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MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (the "Mortgage"), is made as of this 15th day of January, 1997 from HORIZON FARMS, INC., an Illinois corporation, having an office located at 7444 West Wilson Avenue, Chicago, Illinois 60656 ("Mortgagor"), to WILLIAM J. MCGINLEY ("Mortgagee").

DEPT-01 RECORDING	\$69.00
TRAN 3851 01/27/97 14:31:00	
45282 : C.G. # 97-053956	
COOK COUNTY RECORDER	
DEPT-10 PENALTY	\$66.00

WITNESSETH:

WHEREAS, Mortgagor has executed and delivered a Promissory Note (said Promissory Note, together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof, or which may evidence any of the indebtedness secured hereby, is hereinafter referred to as the "Note"), dated as of the date hereof, in the original principal amount of \$2,275,000.00, to Mortgagee; and

WHEREAS, in and by which Note Mortgagor promises to pay said principal sum (or so much thereof as may be outstanding at the maturity thereof) together with interest on the balance of principal from time to time outstanding and unpaid thereon at the rates and at the times specified in the Note, final payment of which shall be due on the Maturity Date (as defined in the Note).

NOW, THEREFORE, to secure (a) the payment when and as due and payable of the principal of and interest on the Note or so much thereof as may be advanced from time to time, (b) the payment of all other indebtedness which this Mortgage by its terms secures, including, without limitation, all sums expended or advanced by Mortgagee pursuant to any term or provision of the Note or this Mortgage, and (c) the performance and observance of the covenants, conditions and agreements contained in this Mortgage and the Note and any other instrument or document securing the Note (all of such indebtedness, obligations and liabilities identified in (a), (b) and (c) above being hereinafter referred to as the "indebtedness hereby secured"), Mortgagor does hereby GRANT, BARGAIN, SELL, CONVEY, MORTGAGE and ASSIGN unto Mortgagee, its successors and assigns, all of Mortgagor's right, title, estate and interest and a security interest in and to all the properties, rights, interests and privileges described in Granting Clauses I, II, III, IV, V and VI below, all of same being collectively referred to herein as the "Premises." The documents described in (c) above other than the Note are referred to herein as the "Security Documents":

GRANTING CLAUSE I

That certain real estate lying and being in the County of Cook, State of Illinois (the "Real Estate"), and more particularly described in Exhibit A attached hereto and made a part hereof.

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BOX 333-CTI

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GRANTING CLAUSE II

All buildings and improvements of every kind and description heretofore or hereafter erected or placed on the Real Estate and all materials owned by Mortgagor and intended for construction, reconstruction, alteration and repair of the buildings and improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises immediately upon the delivery thereof to the Real Estate, and all signs, fixtures, machinery, apparatus, equipment, fittings and articles of personal property of every kind and nature whatsoever owned by Mortgagor and now or hereafter attached to or contained in or used or useful in connection with the Real Estate and the buildings and improvements now or hereafter located thereon and the operation, maintenance and protection thereof (but excluding any of such items or any of the following items as are owned by tenants of the Real Estate), including, but not limited to, all signs, machinery, motors, fittings, radiators, awnings, shades, screens, all gas, coal, steam, electric, oil and other heating, cooking, power and lighting apparatus and fixtures, all fire prevention and extinguishing equipment and apparatus and fixtures, all cooling, refrigerating, air conditioning and ventilating apparatus and systems, all plumbing, incinerating, sprinkler equipment and fixtures, all elevators and escalators, all communication and electronic monitoring equipment, all window and structural cleaning rigs and all other machinery, engines, motors, tanks, pumps and other equipment of every nature and fixtures and appurtenances thereto, all cabinets, partitions, conduits, ducts, compressors, shelving, displays and all items of furniture, appliances, draperies, carpets, other furnishings, equipment and personal property used or useful in the operation, maintenance and protection of the Real Estate and the buildings and improvements now or hereafter located thereon and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to said buildings or improvements in any manner (all of the foregoing property described in this Granting Clause II is hereinafter referred to as the "Property"); it being mutually agreed, intended and declared that all the Property shall, so far as permitted by law, be deemed to form a part and parcel of the Real Estate and for the purpose of this Mortgage to be real estate and covered by this Mortgage; and as to the balance of the Property, this Mortgage is hereby deemed to be as well a Security Agreement and as a financing statement filed as a fixture filing under the provisions of the Uniform Commercial Code for the purpose of creating hereby a security interest in the Property, which is hereby granted by Mortgagor as debtor to Mortgagee as secured party, securing the indebtedness hereby secured. The addresses of Mortgagor (debtor) and Mortgagee (secured party) appear in Section 29 hereof.

GRANTING CLAUSE III

All right, title and interest of Mortgagor now owned or hereafter acquired in and to all and singular the estates, tenements, hereditaments, privileges, easements, licenses, franchises, appurtenances and royalties, mineral, oil and water rights belonging or in any way appertaining to the Real Estate and the Property and the reversions, rents, issues, revenues and profits thereof, including all interest of Mortgagor in all rents, issues and profits of the Real Estate and the Property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including all deposits of money as advanced rent or for security) under any and all leases and renewals thereof or under any contracts or options for the sale of all or any

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part of the Real Estate and the Property (including during any period allowed by law for the redemption of the Real Estate and the Property after any foreclosure or other sale), together with the right, but not the obligation, to collect, receive and receipt for all such rents and other sums and apply them to the indebtedness hereby secured and to demand, sue for and recover the same when due or payable; provided that the assignments made hereby shall not impair or diminish the obligations of Mortgagor under the provisions of such leases or other agreements nor shall such obligations be imposed upon Mortgagee. By acceptance of this Mortgage, Mortgagee agrees, that until an Event of Default (as hereinafter defined) shall occur giving Mortgagee the right to foreclose this Mortgage, Mortgagor may collect, receive (but not more than 30 days in advance) and enjoy such rents. The items described in Granting Clause III are given as an equal and primary fund with the balance of the Premises for securing the indebtedness hereby secured.

GRANTING CLAUSE IV

Except as otherwise set forth herein, all judgments, awards of damages, settlements and other compensation hereafter made resulting from condemnation proceedings or the taking of the Real Estate or the Property or any part thereof or any building or other improvements now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including severance and consequential damage, and any award for change of grade of streets (collectively, "Condemnation Awards").

GRANTING CLAUSE V

All property and rights, if any, which are by the express provisions of this instrument required to be subjected to the lien hereof and any additional property and rights that may from time to time hereafter by installation or writing of any kind, be subjected to the lien hereof.

GRANTING CLAUSE VI

All rights in and to common areas and access roads on adjacent properties heretofore or hereafter granted to Mortgagor and any after-acquired title or reversion in and to the beds of any ways, roads, streets, avenues and alleys adjoining the Real Estate or any part thereof.

TO HAVE AND TO HOLD the Premises and the properties, rights and privilege hereby granted, bargained, sold, conveyed, mortgaged, pledged and assigned, and in which a security interest is granted, unto Mortgagee, its successors and assigns, forever; provided, however, that this instrument is granted upon the express condition that if the principal of and interest on the Note shall be paid in full and all other indebtedness hereby secured shall be fully paid and performed, then this instrument and the estate and rights hereby granted shall cease, determine

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and be void and this instrument shall be released by Mortgagee upon the written request and at the expense of Mortgagor, otherwise to remain in full force and effect.

Mortgagor hereby covenants and agrees with Mortgagee as follows:

1. Covenants of Mortgagor. Mortgagor agrees:

(a) to pay all indebtedness hereby secured as the same from time to time becomes due without demand, counterclaim, offset, deduction or defense and Mortgagor agrees that if remittance be made in payment of principal or interest or otherwise either by check or draft, it shall be subject to the condition that such check or draft may be handled for collection in accordance with the practice of the collecting bank or banks, and that any receipt issued therefor shall be void unless the amount due is actually received by Mortgagee;

(b) to keep the Premises in good repair and commit no waste on the Premises and to do nothing and to permit nothing to be done that may impair the value of the Premises or the security intended to be effected by this Mortgage;

(c) to pay promptly, when due, all taxes and assessments, levied or assessed upon the Premises, and, in no event, to permit the Premises, or any part thereof, to be sold or forfeited for nonpayment of such taxes or assessments;

(d) not to permit the lien of any mechanics or materialmen or any prior or coordinate lien of any kind to attach to or to remain against the Premises; provided, however, that Mortgagor may in good faith and with reasonable diligence contest the validity or amount of any lien and defer payment and discharge thereon during the pendency of such contest, if (i) such contest has the effect of preventing the sale or forfeiture of the Premises or any part thereof; and (ii) Mortgagor shall have obtained a title insurance endorsement over such lien insuring Mortgagee against loss or damage by reason of the existence of such liens or Mortgagor shall have deposited or caused to be deposited with Mortgagee a sum of money which shall be sufficient in the reasonable judgment of Mortgagee to pay in full such liens and all interest which might become due thereon; and

(e) to comply strictly with all of the laws, ordinances, and rulings of any municipal or other governmental department relating to the Premises.

In the event Mortgagor shall fail to keep and perform any of the foregoing covenants and agreements or the covenants and agreements under this Section or Section 3, then Mortgagee may, at its option, (A) pay any delinquent taxes or assessments or redeem the Premises from any tax sale or forfeiture or purchase any tax title obtained or that shall be obtained thereon; (B) pay or compromise any and all suits or claims for liens by mechanics or materialmen or any other suits or claims that may be made against the Premises, if Mortgagor shall have failed to contest and endorse over any such lien, suit or claim as provided above; (C) make repairs upon the Premises; or (D) pay insurance premiums on policies covering the Premises; and Mortgagor further covenants and agrees to repay forthwith, after demand, all moneys paid for any such

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purpose, all moneys advanced by Mortgagee to protect the lien of this Mortgage and any other moneys so advanced by Mortgagee, with interest thereon from the date of the payment at the rate per annum equal to the Default Rate (as defined in the Note), and all such moneys shall, if not otherwise repaid, become so much additional indebtedness secured by this Mortgage and be included in any decree foreclosing this Mortgage and be paid out of the rents, issues and profits of the Premises hereinbefore described, or out of the proceeds of sale of the Premises; and it shall not be obligatory upon Mortgagee to inquire into the validity of any such tax deed, taxes or assessments or of sale or of forfeitures therefor, or any claims of liens of mechanic or materialmen or other liens or claims affecting the Premises before advancing money in that behalf, as herein authorized, but nothing herein contained shall be construed as requiring Mortgagee to advance or expend any moneys for any purpose aforesaid nor shall any such payments or advancements be construed so as to cure any default or as a waiver of Mortgagee's remedies hereunder nor in any way limit or impair the right of Mortgagee to avail itself of such default by taking such action at law or in equity as it may deem necessary or advisable to enforce the security hereby given it. Mortgagee in making any payment authorized under this Section relating to taxes or 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.

2. Representation of Title and Further Assurances. Mortgagor will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this instrument and, without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the Granting Clauses hereof or intended so to be. Mortgagor represents and warrants to Mortgagee that Mortgagor is well seized of an indefeasible estate in fee simple in the Real Estate subject only to the matters set forth in Exhibit B attached hereto and hereby made a part hereof (the "Permitted Exceptions"), and Mortgagor has good right, full power and lawful authority to convey, mortgage and create a security interest in the Premises, in the manner and form aforesaid; except for the Permitted Exceptions, the Premises are free and clear of all liens, charges, easements, covenants, conditions, restrictions and encumbrances whatsoever, including as to the personal property and fixtures, security agreements, conditional sales contracts and anything of a similar nature, and Mortgagor shall and will forever defend the title to the Premises against the claims of all persons whomsoever.

3. Payment of Taxes. Mortgagor shall pay before any penalty attaches, all general taxes and all special taxes, special assessments, water, drainage and sewer charges and all other charges, of any kind whatsoever, ordinary or extraordinary, which may be levied, assessed, imposed or charged on or against the Premises or any part thereof and which, if unpaid, might by law become a lien or charge upon the Premises or any part thereof, and shall exhibit to Mortgagee official receipts evidencing such payments.

4. Payment of Taxes on Note, Mortgage or Interest of Mortgagee. Mortgagor agrees that if any tax, assessment or imposition upon this Mortgage or the indebtedness hereby secured or the Note or the interest of Mortgagee in the Premises or upon Mortgagee by reason of any

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of the foregoing (but excepting therefrom any income tax or interest payments on the indebtedness hereby secured imposed by the United States or any state) is levied, assessed or charged, then, unless all such impositions are paid by Mortgagor to, for or on behalf of Mortgagee on or before the date such impositions become due and payable (which Mortgagor agrees to do upon demand of Mortgagee, to the extent permitted by law), or Mortgagee is reimbursed for any such sum advanced by Mortgagee, all sums hereby secured shall become immediately due and payable, at the option of Mortgagee, upon fifteen (15) days written notice to Mortgagor, notwithstanding anything contained herein or in any law heretofore or hereafter enacted, including any provision thereof forbidding Mortgagor from making any such payment. Within fifteen (15) days after the due date of every installment of taxes, assessments or other damages hereafter accruing with respect to this Mortgage, the Note or the Premises, Mortgagor shall present to Mortgagee, a duplicate copy of the receipted tax bill showing the payment of such installment, or other evidence satisfactory to Mortgagee that the tax payment has been made.

5. Tax and Insurance Deposits. After an Event of Default (as hereinafter defined), Mortgagor covenants and agrees to deposit with Mortgagee, commencing on the date of Mortgagee's request and on the first day of each month thereafter until the indebtedness hereby secured is fully paid, a sum equal to (a) one-twelfth (1/12th) of the annual taxes and assessments (general and special) on the Premises (unless said taxes are based upon assessments which exclude the improvements thereof now constructed or to be constructed, in which event the amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed) and (b) one-twelfth (1/12th) of the annual premiums payable for the insurance required to be maintained in accordance with Section 8 hereof. Immediately following an Event of Default, Mortgagor shall deposit with Mortgagee an amount of money, when together with the aggregate of the monthly deposits to be made pursuant to (a) above as of one month prior to the date on which the total annual taxes and assessments for the current calendar year become due, shall be sufficient to pay in full the total annual taxes and assessments estimated by Mortgagee to become due and payable with respect to the Premises for the current calendar year, and an amount of money, when together with the aggregate deposits to be made pursuant to (b) above as of one month prior to the date on which the next annual insurance premium becomes due, shall be sufficient to pay in full the total annual insurance premium estimated by Mortgagee to next become due and payable with respect to the Premises. Such deposits are to be held without any allowance of interest and are to be used for the payment of taxes and assessments (general and special) and insurance premiums, respectively, on the Premises next due and payable when they become due. Mortgagee may, at its option, itself pay such taxes, assessments and insurance premiums when the same become due and payable (upon submission of appropriate bills therefor from Mortgagor) or shall release sufficient funds to Mortgagor for payment of such taxes, assessments and insurance premiums. If the funds so deposited are insufficient to pay any such taxes, assessments (general or special) and premiums for any year when the same shall become due and payable, Mortgagor shall within ten (10) days after receipt of demand therefor, deposit additional funds as may be necessary to pay such taxes, assessments (general and special) and premiums in full. If the funds so deposited exceed the amount required to pay such taxes, assessments (general and special) and premiums for any year, the excess shall be applied on a subsequent deposit or

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deposits. Said deposits need not be kept separate and apart from any other funds of Mortgagee and shall not bear interest. Anything in this Section 5 to the contrary notwithstanding, if the funds so deposited are insufficient to pay any such taxes, assessments (general or special) or premiums or any installment thereof, Mortgagor will, not later than the thirtieth (30th) day prior to the last day on which the same may be paid without penalty or interest, deposit with Mortgagee the full amount of any such deficiency.

6. Mortgagee's Interest In and Use of Deposits. If an Event of Default occurs, Mortgagee may, at its option, without being required so to do, apply any monies at the time on deposit pursuant to Section 5 hereof, on any of Mortgagor's obligations herein or in the Note contained, in such order and manner as Mortgagee may elect. When the indebtedness hereby secured has been fully paid, any remaining deposits shall be paid to Mortgagor. Such deposits are hereby pledged as additional security for the indebtedness hereby secured and shall be irrevocably applied by Mortgagee for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment of which they were deposited, accompanied by the bills for such taxes, assessments and insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party.

7. Recordation and Payment of Taxes and Expenses Incident Thereto. Mortgagor will cause this Mortgage, all mortgages supplemental hereto and any financing statement or other notices of a security interest required by Mortgagee at all times to be kept, recorded and filed at Mortgagor's expense in such manner and in such places as may be required by law for the recording and filing or for the re-recording and re-filing of a mortgage, security interest, assignment or other lien or charge upon the Premises, or any part thereof, in order fully to preserve and protect the rights of Mortgagee hereunder, and, without limiting the foregoing, Mortgagor will pay or reimburse Mortgagee for the payment of any and all taxes, fees or other charges incurred in connection with any such recordation or re-recordation, including any documentary stamp tax or tax imposed upon the privilege of having this instrument or any instrument issued pursuant hereto recorded.

8. Insurance.

(a) Mortgagor will, at its expense, maintain or cause to be maintained the following insurance with good and responsible insurance companies satisfactory to Mortgagee:

(i) All risk broad form insurance with standard noncontributory mortgage clauses providing that any loss is to be adjusted with, and any recovery payable to Mortgagee. All such policies shall be in such amounts, containing such coverages and insure against such risks as shall be reasonably satisfactory to Mortgagee.

(ii) Comprehensive general liability insurance, in form and amount satisfactory to Mortgagee, insuring Mortgagor, Mortgagee and such other persons as

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Mortgagee may designate, as their interests may appear, against any loss or damage for personal injury, death and property damage occasioned by an accident or casualty occurring in, upon or about the Premises or the sidewalks, alleys or other property adjacent thereto;

(iii) In the event that Mortgagor contracts with or employs any person or persons upon the Premises, worker's compensation insurance, insuring Mortgagor, Mortgagee and such other persons as Mortgagee may designate, as their interests may appear, against loss or damages resulting from any accident or casualty within the purview of applicable Worker's Compensation Laws;

(iv) Such other insurance against other insurance hazards that Mortgagee may require or which are commonly insured against in the case of similarly situated property.

(b) Policy Provisions. All insurance maintained by Mortgagor shall be maintained with good and responsible insurance companies acceptable to Mortgagee, shall provide that no cancellation thereof shall be effective until at least thirty (30) days after receipt by Mortgagee of written notice thereof, shall provide that losses are payable notwithstanding any acts or omissions of Mortgagor or its beneficiary, shall contain no deductible provisions and shall be satisfactory to Mortgagee in all other respects.

(c) Renewal Policies. Mortgagor will deliver to Mortgagee the original of any policy or a certificate of insurance for all insurance required under the provisions of this Section 8 (or if coverage is provided under a master policy, a photocopy of such policy and an assigned certificate of insurance) and will cause renewal policies or certificates to be delivered to Mortgagee at least thirty (30) days prior to the expiration of any such policies.

9. Damage to and Destruction of the Improvements

(a) Notice. In the case of any damage to or destruction of any improvements which are constructed on the Premises or any part thereof, Mortgagor shall promptly give notice thereof to Mortgagee generally describing the nature and extent of such damage or destruction.

(b) Restoration. Upon the occurrence of any damage to or destruction of any improvements on the Premises, Mortgagor shall cause same to be restored, replaced or rebuilt as nearly as possible to their value, condition and character immediately prior to such damage or destruction. Such restoration, replacement or rebuilding shall be effected promptly and Mortgagor shall notify Mortgagee if it appears that such restoration, replacement or rebuilding may unduly delay completion of such improvements. Any amounts required for repairs in excess of insurance proceeds shall be paid by Mortgagor and deposited with Mortgagee prior to the commencement of such repair.

(c) Application of Insurance Proceeds. Net insurance proceeds received by Mortgagee under the provisions of this Mortgage or any instrument supplemental hereto or

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thereto or any policy or policies of insurance covering any improvements on the Premises may, at Mortgagee's sole option, be retained and applied by Mortgagee, in whole or in part, to and in reduction of any indebtedness hereby secured (whether or not then due and payable) in such order as Mortgagee may determine, or may be disbursed for restoration of such improvements (in which event Mortgagee shall not be obligated to supervise restoration work nor shall the amount so released or used be deemed a payment of the indebtedness evidenced by the Note).

10. Eminent Domain.

(a) Notice. Mortgagor will give Mortgagee immediate written notice of the actual or threatened commencement of any proceedings by any governmental body for the purpose of taxing or otherwise affecting by condemnation, eminent domain or otherwise all or any part of the Premises or any improvements thereon, including any easement therein or appurtenance thereto or severance of any part thereof and consequential damage and change in grade of streets and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings.

(b) Assignment of Claim, Power of Attorney to Collect, Etc. Any and all awards heretofore or hereafter made or to be made to the present and all subsequent owners of the Premises by any governmental body for taking or affecting the whole or any part of the Premises, the improvements on the Premises or any easement therein or appurtenance thereto (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the award for payment thereof) are hereby assigned by Mortgagor to Mortgagee to the extent of the existing principal balance and other outstanding interest, fees and charges owed by Mortgagor to Mortgagee and Mortgagor hereby irrevocably constitutes and appoints Mortgagee its true and lawful attorney in fact with full power of substitution for Mortgagor and in Mortgagor's name, place and stead to collect and receive the proceeds of any such award granted by virtue of any such taking and to give proper receipts and acquittances therefor. Mortgagor shall have the right to participate in any proceedings which determine the award to be granted.

(c) Effect of Condemnation and Allocation of Award. If all or any portion of or interest in the Premises is taken by condemnation or eminent domain, either temporarily or permanently, Mortgagor shall promptly cause the Premises to be restored, rebuilt and repaired to a complete economic unit having equivalent value to the Premises as it existed prior to the taking. If the remaining portion of the Premises is not, in the judgment of Mortgagee, capable of being so restored to a complete economic unit having equivalent value to the Premises as it existed prior to the taking, then, at the option of Mortgagee, the entire indebtedness hereby secured shall immediately become due and payable. After deducting from such award for such taking, all of its expenses incurred in the collection and administration of such award, Mortgagee shall be entitled to apply the proceeds toward payment of such portion of the indebtedness hereby secured as it deems appropriate without affecting the lien of this Mortgage. In the event of any partial taking of the Premises or any interest in the Premises, which, in the judgment of Mortgagee leaves the Premises as a complete economic unit having equivalent value to the Premises as it existed prior to the taking, and provided no Event of Default has occurred and

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is then continuing, after deducting from such award for such taking, all of its expenses incurred in the collection and administration of such award, the award shall be applied to reimburse Mortgagor for the cost of restoration and rebuilding of the Premises in accordance with plans, specifications and the provision for disbursing net insurance proceeds described in Section 9 as if such balance of the award was net insurance proceeds.

11. Liens and Encumbrances. Mortgagor shall not, directly or indirectly, create or suffer to remain and shall discharge or promptly cause to be discharged any mortgage, lien, encumbrance or charge on, pledge or conditional sale with respect to the Premises or any part thereof, whether superior or subordinate to the lien hereof, except for this Mortgage and the lien of Security Documents executed to secure the indebtedness hereby secured; provided, however, that Mortgagor may contest the validity of any such lien, charge or encumbrance (other than the lien of this Mortgage or of any other document securing payment of the Note) upon giving Mortgagee timely notice of its intention to contest the same and either (a) making and thereafter either maintaining with Mortgagee a deposit of cash or negotiable securities satisfactory to Mortgagee in an amount sufficient in the opinion of Mortgagee to pay and discharge or to assure compliance with the matter under contest in the event of a final determination thereof adversely to Mortgagor, or (b) obtaining title insurance coverage over such lien on Mortgagee's title insurance policy. Mortgagor agrees to prosecute and contest such matters diligently and by appropriate legal proceedings which will prevent the enforcement of the matter under contest and will not impair the lien of this Mortgage or interfere with the normal conduct of business on the Premises. On final disposition of such contest, Mortgagor shall pay in full the amount of any judgment, court costs, and attorneys' fees and expenses, and any cash or securities in Mortgagee's possession not required to pay or discharge or assure compliance with the matter contested shall be returned to Mortgagor.

12. Environmental Laws.

(a) Environmental Representations. Mortgagor represents and warrants to Mortgagee that Mortgagor has inspected the Premises, or caused the Premises to be inspected, and the Premises are free from any and all Toxic Substances (as hereinafter defined). Mortgagor further represents and warrants: that the Premises are in compliance with all Environmental Laws (as hereinafter defined); that there are no conditions existing currently or likely to exist during the term of the Note which would subject Mortgagor to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws or assertions thereof, or which require or are likely to require cleanup, removal, remedial action or other response pursuant to Environmental Laws by Mortgagor; that Mortgagor is not a party to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against Mortgagor, which asserts or alleges Mortgagor has violated or is violating Environmental Laws or that Mortgagor is required to clean up, remove or take remedial or other responsive action due to the disposal, depositing, discharge, leaking or other release of any Toxic Substances; that neither the Premises nor Mortgagor is subject to any judgment, decree, order or citation related to or arising out of Environmental Laws and has not been named or listed as a potentially responsible party by any governmental body or agency in a matter arising under any Environmental Laws; that no permits, licenses or approvals are required under Environmental

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Laws relative to the Premises; and that there are not now, nor to Mortgagor's knowledge after diligent investigation have there ever been, Toxic Substances stored, deposited, treated, recycled or disposed of on, under or at the Premises (or tanks or other facilities thereon containing such Toxic Substances).

(b) Environmental Indemnity. Mortgagor shall indemnify, defend and hold Mortgagee harmless from and against any and all costs, liabilities, damages, suits, actions or expenses of any kind or nature, including, without limitation, attorneys' fees and costs and administrative penalties and fines, arising from or related to any Toxic Substances located on, under or in the Premises or arising from or related to any and all Claims (as hereinafter defined) that are asserted against or incurred by Mortgagee as a result of any violation of any Environmental Laws, whether such violation is by Mortgagor or any other occupant of the Premises, or in connection with any Toxic Substances located on, under, in or about the Premises. Mortgagor covenants and agrees that Mortgagee shall not be liable for any Claims, whether brought against or by Mortgagor, or against Mortgagee or any other party and whether brought by any governmental agency or private party. Mortgagor represents, warrants and covenants with Mortgagee that Mortgagor shall at all times during the term of the Note comply with all Environmental Laws.

(c) Environmental Covenants. Mortgagor covenants and agrees to provide to Mortgagee, immediately upon receipt, copies of any correspondence, notice, pleadings, citation, indictment, complaint, order, decree, or other document from any source asserting or alleging a circumstance or condition which requires or may require a financial contribution by Mortgagor or a cleanup, removal, remedial action, or other response by or on the part of Mortgagor under Environmental Laws or which seeks damages or civil, criminal or punitive penalties from Mortgagor for an alleged violation of Environmental Laws; and to advise Mortgagee in writing as soon as Mortgagor becomes aware of any condition or circumstance which makes the environmental warranties contained in this Mortgage incomplete or inaccurate. In the event of any such circumstance, Mortgagor agrees, at its expense and at the request of Mortgagee to permit an environmental audit solely for the benefit of Mortgagee, to be conducted by Mortgagee or an independent agent selected by Mortgagee and which may not be relied upon by Mortgagor for any purpose. This provision shall not relieve Mortgagor from conducting its own environmental audits or taking any other steps necessary to comply with Environmental Laws. If in the opinion of Mortgagee there exists any uncorrected violation by Mortgagor of an Environmental Law or any condition which requires, or may require, a cleanup, removal or other remedial action by Mortgagor under any Environmental Laws, and such a cleanup, removal or other remedial action is not completed within ninety (90) days from the date of written notice from Mortgagee to Mortgagor, the same shall at the option of Mortgagee constitute an Event of Default hereunder.

(d) Environmental Definitions. The term "Environmental Laws" means all laws, statutes, ordinances, regulations, guidelines and guidance documents now enacted or published by any federal, state or local governmental agency, or enacted or published at any time during the term of the Note or after the expiration of the term of the Note if such laws, statutes, ordinances, regulations, guidelines or guidance documents provide for retroactivity

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which incorporates any period during the term of the Note. The term "Environmental Laws" shall also include, without limitation, any laws, statutes, ordinances, regulations, guidelines or guidance documents published by or promulgated by any federal, state or local governmental agency that prescribes methods for disposal, transport, abatement and/or remediation of Toxic Substances, as well as methods for construction, renovation, demolition and/or building design which may impact upon, disturb or in any way release or disseminate Toxic Substances in, on or about the Premises or any improvement thereon. The term "Environmental Laws" shall also include, without limitation, any laws, statutes, ordinances, regulations, guidelines or guidance documents published by or promulgated by any federal, state or local governmental agency designed to ban, prevent or minimize exposure to Toxic Substances.

The term "Toxic Substances" means asbestos, asbestos containing materials, polychlorinated biphenyls ("PCBs"), petroleum products and by-products, urea formaldehyde foam insulation, pollutants, and any other hazardous, special or toxic materials, wastes and substances which are defined, determined or identified as such in any Environmental Laws (whether now existing or hereafter enacted or promulgated) including, without limitation, the Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. § 1802 *et seq.*), the Safe Drinking Water Act (42 U.S.C. § 3000(f) *et seq.*), the Toxic Substances Control Act, as amended (15 U.S.C. § 2601 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Clean Water Act (33 U.S.C. § 446 *et seq.*), the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. § 9601 *et seq.*), or in any other law, statute, regulation, rule or ordinance of the United States or the State of Illinois and any other governmental entity with jurisdiction over the Premises or any part thereof, concerning such hazardous, special or toxic materials, wastes or substances or any judicial or administrative interpretation of such laws, rules or regulations.

The term "Claim" shall include, without limitation, any demand, cause of action, proceeding, or suit for damages (actual or punitive), injuries to persons or property, damages to natural resources, fines, penalties, interest, losses, or the costs of site investigations, feasibility studies, information requests, health assessments, contribution, settlement, actions to correct, remove, remedies, respond to, clean up, prevent, mitigate, monitor, evaluate, assess, or abate the release of a Hazardous Substance, or enforcing insurance, contribution, or indemnification agreements, whether brought by a governmental agency or a private party.

13. No Mechanics' Liens. Mortgagor will not do or permit to be done any act or thing, and no person shall have any right or power to do any act or thing, whereby any mechanics' or other construction lien under the laws of the State where the Premises are located can arise against or attach to the Premises or any part thereof, including without limitation, any and all rights that a property manager of the Premises, its subcontractors, successors and assigns and all parties claiming by, through or under said property manager may have now or hereafter to a mechanic's lien. Any management agreement for the Premises or any other agreement affecting the Premises now or hereafter in existence ("management agreement"), which may entitle a property manager, its subcontractors, successors and assigns and all parties claiming by, through or under said property manager ("property manager"), to a mechanics' lien, is and

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shall be subject and subordinate to this Mortgage, and to all renewals, modifications, consolidations, replacements and extensions thereof. In confirmation of such subordination of any existing management agreement to this Mortgage, Mortgagor shall promptly secure and deliver to Mortgagee any certificate or instrument evidencing such subordination that Mortgagee may request. Any renewal, modification, consolidation, replacement or extension of any existing management agreement after the date of this Mortgage, or any management agreement hereafter in existence, shall be in form and substance reasonably satisfactory to Mortgagee and shall include without limitation, a provision whereby the property manager subordinates any lien rights to the lien of this Mortgage. In addition, it is further expressly made a covenant and condition hereof that the lien of this Mortgage shall extend to any and all improvements and fixtures now or hereafter on the Premises, prior to any other lien thereon that may be claimed by any person, so that subsequently accruing claims for lien on the Premises shall be junior and subordinate to this Mortgage. All contractors, subcontractors, property managers, and other parties dealing with the Premises, or with any parties interested therein, are hereby required to take notice of the above provisions.

14. Right of Mortgagee to Perform Mortgagor's Covenants, Etc. If Mortgagor shall fail to make any payment or perform any act required to be made or performed hereunder, Mortgagee, without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Mortgagor, and may enter upon the Premises or any part thereof for such purpose and take all such action thereon as, in the reasonable opinion of Mortgagee, may be necessary or appropriate therefor. All sums so paid by Mortgagee and all costs and expenses (including without limitation reasonable attorneys' fees and expenses) so incurred, together with interest thereon from the date of payment or incurrence at the Default Rate, shall constitute so much additional indebtedness hereby secured and shall be paid by Mortgagor to Mortgagee on demand.

15. After-Acquired Property. Any and all property hereafter acquired which is of the kind or nature described in the Granting Clauses and related to the Premises, or intended to be and become subject to the lien hereof, shall, without any further conveyance, assignment or act on the part of Mortgagor, become and be subject to the lien of this Mortgage as fully and completely as though specifically described herein; but nevertheless Mortgagor shall from time to time, if requested by Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Mortgage all such property.

16. Inspection by Mortgagee. Mortgagee and its agents shall have access to and the right to inspect the Premises upon notice to Mortgagor at all reasonable times, and access thereto shall be permitted for that purpose.

17. Subrogation. Mortgagor acknowledges and agrees that Mortgagee shall be subrogated to any lien discharged out of the proceeds under the Note or out of any advance by Mortgagee hereunder, irrespective of whether or not any such lien may have been released of record.

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18. Transfer of the Premises.

(a) Without Mortgagee's prior written consent, which consent may be withheld for any reason in Mortgagee's sole discretion, Mortgagor shall not permit or suffer to occur any sale, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of, or the granting of any option or security interest in, or any contract for any of the foregoing (each of the foregoing shall be referred to as "Prohibited Transfer") pertaining to:

- (i) the Premises, any part thereof, or any interest therein;
- (ii) a beneficial interest in any trust holding legal title to the Premises, or any other interest therein; or
- (iii) any stock of Mortgagor.

Mortgagor agrees that in the event the ownership of the Premises, any interest therein or any part thereof becomes vested in a person other than Mortgagor or any Prohibited Transfer occurs, Mortgagee may, without notice to Mortgagor, deal in any way with such successor or successors in interest with reference to this Mortgage, the Note, and any other document evidencing the indebtedness secured hereby, without in any way vitiating or discharging Mortgagor's liability hereunder or under any other document evidencing the indebtedness secured hereby. No sale of the Premises, forbearance to any person with respect to this Mortgage, or extension to any person of the time for payment of the Note given by Mortgagee shall operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part, except to the extent specifically agreed in writing by Mortgagee. Without limitation of the foregoing, in any event in which the written consent of Mortgagee is required in this Section 18, Mortgagee may condition its consent upon any combination of (A) the payment of compensation to be determined by Mortgagee, (B) the increase of the interest rate payable under the Note, (C) the shortening of maturity of the Note, and (D) other modifications of the terms of the Note or the other instruments evidencing the indebtedness secured hereby.

(b) Without limitation of the foregoing, (i) in any event in which Mortgagee's consent is requested in accordance with the terms of this Section 20, Mortgagor shall pay all expenses incurred by Mortgagee, including reasonable attorneys' fees, in connection with the processing of such request, and (ii) the consent of Mortgagee to any transfer of the Premises shall not operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part.

19. Events of Default. Each of the following shall constitute an Event of Default hereunder:

- (a) Failure to pay when due (whether by lapse of time, acceleration, or otherwise) the principal of or interest on the Note or any other indebtedness hereby secured;
- (b) A Prohibited Transfer shall occur;

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- (c) Abandonment of the Premises by Mortgagor;
- (d) The occurrence of any default in the observance or performance of any other covenant, condition, agreement or provision of this Mortgage not described in subparagraphs 19(a), (b) or (c), which default is not cured within thirty (30) days after written notice thereof from Mortgagee to Mortgagor;
- (e) The occurrence of an Event of Default under the Note;
- (f) Any material representation or warranty made by Mortgagor herein or in the Note, or in any statement or certificate furnished pursuant hereto or thereto proves untrue in any material respect as of the date of the issuance or making thereof and is not cured or made true within thirty (30) days after written notice thereof to Mortgagor by Mortgagee;
- (g) Mortgagor becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for Mortgagor or for the major part of Mortgagor's property;
- (h) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or laws for the relief of debtors are instituted by or against Mortgagor and are not dismissed within thirty (30) days after such institution; or
- (i) Any judgment, writ or warrant of attachment or any similar process shall be entered or filed against Mortgagor or against any of its property or assets and remains unsatisfied, unvacated, unbounded or unstayed for a period of thirty (30) days.

20. **Remedies.** When any Event of Default has occurred and is continuing (regardless of the pendency of any proceeding which has or might have the effect of preventing Mortgagor from complying with the terms of this instrument) and in addition to such other rights as may be available under applicable law:

(a) **Acceleration.** Mortgagee may, by written notice to Mortgagor, declare the Note and all unpaid indebtedness of Mortgagor thereby secured, including interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without other notice or demand of any kind.

(b) **Uniform Commercial Code.** Mortgagee shall, with respect to any part of the Premises constituting property of the type in respect of which realization on a lien or security interest granted therein is governed by the Uniform Commercial Code, have all the rights, options and remedies of a secured party under the Uniform Commercial Code of the State in which the Premises are located, including without limitation, the right to the possession of any such property or any part thereof, and the right to enter without legal process any premises where any such property may be found. Any requirement of said Code for reasonable

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notification shall be met by mailing written notice to Mortgagor at its address set forth herein at least ten (10) days prior to the sale or other event for which such notice is required. The expenses of retaking, selling and otherwise disposing of said property, including reasonable attorneys' fees and legal expenses incurred in connection therewith, shall constitute so much additional indebtedness hereby secured and shall be payable upon demand with interest at the Default Rate.

(c) Foreclosure. Mortgagee may proceed to protect and enforce the rights of Mortgagee hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law, or (ii) by the foreclosure of this Mortgage. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness hereby secured in the decree of sale, all expenditures and expenses authorized by mortgage foreclosure law in the State of Illinois (the "Foreclosure Law") and all other expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree the true conditions of the title to or the value of the Premises. All expenditures and expenses of the nature mentioned in this section, and such other expenses and fees as may be incurred in the protection of the Premises and rents and income therefrom and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Note or the Premises, including bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional indebtedness hereby secured and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate until paid.

(d) Appointment of Receiver. In any foreclosure proceeding, the court shall, upon application, at once, and without notice to Mortgagor, or any party claiming under Mortgagor, and without giving bond on such application (such notice and bond being hereby expressly waived) and also without reference to the then value of the Premises, to the use of the Premises as a homestead, or to the solvency or insolvency of any person liable for any said indebtedness, appoint a receiver for the benefit of the legal holder of the indebtedness secured hereby, to take possession of the Premises, with power to collect rents, issues and profits of the Premises, then due or to become due, during the pendency of such foreclosure suit, and until the time to redeem the same shall expire (such rents, issues and profits being hereby expressly assigned and pledged as additional security for the payment of the indebtedness secured by this Mortgage).

(e) Taking Possession, Collecting Rents, Etc. Upon demand by Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee may enter and take possession of the

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Premises or any part thereof personally, by its agent or attorneys or be placed in possession or appointed as receiver, and Mortgagee, in its discretion, personally, by its agents or attorneys or pursuant to court order as mortgagee in possession or as receiver may 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 Mortgagor relating thereto, and may exclude Mortgagor and any agents and servants thereof wholly therefrom and may, on behalf of Mortgagor, or in its own name as Mortgagee and under the powers herein granted:

(i) enter upon the Premises and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Premises, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(ii) cancel or terminate any lease or sublease of all or part of the Premises for any cause or on any ground that would entitle Mortgagor to cancel the same;

(iii) extend or modify any then existing leases and make new leases of all or any part of the Premises, which extensions, modifications, and new leases may provide for terms to expire, or for options for tenant to extend or renew terms to expire, beyond the maturity date of the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the Premises are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness hereby secured, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;

(iv) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Premises as may seem judicious to Mortgagee, to insure and reinsure the Premises and all risks incidental to Mortgagee's possession, operation and management thereof, and to receive all rents, issues, deposits, profits, and avails therefrom; and

(v) apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Premises, to the payment of taxes, premiums and other charges applicable to the Premises, or in reduction of the indebtedness hereby secured in such order and manner as Mortgagee shall select.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Premises. The right to enter and take possession of the Premises and use any personal property therein, to manage, operate, conserve and improve the same, and to collect the rents, issues and profits thereof, shall be in addition

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to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Mortgagor hereby further expressly releases and waives any and all damages and claims or damages occasioned by such expulsion, except as result from the wrongful act or omission of Mortgagee, its agents or contractors. The expenses (including any receiver's fee, attorneys' fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby which expenses Mortgagor agrees to pay upon demand together with interest at the Default Rate. Mortgagee shall not be liable to account to Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by Mortgagee. Without taking possession of the Premises, Mortgagee may, in the event the Premises become vacant or are abandoned, take such steps as it deems appropriate to protect and secure the Premises (including hiring watchmen therefor) and all costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Rate.

21. Remedies for Leases and Rents. If any Event of Default shall occur, then, whether before or after institution of legal proceedings to foreclose the lien of this Mortgage or before or after the sale thereunder, Mortgagee shall be entitled, in its discretion, to do all or any of the following: (a) enter and take actual possession of the Premises, the rents, the leases and any other collateral relating thereto or any part thereof personally, or by its agents or attorneys, and exclude Mortgagor therefrom; (b) with or without process of law, enter upon and take and maintain possession of all of the documents, books, records, papers and accounts of Mortgagor relating to the Premises, the rents, the leases and any other collateral relating thereto; (c) as attorney-in-fact or agent of Mortgagor, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the Premises, the rents, the leases and any other collateral relating thereto and conduct the business, if any, thereof either personally or by its agents, contractors or nominees, 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 of the rents, the leases and any other collateral relating thereto (including actions for the recovery of rent, actions in forcible detainer and actions in distress of rent); (d) cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (e) elect to disaffirm any lease or sublease made subsequent hereto or subordinated to the lien hereof; (f) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements to the Premises that, in its discretion, may seem appropriate; (g) insure and reinsure the Premises for all risks incidental to Mortgagee's possession, operation and management thereof; and (h) receive all such rents and proceeds, and perform such other acts in connection with the management and operation of the Premises, as Mortgagee in its discretion may deem proper, hereby granting Mortgagee full power and authority to exercise each and every one of the rights, privileges and powers contained herein at any and all times after any Event of Default without notice to Mortgagor or any other person. Mortgagee, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the rents to the payment of or on account of the following, in such order as it may determine: (i) to the payment of the operating expenses of the Premises, including the cost of management and leasing thereof (which shall include reasonable compensation to Mortgagee and its agents or contractors, if management be delegated to agents or contractors, and it shall also include lease commissions and other

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compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized; (ii) to the payment of taxes, charges and special assessments, the costs of all repairs, decorating, renewals, improvements of the Premises, including without limitation the cost from time to time of installing, replacing or repairing the Premises, and of placing the Premises in such condition as will, in the judgment of Mortgagee, make it readily rentable; and (iii) to the payment of any of the indebtedness secured hereby and any costs or expenses incurred by Mortgagee hereunder. The entering upon and taking possession of the Premises, or any part thereof, and the collection of any rents and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Premises or any part thereof by Mortgagee or a receiver, and the collection, receipt and application of the rents, Mortgagee shall be entitled to exercise every right provided for in this Mortgage or by law or in equity upon or after the occurrence of an Event of Default. Any of the actions referred to in this Section may be taken by Mortgagee irrespective of whether any notice of default has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

22. Waiver of Right to Keep From Sale - Waiver of Appraisal, Valuation, Etc. Mortgagee shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagee for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Premises may be sold in one parcel as an entirety or in separate lots or parcels at the same or different times, all as Mortgagee may determine. Mortgagee shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Mortgagee so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Mortgagee with the amount payable to Mortgagee out of the net proceeds of such sale. In the event of any such sale, the Note and the other indebtedness hereby secured, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. To the fullest extent permitted by law, Mortgagee hereby voluntarily and knowingly waives its rights of reinstatement and redemption, on behalf of Mortgagee, and each and every person acquiring any interest in, or title to the Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by applicable law.

23. Costs and Expenses of Foreclosure. All fees and expenses allowable pursuant to the provisions hereof shall be additional indebtedness secured hereby and shall be a charge upon the Premises and shall constitute a lien thereon prior and paramount to the Note and interest secured hereby, and whenever possible shall be provided for in any judgment or decree entered in any such proceedings. There shall be included in any decree foreclosing the lien of this Mortgage and be paid out of the rents or proceeds of any sale made in pursuance of any such

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decree in the following order: (a) all costs of such suit or suits, advertising, sale and conveyance, attorneys' fees of attorneys for Mortgagee, stenographers' fees, outlays for documentary evidence and costs of abstract and examination of title, title opinions and title guaranty policies; (b) all moneys advanced by Mortgagee for any purpose authorized in the Mortgage, with interest on such advances at the Default Rate; (c) all the accrued interest remaining unpaid on the indebtedness hereby secured; and (d) all of the principal under the Note at such times remaining unpaid. The overplus of the proceeds of the sale, if any, shall then be paid to Mortgagor or the party legally entitled thereto, as the case may be. In case, after legal proceedings are instituted to foreclose the lien of this Mortgage, tender is made of the entire indebtedness due hereunder, Mortgagee shall be entitled to reimbursement for expenses incurred in connection with such legal proceedings, including such expenditures as are enumerated above, and such expenses shall be so much additional indebtedness secured by this Mortgage, and no such suit or proceedings shall be dismissed or otherwise disposed of until such fees, expenses and charges shall have been paid in full.

Mortgagor agrees to pay all costs, expenses and attorneys' fees incurred by Mortgagee in collecting the debt secured hereby whether by foreclosure, suit or otherwise, in protecting or sustaining the lien of this Mortgage or in any litigation or controversy arising from or in connection with the Note or this Mortgage, together with interest thereon, from the date of payment at the Default Rate and Mortgagor agrees that any such sums and the interest thereon shall be a lien on the Premises and shall be secured by this Mortgage.

24. Application of Proceeds. The proceeds of any foreclosure sale of the Premises or of any sale of property pursuant to Section 20(b) hereof shall be distributed in the following order of priority: First, on account of all costs and expenses incident to the foreclosure or other proceedings including all such items as are mentioned in Sections 20(c) and 23 hereof; Second, to all other items which under the terms hereof constitute indebtedness hereby secured other than that evidenced by the Note with interest thereon as herein provided; Third, to all interest on the Note; Fourth, to all principal on the Note with any overplus to whomsoever shall be lawfully entitled to same.

25. Mortgagee's Remedies Cumulative - No Waiver. No remedy or right of Mortgagee shall be exclusive of but shall be cumulative and in addition to every other remedy or right now or hereafter existing at law or in equity or by statute. No delay in the exercise or omission to exercise any remedy or right accruing on any default shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Mortgagee.

26. Mortgagee Party to Suits. If Mortgagee shall be made a party to or shall intervene in any action or proceeding affecting the Premises or the title thereto or the interest of Mortgagee under this Mortgage (including probate and bankruptcy proceedings), or if Mortgagee employs an attorney to collect any or all of the indebtedness hereby secured or to enforce any of the terms hereof or realize hereupon or to protect the lien hereof, or if Mortgagee

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shall incur any costs or expenses in preparation for the commencement of any foreclosure proceeding or for the defense of any threatened suit or proceeding which might affect the Premises or the security hereof, whether or not any such foreclosure or other suit or proceeding shall be actually commenced, then in any such case, Mortgagor agrees to pay to Mortgagee, immediately and without demand, all costs, charges, expenses and attorneys' fees incurred by Mortgagee in any such case, and the same shall constitute so much additional indebtedness hereby secured payable upon demand with interest at the Default Rate.

27. Modifications Not To Affect Lien. Any part of the security hereof described may be released by Mortgagee without affecting the lien hereof on the remainder. The liability of Mortgagor on the Note shall continue in its original force and effect until the Note and interest thereon are paid in full; Mortgagee may, by written and signed agreement with the then record owner of the Premises, or with the heirs, executors, administrators, devisees, successors or assigns of such record owner, or with any one or more persons liable, whether primarily or secondarily, for the payment of any indebtedness hereby secured, without notice to any other of said persons, extend the time of payment of said indebtedness hereby secured, or any part hereof, without thereby modifying or affecting the lien of this Mortgage or releasing any such person from any liability for such indebtedness hereby secured, and this Mortgage shall be security for all additional interest under such extension agreement; and the granting of any extension or extensions of time of payment of the Note or interest thereon either to the maker thereof or to any other person, or the releasing of a portion of the security hereof, or taking other or additional security for the payment of said indebtedness hereby secured, or waiver of or failure to exercise any right to mature or to enforce the entire indebtedness hereby secured under any covenant or stipulation herein contained, or extending the time of payment of any other indebtedness or liability secured hereby, shall not in any way affect this Mortgage or the rights of Mortgagee hereunder, or operate as a release from any liability upon the Note or said indebtedness hereby secured under any covenant or stipulation herein contained.

28. No Liability on Mortgagee. Notwithstanding anything contained herein, Mortgagee shall not be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, whether hereunder, under any of the third party agreements or otherwise, and Mortgagor shall and does hereby agree to indemnify against and hold Mortgagee harmless of and from: any and all liabilities, losses or damages which Mortgagee may incur or pay under or with respect to any of the collateral secured hereby or under or by reason of its exercise of rights hereunder; and 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 any of the collateral secured hereby or in any of the contracts, documents or instruments evidencing or creating any of the collateral secured hereby. Mortgagee shall not have responsibility for the control, care, management or repair of the Premises or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss, injury or death to any tenant, licensee, employee, stranger or other person. No liability shall be enforced or asserted against Mortgagee in its exercise of the powers herein granted to it, and Mortgagor expressly waives and releases any such liability. Should Mortgagee incur any such liability, loss or damage under any of the leases or under or

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by reason hereof, or in the defense of any claims or demands, Mortgagor agrees to reimburse Mortgagee immediately upon demand for the full amount thereof, including costs, expenses and attorneys' fees.

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

If to Mortgagor: Horizon Farms, Inc.
7444 West Wilson Avenue
Chicago, Illinois 60656
Attention: William J. McGinley

If to Mortgagee: Mr. William J. McGinley
7444 West Wilson Avenue
Chicago, Illinois 60656

30. Partial Invalidation. All rights, powers and remedies provided herein are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Mortgage shall be held to be invalid or unenforceable, the validity and enforceability of the other terms of this Mortgage shall in no way be affected thereby.

31. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of Mortgagor, or by or on behalf of Mortgagee, shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

32. Time of Essence. It is specifically agreed that time is of the essence of this Mortgage. The waiver of any option, or any obligations secured hereby, shall not at any time thereafter be held to be abandonment of such rights. Notice of the exercise of any option granted to Mortgagee herein, or in the Note secured hereby, is not required to be given.

33. Maximum Obligations Secured. The parties hereto intend that, in addition to any other debt or obligation secured hereby, this Mortgage shall secure unpaid balances of loan advances made after this Mortgage is delivered to the County Recorder for recording and all accrued and unpaid interest under the Note. The maximum amount of unpaid loan indebtedness secured hereby, exclusive of interest and the advances described in the next sentence, shall be equal to \$4,550,000.00. In addition to any other debt or obligation secured hereby, this Mortgage shall also secure unpaid balances of advances made with respect to the Premises, for

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the payment of real property taxes, assessments, insurance premiums or costs incurred for the protection of the Premises.

34. Governing Law. This Mortgage shall be governed by and construed under the laws of the State of Illinois.

35. Assignment. This Mortgage and the Note secured hereby may be assigned by Mortgagee and his heirs, successors and assigns, including a pledge and collateral assignment to secure obligations of the holder of the Note; and Mortgagor shall execute and deliver such documents as may be requested in connection therewith acknowledging and consenting to any such assignment.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly signed, as of the day and year first above written.

HORIZON FARMS, INC.,
an Illinois corporation

By: 

Name: _____

Title: _____

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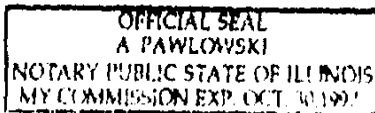
STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that W. J. AP'CONLEY, PRESIDENT of HORIZON FARMS, INC., an Illinois corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, as such _____, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the act and deed of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 11th day of January, 1997.

A. Pawlowski
Notary Public

My Commission expires:



This instrument was prepared by
and after recording should be returned to:

Dennis M. Wilson, P.C.
Keck, Mahin & Cate
77 W. Wacker Drive
41st Floor
Chicago, Illinois 60601-1593
(312) 634-7700

40065041

97058956

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EXHIBIT A

Parcel 1:

of the Southwest 1/4
The East 33 Rods and 17 Links of the Northeast 1/4 of Section 9, Township 42 North, Range 9, East of the Third Principal Meridian (except the West 30 Feet thereof) in Cook County, Illinois.

Parcel 2:

The Northwest 1/4 of the Southwest 1/4 of Section 10, Township 42 North, Range 9, East of the Third Principal Meridian, in Cook County, Illinois.

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