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DEPT. OF RECORDING 1003.00
100012 YEAR 6127 07/31/97 MORTGAGE
100012 YEAR 6127 07/31/97 MORTGAGE
CDDP COUNTY RECORDER

(The Above Space for Recorder's Use Only)

Property Clerk's Office

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

THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT (this "Mortgage") is made as of July 1, 1997 by **THE BRYN MAWR-BELLE SHORE LIMITED PARTNERSHIP**, an Illinois limited partnership, with a mailing address of 1333 N. Kingsbury, Suite 305, Chicago, Illinois 60622 ("Mortgagor") to **THE FIRST NATIONAL BANK OF CHICAGO**, a national banking association ("Mortgagee"), with a mailing address of Two First National Plaza, 15th Floor, Chicago, Illinois 60606, Attention: Dell K. McCoy, and pertains to the real estate described in Exhibit "A" attached hereto and made a part hereof (the "Real Estate"), of which Borrower is the fee simple owner.

WITNESSETH:

WHEREAS, Mortgagee has purchased a \$2,750,000 Multi-Family Housing Revenue Note, Series 1997-A (Bryn Mawr/Belle Shore Project) (the "Tax-Exempt Note") of the City of Chicago (the "Issuer") to fund a loan (the "Tax-Exempt Loan") in like amount by the Issuer to the Mortgagor pursuant to a Loan Agreement dated as of July 1, 1997 (the "Tax-Exempt Loan Agreement"), between the Issuer and the Mortgagor, and a Promissory Note issued thereunder by the Mortgagor to the Issuer (the "Tax-Exempt Promissory Note"). To secure the Tax-Exempt Note, the Issuer will assign the Tax-Exempt Loan Agreement and the Tax-Exempt Promissory Note to the Mortgagee pursuant to an Assignment and Security Agreement, dated as of July 1, 1997, between the Issuer and the Mortgagee. In addition, the Mortgagee has agreed, subject to the satisfaction of certain terms and conditions set forth in that certain Rehabilitation Loan Agreement dated as of July 1, 1997 (the "Rehabilitation Loan Agreement") to make an additional loan in the amount of Nine Hundred Fifty Thousand and No/100 Dollars (the "Taxable Loan"). The Taxable Loan is evidenced by a promissory note of the Mortgagor in like amount (the "Taxable Note"); and

WHEREAS, for purposes of this Mortgage (a) the Taxable Loan and the Tax-Exempt Loan are referred to collectively as the Indebtedness, (b) the Taxable Note and the Tax-Exempt Promissory Note are referred to collectively as the "Notes", and (c) the Rehabilitation

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Loan Agreement together with the Tax Exempt Loan Agreement are referred to as the "Loan Agreement"; and

WHEREAS, as security for the repayment of the Indebtedness, in addition to this Mortgage, certain other loan documents have been executed and delivered to Mortgagee (the Tax Exempt Note, the Tax Exempt Loan Agreement, the Assignment and Security Agreement, the Tax Exempt Promissory Note, the Taxable Note and the Rehabilitation Loan Agreement, this Mortgage and all other documents or instruments executed and/or delivered as additional evidence of, or security for repayment of, the Indebtedness, whether now or hereafter existing, and all renewals, amendments, supplements, restatements, extensions, and modifications thereof and thereon are hereinafter sometimes collectively referred to as the "Loan Documents"). The terms and provisions of the other Loan Documents are hereby incorporated herein by this reference.

NOW, THEREFORE, to secure

- (a) the payment of the Indebtedness,
- (b) the repayment of future advances, if any, disbursed by Mortgagee to Mortgagor in accordance with the terms of the Mortgage or in excess of the principal of the Indebtedness, all of the foregoing not to exceed an amount equal to 125% of the Indebtedness plus all Protective Advances (as hereinafter defined), and
- (c) the performance and observance of all of the terms, covenants, provisions and agreements of the Loan Documents, the parties agree as follows:

ARTICLE I

GRANT

1.01. The Mortgagor hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages and confirms unto the Mortgagee, and grants a security interest in, the Real Estate described in Exhibit A attached hereto and made a part hereof (the "Real Estate"), which with the property, estates and interests hereinafter described is referred to herein as the "Property".

Together with, all rents, issues, profits, royalties, income and other benefits derived from the Real Estate subject to the right, power and authority hereinafter given to Mortgagor to collect and apply such rents;

Together with, all leasehold estate, right, title and interest of Mortgagor in and to all leases or subleases covering the Real Estate or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Mortgagor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

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Together with, all right, title and interest of Mortgagor in and to any greater estate in the Real Estate owned or hereafter acquired;

Together with, all interests, estate or other claims in law and in equity which Mortgagor now has or may hereafter acquire in the Real Estate;

Together with, all easements, rights-of-way and rights pertaining thereto or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto;

Together with, all right, title and interest of Mortgagor, now owned or hereafter acquired, to and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Estate, and any and all sidewalks, alleys and strips and gores or land adjacent to or used in connection with the Real Estate;

Together with, any and all buildings and improvements now or hereafter erected thereon, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to said buildings and improvements;

Together with, all machinery, apparatus, equipment, fittings, fixtures, and articles of personal property of every kind and nature whatsoever, other than consumable goods, now or hereafter located in or upon the Real Estate or any part thereof and used or useable in connection with any present or future operation of said Real Estate (hereinafter called Equipment) and now owned or hereafter acquired by the Mortgagor, including, but without limiting the generality of the foregoing, all heating, lighting, laundry, incinerating, and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire-prevention, fire-extinguishing, refrigerating, ventilating, and communications apparatus, air cooling and air-conditioning apparatus, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, wall beds, refrigerators, attached cabinets, partitions, ducts and compressors and all of the right, title and interest of the mortgagor in and to any equipment which may be subject to any title retention or security agreement superior in lien to the lien of this Mortgage; provided however, that Equipment shall not include machinery, apparatus, equipment, fittings, fixtures, and articles of personal property used in the business of the Mortgagor whether the same are annexed to the Real Estate or not, unless the same are also used in the operation of any building located thereon. It is understood and agreed that all Equipment is appropriated to the use of the Real Estate and, whether affixed or annexed or not, shall for the purpose of this Mortgage be deemed conclusively to be conveyed hereby. The Mortgagor agrees to execute and deliver, from time to time, such further instruments as may be requested by the Mortgagee to confirm the lien of this Mortgage on any Equipment;

Together with, all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance, which Mortgagor now has or may hereinafter acquire in the Real Estate, and any and all awards made for the taking of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Estate, including without limitation any awards resulting from a change of grade of streets and awards for severance damages.

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To have and hold the Property unto the Mortgagee, and its successors and assigns forever, for the uses and purposes herein set forth.

This instrument and the grant made hereunder are subject and subordinate to (i) that certain Multifamily Mortgage (the "Senior Mortgage") dated of even date herewith given by the Mortgagor in favor of TRI Capital Corporation (the "Senior Mortgagee") securing a certain Multifamily Note (the "Senior Note") of even date herewith from the Mortgagor made payable to the Senior Mortgagee which incorporates therein a certain Regulatory Agreement (the "Regulatory Agreement") by and between Mortgagor and the Secretary of the U.S. Department of Housing and Urban Development ("HUD") evidencing a loan in the stated principal sum of \$9,226,700 (the "Senior Loan") and secured by certain other collateral documents given by Mortgagor to Senior Mortgagee, which Senior Note is to be insured by the Secretary of HUD pursuant to Section 221(d)(4) of the National Housing Act, as amended; and (ii) that certain Regulatory Agreement (the "DOI Regulatory Agreement") dated of even date herewith by and between the Mortgagor and the Issuer, acting by and through its Department of Housing (collectively with the Senior Note, Senior Mortgage and Regulatory Agreement, the "Senior Loan Documents"). The Mortgage, the Note and Loan Agreement and all other Loan Documents shall be and remain subject to the terms, covenants, and other provisions of the HUD-Required Provisions Rider attached hereto as Exhibit B (the "HUD-Required Provisions Rider").

ARTICLE II

REPRESENTATIONS

2.01. Mortgagor represents it has good and marketable title to the Property subject only to Permitted Liens. Mortgagor represents that it has good right and full power to sell and convey the same and that it has duly executed and delivered this Mortgage pursuant to proper directions and that Mortgagor will make any further assurance of title that the Mortgagee may require and will defend the Property against all claims and demands whatsoever.

2.02. Mortgagor represents that the proceeds of the loan evidenced by the Note and the Loan Agreement and the Indebtedness will be used for the purposes specified in Paragraph 6404 of Chapter 17 of the Illinois Revised Statutes and that the principal sum evidenced by the Note and the Loan Agreement constitutes a business loan which comes within the purview of such paragraph.

2.03. Mortgagor represents that the proceeds of the loan evidenced by the Note and the Loan Agreement have been or will be used to acquire the Property and to construct/rehabilitate improvements thereon as more fully described in the Loan Agreement.

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ARTICLE III

WAIVER OF REDEMPTION

3.01. The Mortgagor releases and waives all rights to retain possession of the Property after any default in payment or breach of any of the obligations, covenants, undertakings or agreements herein or in the Loan Agreement or the Note. Mortgagor hereby releases and waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on its own behalf and on behalf of each and every person, except decree and judgment creditors of the Mortgagor, including any and all persons acquiring any interest in or title to the Property. Mortgagor shall not, and will not, apply for or avail itself of any appraisement, valuation, stay, extension or exemption law, or 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 any estates comprising the Property, marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Property sold as an entirety.

ARTICLE IV

MORTGAGOR'S COVENANTS

4.01. Mortgagor covenants and agrees to pay the Indebtedness and the other sums secured hereby in the manner and at the times provided for in the Note, the Loan Agreement, this Mortgage and the other Loan Documents.

4.02. Mortgagor covenants and agrees to pay, or cause to be paid, when due and payable by Mortgagor:

(a) all real estate taxes, personal property taxes, assessments, license fees, water and sewer rates and charges, and all other governmental levies and charges, of every kind and nature whatsoever, general and special, ordinary and extraordinary, unforeseen as well as foreseen, which shall be assessed, levied, confirmed, imposed or become a lien upon or against the Property or any portion thereof, and all taxes, assessments and charges upon the rents, issues, income or profits of the Property, or which shall become payable with respect thereto or with respect to the occupancy, use or possession of the Property, whether such taxes, assessments or charges are levied directly or indirectly (hereinafter collectively called the "Impositions"); and

(b) all other payments or charges required to be paid to comply with the terms and provisions of this Mortgage.

Unless Mortgagor is diligently pursuing the procedures provided for in Paragraph 12.01 hereof, within ten (10) business days after written demand therefor, Mortgagor shall deliver to Mortgagee the original, or a photostatic copy, of the official receipt evidencing

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payment of Impositions or other proof of payment satisfactory to Mortgagee. Failure of Mortgagor to deliver to Mortgagee said receipts or to submit other proof satisfactory to Mortgagee as aforesaid shall constitute a default hereunder.

4.03. Mortgagor covenants and agrees to promptly comply, and cause all persons to comply with, all present and future laws, ordinances, rules, regulations and other requirements of all governmental authorities having or claiming jurisdiction of or with respect to the Property or any portion thereof or the use or occupation thereof.

4.04. Mortgagor covenants and agrees to keep and maintain, or cause to be kept and maintained, the Property (including all improvements thereon and the sidewalks, sewers, and curbs) in good order and condition and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen repairs and all maintenance necessary to that end. Furthermore, and without limiting the generality of the foregoing, Mortgagor will suffer any waste. All repairs and maintenance required of Mortgagor shall be (in the reasonable opinion of Mortgagee) of first-class quality.

4.05. Mortgagor shall not make or cause to be made any improvements to the Property, except those described in the Loan Agreement, unless written approval is first obtained from Mortgagee. Mortgagee hereby acknowledges that certain Preservation and Conservation Easement Agreement (the "Facade Agreement") dated of even date herewith given by the Mortgagor, as grantor, in favor of the Issuer, as grantee, acting by and through its Department of Planning and Development.

4.06. Mortgagor covenants and agrees that this Mortgage is and will be maintained as a valid mortgage lien on the Property and that Mortgagor will not, directly or indirectly, create or suffer or permit to be created, or to stand against the Property, or any portion thereof, or against the rents, issues and profits therefrom, any lien (including any liens arising with respect to payment of Impositions), security interest, encumbrance or charge whether prior to or subordinate to the lien of this Mortgage other than Permitted Exceptions including but not limited to the Senior Loan Documents unless written approval is first obtained from Mortgagee. Mortgagor will keep and maintain the Property free from all liens of persons supplying labor and materials for the construction, modification, repair or maintenance of any building or site improvement whether on the Property or not. If any such liens shall be filed against the Property, Mortgagor agrees to discharge the same of record within twenty (20) days after the liens are filed or, if not filed, within twenty (20) days after Mortgagor has notice thereof; provided that in connection with any such lien or claim which Mortgagor may in good faith desire to contest, Mortgagor may contest the same by appropriate legal proceedings, diligently prosecuted, but only if Mortgagor shall furnish to a title insurance company approved by Mortgagee such security or indemnity as the title insurance company may require to induce it to issue its preliminary or interim report on title, or its title insurance policy, insuring against all such claims or liens. In no event shall Mortgagor do, or permit to be done, or omit to do, or permit the omission of, any act or thing, the doing or omission of which would impair the security of this Mortgage.

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4.07. Mortgagor covenants and agrees, so long as the Indebtedness remains outstanding, to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Mortgagor or applicable to the Property or any part thereof.

4.08. Mortgagor covenants and agrees that all awards heretofore or hereafter made by any public or quasi-public authority to the present and all subsequent owners of the Property by virtue of an exercise of the right of eminent domain by such authority, including any award for a taking of title, possession or right of access to a public way, or for any change of grade of streets affecting the Property, are hereby assigned to the Mortgagee subject to the HUD-Required Provisions Rider.

(a) Subject to the provisions of clause (b) of this Section 4.08, the Mortgagee, at its option, is hereby authorized, directed and empowered to collect and receive the proceeds of any such award or awards from the authorities making the same and to give proper receipts and acquittances therefor, and may, at the Mortgagee's election, use such proceeds in any one or more of the following ways:

(i) apply the same or any part thereof upon the Indebtedness, whether such Indebtedness then be matured or unmatured,

(ii) use the same or part thereof to fulfill any of the covenants contained herein as the Mortgagee may determine,

(iii) use the same or any part thereof to replace or restore the Property to a condition satisfactory to the Mortgagee or

(iv) release the same to the Mortgagor;

(b) Notwithstanding the provisions of clause (a) above, so long as Mortgagor is not in default hereunder or under the Note or the Loan Agreement,

(i) Mortgagor may conduct any negotiations of an award, subject to Mortgagees reasonable consent, and

(ii) Mortgagor may use the proceeds of such an award solely to rebuild or restore the Property or the improvements thereon, provided that the proceeds shall be delivered to Mortgagee and disbursed to Mortgagor for use in rebuilding or restoration. If Mortgagor intends to so use the proceeds of a condemnation award it shall notify Lender in writing within (60) days after Mortgagor first has notice of a proposed condemnation. If Mortgagor does not notify Mortgagee of its election to so use the proceeds of a condemnation award or cannot comply with Mortgagees said administrative requirements, then clause (a) shall be applicable and Mortgagees election shall not be subject to this clause (b). Mortgagor hereby covenants and agrees to and with the Mortgagee, upon request by the Mortgagee, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning all such awards

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to the Mortgagee free, clear and discharged of any and all encumbrances of any kind or nature whatsoever.

4.09. Mortgagor covenants and agrees that it will promptly perform and observe, or cause to be performed or observed, all of the terms, covenants and conditions of all instruments of record affecting the Property, noncompliance with which might affect the security of this Mortgage or impose any duty or obligation upon Mortgagor, and Mortgagor shall do or cause to be done, all things necessary to preserve intact and unimpaired any and all easements, appurtenances and other interests and right to, in favor of, or constituting any portion of the Property.

4.10. Mortgagor covenants and agrees that neither the value of the Property nor the lien of this Mortgage will be diminished or impaired in any way by any act or omission of the Mortgagor, and the Mortgagor agrees it will not do or permit to be done to, in, upon or about said Property, or any part thereof, anything that may in any way otherwise impair the value thereof, or weaken, diminish, or impair the security of this Mortgage.

4.11. Subject to the rights granted Mortgagor in Section 12.01 of this Mortgage, Mortgagor covenants and agrees to promptly pay and discharge any and all license fees or similar charges, with penalties and interest thereon, which may be imposed by the municipality or county in which the Property is situated or any other governmental body having jurisdiction thereof and will promptly cure any violation of law and comply with any order of said municipality, county or other governmental body in respect of the repair, replacement or condition of the Property and any governmental regulations concerning environmental control and improvements, and that in default thereof, Mortgagee may, but shall not be required to, pay any and all such license fees or similar charges or comply with such regulations with penalties and interest thereon or pay such charges of the municipality, county or other governmental body for such repair or replacement. All amounts so paid shall thereupon be liens upon the Property and secured by this Mortgage, and Mortgagor will repay the same upon demand, with interest thereon, from the date of such payment by Mortgagee.

4.12. Mortgagor covenants and agrees that if any action or proceeding is commenced in which Mortgagee in good faith deems it necessary to defend or uphold the validity, enforceability or priority of the lien and interest of this Mortgage or to preserve the value of the security for this Mortgage, all sums paid by Mortgagee for the expense of any such litigation to prosecute or defend the rights, lien and security interest created by this Mortgage (including reasonable attorneys' fees) shall be paid by Mortgagor, together with interest thereon at the rate then applicable under the Note and the Loan Agreement and any such sums and the interest thereon shall be a lien and security interest on the Property prior to any right or title to, interest in or claim upon the Property attaching or accruing subsequent to the lien and security interest of this Mortgage, and shall be secured by this Mortgage.

4.13. Mortgagor covenants to furnish from time to time within fifteen (15) days after Mortgagee's request, a written statement, duly acknowledged, of the amount due upon this Mortgage, whether any alleged offsets or defenses exist against the Indebtedness and whether any defaults exist under the Loan Documents.

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4.14. Mortgagor covenants to furnish to Mortgagee such financial statements and other information regarding the financial condition of Mortgagor as required by the Loan Agreement and such detail regarding the Property and its operation as Mortgagee may require.

4.15. If, by the law of the United States of America, or of any state having jurisdiction over Mortgagor, any stamp tax or similar tax is due or becomes due in respect of the issuance of the Note, or recording of this Mortgage, Mortgagor covenants to pay such tax in the manner required by any such law. Mortgagor further covenants to hold harmless and agrees to indemnify Mortgagee, its successors or assigns, against any liability incurred by reason of the imposition of any stamp tax or similar tax on the issuance of the Note, or recording of this Mortgage.

ARTICLE V

TRANSFER OR MORTGAGE OF PROPERTY

5.01. Mortgagor will not, without the prior written consent of Mortgagee, other than evidenced in the Permitted Exceptions further mortgage, grant a deed of trust, pledge or otherwise dispose of or further encumber, whether by operation of law or otherwise, any or all of its interest in the Property. Mortgagor will not, without the prior written consent of Mortgagee, other than evidenced in the Permitted Exceptions sell, assign, or transfer the Property or any interest therein. Any sale, assignment, transfer, mortgage, deed of trust, pledge, change or other disposition or encumbrance made in violation of the above provisions shall be null and void and of no force and effect and the making thereof shall constitute a default under this Mortgage

ARTICLE VI

PERFORMANCE OF MORTGAGOR'S OBLIGATIONS

6.01. If Mortgagor shall fail to pay any Impositions or to make any other payment required to be paid by Mortgagor under this Mortgage at the time and in the manner provided in this Mortgage, or if Mortgagor shall be in default in the performance or observance of any other term, covenant, condition or obligation required to be performed or observed by Mortgagor under this Mortgage, the Note, the Loan Agreement or any instrument of record, then, after the expiration of any applicable grace period as set forth in any such document or instrument, and without limiting the generality of any other provision of this Mortgage, and without waiving or releasing Mortgagor from any of its obligations hereunder, Mortgagee shall have the right, but shall be under no obligation, to pay any Impositions or other payment, or any sums due under this Mortgage, and may perform any other act or take such action as may be appropriate to cause such other term, covenant, condition or obligation to be promptly performed or observed on behalf of Mortgagor. In any event, Mortgagee and any person designated by Mortgagee shall have, and is hereby granted, the right to enter upon the Property at any time and from time to time for the purposes of performing any such act or taking any such action, and all moneys expended by Mortgagee in connection with making such payment or performing

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such act (including, but not limited to, legal expenses and disbursements), together with interest thereon from the date of each such expenditure, shall be paid by Mortgagor to Mortgagee within ten (10) days after written notice to Mortgagor demanding such payment, and shall be secured by this Mortgage, and Mortgagee shall have same rights and remedies in the event of nonpayment of any such sums by Mortgagor as in the case of a default by Mortgagor in the payment of the Indebtedness. Nothing in this Paragraph or in any other part of this Mortgage shall be construed to require Mortgagee to make any payment or perform any obligation of Mortgagor or any of them. Any action taken by Mortgagee hereunder or in relation to the Property is for the sole benefit of Mortgagee and no other person shall rely upon any action, inaction, inspection or other act of Mortgagee in dealing with the Property or Mortgagor. 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 lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

ARTICLE VII

ASSIGNMENT OF LEASES, RIGHTS AND CONTRACTS

7.01. Mortgagor hereby assigns to Mortgagee all of Mortgagor's interest in all rents, issues and profits of the Property, as further security for the payment of the Indebtedness and other sums secured hereby. Mortgagor grants to Mortgagee the right to enter the Property and to let the Property, or any part thereof, and to apply said rents, issues, profits and proceeds after payment of all charges and expenses, on account of the Indebtedness and other sums secured hereby. This assignment and grant shall continue in effect until the Indebtedness and other sums secured hereby are paid in full. Mortgagee hereby agrees not to exercise the right to enter the Property for the purpose of collecting said rents, issues or profits, and Mortgagor shall be entitled to collect and receive said rents, issues, profits and proceeds until the occurrence of a default 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 Indebtedness, all Impositions on or against the Property 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.

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7.02. 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 Article VII. Mortgagor shall pay Mortgagee the expenses incurred by Mortgagee in connection with the recording of any such agreement.

7.03. The assignment contained in this Article VII is given as collateral security and the execution and delivery hereof shall not in any way impair or diminish the obligations of the Mortgagor, nor shall this assignment impose any obligation on Mortgagee to perform any provision of any contract pertaining to the Property or any responsibility for the non-performance thereof by Mortgagor or any other person. The assignment under this Article VII is given as a primary pledge and assignment of the rights described herein and such assignment shall not be deemed secondary to the security interest and Mortgage of Mortgagor in the Property. Mortgagee shall have the right to exercise any rights under this Article VII before, together with, or after exercising any other rights under this Mortgage.

7.04. Mortgagor shall observe and perform all covenants, conditions and agreements in each lease to which it is a party, now or hereafter affecting any portion of the Property. Mortgagor shall not, without the prior written consent of Mortgagee,

(a) accept any installments of rent for more than one month in advance or any security deposit for more than an amount equal to two months' rent, or

(b) take any action or fail to take any action or exercise any right or option which would permit the tenant under any lease to cancel or terminate such lease, or

(c) amend or modify any lease in a manner which would

(i) decrease the rent payable per unit of time under the lease,

(ii) decrease the payments to be made by the tenant under the lease for rent, taxes, insurance or other expenses,

(iii) decrease the term of the lease,

(iv) impose any additional obligations on the landlord under the lease.

7.05. Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the taking of actual possession of the Property by Mortgagee pursuant to Article X hereof. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagor.

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ARTICLE VIII

CHANGES IN TAX LAWS; PAYMENT OF OTHER TAXES

8.01. In the event of the passage after the date of this Mortgage of any law applicable to the Property deducting from the value of land for the purposes of taxation any lien thereon, or changing in any way materially adverse to Mortgagee the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes, or the manner of the collection of any such taxes, the holder of this Mortgage and of the Indebtedness secured hereby shall have the right to give thirty (30) days written notice to the then owner of the Property requiring the payment of the Indebtedness. If such notice be given, said Indebtedness shall become due, payable and collectible at the expiration of said thirty (30) days, provided, however, that such requirement of payment shall be ineffective if the Mortgagor is permitted by law to pay the whole of such tax in addition to all other payments required hereunder, without any penalty thereby and if the Mortgagor pays such tax prior to the date upon which payment is required by such notice.

8.02. In the event that hereafter it is claimed by any governmental agency that any tax or other governmental charge or imposition is due, unpaid or payable by Mortgagor or Mortgagee upon the Indebtedness (other than income tax on the interest or premium receivable by Mortgagee thereunder), including any recording tax, documentary stamps or other tax or imposition on the Note or Mortgage, Mortgagor will forthwith either:

(a) pay such tax and, within a reasonable time thereafter, deliver to Mortgagee satisfactory proof of payment thereof or

(b) deposit with Mortgagee the amount of such claimed tax or other governmental charge or imposition, together with interest and penalties thereon, or other security reasonably satisfactory to Mortgagee, pending an application for a review of the claim for such tax or other governmental charge or imposition and, within a reasonable time, deliver to Mortgagee either

(i) evidence satisfactory to Mortgagee that such claim has been withdrawn or defeated, in which event any such deposit shall be returned to Mortgagor, or

(ii) a direction from Mortgagor to Mortgagee to pay the same out of the deposit above mentioned, with any excess due over the amount of said deposit to be paid by Mortgagor directly to the taxing authority and any excess of such deposit over such payment by Mortgagee to be returned to Mortgagor provided Mortgagor is not in default under the provisions of the Mortgage. Upon the failure of Mortgagor to comply with the provisions of this Section, the entire Indebtedness shall, at the option of Mortgagee, become due and payable ten (10) days after written notice from Mortgagee. If liability for such tax or other governmental charge or imposition is asserted against Mortgagee, Mortgagee will give to Mortgagor prompt notice of such claim and Mortgagor upon complying

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with the provisions of this Section, shall have full right and authority to contest such claim.

ARTICLE IX

DEFAULT

9.01. The entire Indebtedness shall become due, at the option of Mortgagee, if any one or more of the following events of default shall occur:

(a) Failure of Mortgagor to observe or perform any of the covenants or conditions by Mortgagor to be performed under the terms hereof, which failure is not cured within 30 days following the date thereof unless the Mortgagor has commenced its cure within such 30 day period and is diligently and in good faith pursuing the same to completion.

(b) Any default shall continue (as defined in the Loan Agreement) or any default shall continue under the terms of any other Loan Document, following any applicable notice and cure period.

(c) Any warranty or representation of Mortgagor made hereunder was inaccurate or misleading in any material respect when made.

(d) Mortgagor or any guarantor of the Note shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the present or any future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor or any guarantor of the Note, or of all or any substantial part of their respective properties or of the Property, or if within sixty (60) days after the commencement of any proceeding against Mortgagor or any guarantor of the Note, seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the present or any future federal bankruptcy act or any present or future applicable federal, state or other statute or law, such proceeding shall not be dismissed; or if, within sixty (60) days after the appointment of any trustee, receiver or liquidator of either Mortgagor or any guarantor of the Note (without the consent or acquiescence of such party) or of all or any substantial part of their respective properties or of the Property, such appointment shall not have been vacated or stayed on appeal or otherwise; or if, within sixty (60) days after the expiration of any such stay, such appointment shall not have been vacated.

(e) The assignment, pledge, hypothecation, or other disposition of the Property in violation of the provisions of Section 5.01 hereof.

Any cure or grace period provided herein shall run concurrently with any such period provided in the Loan Agreement.

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9.02. If an event of default shall occur which is not cured within any applicable grace period provided for, Mortgagee may, at its option, subject to the HUD-Required Provisions Rider exercise any and all of the following remedies:

(a) Declare the unpaid portion of the Indebtedness to be immediately due and payable, without further notice or demand (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

(b) Enter upon the Property and take possession thereof and of all books, records and accounts relating thereto.

(c) Appoint a receiver for the Property, or any part thereof, and of the net income, rents, issues and profits thereof, without regard to the sufficiency of the Property covered by this Mortgage or any other security, and without the showing of insolvency on the part of Mortgagor or fraud or mismanagement, and without the necessity of filing any judicial or other proceeding for appointment of a receiver.

(d) Hold, lease operate or otherwise use or permit the use of the Property, or any portion thereof, in such manner, for such time and upon such terms as Mortgagee may deem to be in its best interest (making such repairs, alterations, additions and improvements thereto, from time to time, as Mortgagee shall deem necessary or desirable) and collect and retain all earnings, rentals profits, or other amounts payable in connection therewith.

(e) Sell the Property, in whole or in part:

(i) under the judgment or decree of a court of competent jurisdiction, or

(ii) at public auction (if permitted by law) in such manner, at such time and upon such terms as Mortgagee may determine, or as provided by law, and/or sell any personal property, in whole or in part, at one or more public or private sales, in such manner, at such time or times, and upon such terms as Mortgagee may determine or as provided by law.

(f) Foreclose this Mortgage.

(g) Exercise any other remedy or now or hereafter existing in equity, at law, by virtue of statute or otherwise.

9.03. In case Mortgagee shall have proceeded to enforce any right under the Note, the Loan Agreement or this Mortgage and such proceedings shall have been discontinued or abandoned for any reason, then in every such case Mortgagor and Mortgagee shall be restored to their former positions and the right, remedies and powers of Mortgagee shall continue as if no such proceedings had been taken.

9.04. In the event Mortgagee

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- (a) grants an extension of time on any payments of the Indebtedness,
- (b) takes other or additional security for the payment thereof, or
- (c) waives or fails to exercise any right granted herein.

said act or omission shall not release Mortgagor, subsequent purchasers of the Property covered by this Mortgage or any part thereof, or any guarantor of the Note.

ARTICLE X

FORECLOSURE

10.01. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree of sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee, or holders of the Note, for reasonable attorneys' fees, court costs, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs of procuring title insurance policies (which fees, charges and costs may be estimated as to items to be expended after entry of the decree), and all other expenses as Mortgagee or holders of the Note may deem reasonably necessary to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Property. All expenditures and expenses of such nature in this Article mentioned shall become so much additional indebtedness secured hereby and shall be immediately due and payable with interest thereon at the rate in effect under the Note and the Loan Agreement when paid or incurred by Mortgagee or holders of the Note. In addition to foreclosure proceedings, the above provisions of this Section shall apply to:

- (a) any proceeding to which Mortgagee or the holders of the Note shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any Indebtedness hereby secured;
- (b) preparations for the commencement of any suit for foreclosure hereof after accrual of such right to foreclosure whether or not actually commenced; or
- (c) preparation for the defense of or investigation of any threatened suit, claim or proceeding which might affect the Property or the security hereof, whether or not actually commenced.

10.02. Upon or at any time after the filing of a bill to foreclose this Mortgage, the court in which such bill is filed may appoint a receiver of the Property. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency at the time of application for such receiver of the person or persons, if any, liable for the payment of the Indebtedness and other sums secured hereby and without regard to the then value of the Property and the Mortgagee hereunder may be placed in possession of the Property. The receiver shall have power to collect the rents, issues and profits of the Property during the pendency of such foreclosure suit, as well as during any further times when

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Mortgagee, its successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and other powers which may be necessary or are usual in such cases for the protection possession, control, management and operation of the Property during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of the Indebtedness and other sums secured hereby, or in payment of any tax, special assessment or other lien which may be or become superior to the lien hereof or superior to a decree foreclosing this Mortgage, provided such application is made prior to foreclosure sale.

10.03. The proceeds of any sale of all or any portion of the Property and the earnings of any holding, leasing, operating or other use of the Property shall be applied by Mortgagee subject to the HUD-Required Provisions Rider, in the following order:

- (a) first, to the payment to Mortgagee of the costs and expenses of taking possession of the Property and of holding, using, leasing, repairing, improving and selling the same;
- (b) second, to the payment of Mortgagee's attorneys fees and other legal expenses;
- (c) third, to the payment of accrued and unpaid interest on the Note;
- (d) fourth, to the payment of the balance of the Indebtedness; and
- (e) fifth, any surplus shall be paid to the parties entitled to receive it.

ARTICLE XI

INSPECTION

11.01. Mortgagor covenants and agrees that Mortgagee, or its agents or representatives, may make such inspections of the Property as Mortgagee may deem necessary or desirable, at all reasonable times and that any such inspections shall be solely for the benefit of Mortgagee and shall not be relied upon by Mortgagor for any purpose.

ARTICLE XII

CONTESTING LIENS AND IMPOSITIONS

12.01. Mortgagor at its expense, may contest, after prior written notice to Mortgagee, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application in whole or in part, of any Impositions described in Section 4.02, any license fees or similar charges, or any mechanic's lien filed against the Property, provided that:

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(a) Mortgagor shall first make all contested payments, under protest if it desires, unless such proceedings shall suspend the collection thereof.

(b) neither the Property nor any part thereof or interest therein are at any time in any danger of being sold, forfeited, lost or interfered with, and

(c) Mortgagor shall have furnished such security, if any, as may be required in the proceedings or reasonably requested by Mortgagee.

ARTICLE XII

ASSIGNMENT BY MORTGAGEE

13.01. Mortgagee may assign all or any portion of its interest hereunder and its rights granted herein and in the Note and the Loan Agreement to any person, trust, financial institution or corporation as Mortgagee may determine but subject to the HUD-Required Provisions Rider and upon such assignment, such assignee shall thereupon succeed to all the rights, interests, and options of Mortgagee herein and in the Note and the Loan Agreement contained and Mortgagee shall thereupon have no further obligations or liabilities hereunder.

ARTICLE XIV

INSURANCE

14.01. (a) Mortgagor will procure, deliver to and maintain for the benefit of Mortgagee during the continuance of this Mortgage and until the same is fully satisfied and released, a policy or policies of insurance insuring the buildings, structures and improvements now existing or hereafter created on said Property against loss or damage by fire, lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke, and such other hazards, casualties, and contingencies as Mortgagee may designate. All policies of insurance required hereunder shall be in such form, companies, and amounts as may be acceptable to Mortgagee, and shall contain a mortgagee clause acceptable to Mortgagee, with loss payable to Mortgagee. Mortgagor will promptly pay when due, any premiums on any policy or policies or insurance required hereunder, and will deliver to Mortgagee renewals of such policy or policies at least ten (10) days prior to the expiration dates thereof; the said policies and renewals to be marked "paid" by the issuing company or agent. Upon Mortgagor's failure to comply with the requirements of this Section, Mortgagee may, in its discretion, 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 Mortgagor with interest as described in Section 6.01 hereof, and shall be secured by this Mortgage. The delivery to Mortgagee of any policy or policies of insurance hereunder, or renewals thereof, shall constitute an assignment to Mortgagee of all unearned premiums thereon as further security for the payment of the indebtedness secured hereby. In the event any foreclosure action or other proceeding hereunder instituted by Mortgagee, all right, title and interest of Mortgagor in any or to any policy or policies of insurance then in force shall vest in Mortgagee subject to the HUD-Required Provisions Rider.

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(b) Mortgagor shall obtain and keep in force during the term of this Mortgage builder's risk insurance, public liability insurance, flood insurance, if applicable, and such other types of insurance in such amounts and in such form as Mortgagee shall require hereunder or under the Loan Agreement. Such insurance shall name Mortgagee as a co-insured and shall provide that it may not be cancelled or materially modified except after 30 days prior written notice to Mortgagee. Mortgagor shall deliver evidence of such insurance to Mortgagee in such form and at such times as Mortgagee may reasonably require.

14.02. Lender agrees that (a) all awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation or taking for public or private use affecting all or any part of the Property or any interest in it, (b) all other awards, claims and causes of action, arising out of any warranty affecting all or any part of the Property, or (c) damage or injury to or decrease in value of all or part of the Property or any interest in it, (d) all proceeds of any insurance policy or policies payable because of loss sustained to all or part of the Property, and (e) all interest that may accrue on any of the foregoing (collectively, the "Claims Proceeds") shall be paid to the Lender. In each instance, Lender will first apply such Proceeds toward reimbursement of all of Lender's reasonable costs and expenses of recovering the Proceeds, including reasonably attorneys' fees. If in any instance, each and all of the following conditions are satisfied in Lender's reasonable judgment, Lender will permit Mortgagor to use the balance of such Proceeds ("Net Claims Proceeds") to pay costs of repairing or reconstructing the Property in the manner described below:

(i) The plans and specifications, cost breakdowns, construction contract, construction schedule, contractor payment and performance bond for the work of repair or reconstruction must all be acceptable to Lender.

(ii) Lender must receive evidence satisfactory to it that after repair or reconstruction, the Property would be at least as valuable as immediately before the damage or condemnation occurred;

(iii) The Net Claims Proceeds (together with the net proceeds of any rental interruption insurance and projected rental receipts) must be sufficient in Lender's determination to pay for the total cost of repair or reconstruction, including all associated development costs and interest projected to be payable on the Indebtedness until the repair or reconstruction is complete; or Mortgagor must provide its own funds in an amount equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Mortgagor and found acceptable by Lender of the total cost of repair or reconstruction;

(iv) Unless otherwise agreed to by Lender, Lender must receive evidence satisfactory to it that all non-residential leases acceptable to Lender continue (or a replacement therefor reasonably satisfactory to Lender immediately commences) after the repair or reconstruction is complete; and

(v) No Event of Default has occurred and continues.

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If Lender finds that such conditions are met, Lender will hold the Net Claims, Proceeds, and any funds Mortgagor is required to provide pursuant to subparagraph (iii) above, in a noninterest bearing account and disburse them to Mortgagor to pay costs of repair or reconstruction upon presentation of evidence reasonably satisfactory to Lender that repair or reconstruction has been completed satisfactorily and lien-free, including evidence satisfactory to assure that no mechanics' or materialmen's liens are outstanding or can attach on account of any of the repairs or reconstruction, and specifically including waivers and releases of liens from all contractors, subcontractors, laborers and materialmen, disbursements will be made by Lender no more frequently or for smaller amounts than Lender approves in its reasonable discretion, provided Lender receives a draw request and such information and documentation relating thereto as Lender may reasonably request to evidence the progress of construction, payment and lien releases relating thereto. However, if Lender finds that one or more of the conditions set forth in subparagraphs (i) through (v) above are not satisfied, Lender may apply the Net Claims Proceeds to pay or prepay (without premium) some or all of the Indebtedness in such order and proportions as Lender in its sole discretion may choose.

ARTICLE XV

COLLATERAL AGREEMENT

15.01. This is a Construction Mortgage, as said term is defined in 810 ILCS 5/9-313(1)(k) of the Illinois Uniform Commercial Code.

15.02. The Note and Loan Agreement evidence a construction loan to finance in part certain improvements on the Real Estate, which loan will be disbursed in the amounts and pursuant to the terms and provisions of the Loan Agreement. The Loan Agreement, as the same hereafter may from time to time be amended, supplemented or modified, is hereby incorporated in this Mortgage by reference.

15.03. If any terms and provisions of the Loan Agreement, including periods for curing specific defaults, are inconsistent with any of the terms of this Mortgage, the provisions of the Loan Agreement shall prevail.

ARTICLE XVI

SECURITY AGREEMENT

16.01. Mortgagor hereby grants to Mortgagee, in addition to and not in substitution for, any interest granted hereinabove, an express security interest in, and mortgages to the Mortgagee, all goods, types and items of property owned by the Mortgagor which are described on pages 2 and 3 of this Mortgage and in Section 16.02 below (hereinafter the "Collateral") whether now or hereafter erected on or placed in or upon the Real Estate or any part thereof, and all replacements thereof and accessions thereto and proceeds thereof to further secure the payment of the Indebtedness, the payment of all other sums due from the Mortgagor to the Mortgagee, and the performance by Mortgagor of all the covenants and agreements set

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forth herein. Mortgagor warrants and covenants that, except for the security interest granted hereby, and the Permitted Exceptions Mortgagor is the owner of the Collateral free from any adverse lien, security interest or encumbrance and Mortgagor warrants that Mortgagor has made payment in full for all such Collateral. Mortgagor will upon request from Mortgagee deliver to Mortgagee such further security agreements, chattel mortgages, financing statements and evidence of ownership of such items as Mortgagee may request.

16.02. The security interest granted to the Mortgagee hereby shall cover the following types or items of property now or hereafter owned by the Mortgagor and used in connection with, and located upon, the Real Estate: the Property and all machinery, apparatus, equipment, goods, systems, fixtures and property of every kind and nature whatsoever now or hereafter located in or upon or affixed to the Real Estate, or any part thereof, and used or usable in connection with any present or future operation of the Real Estate, and now owned or hereafter acquired by Mortgagor, including, but without limitation of the generality of the foregoing, all building permits plans and specifications, the construction contract with the General Contractor, all sub-contracts and all other rights, licenses, permits, and agreements related to construction, leasing and management of the Project, heating, lighting, incinerating, refrigerating, ventilating, air-conditioning, air cooling, lifting, fire-extinguishing, plumbing, cleaning, communications, power, equipment, systems and apparatus; and all elevators, escalators, switchboards, engines, motors, tanks, pumps, screens, storm doors, storm windows, shades, blinds, awnings, floor coverings, ranges, stoves, refrigerators, washers, dryers, cabinets, partitions, conduits, ducts and compressors; and all other items of personal property used in connection with the Real Estate. In addition, Mortgagor hereby grants to the Mortgagee an express security interest in all tenements, hereditaments, easements, appendages, licenses, privileges and appurtenances belonging or in any way appertaining to the Real Estate, and all interests in property, rights and franchises or any part thereof together with all the reversions and remainders, and to the extent permitted by laws, all rents, tolls, issues and profits from the Real Estate, and all the estate, right, title, interest and claims whatsoever, at law and in equity which the Mortgagor now have or may hereafter acquire with respect to the Real Estate and the Collateral.

16.03. Upon default hereunder and acceleration of the indebtedness pursuant to the provisions hereof, Mortgagee may at its discretion require Mortgagor to assemble the Collateral and make it available to Mortgagee at a place reasonably convenient to both parties to be designated by Mortgagee.

16.04. Mortgagee shall give Mortgagor notice, by registered mail, postage prepaid, of the time and place of any public sale of any of the Collateral or of the time after which any private sale or other intended disposition thereof is to be made by sending notice to Mortgagor at least ten days before the time of the sale or other disposition, which provisions for notice Mortgagor and Mortgagee agree are reasonable; provided, however, that nothing herein shall preclude Mortgagee from proceeding as to both Real Estate and personal property in accordance with Mortgagee's rights and remedies in respect to the Real Estate as provided in Chapter 810, Act 5, Section 9-501(4) of the Illinois Compiled Statutes.

16.05. Mortgagor shall reimburse Mortgagee for all costs, charges and fees, including legal fees incurred by Mortgagee in preparing and filing security agreements, extension

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agreements, financing statements, continuation statements, termination statements and chattel searches.

16.06. The Collateral described herein shall be considered for all purposes a part of the Property as described herein; all warranties and covenants contained in this Mortgage made by Mortgagor shall be deemed as having been made with reference to the Collateral; all agreements, undertakings and obligations of Mortgagor stated herein shall apply to the Collateral, including without limitation, obligations regarding insurance, freedom from adverse lien or encumbrance, repair and maintenance; and all remedies of the Mortgagee in the event of any default under this Mortgage or any other instrument evidencing or securing the Indebtedness shall be available to the Mortgagee against the Collateral.

16.07. This Mortgage constitutes a Security Agreement as that term is used in the Illinois Uniform Commercial Code.

ARTICLE XVII

PROTECTIVE ADVANCES/MAXIMUM AMOUNT OF INDEBTEDNESS

17.01. All advances, disbursements and expenditures (collectively, "Protective Advances") made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Illinois Mortgage Foreclosure Act (the "Act"), 735 ILCS 5/15-1101 et seq. shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

(a) all advances by Mortgagee in accordance with the terms of this Mortgage to: (i) preserve or maintain, repair, restore or rebuild the improvements upon the Property; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Act;

(b) payments by Mortgagee of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the property or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;

(c) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(d) reasonably attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(d)(2) and 5/15-1510

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of the Act; (ii) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of this Mortgage or arising from the interest of Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

(c) Mortgagee's fees and costs, including reasonable attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;

(d) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

(e) expenses deductible from proceed of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act;

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the property imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Mortgagee to be for the benefit of the Property or required to be made by the owner of the Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Property; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Property is a member in any way affecting the Property; (vii) if the loan secured hereby is a construction loan, costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment or loan agreement; (viii) pursuant to any lease or other agreement for occupancy of the Property; and (ix) if this Mortgage is insured, payments of FHA or private mortgage insurance.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate of interest payable after a default under the terms of the Note.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 5/15-1302 of the Act.

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All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

- (1) the determination of the amount of indebtedness secured by this Mortgage at any time;
- (2) the indebtedness found due and owing to Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for *see* purpose;
- (3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem pursuant to Subsections (d)(2) and (e) of Section 5/15-1503 of the Act;
- (4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;
- (5) the application of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1503 and Section 5/15-1511 of the Act.

The maximum amount of indebtedness secured by this Mortgage is \$3,700,000, plus interest, plus any disbursements for the payment of taxes and insurance on the Property, plus interest thereon, and any other sums advanced in accordance with the terms hereof or any of the other Loan Documents to protect the security of this Mortgage or any of the other Loan Documents plus interest thereon, including without limitation, any Protective Advances.

ARTICLE XVIII

MISCELLANEOUS

18.01. The rights of Mortgagee arising under the provisions and covenants contained in this Mortgage, the Note, the Loan Agreement and other documents securing the Indebtedness or any part thereof shall be separate, distinct and cumulative and none of them shall be in exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision, anything herein or otherwise to the contrary notwithstanding.

18.02. A waiver in one or more instances of any of the terms, covenants conditions or provisions hereof, or of the Note, the Loan Agreement or any other documents given by Mortgagor to secure the Indebtedness, or any part thereof, shall apply to the particular instance or instances and at the particular time or times only, and no such waiver shall be deemed a continuing waiver but all of the terms covenants, conditions and other provisions of this Mortgage and of such other documents shall survive and continue to remain in full force and effect. No waiver shall be asserted against Mortgagee unless in writing signed by Mortgagee.

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18.03. No change, amendment, modification, cancellation or discharge hereof, or any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

18.04. All notices, demands and requests given or required to be given by either party hereto to the other party shall be in writing. All notices, demands and requests by Mortgagee to Mortgagor shall be deemed to have been properly given if sent by U.S. registered or certified mail, postage prepaid, addressed to Mortgagor at the address set forth above or to such other address as Mortgagor may from time to time designate by written notice to Mortgagee given as herein required. A duplicate copy of each notice required to be given hereunder shall be given as follows:

To the GNMA Issuer: TRI Capital Corporation
100 Pine Street, 23rd Floor
San Francisco, California 94111-5102
Attention: Loan Servicing

To HUD: Department of Housing and Urban Development
77 West Jackson Blvd.
Chicago, Illinois 60604
Attention: Director of Multi-Family Housing,
Project No. 071-35636

All notices, demands and requests by Mortgagor to Mortgagee shall be deemed to have been properly given if sent by U.S. registered or certified mail, postage prepaid, addressed to Mortgagee at the address set forth or to such other address as Mortgagee may from time to time designate by written notice to Mortgagor.

18.05. If any action or proceeding shall be instituted to evict Mortgagor or recover possession of the Property or any part thereof, or for any other purpose affecting the Property or this Mortgage, or if any notice relating to a proceeding or a default is served on Mortgagor, Mortgagor will immediately, upon service thereof on or by Mortgagor, deliver to Mortgagee a true copy of each notice, petition, or other paper or pleading, however designated.

18.06. In the event a portion of the Property is released from the lien of this Mortgage by Mortgagee, or added to this Mortgage by Mortgagor, the "Property" as herein defined shall refer only to that portion from time to time subject to the lien of this Mortgage.

18.07. Each and all of the covenants and obligations of this Mortgage shall be binding upon and inure to the benefit of the parties hereto, and except as herein otherwise specifically provided, their respective successors and assigns, subject at all times nevertheless to all agreements and restrictions herein contained with respect to the transfer of Mortgagor's interest in the Property covered by this Mortgage.

18.08. If one or more of the provisions of this Mortgage shall be invalid illegal or unenforceable in any respect, such provision shall be deemed to be severed from this Mortgage and the validity, legality and enforceability of the remaining provisions contained

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herein, shall not in any way be affected or impaired thereby. Without limiting the generality of the foregoing, any provision herein, or in the Note or the Loan Agreement to the contrary notwithstanding, Mortgagee shall in no event be entitled to receive or collect, nor shall or may amounts receive hereunder be credited, so that Mortgagee shall be paid, as interest, a sum greater than the maximum amount permitted by law. If any construction of this Mortgage, the Note or the Loan Agreement indicates a different right given to Mortgagee to ask for, demand or receive any larger sum, as interest, such as a mistake in calculation or in wording, which this clause shall override any control, and proper adjustment shall automatically be made accordingly.

18.09. Lender agrees that, notwithstanding the provisions contained in this Mortgage or elsewhere in any of the other loan documents executed in connection therewith, Edison Capital Housing Investments, a California corporation ("EHI"), may assign its rights and interests in Mortgage to a partnership (or other legal entity designated by EHI), of which EHI or an affiliate of EHI will be the general party (or principal owner) without the consent of Lender; provided, however, that EHI shall remain liable for any capital contributions required to be made by EHI under the Mortgagor's operating agreement and shall deliver written notice of any such assignment to Lender.

18.10. The HUD-Required Provisions Rider attached hereto as Exhibit B is incorporated into this Mortgage as if fully set forth herein.

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

THE BRYN MAWR BELLE-SHORE
LIMITED PARTNERSHIP, an Illinois
limited partnership

By: Bryn Mawr Development Corporation,
an Illinois corporation, its General Partner

By: 
Its: President

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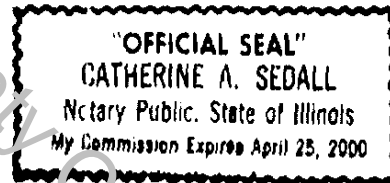
STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, CATHERINE A. SEDALL, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT Peter Holsten, the President of the BRYN MAWR DEVELOPMENT CORPORATION, an Illinois corporation, the general partner of THE BRYN MAWR-BELLE SHORE LIMITED PARTNERSHIP, an Illinois limited partnership, personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and, as such President, acknowledged to me that they signed and delivered said instrument as their 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 21 day of July, 1997.

Catherine A. Sedall

Notary Public



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EXHIBIT A

LEGAL DESCRIPTION

A. 5550 N. Kenmore, Chicago, Illinois

LOTS 1, 2, 3 AND 4 IN BLOCK 2 IN JOHN LEWIS COCHRAN'S SUBDIVISION OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PIN: 14-08-201-008
14-08-201-009
14-08-201-010

B. 1062 W. Bryn Mawr, Chicago, Illinois

LOT 13 AND THE SOUTH 18 FEET OF LOT 14 IN BLOCK 8 IN COCHRAN'S ADDITION TO EDGEWATER, A SUBDIVISION OF SOUTH 1,946 FEET OF THE WEST 1,320 FEET OF THE EAST FRACTIONAL 1/2 OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PIN: 14-05-409-008

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EXHIBIT B

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Mortgage, Assignment of Rents and Leases, Security Agreement and Fixture Financing Statement (the "Document"), dated as of July 1, 1997, made by the Bryn Mawr-Belle Shore Limited Partnership, an Illinois limited partnership, its successors and assigns (the "Partnership" or the "Owner") to The First National Bank of Chicago, its successors and assigns (the "Subordinate Lender") relating to the property commonly known as Bryn Mawr-Belle Shore Apartments. In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; the term "FHA" shall mean the Federal Housing Administration, an administrative agency within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below; and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured mortgage loan for the Project (Project No. 071-35636):

- A. Commitment for Insurance of Advance, dated April 7, 1997, as amended, issued by the Secretary of HUD to Developers Mortgage Corporation, assigned to TRI Capital Corporation ("Mortgagee");
- B. Building Loan Agreement, dated July 1, 1997, between the Owner and Mortgagee;
- C. Mortgage Note, dated July 1, 1997, made by the Owner payable to the order of Mortgagee in the principal amount of \$9,226,700.00 (the "Mortgage Note");
- D. Mortgage, dated July 1, 1997, made by the Owner in favor of Mortgagee and encumbering the Project as security for the said mortgage loan (the "Mortgage");
- E. Security Agreement (Chattel Mortgage), dated July 1, 1997, between the Owner, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;
- F. UCC-1 and UCC-2 Financing Statements made by the Owner, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party; and
- G. Regulatory Agreement for Multifamily Housing Projects, dated July 1, 1997, between the Owner and HUD (the "HUD Regulatory Agreement").
- R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable Federal statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements.

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The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of applicable Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control.

- R-2 Failure on the part of the Partnership to comply with the covenants contained in the Document shall not serve as the basis for default on any HUD-insured or HUD-held mortgage on the Project.
- R-3 Compliance by the Partnership with the provisions and covenants of the Document and enforcement of the provisions and covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "surplus cash" (as that term is defined in the HUD Regulatory Agreement); provided, however, that nothing contained in this paragraph R-3 shall limit or restrict the ability of the Subordinate Lender to foreclose or otherwise obtain title by means of a deed-in-lieu of foreclosure, or acquire a partner's interest in the Partnership under remedies set forth in that certain subordinate mortgage dated July 1, 1997, given by the Partnership to Subordinate Lender securing a loan in the aggregate principal amount of \$3,700,000 (the "Subordinate Loan") and that certain collateral assignment of partners' interest given by the Partnership to the Subordinate Lender dated July 1, 1997 securing the Subordinate Loan (the "Partners' Pledge") but only so long as any successor owner of the Project or partner of the Partnership meets all requirements applicable to such owner or partner as set forth in HUD's regulations and policies for a transfer of physical assets.
- R-4 No amendment to the Document made after the date of the HUD certified initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon the Subordinate Lenders unless the Subordinate Lenders have consented thereto in writing.
- R-5 Any action prohibited or required by HUD pursuant to applicable Federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents, shall supersede and conflicting provision of the Document, and the performance or failure to perform of the Partnership in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.

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- R-6 So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, the Partnership shall not and is not permitted to pay any amount required to be paid under the provisions of the Document except from distributable Surplus Cash as such term is defined in, and in accordance with, the conditions prescribed in the HUD Regulatory Agreement.
- R-7 In the event of the appointment, by any court, of any person, other than HUD or the Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document, with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document, except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents.
- R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to:

Department of Housing and Urban Development
77 West Jackson Blvd.
Chicago, IL 60604

Attention: Director of Multi-Family Housing
Project No. 071-35630

HUD may designate any further or different addresses for such duplicate notices.

- R-9 Notwithstanding anything in the Document to the contrary, the Partnership and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof, provided it obtains prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. Notwithstanding anything in the Document to the contrary, the Partnership may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on Subordinate Lender. Within 30 days after such service, Subordinate Lender shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and Partnership. No such transfer shall occur or be effective until the Subordinate Lender's requirements shall have been satisfied. In the event Subordinate Lender fails to serve such notice on HUD, the Mortgagee and Partnership within said time, then any consent by HUD to such transfer shall be deemed to be Subordinate Lender's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document.

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R 10(a) Except as set forth in paragraph R 10(b), Subordinate Lender shall have no right (A) to bring an action or proceeding on or pursuant to the terms and provisions of the Document, or (B) to bring an action or proceeding to foreclose the Document, or (C) to commence any bankruptcy, reorganization or insolvency proceeding involving the Partnership, or (D) enforce any remedies it may have under the terms and provisions of the Document or to commence any other enforcement action, in each instance, without the prior written consent of HUD and if such action or proceeding to foreclose is approved, no tenant of any portion of the Project shall be named as a party defendant in any such action or proceeding, nor will any other action or proceeding be brought or taken with respect to any tenant of any portion of the Project, the effect of which would be to terminate any occupancy or lease of any portion of the Project, unless HUD specifically consents thereto in writing.

The term "enforcement action" shall mean, with respect to the Subordinate Lender's loan, the acceleration of all or any part of the Subordinate Lender's loan, any foreclosure proceeding, or deed in lieu of foreclosure, the obtaining of a receiver, the taking of possession or control of all or any portion of the Project, the suing on the subordinate note, the exercising of any bankers' lien or rights of set-off or recoupment, or the taking of any other enforcement action against the Project, or under the Partner's Pledge.

(b) Subordinate Lender shall not be restricted in any enforcement action, notwithstanding the preceding paragraph (a), or any exercise of remedies under the Partner's Pledge given by the partners in the Partnership to Subordinate Lender, provided any such remedy shall commence or proceed only so long as Subordinate Lender, or the Partnership, shall make all payments then due to the Mortgagee under the HUD/FHA Loan Documents (other than amounts due solely by virtue of an acceleration of the Mortgage Note), and any amounts collected in any enforcement action shall be immediately delivered to Mortgagee to the extent necessary to make current the indebtedness secured by the HUD/FHA Loan Documents in the order of priority then due.

R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD-Rider are for the benefit of and are enforceable by HUD and Mortgagee.

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Executed as of the date set forth above.

The Bryn Mawr-Belle Shore Limited
Partnership, an Illinois limited partnership

By: Bryn Mawr Development Corporation,
Its general partner

By: *Peter Holsten*
Peter Holsten, President

The foregoing HUD Required Provisions Rider hereby acknowledged and consented to by the
undersigned as of this _____ day of July, 1997.

The First National Bank of Chicago

By: *Dell K. McCoy*
Name: Dell K. McCoy
Title: Vice President

Property of Cook County Clerk's Office

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