

THIS DOCUMENT WAS PREPARED BY,
AND AFTER RECORDING, RETURN TO:

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PERMANENT TAX INDEX NUMBER:

03-11-407-015-0000



PROPERTY ADDRESS:

44 Century Drive, Wheeling, Illinois 60090

CONSTRUCTION LEASEHOLD MORTGAGE,
SECURITY AGREEMENT AND FINANCING STATEMENT

AS 11/10/97
N 970/417 SF

This CONSTRUCTION LEASEHOLD MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT is made as of October 31, 1997 by AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, whose address is 33 North La Salle Street, Chicago, Illinois 60690, Attention: Land Trust Department, not personally, but solely as Trustee (the "Mortgagor") under a Trust Agreement dated September 18, 1986 and known as Trust No. 100055-02 (the "Trust Agreement"), to and for the benefit of LASALLE NATIONAL BANK, a national banking association (the "Mortgagee"), whose address is 135 South La Salle Street, Chicago, Illinois 60603.

WITNESSETH:

WHEREAS, Genender International, Inc., an Illinois corporation (the "Company"; the Mortgagor and the Company being collectively referred to herein as the "Borrower") and the Mortgagor are justly indebted to the Mortgagee in the principal sum of Two Million Four Hundred Thirty Two Thousand Three Hundred Sixteen and 84/100 Dollars (\$2,432,316.84) under and pursuant to that certain:

- (a) Construction Loan Agreement dated as of October 31, 1997 among the Company, the Mortgagor and the Mortgagee (as amended from time to time, the "Loan Agreement") and as evidenced by that certain Mortgage Note dated as of October 31, 1997 in the maximum principal amount of One Million Three Hundred Eighty Six Thousand Four Hundred Seventy Six and 00/100 Dollars (\$1,386,476.00), jointly and severally executed by the Borrower and made payable to the order of and delivered to the Mortgagee (together with any and all notes issued in renewal thereof or in substitution or replacement therefor being collectively referred to herein as the

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"Construction Note"), in and by which Construction Note the Borrower promises to pay the principal sum thereof, together with prepayment premium, if any, and interest thereon (i) prior to maturity or the occurrence of a Default (as hereinafter defined) at the following rates: (A) from and after the date hereof through, but not including the Conversion Date (as defined in the Loan Agreement) at the floating per annum rate of interest announced from time to time by the Mortgagee as its Prime Rate (the "Floating Interest Rate"), and (B) from and after the Conversion Date at a fixed per annum rate of interest equal to the interest rate of five year United States Treasury Constant Maturities on the Conversion Date as published in the *Wall Street Journal* (the "Index"), plus 2.25% (if on the Conversion Date the Index is unascertainable, the Mortgagee, in its sole and reasonable judgment, may select a comparable rate or index in substitution for the Index), and (ii) following maturity or the occurrence of a Default at the greater of (A) the Floating Interest Rate plus three percent (3.00%), or (B) the Fixed Interest Rate plus three percent (3.00%) (the "Default Rate"); and

(b) Note dated as of December 20, 1993 in the original principal amount of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00), executed by the Mortgagor and made payable to the order of and delivered to the Mortgagee (together with any and all notes issued in renewal thereof or in substitution or replacement therefor being collectively referred to herein as the "Trustee Note"; the Construction Note and the Trustee Note being collectively referred to herein as the "Notes"), of which the principal balance of One Million Forty Five Thousand Eight Hundred Forty and 84/100 Dollars (\$1,045,840.84) remains outstanding as of the date hereof, and in and by which Trustee Note the Mortgagor promises to pay the principal sum thereof, together with prepayment premium, if any, and interest thereon (i) prior to maturity or the occurrence of any default as set forth in the Trustee Note at the fixed rate of seven and three-quarters percent (7.75%) per annum, and (ii) following maturity or the occurrence of any default as set forth in the Trustee Note at the fixed rate of ten and three-quarters percent (10.75%) per annum; and

Each installment shall be paid at such place as the holder of the Notes may, from time to time, in writing appoint, and in the absence of such appointment, then at the office of the Mortgagee set forth above; and

WHEREAS, the obligations and liabilities of the Mortgagor under and pursuant to the Trustee Note are guaranteed by the Company under and pursuant to that certain Continuing Unconditional Guaranty dated as of December 20, 1993 to and for the benefit of the Mortgagee (the "Guaranty"); and

WHEREAS, pursuant to that certain Indenture of Lease dated as of September 30, 1997 (as amended from time to time, the "Ground Lease") between the Company, as lessor, and the Mortgagor, as lessee, the Company has leased the Premises (as hereinafter defined) to the Mortgagor for a term of ninety nine (99) years, whereon the Mortgagor will develop and construct on the Premises an approximately 34,302 square foot addition (the "Project") to the

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existing building already owned by the Mortgagor (the "Existing Facility"), which Existing Facility and Project will be used as a combined office/warehouse; and

WHEREAS, upon completion of the construction of the Project, the Mortgagor will lease the Project and the Premises (along with the Existing Facility) back to the Company under and pursuant to that certain Facility Lease dated as of September 30, 1997 (as amended from time to time, the "Facility Lease") between the Mortgagor, as lessor, and the Company, as lessee;

NOW, THEREFORE, in consideration of the obligations and liabilities evidenced by the Loan Agreement, the Notes and the Guaranty, and to secure the payment of the principal sum of money, prepayment premium, if any, and interest thereon in accordance with the terms, provisions and limitations of this Mortgage, the Loan Agreement, the Notes and the Guaranty (the Loan Agreement, the Notes, the Guaranty, this Mortgage and any and all other documents executed in connection therewith being collectively referred to herein as the "Loan Documents"), including any and all future advances (as set forth in Section 33 and Section 35 hereof), and any and all extensions, modifications and renewals of the Indebtedness (as hereinafter defined), and the performance of the covenants and agreements contained herein and in the Loan Agreement to be performed by the Mortgagor and/or the Company, and also in consideration of the sum of One Dollar (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, the Mortgagor does by these presents GRANT, MORTGAGE, WARRANT and CONVEY unto the Mortgagee, its successors and assigns, the following:

- (a) The leasehold estate of the Mortgagor (the "Leasehold Estate") created by the Ground Lease, which Ground Lease pertains to certain real estate located in Cook County in the State of Illinois, and which is more specifically described on Exhibit "A" attached hereto (the "Land");
- (b) All the buildings, structures, improvements and fixtures of every kind or nature now or hereafter situated on the Land and all machinery, appliances, equipment, furniture and all other personal property of every kind or nature which constitute fixtures with respect to the Land, together with all extensions, additions, improvements, substitutions and replacements of the foregoing (the "Improvements");
- (c) All easements, tenements, rights-of-way, vaults, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers and appurtenances in any way belonging, relating or appertaining to any of the Land or Improvements, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired (the "Appurtenances");
- (d) (i) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Land, Improvements or Appurtenances or any part thereof or to any rights appurtenant thereto;

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(ii) All compensation, awards, damages, claims, rights of action and proceeds of or on account of (A) any damage or taking, pursuant to the power of eminent domain, of the Leasehold Estate or any part thereof, (B) damage to all or any portion of the Land, Improvements or Appurtenances by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Leasehold Estate or of other property or rights, or (C) the alteration of the grade of any street or highway on or about the Land, Improvements, Appurtenances or any part thereof; and, except as otherwise provided herein, Lender is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and, except as otherwise provided herein, to apply the same toward the payment of the Indebtedness; and

(iii) All proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Leasehold Estate, Land, Improvements or Appurtenances;

(e) All rents, issues, profits, income and other benefits now or hereafter arising from or in respect of the Leasehold Estate (the "Rents"); it being intended that this Granting Clause shall constitute an absolute and present assignment of the Rents, subject, however, to the conditional permission given to the Mortgagors to collect and use the Rents as provided in this Mortgage;

(f) Any and all subleases, leases, licenses and other occupancy agreements now or hereafter created by or through the Ground Lease or the Leasehold Estate, together with all security therefor and guaranties thereof and all monies payable thereunder, and all books and records owned by the Mortgagors which contain evidence of payments made under the leases and all security given therefor (collectively, the "Leases"), subject, however, to the conditional permission given in this Mortgage to the Mortgagors to collect the Rents arising under the Leases as provided in this Mortgage;

(g) Any and all after-acquired right, title or interest of the Mortgagors in and to any of the property described in the preceding Granting Clauses; and

(h) The proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding Granting Clauses.

All of the mortgaged property described in the Granting Clauses, together with all real and personal, tangible and intangible property pledged in, or to which a security interest attaches pursuant to any of the Loan Documents is sometimes collectively referred to herein as the "Premises". The Rents and the Leases are pledged on a parity with the Leasehold Estate, the Land and the Improvements and not secondarily.

As to any of the property aforesaid which (notwithstanding the aforesaid declaration and agreement) does not so form a part and parcel of the real estate, this Mortgage is hereby deemed to be, as well, a Security Agreement under the Uniform Commercial Code in effect in the jurisdiction in which the Premises are located (hereinafter referred to as the "UCC") for

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the purpose of creating hereby a security interest in such property, which the Mortgagor, as Debtor, hereby grants to the Mortgagee as Secured Party (as said terms are defined in the UCC), securing said Indebtedness and obligations and the Mortgagee shall have in addition to its rights and remedies hereunder all rights and remedies of a Secured Party under the UCC. As to above personal property which the UCC classifies as fixtures, this instrument shall constitute a fixture filing and financing statement under the UCC.

The Mortgagor covenants that the Mortgagor is lawfully seized of all of the lessee's right, title and interest in the Leasehold Estate and has good and absolute title to it free and clear of all liens, security interests, charges and encumbrances whatsoever, except those expressly permitted in writing by the Mortgagee and disclosed in Exhibit "B" attached hereto and made a part hereof (the "Permitted Encumbrances"), (b) the Mortgagor has good right, full power and lawful authority to mortgage and pledge the Premises as provided herein and that it will warrant and forever defend the Premises and the quiet and peaceful possession of the same against the lawful claims of all persons whomever; (c) upon the occurrence of a Default, the Mortgagee may at all times peaceably and quietly enter upon, hold, occupy and enjoy the Premises in accordance with the terms hereof; and (d) the Mortgagor will maintain and preserve the lien of this Mortgage as a first and paramount lien on the Premises subject only to the Permitted Encumbrances until the Indebtedness has been paid in full.

As used in this Mortgage, the term "Indebtedness" shall mean and include the principal sums due and owing to the Mortgagee under (i) the Loan Agreement, as evidenced by the Construction Note, together with prepayment premium, if any, (ii) the Trustee Note, together with prepayment premium, if any, (iii) the Guaranty, (iv) all interest and late charges thereon and any other payments due to the Mortgagee under any of the foregoing, and (v) all other sums at any time secured by this Mortgage. Further, as used in this Mortgage, the term "Notes" shall mean and include any renewals, modifications, extensions, amendments, substitutions and replacements of either the Construction Note and/or the Trustee Note.

TO HAVE AND TO HOLD the Premises unto the Mortgagee, its successors and assigns, for the purposes and uses herein set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, etc.

The Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien hereof, other than any such liens which are being contested in a diligent and good faith manner by appropriate proceedings; (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to the Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon the Premises; (e) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to

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the Premises and the use thereof; (f) make no alterations in the Premises not contemplated by the construction of the Project; (g) suffer or permit no change in the general nature of the occupancy of the Premises, without the Mortgagee's prior written consent; (h) initiate or acquiesce in no zoning variation or reclassification, without the Mortgagee's prior written consent; (i) pay each item of Indebtedness secured by this Mortgage when due according to the terms hereof or of the Loan Agreement, the Notes and/or the Guaranty, and cause the Company to perform all of its obligations to be performed under the Ground Lease.

2. Payment of Taxes.

The Mortgagor shall pay, before any penalty attaches, all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises when due, and shall, upon written request, furnish to the Mortgagee duplicate receipts therefor.

3. Tax Deposits.

Immediately upon the occurrence of a Default (as hereinafter defined), the Mortgagor covenants and agrees to deposit with the Mortgagee at the office of the Mortgagee set forth on the first page of this Mortgage, commencing on the first day of the calendar month following such request by the Mortgagee, and on the first day of each calendar month thereafter until the Indebtedness secured by this Mortgage is fully paid, a sum equal to one-twelfth of the last total annual taxes and general and/or special assessments (collectively, the "Taxes") for the last ascertainable year on the Premises (unless such Taxes are based upon assessments which exclude the improvements or any part thereof now constructed or to be constructed, in which event the amount of such deposits shall be based upon the Mortgagee's reasonable estimate as to the amount of Taxes to be levied and assessed). Such deposits shall be held without allowance for interest and shall be used for the payment of Taxes on the Premises next due and payable when they become due. If the funds so deposited are insufficient to pay the Taxes for any year when the same shall become due and payable, the Mortgagor shall, within ten (10) days after receipt of demand therefor, deposit such additional funds as may be necessary to pay 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 the Mortgagee.

Anything in this Section 3 to the contrary notwithstanding, if the funds so deposited are insufficient to pay the Taxes or any installment thereof, the Mortgagor will, not later than thirty (30) days prior to the last day on which the same may be paid without penalty or interest, deposit with the 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 Section 3 shall be based upon the entire amount of such Taxes, and the Mortgagor shall not have the right to apportion the amount of any such taxes or assessments for the purpose of such computation.

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4. Mortgagee's Interest In and Use of Deposits.

In the event of a Default hereunder or under the Loan Agreement or the Trustee Note, the Mortgagee may at its option, without being required to do so, apply any monies at the time of deposit pursuant to Section 3 and Section 5 hereof, on any of the Borrower's obligations contained herein or in the Loan Agreement, the Notes or the Guaranty, in such order and manner as the Mortgagee may elect. When the Indebtedness has been fully paid, any remaining deposits shall be paid to the Mortgagor or to the then owner of the Premises. A security interest within the meaning of the UCC is hereby granted to the Mortgagee in and to any monies on deposit pursuant to Section 3 and Section 5 hereof, as additional security for the Indebtedness hereunder and shall be applied by the Mortgagee for the purposes made hereunder and shall not be subject to the direction or control of the Mortgagor; provided, however, that the Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless the Mortgagor, while not in Default hereunder, shall have requested the 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. The Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party but shall be liable only for its gross negligence or willful misconduct.

5. Insurance.

The 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, all in form and substance satisfactory to the Mortgagee, including, without limitation, rent insurance, business interruption insurance and flood insurance (if and when the Premises lie within an area designated by an agency of the federal government as a flood risk area). The Mortgagor shall also provide liability insurance with such limits for personal injury and death and property damage as the Mortgagee may require. All policies of insurance to be furnished hereunder shall be in forms, companies and amounts satisfactory to the Mortgagee, each insurer to have a Best's rating of A+:XV, with loss payee or mortgagee clauses attached to all policies in favor of and in form satisfactory to the Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without ten (10) days prior written notice to the Mortgagee. The Mortgagor shall deliver all policies including additional and renewal policies, to the Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than ten (10) days prior to their respective dates of expiration.

The 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 the Mortgagee is included thereon under a standard mortgagee clause acceptable to the Mortgagee. The Mortgagor shall immediately notify the Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to the Mortgagee the policy or policies of such insurance.

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Upon the occurrence of a Default hereunder and following request by the Mortgagee, the Mortgagor shall deposit with the Mortgagee, beginning on the first day of the calendar month following such request by the Mortgagee and continuing on the first day of each month thereafter, an amount equal to the premiums that will next become due and payable on such policies 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.

6. Adjustment of Losses With Insurer and Application of Proceeds of Insurance.

In case of loss or damage by fire or other casualty, the Mortgagee, (a) after the occurrence of a Default or event or condition which, with the giving of notice, the passage of time, or both, would constitute a Default (an "Unmatured Default"), is hereby authorized to settle and adjust any claim under insurance policies which insure against such risks, or (b) provided no Default or Unmatured Default exists hereunder, hereby authorizes the Mortgagor to agree with the insurance company or companies on the amount to be paid in regard to such loss. In either case, the Mortgagee is authorized, to collect and issue a receipt for any such insurance money. So long as (i) no Default or Unmatured Default exists hereunder, (ii) the total casualty damage does not exceed One Million and 00/100 Dollars (\$1,000,000.00), and (iii) the total of the insurance proceeds and such other amounts placed on deposit with the Mortgagee by the Mortgagor for the specific purpose of rebuilding or restoring the buildings and improvements located on the Premises equals or exceeds, in the sole and absolute discretion of the Mortgagee, the reasonable costs of such rebuilding or restoring, such insurance proceeds shall be applied to reimburse the Mortgagor for the cost of rebuilding and restoration. In the event that (1) a Default or Unmatured Default exists hereunder, (2) the total casualty damage exceeds One Million and 00/100 Dollars (\$1,000,000.00), or (3) the total of such insurance proceeds and such other monies placed on deposit with the Mortgagee by the Mortgagor does not equal such costs of rebuilding or restoring, such insurance proceeds shall be applied to reduce the indebtedness.

In the event such insurance proceeds are used to rebuild or restore the Premises, 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. If the cost of rebuilding, repairing or restoring the building and improvements can reasonably be expected to exceed the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00), then the Mortgagee must approve plans and specifications of such work before such work shall be commenced. In any case, where the insurance proceeds are used for rebuilding and restoration, such proceeds shall be disbursed in the manner and under the conditions that the Mortgagee may require, including, but not limited to, the Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof, architect's certificates, waivers of lien, contractor's and subcontractors' sworn statements and other evidence of cost and payments, such that the Mortgagee can verify that the amounts disbursed from time to time are represented by completed and in place work and that the work is free and clear of mechanics' lien claims. If the estimated cost of completion exceeds the amount of the insurance proceeds available, the Mortgagor shall immediately, on written demand of the Mortgagee, deposit with the Mortgagee in cash the amount of such estimated excess cost. No

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payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of the disbursing party shall be at least sufficient to pay for the cost of completion of the work free and clear of liens. Any surplus which may remain out of the insurance proceeds after payment of such cost of building or restoration shall, at the option of the Mortgagee, be applied on account of the Indebtedness or be paid to any party entitled thereto without interest.

7. Stamp Tax.

If, by the laws of the United States of America, or of any state having jurisdiction over the Mortgagor, any tax is due or becomes due in respect of the issuance of the Notes, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law. The Mortgagor further covenants to reimburse the Mortgagee for any sums which the Mortgagee may expend by reason of the imposition of any tax on the issuance of the Notes.

8. Ground Lease and Facility Lease.

The Mortgagor hereby covenants and represents to the Mortgagee as follows:

(a) The Ground Lease and the Facility Lease are and shall be maintained in full force and effect, unmodified by any writing or otherwise.

(b) All rent, additional rent and other charges reserved in the Ground Lease have been paid by the Mortgagor through the current term of the Loan Agreement and the Notes and will be paid thereafter to the extent they are due and payable.

(c) The Mortgagor enjoys the quiet and peaceful possession of the Leasehold Estate, and there are, as of the date hereof, no defenses to the Mortgagee's enforcement of its rights under the Ground Lease.

(d) The Mortgagor is not in default in the performance of any of its obligations under the Ground Lease or the Facility Lease and there are no circumstances which, alone or with the passage of time or the giving of notice or both, constitute an event of default under either the Ground Lease or the Facility Lease.

(e) To the best of the Mortgagor's knowledge, as of the date hereof, the Company is not in default in the performance of any of its obligations under either the Ground Lease or the Facility Lease.

(f) The Mortgagor will promptly and faithfully observe, perform and comply with all the terms, covenants and provisions of the Ground Lease and the Facility Lease on its part to be observed, performed and complied with, at the times set forth therein, with allowance for grace periods, if any, and will enforce the obligations of the Company under the Ground Lease and the Facility Lease to the end that the Mortgagor

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may enjoy all of the material rights granted it under the Ground Lease and the Facility Lease.

(g) The Mortgagor will not do, permit, suffer or refrain from doing anything which would result in a default or a breach of any of the terms of the Ground Lease or the Facility Lease.

(h) The Mortgagor will not cancel, surrender, modify, amend or in any way permit the modification of any of the terms of the Ground Lease or the Facility Lease, nor will the Mortgagor sublet or assign its interest in the Leasehold Estate (other than under the Facility Lease) without the Mortgagee's prior written consent.

(i) The Mortgagor will give the Mortgagee prompt notice of any default by the Company or the Mortgagors under the Ground Lease or the Facility Lease and will promptly deliver to the Mortgagee copies of each notice of default and all other notices of any default received by anyone under the Ground Lease or the Facility Lease.

(j) The Mortgagor will furnish to the Mortgagee such information and evidence as the Mortgagee may reasonably request concerning the Mortgagor's due observance, performance and compliance with the terms, covenants and provisions of the Ground Lease and the Facility Lease.

(k) Fee title to the Land and the Leasehold Estate shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in either the Company, the Mortgagor, the beneficiary of the Mortgagor under the Trust Agreement (the "Beneficiary") or any third party, whether by purchase or otherwise; accordingly:

(i) if the Mortgagor acquires the fee title or any other estate, title or interest in the Land demised by the Ground Lease, or any part thereof, the lien of this Mortgage shall attach to, cover and be a lien upon such acquired estate, title or interest and the same shall thereupon be and become a part of the Premises with the same force and effect as if specifically encumbered herein; (ii) the Mortgagor agrees to execute all instruments and documents which the Mortgagee may reasonably require to ratify, confirm and further evidence the Mortgagee's lien on the acquired estate, title or interest; (iii) the Mortgagor hereby appoints the Mortgagee as its true and lawful attorney-in-fact to execute and deliver all such instruments and documents in the name and on behalf of the Mortgagor; and (iv) the power herein conferred is coupled with an interest and shall be irrevocable as long as any of the Indebtedness remains unpaid.

(l) If the Ground Lease is canceled or terminated, and if the Mortgagee or its nominee shall acquire an interest in any new lease of the property demised thereby, the Mortgagor shall have no right, title or interest in or to the new lease or the leasehold estate created by such new lease.

(m) The Mortgagee shall have no liability or obligation under either the Ground Lease or the Facility Lease by reason of its acceptance of this Mortgage.

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9. Lease of Premises.

As additional security for the payment of the Notes and for the faithful performance of the terms and conditions contained herein and in the Loan Agreement, the Notes and the Guaranty, the Mortgagor, as landlord, has assigned to the Mortgagee all of its right, title and interest as landlord in and to all existing leases and occupancy agreements with respect to the Premises, including, without limitation, the Facility Lease. All future leases of the Premises (including, without limitation, the Facility Lease) are subject to the approval of the Mortgagee as to form, content and tenants.

The Mortgagor shall not, without the Mortgagee's prior written consent, make any lease of all or any part of the Premises other than the Facility Lease, provided, however, that if any such lease is consented to by the Mortgagee, the Mortgagor shall not, without the further prior written consent of the Mortgagee, (i) execute an assignment or pledge of any rents of the Premises and/or any leases of the Premises; or (ii) accept any prepayment of any installment of any rents more than thirty (30) days before the due date of such installment.

The Mortgagor, at its sole cost and expense, shall (i) at all times promptly and faithfully abide by, discharge and perform all of the material covenants, conditions and agreements contained in all leases or occupancy agreements of the Premises, on the part of the landlord thereunder to be kept and performed, following any applicable grace or cure period; (ii) enforce or secure the performance of all of the material covenants, conditions and agreements of such leases on the part of the lessee or occupant to be kept and performed; (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with such leases or occupancy agreements or the obligations, duties or liabilities of landlord or of the lessees thereunder; (iv) furnish the Mortgagee, within twenty (20) days after a request by the Mortgagee to do so, a written statement containing the names of all lessees or occupants, terms of all leases or occupancy agreements of the Premises, including the spaces occupied and the rentals payable thereunder; (v) exercise within five (5) days of any demand therefor by the Mortgagee any right to request from the lessee under any lease of the Premises a certificate with respect to the status thereof; and (vi) not permit any leases of the Premises to become subordinate to any lien on the Premises without the prior written consent of the Mortgagee, and will include in each lease or occupancy agreement of the Premises a provision whereby the tenant thereunder covenants that it will not subordinate its leasehold interest therein to any lien on the Premises without the prior written consent of the Mortgagee.

Nothing in this Mortgage or in any other document relating to the loan secured hereby shall be construed to obligate the Mortgagee, expressly or by implication, to perform any of the covenants as landlord under any of the leases or occupancy agreements assigned to the Mortgagee or to pay any sum of money or damages therein provided to be paid by the landlord, each and all of which covenants and payments the Mortgagor agrees to perform and pay. Unless waived by the Mortgagee, all leases of space in the Premises shall have subordination provisions, in form and substance reasonably satisfactory to the Mortgagee, subordinating the interest of the tenants under such leases to this Mortgage, and all renewals, modifications, consolidations, replacements and extensions hereof and shall have attornment and noncancellation clauses in form and substance reasonably satisfactory to the Mortgagee.

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Until the Indebtedness and other sums secured by this Mortgage are paid in full, the Mortgagee reserves the right to require that specific leases be made either superior to or inferior to the lien of this Mortgage.

In the event of the enforcement by the Mortgagee of the remedies provided for by law or by this Mortgage, the lessee or occupant under each lease or occupancy agreement of the Premises shall attorn to any person succeeding to the interest of the Mortgagor as a result of such enforcement and shall recognize such successor in interest as landlord under such lease without change in the terms or other provisions thereof; provided, however, that the successor in interest shall not be bound by any payment of rent or additional rent for more than one month in advance, and shall not be bound by any amendment or modification to any lease made without the consent of the Mortgagee or the successor in interest. Each lessee, upon request by the successor in interest, shall execute and deliver an instrument or instruments confirming such attornment.

The Mortgagee shall be entitled to cure any default of landlord, within any applicable grace or cure period, in any lease of the Premises, and the cost to effect any curing of default (including reasonable attorneys' fees), together with interest thereon at the Default Rate shall be so much additional Indebtedness and shall be immediately due and payable without notice.

10. Effect of Extensions of Time.

If the payment of the Indebtedness or any part thereof is extended or varied or if any part of 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 the 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.

11. Effect of Changes in Laws Regarding Taxation.

In the event of the enactment after this date of any law of the state in which the Premises are located deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by the 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 Mortgagee, (a) it might be unlawful to require the 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 to be and become due and payable sixty (60) days from the giving of such notice.

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12. Mortgagee's Performance of Defaulted Acts.

In the event of a Default, the Mortgagee may, but need not, make any payment or perform any act herein required of the 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 the 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 the 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, and shall become immediately due and payable without notice and with interest thereon at the Default Rate. Inaction of the Mortgagee shall never be considered as a waiver of any right accruing to it on account of any Default.

13. Mortgagee's Reliance on Tax Bills, Etc.

The 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.

14. Acceleration of Indebtedness in Case of Default

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

(a) default shall be made in the due and punctual payment of the Notes, either of principal, prepayment premium, if any, or interest, or any other payment due in accordance with the terms of (i) any of the other Loan Documents, (ii) the Ground Lease, or (iii) the Facility Lease;

(b) default shall be made in the due observance or performance of any of the covenants, agreements or conditions contained herein, and such default in performance continues for a period of thirty (30) days after the Mortgagor has received notice or knowledge from any source of such default in performance (the "Initial Cure Period"), provided, however, that if such default is not susceptible of cure within the Initial Cure Period, it shall be a Default hereunder if the Mortgagor fails to commence to cure such default within the Initial Cure Period or fails to diligently proceed to cure such default within an additional period of ninety (90) days;

(c) default shall be made in the due observance or performance of any of the covenants, agreements or conditions contained in the Ground Lease, the Facility Lease,

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the Loan Agreement, the Notes, the Guaranty or any of the other Loan Documents, and such default in performance continues beyond any notice and cure periods provided therein;

(d) 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 any of (i) the Mortgagor, (ii) the Beneficiary, or the (iii) the Company, and the Mortgagee, or between the Mortgagor and any other party, and such default continues beyond any notice and cure periods provided therein;

(e) any of the Mortgagor, the Beneficiary, the Company or any guarantor of the Notes (each being referred to herein as an "Obligor") 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 vacate or obtain a stay of any involuntary proceedings under any such bankruptcy or insolvency statute within thirty (30) days;

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

(g) any Obligor 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 or any part of its property;

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

(i) an unpermitted transfer as described in Section 32 of this Mortgage shall occur.

Upon the occurrence of a Default, the whole of the Indebtedness shall, at the option of the Mortgagee, become immediately due and payable upon written notice to the Mortgagor. If, while any insurance proceeds or condemnation awards are being held by the Mortgagee to reimburse the Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Premises, as set forth in Section 6 or Section 22 hereof, the Mortgagee shall be or become entitled to, and shall accelerate the Indebtedness, then and in such event, the Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by it in reduction of the Indebtedness (less the amount thereof, if any, which is then currently payable for work completed and in place in connection with such rebuilding or

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restoration), and any excess held by it over the amount of Indebtedness then due hereunder shall be returned to the Mortgagor or any party entitled thereto without interest.

15. Foreclosure: Expense of Litigation.

When the Indebtedness or any part thereof shall become due, whether by acceleration or otherwise, the 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 which may be paid or incurred by or on behalf of the 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 the 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 section mentioned, and such expenses and fees as may be incurred in the protection of the Premises and maintenance of the lien of this Mortgage including the fees of any attorney employed by the Mortgagee in any litigation or proceeding affecting this Mortgage, the Loan Agreement, the Notes, the Guaranty or the 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 the Mortgagor, with interest thereon at the Default Rate, and shall be secured by this Mortgage.

16. Application of Proceeds of Foreclosure Sale.

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 the preceding section hereof; second, all other items which may under the terms hereof constitute secured Indebtedness additional to that evidenced by the Notes, with interest thereon at the Default Rate as herein provided; third, all principal and interest remaining unpaid on the Notes; and fourth, any surplus to the Mortgagor, its successors or assigns, as their rights may appear.

17. Appointment of Receiver.

Upon, or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of the Mortgagor at the time of application for such receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not and the Mortgagee hereunder or any holder of the Notes may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and during the full statutory period of

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redemption, whether there be redemption or not, as well as during any further times when the Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the Indebtedness, or by any judgment or order foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and/or (b) the deficiency in case of a sale and deficiency.

18. Mortgagee's Right of Possession in Case of Default.

In the event of a Default, whether before or after the whole principal sum of the Indebtedness 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 the Mortgagee, the Mortgagor shall surrender to the Mortgagee and the 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 the Mortgagee in its discretion may, in accordance with law, enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers and accounts of the Mortgagor or the then owner of the Premises relating thereto, and may exclude the Mortgagor, its agents or servants, wholly therefrom and may as attorney in fact or agent of the Mortgagor, or in its own name as the 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 the 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 lessees 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 the Mortgagor and all persons whose interests 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 seem judicious; (e) to insure and reinsure the same and all risks incidental to the Mortgagee's possession, operation and management thereof; and/or (f) to receive all of such avails, rents, issues and profits; hereby granting full power and authority to exercise each and

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every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to the Mortgagor.

The 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. The Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless of and from any and all liability, loss or damage which the 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 the Mortgagee. Should the Mortgagee incur any such liability, loss or damage, under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and the Mortgagor shall reimburse the Mortgagee therefor immediately upon demand.

19. Application of Income Received by Mortgagee.

The 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 the 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 the 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 of all rents due or which may become hereafter due under the Ground Lease and/or the Facility 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 the 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 or any deficiency which may result from any foreclosure sale.

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20. Rights Cumulative.

No right, power or remedy herein conferred upon or reserved to the 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 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.

21. Mortgagee's Right of Inspection.

The Mortgagee shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

22. Condemnation.

The 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. So long as (a) no Default or Unmatured Default exists hereunder, (b) such condemnation or taking does not prevent or prohibit the Premises from their use and occupancy prior to such condemnation or taking, and (c) such proceeds are, in the reasonable determination of the Mortgagee, adequate for the restoration or rebuilding of the Premises, such condemnation proceeds shall be applied to reimburse the Mortgagor for the cost of such rebuilding and restoration. In the event (i) a Default or Unmatured Default exists hereunder, (ii) such proceeds are not, in the reasonable determination of the Mortgagee, adequate for the restoration or rebuilding of the Premises, or (iii) the Mortgagor decides not to restore or rebuild the Premises, such condemnation proceeds shall be applied to reduce the Indebtedness. Irrespective of whether such proceeds are made available for restoration or rebuilding, and irrespective of whether such proceeds are adequate for such purpose, if all or any portion of the Indebtedness remains outstanding and the Mortgagor decides to restore or rebuild the Premises, the buildings and improvements shall be restored or rebuilt in accordance with plans and specifications to be submitted to and approved by the Mortgagee, which approval shall not be unreasonable withheld or delayed. In the event the 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 Section 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, the 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 the award after payment of such cost of building or restoration shall be paid to the Mortgagor without interest.

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23. Release upon Payment and Discharge of Mortgagor's Obligations.

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

24. Giving of Notice.

Any notice which either party hereto may desire or be required to give to the other party shall be in writing and shall be sent by certified mail to the addresses set forth below:

If to Mortgagor: American National Bank and Trust Company of Chicago,
as Trustee of Trust No. 100055-02
33 North La Salle Street
Chicago, Illinois 60690
Attention: Land Trust Department

with copies to: Genender International, Inc.
44 Century Drive
Wheeling, Illinois 60090
Attention: Chief Financial Officer

Young, Hauslinger, Rosen & Dolgin, Ltd.
33 North La Salle Street, Suite 2000
Chicago, Illinois 60602-2607
Attention: Freddie B. Prohov, Esq.

If to Mortgagee: LaSalle National Bank
135 South La Salle Street
Chicago, Illinois 60603
Attention: Commercial Banking Division T

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.

25. Waiver of Notice.

No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Notes.

26. Waiver of Statutory Rights.

The 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. The Mortgagor for itself and all who may claim

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through or under it waives any and all right to have the property and estates comprising the Premises marshaled 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. The Mortgagor does hereby expressly waive any and all rights of redemption from any sale or from any order, judgment or decree of foreclosure of this Mortgage on behalf of the Mortgagor, and each and every person acquiring any interest in or title to the Premises subsequent to the date of this Mortgage. The Mortgagor hereby represents to the Mortgagee that it has been directed in writing by the Beneficiary to expressly waive all rights of redemption to the Premises and reinstatement of the loan secured hereby in the manner herein set forth. The Mortgagor does hereby further expressly waive, to the extent now or hereafter permitted by law, all rights of reinstatement of this Mortgage pursuant to 735 ILCS 5/15-1602 of the Illinois Mortgage Foreclosure Law.

27. Furnishing of Records to Mortgagee.

The Company shall keep and maintain books and records of account in which full, true and correct entries shall be made of all dealings and transactions relative to the Premises, which books and records of account shall be open to the inspection of the Mortgagee and its accountants and other duly authorized representatives during business hours. Such books of record and account shall be kept and maintained in accordance with generally accepted accounting practice consistently applied.

28. Filing and Recording Fees.

The Mortgagor shall pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage and all federal, state, county, and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Notes and this Mortgage.

29. Compliance with Laws: Environmental.

The Premises and its present use complies, and at all times shall comply, with all applicable laws and governmental regulations including, without limitation, all federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal, air emissions and other environmental matters, all zoning and other land use matters, and utility availability.

The Mortgagor shall take all actions necessary to cause the Premises to be kept free of any "Hazardous Materials". For the purposes of this Mortgage, the phrase Hazardous Materials shall mean any (a) petroleum product, (b) toxic or hazardous chemical, material, substance, pollutant, contaminant or waste or (c) any chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state, county, regional or local authority or which, even if not so prohibited, limited or regulated, may or could pose a hazard to the health and safety of the occupants of the Premises or the occupants or owners of property near the Premises.

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The 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, except in compliance with all applicable federal, state, and local laws and regulations, nor shall the Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of the Mortgagor or any tenant, subtenant, occupant or other entity or person, a release of Hazardous Materials onto the Premises or onto any other property.

The 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 the Mortgagee, and in accordance with the orders and directives of all federal, state and local governmental authorities.

The Mortgagor has not nor, to the best of the Mortgagor's knowledge, has any previous owner, occupier, or user of the Premises, ever used, generated, stored or disposed of, on, under or about the Premises any Hazardous Materials. The Mortgagor shall protect, indemnify and hold harmless the 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 or asbestos 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.

30. Security Agreement.

In the event of a Default hereunder, the 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 the Mortgagee. The Mortgagor agrees that, without the written consent of the 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 the Mortgagor is not in Default hereunder, the Mortgagor shall be permitted to sell or otherwise dispose of such property

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

31. Indemnity.

The Mortgagor agrees to indemnify and hold harmless the Mortgagee, its affiliates, agents, officers and employees 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 the Mortgagee by reason or on account of, or in connection with, (i) any willful misconduct of the Mortgagor, any Default hereunder or any default under the other Loan Documents given at any time to secure the payment of the Notes, (ii) the 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 the other Loan Documents to which the Mortgagor is a party, (iii) the construction, reconstruction or alteration of the Premises, (iv) any negligence of the 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 the Mortgagee under this section shall be due and payable within ten (10) days after demand therefor and receipt by the Mortgagor of a statement from the 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 the Mortgagee until paid in full by the Mortgagor.

The Mortgagor's obligations under this section 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 the Mortgagor and/or the Mortgagee which is subject to the indemnity set forth in this section, the Mortgagor shall resist or defend against the same, if necessary in the name of the Mortgagee, by attorneys for the Mortgagor's insurance carrier (if the same is covered by insurance) or otherwise by attorneys approved by the Mortgagee. Notwithstanding the foregoing, the Mortgagee in its reasonable discretion, may engage its own attorneys to resist or defend, or assist therein, and the

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Mortgagor shall pay, or, on demand, shall reimburse the Mortgagee for the payment of, the reasonable fees and disbursements of said attorneys.

32. Prohibition on Sale or Financing.

Except for any sale, conveyance, assignment or other transfer, directly or indirectly, of the beneficial interest of the Mortgagor, or any portion thereof, to any trust of which the Beneficiary, or his spouse or children, are the trustee or beneficiary, any sale, conveyance, assignment, pledge, hypothecation, mortgage, encumbrance, lease (other than for actual occupancy as consented to by the Mortgagee as provided herein) or other transfer of title to, or any interest therein, directly or indirectly, including, without limitation, the beneficial interest of the Beneficiary 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 section, 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 any ownership interest of the Company which results in any change in the identity of the individuals or entities previously in control of the Company; or
- (b) the grant of a security interest in any ownership interest of any individual or entity, directly or indirectly, controlling the Company which could result in a change in the identity of the individuals or entities previously in control of the Company. 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 the Company by contract or voting of securities.

It is understood and agreed that the Indebtedness was created solely due to the financial sophistication, creditworthiness, background and business sophistication of the Mortgagor, and the 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, the Improvements or the Appurtenances, or upon the interests of the Mortgagor may divert funds which would otherwise be used to pay the Indebtedness, 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, and impair the rights of the Mortgagee granted hereunder. Without limitation by the foregoing, the Mortgagor shall not incur any additional indebtedness, whether secured or unsecured, without the prior written consent of the Mortgagee.

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

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33. Future Advances.

Without limiting the generality of any other provision hereof, the Indebtedness shall include (a) all existing Indebtedness of either of the Borrowers to the Mortgagee evidenced by the Notes and all renewals, extensions, modifications and replacements thereof, and (b) all future advances that may be subsequently made by the Mortgagee and all renewals, extensions, modifications and replacements thereof. The Mortgagor hereby agrees to execute any and all supplemental notes, agreements or other documents as the 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 the Mortgagor in favor of the Mortgagee.

34. Enforceability.

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.

35. Illinois Mortgage Foreclosure Act.

The Mortgagee shall have the benefit of and may exercise any and all of the rights and remedies set forth in the Illinois Foreclosure Act, 735 ILCS 5/15, et seq. (the "Foreclosure Act"), as amended from time to time, and such provisions of the Foreclosure Act are incorporated herein by express reference.

36. Disbursement of Loan Proceeds for Construction of Improvements.

This is a construction mortgage, as such term is defined in Section 9-313(1)(c) of the Uniform Commercial Code. The loans evidenced by the Notes are business loans within the meaning of Section 815 ILCS 205/4 (1995), as amended from time to time. The Mortgagor further covenants and agrees that the loan evidenced by the Construction Note and secured hereby is a construction loan and that the proceeds of said loan are to be disbursed by the Mortgagee to the Mortgagor in accordance with the provisions contained in the Loan Agreement. All advances and indebtedness arising and accruing under the Loan Agreement from time to time, whether or not the resulting indebtedness may exceed the face amount of the Notes, shall be secured hereby to the same extent as though the Loan Agreement were fully incorporated in this Mortgage, and the occurrence of any event of default under the Loan Agreement shall constitute a default under this Mortgage entitling the Mortgagee to all of the rights and remedies conferred upon the Mortgagee by the terms of this Mortgage. In the event of any conflict or inconsistency between the terms of this Mortgage and the Loan Agreement, the terms and provisions of the Loan Agreement shall in each instance govern and control.

37. Miscellaneous.

This Mortgage and all provisions hereof, shall extend to and be binding upon the Mortgagor and its successors, grantees and assigns, any subsequent owner or owners of the

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Premises, and all persons claiming under or through the Mortgagor, including, but not limited to, the Beneficiary, 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 the Notes 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 Notes.

In the event one or more of the provisions contained in this Mortgage, the Loan Agreement, the Notes or the Guaranty or in any other security documents given to secure the payment of the Notes 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 any of the Mortgagor or the Company now has or may have in the future against the Mortgagee shall relieve the Mortgagor from paying any amounts due under the Loan Agreement or the Notes or from performing any other obligations contained herein or therein 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 the Mortgagee in connection with the Indebtedness; 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 aggregate face amount of the Notes.

Other than the Existing Facility, the 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 the Mortgagor hereby assigns to the 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. The 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 the Mortgagor which would result in a violation of any of the provisions of this section shall be void.

The Mortgagor, upon written request from the Mortgagee, will furnish a signed statement of the amount of the Indebtedness and whether or not any Default then exists hereunder and specifying the nature of any such Default.

The 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

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Indebtedness, 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 Mortgagee's option, 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 condemnation award or proceeds) to any and all leases of all or any part of the Premises upon the execution by the Mortgagee and recording thereof, at any time hereafter, in the office wherein this Mortgage was recorded, of a unilateral declaration to that effect.

Any property management agreement in effect for the Premises with any other 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 form thereof shall, at the Mortgagee's request, be recorded with the Office of the Recorder of Deeds for the county in which the Premises are located. In addition, the Mortgagor shall cause such other property manager to enter into a subordination agreement with the 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. The Mortgagor's failure to require the "no lien" provision or the subordination agreement described herein shall constitute a Default hereunder.

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

38. Trustee's Exculpation.

This Mortgage is executed by the Mortgagor, not personally but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee (and the Mortgagor hereby warrants that it possesses full power and authority to execute this instrument). It is expressly understood and agreed that all of the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Mortgagor are undertaken by the Mortgagor solely in its capacity as trustee and not personally. It is further understood and agreed that the Mortgagor merely holds title to the Premises and has no agents, employees or control over the management of the Premises and no knowledge or of other factual matters except as represented to the Mortgagor by the Beneficiary. No personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Mortgagor on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the Mortgagor in this Mortgage, all such liability being expressly waived by the Mortgagee and by every person now or hereafter claiming any right or security hereunder; and the owner of any of the Indebtedness or cause of action for breach of any warranty, indemnity, representation, covenant, undertaking or agreement accruing hereunder shall look solely to the Trust estate or the Premises for the

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EXHIBIT "A"

LEGAL DESCRIPTION OF REAL ESTATE

LOT 52 IN PALWAUKEE BUSINESS CENTER UNIT THREE, BEING A
SUBDIVISION IN THE SOUTH EAST QUARTER OF SECTION 11,
TOWNSHIP 42, NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL
MERIDIAN, IN COOK COUNTY, ILLINOIS

PROPERTY ADDRESS OF REAL ESTATE:

44 Century Drive
Wheeling, Illinois 60090

PERMANENT TAX IDENTIFICATION NUMBER:

03-11-407-015-0000

GKF:jh
November 14, 1997
73108.1

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EXHIBIT "B"

PERMITTED EXCEPTIONS

1. Real estate taxes not yet due and payable.
2. Covenants, conditions and restrictions contained in the Document dated April 12, 1985 and recorded as Number 85089775 and rerecorded July 18, 1985 as Number 85166225, relating to improvements on the Premises, as amended by Amendment recorded August 26, 1986 as Document Number 86375980.
3. Sanitary Sewer Easement Agreement recorded September 18, 1963 as Document Number 18916393.
4. Easement for public utilities and drainage over, upon and under the West 25 feet and the East 15 feet of the Premises, as shown on the Plat of Palwaukee Business Center, Unit 3, Recorded September 11, 1986 as Document 86408080.
5. Building setback line of 35 Feet from the West part of the Premises, as shown on Plat of Palwaukee Business Center, unit 3, recorded September 11, 1986 as document 86408080.
6. Terms, provisions, conditions and limitations contained in the Declaration of Easements, Covenants and Restrictions for Palwaukee Business Center made by Northwest National Bank of Chicago, as Trustee under Trust Agreement dated January 18, 1984 and known as Trust No. 10 072560-5, recorded August 11, 1986 as Document No. 86408080.
7. Possible easement or license rights for electrical conduit as disclosed by Survey prepared by James D. Dietz dated October 14, 1997.

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