acts

11. In the event of a Default hereunder, 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, or redeem from any tax sale or forfeiture affecting said Premises or consent to any tax or assessment or cure any default of landlord in any lease of the Premises. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by Mortgagee in regard to any stamp tax or any leases of the Premises or to protect the Premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the Default Rate. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any Default hereunder.

Mortgagee's Reliance on Tax Bills, Etc.

12. Mortgagee in making any payment hereby authorized: (a) relating to taxes and assessments, 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, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

Financial Covenants

13. (a) Mortgagor shall maintain a Debt Service Ratio of at least 1.10 to 1.0 at all times while any portion of the indebtedness evidenced by the Note is unpaid. Debt Service Ratio shall mean the ratio of "EBITDA" (as hereinafter defined) to "Consolidated Debt Service" (as hereinafter defined) calculated on an annual basis as of the end of each fiscal year of Mortgagor.

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"EBITDA" shall mean for any period of time for which calculated, Consolidated Net Earnings for such period plus all amounts deducted in arriving at such Consolidated Net Earnings in respect of: (i) Consolidated Debt Service for such period, plus (ii) federal, state and local income taxes for such period, plus (iii) all amounts properly charged for depreciation of fixed assets and amortization of intangible assets during such period on the books of the Mortgagor or its subsidiaries.

"Consolidated Net Earnings" for any period shall mean the net earnings of the Mortgagor and its subsidiaries for such period as computed on a consolidated basis in accordance with generally accepted accounting principles consistently applied, and without limiting the foregoing, after deduction from gross income of all expenses, including provisions for all taxes on or measured by income, but excluding (i) any extraordinary profits or losses on the sale or other disposition of fixed or capital assets or on the acquisition, retirement, sale or other disposition of stock or securities of the Mortgagor or any subsidiary, and (ii) any taxes on such extraordinary profits and any tax deductions or credits on account of any such extraordinary losses.

"Consolidated Debt Service" for any period of time for which calculated shall mean, on a consolidated basis, the sum of all interest charges, all amortization of debt discount and expense, if any, and principal due with respect to all Debt of the Mortgagor and its subsidiaries during such period.

"Indebtedness for Borrowed Money" shall mean for the Mortgagor and its subsidiaries the sum of (i) all indebtedness of the Mortgagor and its subsidiaries for borrowed money, whether current or funded, or secured or unsecured (other than trade payables and other payables not in connection with the indebtedness for borrowed money arising in the ordinary course of business), (ii) all indebtedness for the deferred purchase price of property or services represented by a note or other security, (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Mortgagor or any subsidiary (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (iv) all indebtedness secured by a purchase money mortgage or other lien to secure all or part of the purchase price of property subject to such mortgage or lien, (v) all obligations under leases which shall have been or must be, in accordance with generally accepted accounting principles, recorded as

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capital leases in respect of which the Mortgagor or any subsidiary is liable as lessee, (vii) any liability in respect of banker's acceptances or letters of credit, (viii) all indebtedness referred to in clause (i), (ii), (iii), (iv), (v) or (vi) above (but not included in any such clause) which is directly or indirectly guaranteed by the Mortgagor or any subsidiary or which the Mortgagor or any subsidiary has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which the Mortgagor or any subsidiary has otherwise assured a creditor against loss.

(b) As of the date hereof and at all times to and including December 31, 1996, Mortgagor shall have a Tangible Net Worth of at least \$325,000. As of January 1, 1997 and thereafter, Mortgagor shall at all times have a Tangible Net Worth of at least \$425,000.

"Tangible Net Worth" shall mean the excess of total assets of the Mortgagor and its subsidiaries over total liabilities and reserves of the Mortgagor and its subsidiaries computed on a consolidated basis, total assets and total liabilities each to be determined in accordance with generally accepted accounting principles consistently applied, excluding, however, from the determination of total assets (a) all assets which would be classified as intangible assets under generally accepted accounting principles, including, without limitation, goodwill, patents, trademarks, trade names, copyrights, franchises and deferred charges (including, without limitation, unamortized debt discount and expense, organization costs and deferred research and development expense), (b) the write-up of assets above cost, (c) amounts due from shareholders, officers and directors, and (d) the value of treasury stock and including in total liabilities all obligations included in "Debt" (as hereinafter defined).

"Debt" of any person or entity shall mean, as of any time the same is to be determined, the aggregate of all indebtedness, obligations, liabilities, reserves and any other items which would be classified as a liability on a balance sheet of such person in accordance with generally accepted accounting principles, including, without limitation, indebtedness for Borrowed Money, together with all indebtedness with respect to bankers acceptances and letters of credit, swap and hedging agreements and all indebtedness or liabilities of any other person which such person may guarantee or otherwise be responsible or liable for (other than any liability arising out of the endorsement of commercial paper for deposit or collection received in the ordinary course of business), and all indebtedness and liabilities secured by any lien or any security interest on

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any property or assets of such person, whether or not the same would be classified as a liability on a balance sheet, and the aggregate amount of rentals or other consideration payable by such person under all leases which should have been or must be, in accordance with generally accepted accounting principles, recorded as capital leases in respect of which such person is liable as lessee, but excluding all general contingency reserves and reserves for deferred income taxes and investment credit.

(c) Mortgagor will furnish to Mortgagee (i) within ninety (90) days of the end of Mortgagor's fiscal year the consolidated balance sheet of Mortgagor and its subsidiaries as at the end of such fiscal year and the related consolidated statements of income, cash flow and retained earnings for such fiscal year, in each case certified without qualification by independent certified public accountants of recognized national standing pursuant to an audit conducted in accordance with generally accepted auditing standards, satisfactory to Mortgagee, (ii) within forty five (45) days after the close of each quarterly accounting period in each fiscal year of Mortgagor, the consolidated balance sheet of Mortgagor and its subsidiaries as at the end of such quarterly period and the related consolidated statements of income, cash flow and retained earnings for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, each prepared in accordance with GAAP, and (iii) quarterly and annual operating statements (prepared on a basis consistent with that used in the preparation of the GAAP consolidated financial statements of Mortgagor) for the Premises within forty five (45) days of the end of each calendar quarter. Mortgagor will furnish such additional reports or data, but no more often than on a quarterly basis, as Mortgagee may reasonably request including, without limitation a certified rent roll. Mortgagor shall maintain a system of accounting capable of furnishing all such information and data, and shall maintain its books and records respecting financial and accounting matters in a proper manner and on a basis consistent with that used in the preparation of the GAAP consolidated financial statements of Mortgagor.

Acceleration of Indebtedness in Case of Default

14. The occurrence of any one or more of the following shall constitute a default under this Mortgage (herein, a "Default"):

(a) default for five (5) days from the date when due shall be made in the payment of the Note secured hereby, or any payment due in accordance with the terms thereof, either

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of principal or interest; provided, however, that in respect to not more than two such defaults in any twelve month period, Mortgagee shall give written notice to Mortgagor and Mortgagor shall have five (5) days from the date of such written notice to cure such default. In no other cases shall notice of a monetary default be required; or

(b) default shall be made in the due observance or performance of any of the other covenants, agreements or conditions contained in the Note or any other Loan Document and such default shall not be cured within twenty (20) days after written notice to Mortgagor; or

(c) default shall be made in the due payment, observance or performance of any of the covenants and agreements or conditions contained in any other agreements or financing arrangements now existing or hereafter entered into between Mortgagor and Mortgagee and such default is not cured within any applicable cure or grace period; or

(d) Mortgagor or any guarantor of the Note secured hereby (herein a "Guarantor") shall file a petition seeking relief under the Federal Bankruptcy Code (11 U.S.C. 101 et seq.) or any similar law, state or federal, whether now or hereafter existing, or any answer admitting insolvency or inability to pay its or their debts, or fail to obtain a vacation or stay of involuntary proceedings within 30 days; or

(e) an order for relief shall be entered in an involuntary case against the Mortgagor, Beneficiary or a Guarantor, or a trustee or a receiver shall be appointed for the Mortgagor or a Guarantor, or for all of the property of Mortgagor or a Guarantor, or the major part thereof, in any involuntary proceeding, or any court shall have taken jurisdiction of the property of the Mortgagor or a Guarantor, or the major part thereof, in any voluntary or involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Mortgagor or a Guarantor and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within 30 days; or

(f) Mortgagor or a Guarantor shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; or

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(g) any event occurs or condition exists which constitutes a default, following any applicable grace or cure period, under any of the Loan Documents; or

(h) an unpermitted transfer as described in Section 33 of this Mortgage shall occur.

Upon the occurrence of a Default, the whole of the indebtedness hereby secured shall, at once, at the option of Mortgagee, become immediately due and payable without notice to Mortgagor. If, while any insurance proceeds or condemnation awards are being held by Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Premises, as set forth in Paragraph 6 or 21 hereof, Mortgagee shall be or become entitled to, and shall accelerate the indebtedness secured hereby, then and in such event, Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by it in reduction of the indebtedness hereby secured (less the amount thereof, if any, which is then currently payable for work completed and in place in connection with such rebuilding or restoration), and any excess held by it over the amount of indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

Foreclosure; Expense of Litigation

15. 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. In any civil action to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the order or judgment for sale all reasonable expenditures and expenses authorized by the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as from time to time amended (the "Act") and all other reasonable expenditures which may be paid or incurred by or on behalf of Mortgagee for attorneys, fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the order or judgment) 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 civil actions or to evidence to bidders at any sale which may be had pursuant to such order or judgment the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of said Premises and maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting

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this Mortgage, said Note or said Premises, including probate, bankruptcy and appellate proceedings, or in preparations for the commencement or defense of any proceeding or threatened civil actions or proceeding shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate and shall be secured by this Mortgage.

Compliance with Illinois Mortgage Foreclosure Law.

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

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

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

Application of Proceeds of Foreclosure Sale

17. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraphs 15 and 16(c) hereof; second, all other items which may under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; and fourth, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

Appointment of Receiver

18. Mortgagee shall, as a matter of right, without notice and without giving bond to Mortgagor or anyone claiming by, under or through it, and without regard to the solvency or insolvency of Mortgagor or Beneficiary or the then value of the Premises, be entitled to have a receiver appointed pursuant to the Act of all

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or any part of the Premises and the rents, issues and profits thereof, with such power as the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Mortgagor or other persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

Mortgagee's Right of Possession in Case of Default

19. In the event of a Default, whether before or after the whole principal sum secured hereby is declared to be immediately due, 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, 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 agent or attorneys, as for condition broken. In such event Mortgagee in its discretion may, in accordance with law, enter upon and take and maintain possession of all or any part of said Premises, together with all documents, books, records, papers and accounts of Mortgagor or then owner of the Premises relating thereto, and may exclude Mortgagor, its agents or servants, wholly therefrom and may as attorney in fact or agent of 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, and with full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (b) to elect to disaffirm any lease or sublease which is then subordinate to the lien hereof; (c) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessee to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests

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in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from a foreclosure of this Mortgage, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Premises as to it may deem judicious; (e) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; and (f) to receive all of such avails, rents, issues and profits; 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 Mortgagee.

Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which mortgagee 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 leases, excepting any of the foregoing which result from the gross negligence or willful misconduct of Mortgagee. Should 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 Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Premises. The right to enter and take possession of the Premises and use any personal property therein, to manage, operate, conserve and improve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expenses (including any reasonable receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby, which expenses Mortgagor promises to pay upon demand together with interest at the rate applicable to the Note at the time such expenses are incurred. Mortgagee shall not be liable to account to Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by Mortgagee. Without taking possession of the Premises, Mortgagee

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may, in the event the Premises become vacant or are abandoned, take such steps as it deems appropriate to protect and secure the Premises (including hiring watchmen therefor) and all reasonable costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Rate.

Application of Income Received by Mortgagee

20. Mortgagee, in the exercise of the rights and powers conferred herein and upon the occurrence of a Default, shall have full power to use and apply the avails, rents, guest room receipts and income, issues and profits of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(a) to the payment of the operating expenses of the Premises, including cost of management and leasing thereof (which shall include appropriate compensation to Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and, if this is a leasehold mortgage, of all rents due or which may become hereafter due under the underlying lease;

(c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises and of placing the Premises in such condition as will, in the reasonable judgment of Mortgagee, make it readily rentable and otherwise in a condition which is comparable to the condition of the Premises preceding the occurrence of the Default;

(d) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

Rights Cumulative

21. No right, power or remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other right, power or remedy, and each right, power and remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing

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may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of the Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

Mortgagee's Right of Inspection

22. Mortgagee shall have the right upon reasonable prior notice (which may be oral) to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

Condemnation

23. Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the entire proceeds of any award or any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. At the option of Mortgagee, such condemnation proceeds shall be applied either to reduce the indebtedness secured hereby or to reimburse Mortgagor for the cost of rebuilding and restoration. Irrespective of whether such proceeds are made available for restoration or rebuilding, and irrespective of whether such proceeds are adequate for such purpose, the buildings and improvements shall be restored or rebuilt in accordance with plans and specifications to be submitted to and approved by the Mortgagee. In the event said proceeds are used for rebuilding or restoration, the proceeds of the award shall be disbursed in the manner and under the conditions that the Mortgagee may require and paid out in the same manner as provided in Paragraph 6 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration. In such event, if the estimated cost to complete rebuilding or restoration exceeds the proceeds of the condemnations awards, Mortgagor immediately shall, on written demand of the Mortgagee, deposit with the Mortgagee in cash the amount of such excess cost. Any surplus which may remain out of said award after payment of such cost of building or restoration shall, at the option of the Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any party entitled thereto without interest.

Release upon Payment and Discharge of Mortgagor's Obligations

24. Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon payment and discharge of all

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indebtedness secured hereby or in the Note at the cost and expense of the Mortgagor which may include payment of a reasonable release fee to Mortgagee for the execution of release documents.

Giving of Notice

25. All notices or other communications required or permitted hereunder shall be (a) in writing and shall be deemed to be given when either (i) delivered in person, (ii) three business days after deposit in a regularly maintained receptacle of the United States mail as registered or certified mail, postage prepaid return receipt requested, (iii) when received if sent by private courier service or (iv) on the day on which the party to whom such notice is addressed refuses delivery by mail or by private courier service and (b) addressed as follows:

If to Mortgagor: Aetna Bearing Company
4600 W. Schubert
Chicago, Illinois
Attn: Patrick Balson

With copies to: Thomas H. Thorelli
Potter & Thorelli
233 South Wacker Drive
Suite 7100
Chicago, Illinois 60606

and Patrick Balson
292 Graemere Street
Northfield, IL 60093

If to Mortgagee: LaSalle Bank NI
3201 North Ashland Avenue
Chicago, Illinois 60657
Attn: Commercial Real Estate
Division

or at such other place as any party hereto may by notice in writing designate as a place for service of notice, shall constitute service of notice hereunder.

Waiver of Notice

26. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not

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be good and available to the party interposing same in an action at law upon the Note hereby secured.

Waiver of Statutory Rights

27. Mortgagor shall 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, 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 Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Premises may be sold in one parcel as an entirety or in separate lots or parcels at the same or different times, all as the Mortgagee may determine. Mortgagee shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Mortgagee so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Mortgagee with the amount payable to Mortgagee out of the net proceeds of such sale. In the event of any such sale, the Note and the other indebtedness hereby secured, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. Mortgagor acknowledges that the Premises does not constitute agricultural real estate, as defined in Section 15-1201 of the Act (or any successor provision), or residential real estate, as defined in Section 15-1219 of the Act (or any successor provision). To the fullest extent permitted by law, Mortgagor, pursuant to Section 15-1601(b) of the Act (or any successor provision), hereby voluntarily and knowingly waives any and all rights of redemption on behalf of Mortgagor, and each and every person acquiring any interest in, or title to the Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by applicable law. Mortgagor hereby represents and warrants to Mortgagee that it has been directed in writing by the appropriate beneficiaries and holders of the power of direction of the trust estate to expressly waive all rights of redemption to the Premises and reinstatement of the loan secured hereby in the manner herein set forth. Mortgagor does hereby further expressly waive, Mortgagor does hereby further expressly waive, to the fullest extent now or hereafter permitted by law, all rights of reinstatement of this Mortgage pursuant to Section 15-1602 of the Act. Trustee hereby represents to Mortgagee that it has been directed in writing by the appropriate beneficiaries and holders of the power of direction of the trust estate to expressly waive all rights of redemption to the Premises and reinstatement of the loan secured hereby in the manner herein set forth.

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(415 ILCS 5/1 et seq.), any so-called "Superfund" or "Superlien" law or any other applicable federal, state or local law, common law, code, rule, regulation, or ordinance, presently in effect or hereafter enacted, promulgated or implemented.

Mortgagor shall not cause or permit the Premises to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce, or process Hazardous Materials, nor shall Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant, subtenant, occupant or other entity or person, a release of Hazardous Materials onto the Premises or onto any other property.

Mortgagor shall conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, under, from or affecting the Premises in accordance with all applicable federal, state, and local laws, ordinances, rules, regulations and policies, to the reasonable satisfaction of Mortgagee, and in accordance with the orders and directives of all federal, state and local governmental authorities.

Neither Mortgagor nor, to the best of Mortgagor's knowledge, any previous owner, occupier, or user of the Premises, has used, generated, stored or disposed of, on, under or about the Premises any Hazardous Materials. Further, the Premises do not contain, and, to the best of Mortgagor's knowledge, have not in the past contained, any asbestos containing material in friable form and there is no current or potential airborne contamination that would be caused by maintenance or tenant finish activities in any building located on the Premises. Mortgagor shall protect, indemnify and hold harmless Mortgagee, its directors, officers, employees, agents, successors and assigns, from and against any and all loss, damage, cost, expense or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of Hazardous Materials on, under or about the Premises including without limitation (i) all foreseeable consequential damages; and (ii) the costs of any required or necessary repair, cleanup or detoxification of the Premises and the preparation and implementation of any closure, remedial or other plans as required by applicable law, regulation or ordinance or by any court or administrative order. This indemnity shall survive the reconveyance of the lien of this Mortgage, or the extinguishment of the lien by foreclosure or action in reconveyance or extinguishment or deed in lieu of foreclosure.

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Notwithstanding anything to the contrary hereinabove contained, Mortgagor may use Hazardous Materials in its normal business operations on the Premises provided that such materials shall be used, stored, disposed of, processed and transferred in full compliance with all applicable Federal, State and local statutes, codes, ordinances, rules, regulations and court decisions now in effect or hereafter enacted, promulgated or implemented with regard to the use, storage, disposal, transfer, production, or processing of such materials; provided, however, that Mortgagor shall fully indemnify, defend and hold harmless Mortgagee, its officers, directors, agents and employees from any and all costs, fees (including attorneys' fees), suits, damages, claims, loss or liability arising from or out of such use, storage, disposal, transfer, production or processing.

Security Agreement

31. In the event of a Default hereunder, Mortgagee, pursuant to the appropriate provisions of the UCC, shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies with respect to the real property, in which event the default provisions of the UCC shall not apply. The parties agree that, in the event the Mortgagee shall elect to proceed with respect to the personal property collateral securing the indebtedness separately from the real property, ten (10) days notice of the sale of the personal property collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Mortgagee. Mortgagor agrees that, without the written consent of Mortgagee, the Mortgagor will not remove or permit to be removed from the Premises any of the personal property or fixtures securing the indebtedness except that so long as Mortgagor is not in Default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of such property when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Premises, upon replacing the same or substituting for the same other property at least equal in value to the initial value to that disposed of and in such a manner so that said other property shall be subject to the security interest created hereby and so that the security interest of the Mortgagee shall always be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the property securing the indebtedness shall be and become immediately subject to the security interest of this Mortgage and covered hereby. The Mortgagor shall, from time to time, on request of the Mortgagee, deliver to the Mortgagee in reasonable detail an inventory of the personal property securing the indebtedness. The Mortgagor covenants and represents that all personal property securing the indebtedness now is, and that all replacements thereof, substitu-

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tions therefor or additions thereto, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances or security interest of others.

Indemnity

32. Mortgagor agrees to indemnify and hold harmless Mortgagee from and against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, costs and expenses (including reasonable attorneys' fees and disbursements) which may be imposed on, incurred or paid by or asserted against Mortgagee by reason or on account of, or in connection with, (i) any willful misconduct of Mortgagor or any Default hereunder or under the other loan documents given at any time to secure the payment of the Note secured hereby, (ii) Mortgagee's good faith and commercially reasonable exercise of any of its rights and remedies, or the performance of any of its duties, hereunder or under said other loan documents to which Mortgagor is a party, (iii) the construction, reconstruction or alteration of the Premises, (iv) any negligence or willful misconduct of Mortgagor, or any negligence or willful misconduct of any lessee of the Premises, or any of their respective agents, contractors, subcontractors, servants, employees, licensees or invitees or (v) any accident, injury, death or damage to any person or property occurring in, on or about the Premises or any street, drive, sidewalk, curb or passageway adjacent thereto. Any amount payable to Mortgagee under this Paragraph shall be due and payable within ten (10) days after demand therefor and receipt by Mortgagor of a statement from Mortgagee setting forth in reasonable detail the amount claimed and the basis therefor, and such amounts shall bear interest at the Default Rate from and after the date such amounts are paid by Mortgagee until paid in full by Mortgagor.

Mortgagor's obligations under this Paragraph shall not be affected by the absence or unavailability of insurance covering the same or by the failure or refusal by any insurance carrier to perform any obligation on its part under any such policy of covering insurance. If any claim, action or proceeding is made or brought against Mortgagor and/or Mortgagee which is subject to the indemnity set forth in this Paragraph, Mortgagor shall resist or defend against the same, if necessary in the name of Mortgagee, by attorneys for Mortgagor's insurance carrier (if the same is covered by insurance) or otherwise by attorneys approved by Mortgagee. Notwithstanding the foregoing, Mortgagee, in its reasonable discretion, may engage its own attorneys to resist or defend, or assist therein, and Mortgagor shall pay, or, on demand, shall reimburse Mortgagee for the payment of, the reasonable fees and disbursements of said attorneys.

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Prohibition on Sale or Financing

33. Any sale, conveyance, assignment, pledge, hypothecation, mortgage, encumbrance, lease (other than for actual occupancy as consented to by Mortgagee as provided herein) or other transfer of title to, or any interest in the Premises, or any portion thereof, or of any entity or any person owning, directly or indirectly, any interest therein (whether voluntary or by operation of law) without the Mortgagee's prior written consent shall be a Default hereunder.

For the purpose of, and without limiting the generality of, this Paragraph, the occurrence at any time of any of the following events shall be deemed to be an unpermitted transfer of title to the Premises and therefore a Default hereunder:

(a) any sale, conveyance, assignment or other transfer, directly or indirectly, of more than 50% of the stock in Mortgagor; or

(b) the grant of a security interest in the stock of Mortgagor representing a controlling interest in Mortgagor. For the purpose hereof, the terms "control" or "controlling" shall mean the possession of the power to direct, or cause the direction of, the management and policies of Mortgagor by contract or voting of securities.

It is understood and agreed that the indebtedness secured hereby was created solely due to the financial sophistication, creditworthiness, background and business sophistication of Mortgagor, and Mortgagee continues to rely upon same as the means of maintaining the value of the Premises. It is further understood and agreed that any junior financing placed upon the Premises or the improvements located thereon, or upon the interests of Mortgagor may divert funds which would otherwise be used to pay the indebtedness secured hereby, and could result in acceleration and/or foreclosure by any such junior lienor. Any such action would force the Mortgagee to take measures, and incur expenses, to protect its security, and would detract from the value of the Premises mortgaged hereby, and impair the rights of the Mortgagee granted hereunder.

Any consent by Mortgagee to, or any waiver of any event which is prohibited under this Paragraph shall not constitute a consent to, or waiver of, any right, remedy or power of Mortgagee upon a subsequent Default.

Future Advances

34. Without limiting the generality of any other provision hereof, the indebtedness of Mortgagor hereunder shall include (a) all existing indebtedness of Mortgagor to Mortgagee evidenced by

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the Note and all renewals, extensions, modifications and replacements thereof, and (b) all future advances that may be subsequently made by Mortgagee and all renewals, extensions, modifications and replacements thereof. Mortgagor hereby agrees to execute any and all supplemental notes, agreements or other documents as Mortgagee may reasonably request to evidence such future advances, which such supplemental notes, agreements or other documents shall be similar in form and substance to the existing notes, agreements and other documents from Mortgagor in favor of Mortgagee. TOTAL INTEREST DUE TO DATE \$9,000.00.

Enforceability

35. This Mortgage and the indebtedness arising hereunder shall be governed by, and construed in accordance with, the internal laws of the State of Illinois applicable to contracts made and performed in such State and any applicable laws of the United States of America.

Miscellaneous

36. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and its successors, grantees and assigns, any subsequent owner or owners of the Premises, and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed said Note 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 Note secured hereby.

In the event one or more of the provisions contained in this Mortgage or the Note secured hereby or in any other security documents given to secure the payment of the Note secured hereby shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, not affect any other provision of this Mortgage, and this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

No offset or claim that Mortgagor now has or may have in the future against Mortgagee shall relieve Mortgagor from paying any amounts due under the Note secured hereby or from performing any other obligations contained herein or secured hereby.

At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all expenses and advances due to or incurred by Mortgagee in

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connection with the indebtedness secured hereby; provided, however, notwithstanding anything to the contrary herein, the total aggregate indebtedness secured by this Mortgage shall not exceed an amount equal to 500% of the face amount of the Note.

Mortgagor shall not by act or omission permit any building or other improvement on the Premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission impair the integrity of the Premises as a single zoning lot separate and apart from all other premises. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this paragraph shall be void.

Mortgagor on written request of the Mortgagee will furnish a signed statement of the amount of the indebtedness secured hereby and whether or not any Default then exists hereunder and specifying the nature of any such Default.

Mortgagee shall have the right at its option to foreclose this Mortgage subject to the rights of any tenant or tenants of the Premises and the failure to make any such tenant or tenants a party defendant to any such civil action or to foreclose their rights will not be asserted by the Mortgagor as a defense in any civil action instituted to collect the indebtedness secured hereby, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

At the option of the Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all leases of all or any part of the Premises upon the execution by Mortgagee and recording or registering thereof, at any time hereafter, in the Office wherein this Mortgage was recorded or registered, of a unilateral declaration to that effect.

Any property management agreement for the Premises, whether now in effect or entered into hereafter by Mortgagor with a property manager, shall contain a "no lien" provision whereby the property manager waives and releases, to the extent permitted by law, any and all mechanics' lien rights, if any, that it or anyone claiming through or under it may have pursuant to applicable law. Such property management agreement or a short

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form thereof shall, at Mortgagee's request, be recorded with the Office of the Recorder of Deeds for the county in which the Premises are located. In addition, Mortgagor shall cause the property manager to enter into a subordination agreement with Mortgagee, in recordable form, whereby the property manager subordinates, to the extent permitted by law, its present and future lien rights and those of any party claiming by, through or under it, to the lien of this Mortgage. Mortgagor's failure to require the "no lien" provision or the subordination agreement described herein shall constitute a Default hereunder.

The proceeds of the Note secured by this Mortgage shall be used for the purposes specified in 815 ILCS 205/4 Illinois Compiled Statutes, as amended from time to time; and that the principal obligation secured hereby constitutes a business loan within the purview and operation of 815 ILCS 205/4(1)(c).

The Mortgagor hereby waives all right of homestead exemption in the Premises.

The terms "Mortgage", "Security Agreement" and "Mortgage and Security Agreement" wherever used herein or in the Note secured hereby or in any other instrument evidencing or securing the Note secured hereby shall mean this Mortgage and the Security Agreement herein contained or any other security agreement securing the Note, as the context may so require.

IN WITNESS WHEREOF, Mortgagor executed this Mortgage the day and year first above written.

AETNA HEARING COMPANY

ATTEST:

By: [Signature]
Its: ASSISTANT SECRETARY

By: [Signature]
Its: Recorder

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STATE OF ILLINOIS)

SS.

COUNTY OF COOK

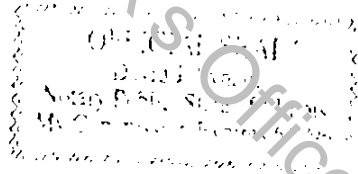
I, [Signature], a
 Notary Public in and for said County in the State aforesaid, DO
 HEREBY CERTIFY THAT [Signature] and
[Signature], personally known
 to me and known by me to be the [Signature]
 President and [Signature] Secretary
 respectively of [Signature],
 in whose name the above and foregoing instrument is executed,
 appeared before me this day in person and acknowledged that they
 signed and delivered the said instrument as their free and
 voluntary act and as the free and voluntary act of said
 corporation, the uses and purposes therein set forth, and the
 said [Signature] Secretary then and there acknowledged
 that he/she, as custodian of the corporate seal of said
 corporation did affix the said corporate seal to said instrument
 as his/her free and voluntary act and as the free and voluntary
 act of said corporation, for the uses and purposes therein set
 forth.

GIVEN under my hand and Notarial Seal this 11 day
 of March, 1996.

(NOTARY SEAL)

[Signature]
 Notary Public

My Commission Expires: _____



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EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

LOTS 9 TO 23, INCLUSIVE AND THE EAST 19 FEET IN WIDTH OF LOT 24 IN THOGERSEN AND ERICKSEN'S SUBDIVISION OF LOTS 1 TO 15 AND 26 TO 33 ALL INCLUSIVE AND PRIVATE ALLEY IN BLOCK 6 IN SAMUEL S. HAYES' KELVYN GROVE ADDITION TO CHICAGO, A SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN;

ALSO

THAT PART OF THE EAST AND WEST 16 FOOT ALLEY NOW VACATED LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF LOTS 9 TO 16, BOTH INCLUSIVE AND NORTH OF AND ADJOINING THE NORTH LINE OF LOTS 17 TO 24, BOTH INCLUSIVE AND LYING EAST OF A LINE 16 FEET EAST OF AND PARALLEL TO THE WEST LINE OF LOT 24 PRODUCED NORTH 16 FEET IN THOGERSEN AND ERICKSEN'S SUBDIVISION AFORESAID;

ALSO

THE WEST 30 FEET IN WIDTH OF THAT PART OF NORTH KENTON AVENUE IN THE CITY OF CHICAGO NOW VACATED LYING EAST OF AND ADJOINING THE EAST LINE OF BLOCK 6 AFORESAID LYING NORTH OF THE SOUTH LINE OF LOT 17 IN SAID BLOCK PRODUCED EAST 30 FEET AND LYING SOUTH OF THE NORTH LINE OF LOT 16 IN SAID BLOCK PRODUCED EAST 30 FEET IN THOGERSEN AND ERICKSEN'S SUBDIVISION AFORESAID;

ALSO

BEGINNING AT THE NORTHEAST CORNER OF SAID BLOCK 6 ABOVE REFERRED TO RUNNING THENCE NORTH 18 FEET; THENCE EAST 30 FEET THEREOF SOUTH 18 FEET THENCE WEST 30 FEET TO THE POINT OF BEGINNING AND ALSO BEGINNING AT THE SOUTHEAST CORNER OF SAID BLOCK 6 ABOVE REFERRED TO RUNNING THENCE EAST 30 FEET THENCE SOUTH 32 FEET THENCE IN A STRAIGHT LINE TO POINT OF BEGINNING.

PARCEL 2:

ALL THAT PART OF WEST PARKER AVENUE LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF LOTS 10 TO 13, BOTH INCLUSIVE AND THE SOUTH LINE OF SAID LOT 10 PRODUCED WEST 15 FEET IN BLOCK 3 OF S. S. HAYES' KELVYN GROVE ADDITION TO CHICAGO, A SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF AND ADJOINING THE NORTH LINE OF LOTS 9 TO 16, BOTH INCLUSIVE LYING EAST OF AND ADJOINING THE WEST LINE OF SAID LOT 9 PRODUCED NORTH 100 FEET AND LYING WEST OF AND ADJOINING THE EAST LINE OF SAID LOT 16 PRODUCED NORTH 100 FEET IN THOGERSEN AND ERICKSEN'S SUBDIVISION OF LOTS 1

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TO 15 INCLUSIVE AND LOTS 26 TO 33 INCLUSIVE AND PRIVATE ALLEY IN BLOCK 6 IN S. S. HAYES' KELVYN GROVE ADDITION TO CHICAGO SAID PART OF WEST PARKER AVENUE BEING FURTHER DESCRIBED AS THE EAST 240 FEET MORE OR LESS OF THAT PART OF WEST PARKER AVENUE LYING WEST OF VACATED NORTH KENTON AVENUE, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 6, 7, 8, 9, 10 AND THAT PART OF THE STRIP OF LAND BETWEEN LOTS 6 TO 10 BOTH INCLUSIVE AND LOT 11 WHICH HAS SHOWN ON THE PLAT OF S. S. HAYES' KELVYN GROVE ADDITION TO CHICAGO AS A PRIVATE ALLEY BUT WHICH HAS NOW BEEN TERMINATED BY THE OWNERS OF ALL OF THE ABUTTING LOTS BY DECLARATION OF TERMINATION RECORDED AS DOCUMENT NO. 12919799, (EXCEPT THAT PART LYING NORTHEASTERLY OF A LINE DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 1.44 FEET WEST OF THE NORTHWEST CORNER OF LOT 6, THENCE SOUTHEASTERLY AT A RADIUS OF 395.95 FEET, AN ARC DISTANCE OF 184.55 FEET THEREOF TO A POINT 2.13 FEET WEST OF THE SOUTHEAST CORNER OF LOT 10); ALSO, LOTS 11, 12, 13, 14, AND 15 AND THE EAST 25 FEET OF LOT 16 ALL IN BLOCK 3 IN S. S. HAYES' KELVYN GROVE ADDITION TO CHICAGO. A SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

EASEMENT FOR THE BENEFIT OF PARCEL 1 AS CREATED BY GRANT DATED JANUARY 4, 1949 AND RECORDED MARCH 23, 1949 AS DOCUMENT 14518493 FOR PURPOSE OF A RIGHT OF WAY FOR CONSTRUCTING, OPERATING AND MAINTAINING A SWITCH TRACK OVER A STRIP OF LAND BEING A PART OF VACATED NORTH KENTON AS LAID OUT IN S. S. HAYES' KELVYN GROVE ADDITION TO CHICAGO, OF THE SOUTHWEST 1/4 OF SECTION 27, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, BEING AT A POINT ON THE EAST LINE OF SAID NORTH KENTON AVENUE BEING ALSO THE WEST LINE OF RIGHT OF WAY OF CHICAGO AND NORTHWESTERN RAILWAY WHICH IS 18 FEET SOUTH OF THE SOUTH LINE OF WEST DIVERSEY AVENUE PRODUCED EAST RUNNING THENCE PARALLEL TO THE SAID SOUTH LINE OF WEST DIVERSEY AVENUE, 12 FEET; THENCE SOUTH PARALLEL TO THE WEST LINE OF AFORESAID RIGHT OF WAY, 182.39 FEET MORE OR LESS TO A POINT 35 FEET MEASURED PARALLEL TO SAID RIGHT OF WAY, NORTH OF THE NORTH LINE OF WEST PARKER AVENUE PRODUCED EAST; THENCE SOUTHERLY IN A STRAIGHT LINE TO A POINT ON SAID NORTH LINE OF WEST PARKER AVENUE WHICH IS 19 FEET WEST OF THE WEST LINE OF SAID RIGHT OF WAY 92 FEET TO A POINT 18 FEET NORTH OF THE SOUTH LINE OF WEST PARKER AVENUE PRODUCED EAST; THENCE EAST PARALLEL TO SAID SOUTH LINE OF WEST PARKER AVENUE 19 FEET TO THE WEST LINE OF AFORESAID RIGHT OF WAY; THENCE NORTH ALONG SAID RIGHT OF WAY LINE 349.39 FEET MORE OR LESS TO THE POINT OF BEGINNING

AND ALSO OVER A PARCEL OF LAND DESCRIBED AS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID VACATED NORTH KENTON AVENUE AFORESAID, BEING ALSO THE WEST LINE OF THE RIGHT OF WAY OF CHICAGO & NORTHWESTERN RAILWAY WHICH IS 18 FEET SOUTH OF

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THE SOUTH LINE OF WEST DIVERSEY AVENUE PRODUCED EAST; RUNNING
THENCE NORTH ALONG SAID EAST LINE OF SAID NORTH KENTON AVENUE 18
FEET TO THE SOUTH LINE OF SAID WEST DIVERSEY AVENUE PRODUCED
EAST, THENCE WEST ALONG THE SOUTH LINE OF SAID WEST DIVERSEY
AVENUE PRODUCED EAST, A DISTANCE OF 12 FEET; THENCE SOUTH ALONG A
LINE PARALLEL WITH SAID EAST LINE OF SAID NORTH KENTON AVENUE 18
FEET; THENCE EAST ALONG A LINE PARALLEL WITH SAID SOUTH LINE OF
SAID WEST DIVERSEY AVENUE PRODUCED EAST A DISTANCE OF 12 FEET, TO
THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

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EXHIBIT "B"

PERMITTED EXCEPTIONS

1. Real estate taxes not yet due and payable.

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