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CONSTRUCTION MORTGAGE AND SECURITY AGREEMENT

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THIS INDENTURE, herein referred to as "Mortgage," made as of October 30, 1996, by and between Heatherfield Venture, a joint venture consisting of Heatherfield Associates and Odesign III, Inc., hereinafter called "Mortgagor," and Illinois Tool Works Inc., a Delaware corporation, hereinafter called "Mortgagee,"

DEPT-01 RECORDING \$89.00
#42221 TRAN 4017 03/10/97 12:53:00
#0365 : KB * -97-161480
COOK COUNTY RECORDER

(For Recorder's Use Only)

WITNESSETH:

THAT, WHEREAS, Mortgagor has executed and delivered to Mortgagee a Construction Mortgage Note (the "Note") of even date herewith payable to the order of Mortgagee in the principal sum of Ninety Million and no/100 Dollars (\$90,000,000.00), bearing interest and payable as set forth in the Construction Mortgage Note, and due on December 31, 2000 (the "Maturity Date"), except as provided therein;

NOW, THEREFORE, Mortgagor to secure the payment of said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Mortgage, and of the Note secured hereby, and the performance of the covenants and agreements herein contained, by Mortgagor to be performed, and also in consideration of the sum of One Dollar (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, does by these presents, MORTGAGE, GRANT, REMISE, ALIEN, CONVEY and WARRANT unto Mortgagee, its successors and assigns, all that certain lot, piece or parcel of land (the "Property") lying and being in the Village of Glenview, County of Cook, and State of Illinois, bounded and described in Exhibit A attached hereto and hereby made a part of this Mortgage.

TOGETHER WITH all and singular the tenements, hereditaments, easements, riparian or other rights and appurtenances thereunto belonging or in anywise appertaining, and the rights of Mortgagor, if any, in all adjacent roads, ways, streams and alleys; and all of Mortgagor's rights in the reversion or reversions, remainder and remainders, rents, issues and profits thereof (which are pledged primarily and on a parity with said real estate and not secondarily); and also all the estate, right, title, interest, property, claim and demand whatsoever of Mortgagor, of, in and to the same and of, in and to every part and parcel thereof.

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TOGETHER WITH all right, title and interest of Mortgagor in and to all buildings, structures and other improvements now or hereafter erected, constructed or placed upon the above described Property including all building equipment and fixtures of every kind and nature (the "Improvements").

TOGETHER WITH all rents, issues and profits thereof under present or future leases, or otherwise, including, without limitation, all accounts receivable, book debts and other forms of obligation belonging or owing to Mortgagor, whether arising from goods sold or services rendered by Mortgagor, or from any other transaction, which are hereby specifically assigned, transferred and set over to Mortgagee.

TOGETHER WITH all leasehold estate, right, title and interest of Mortgagor in any ground lease(s) covering the above described Property or any portion thereof, now or hereafter existing or entered into, as well as to any after acquired fee.

TOGETHER WITH a lien and/or security interest hereby granted to Mortgagee in all machinery, apparatus, equipment, fittings, fixtures, whether actually or constructively attached to said property and including all grade, domestic and ornamental fixtures, and articles of personal property of every kind and nature whatsoever (hereinafter collectively called "Personal Property"), now or hereafter located on, upon or under said Property or any part thereof and used or usable in connection with any present or future operation of said Property, including but not limiting the generality of the foregoing, all heating, air conditioning, sprinklers, freezing, lighting, laundry, incinerating and dynamo and generating equipment; engines, pipes, pumps, tanks, motors, conduits; switchboards, plumbing and plumbing fixtures; lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating and communications apparatus; boilers, ranges, furnaces, oil burners or units thereof; appliances, air-cooling and air-conditioning apparatus; vacuum cleaning systems; elevators, escalators, shades, awnings, screens; storm doors and windows; stoves; wall beds; refrigerators; cooking apparatus and mechanical equipment; gas and electric fixtures; partitions; mantels; built-in mirrors; window shades, blinds; furniture in public spaces, halls and lobbies; attached cabinets; ducts and compressors; rugs and carpets; draperies, furniture and furnishings used in the operation of the Premises (hereinafter defined); together with all additions thereto and replacements thereof, including without limitation any and all property of similar type or kind, hereafter located on or at the Premises (Mortgagor hereby agreeing with respect to all additions and replacements, to execute and deliver from time to time such further instruments as may be requested by Mortgagee to confirm the conveyance, transfer and assignment of and granting of a security interest in any of the foregoing).

TOGETHER WITH any and all right, title and interest of Mortgagor to the proceeds of all insurance (including title insurance) in effect with respect to the Premises and to any and all awards or payments, including interest thereon, and the right to receive the same which may be made with respect to the Premises as a result of (a) the exercise of the right of eminent domain; (b) the alteration of the grade of any street; or (c) any other injury to, taking of, or decrease in the value of, the Premises to the extent of all amounts which may be secured by this Mortgage at the date of receipt of any such award or payment by Mortgagee, and of the reasonable counsel fees, costs and disbursements incurred by Mortgagee in connection with the collection of such

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proceeds, award or payment, and the rights of Mortgagor under present or future contracts involving the Premises.

TO HAVE AND HOLD the above described and granted property, all of which is collectively referred to herein as the "Premises" (whether now or hereafter acquired), unto Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

ARTICLE I.

THE OBLIGATION

1.1. The Indebtedness and Other Matters Secured by This Mortgage. This Mortgage and all rights, title, interests, liens, security interests, powers and privileges created hereby or arising by virtue hereof are given for the purpose of securing:

(a) Performance of the obligations, covenants, and agreements contained in the Note and any and all modifications, extensions, renewals or substitutions thereof;

(b) Payment of all other sums (including, without limitation, any advances made by Mortgagee for or on account of Mortgagor becoming due or payable under this Mortgage, or any other instrument given as security for the Note, (collectively, the "Collateral Loan Documents"), together with interest thereon at the maximum rate permitted by applicable law, or if there is no such maximum rate, then a rate of five percent (5%) above the face rate of interest provided for in the Note;

(c) Payment of such additional sums and interest thereon which may hereafter be loaned to Mortgagor, or its successors or assigns, by Mortgagee, when evidenced by a promissory note or notes reciting that they are secured by this Mortgage; and

(d) Performance of the obligations, covenants and agreements of Mortgagor contained in this Mortgage or in any of the Collateral Loan Documents heretofore or hereafter executed by Mortgagor having reference to or arising out of the indebtedness represented by the Note, or given as security for the Note.

ARTICLE II.

REPRESENTATIONS, COVENANTS, WARRANTIES AND AGREEMENTS OF MORTGAGOR

Mortgagor represents, covenants, warrants and agrees with Mortgagee as follows:

2.1. Title. Mortgagor has good and marketable fee simple title to the Property and the Improvements (and clear title to the Personal Property), and is lawfully seized and possessed of the same, and has the full power, authority and right to convey the same and to execute and deliver this Mortgage; the Premises are unencumbered except as may be herein expressly

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provided, and Mortgagor will forever warrant and defend the title to the Premises unto Mortgagee against the claims of all persons whomsoever.

2.2. Payment of Secured Obligations. Mortgagor will punctually pay, in lawful money of the United States, all sums due Mortgagee at the time and in the manner mentioned in the Note, this Mortgage, the Collateral Loan Documents, or any document evidencing a future advance or any other instrument evidencing and/or securing the indebtedness secured hereby.

2.3. Insurance Premiums and Taxes. Mortgagor will pay, when due and payable, all premiums on insurance policies required to be carried under the terms of this Mortgage as well as all taxes, assessments (general or special) and other charges levied on, or assessed, placed or made against the Premises, this Mortgage or the Note, or any interest of Mortgagee in the Premises or the obligations secured hereby, and promptly deliver to Mortgagee receipts showing payment in full of the same. Nothing in this Section shall require the payment or discharge of any obligation imposed upon Mortgagor hereunder, provided that Mortgagor is, in good faith and at its own cost and expense, contesting the amount or validity of same by appropriate legal proceedings, the operation of which prevent the collection or other realization thereof, including but not limited to the sale or foreclosure of the Premises or any part thereof to satisfy the same; provided that during such contest Mortgagor shall, in the reasonable judgment of Mortgagee, be required to provide security reasonably satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligations hereunder and any additional charge, penalty or expense arising from or incurred as a result of such contest; and provided further that, if at any time, payment of any obligation imposed by this Section shall become necessary to prevent the delivery of a tax deed conveying the Premises or any portion thereof due to nonpayment, then Mortgagor shall pay same in sufficient time to prevent the delivery of such a tax deed.

2.4. Insurance Coverages.

(a) Mortgagor shall keep the Improvements insured on a full restoration or replacement cost basis (with full replacement cost endorsement) in an amount equal to the full insurable replacement value of the Improvements for the benefit of Mortgagee and Mortgagor against all risks, including but not limited to loss or damage by fire, lightning, windstorm, hail, vandalism, explosion, riot, riot attending a strike, civil commotion, vehicles, smoke, water damage and collapse and (as, when and to the extent insurance against war risks is obtainable from the United States of America or any agency thereof) against war risks; and full contents coverage on the Personal Property as reasonably required by Mortgagee, all in amounts approved by Mortgagee;

(b) Mortgagor shall also acquire and maintain premises liability coverage in the amount required under the Construction Loan Agreement (as defined herein);

(c) Prior to the commencement of construction of any Improvements on the Property and until such Improvements are completed, Mortgagor shall acquire and maintain Builder's Risk Insurance on an "all risk" basis (including as a minimum, fire, extended coverage, vandalism, water damage and collapse), in an amount equal to the full insurable replacement value of the Improvements;

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(d) All insurance herein provided for shall be in form and content and be issued by carriers approved by Mortgagee in its reasonable judgment;

(e) To the extent necessary, Mortgagor shall also carry boiler and machinery insurance on all equipment and objects customarily covered by such insurance in an amount equal to the greater of (i) twenty-five percent (25%) of the full insurable replacement value of the Improvements, or (ii) \$1,000,000;

(f) Mortgagor shall also carry flood insurance in accordance with the provisions of the Flood Disaster Protection Act of 1973 (or any replacement or similar legislation) if the area in which the Premises are situated is designated as "flood prone," "a flood risk area," "within a flood plain" or similar designation so as to require flood insurance protection except that Mortgagor may, in lieu of such flood insurance, furnish Mortgagee with a certification, in form acceptable to Mortgagee from a surveyor approved by Mortgagee that the Property is not located inside any special flood hazard areas as shown on the published Flood Hazard Boundary Map or on the Flood Insurance Rate Map Zones A, AI-A30, AH, AO, A99, VI-V30, or M;

(g) Mortgagor will assign and deliver to Mortgagee all policies of insurance (or certification thereof) which insure against any loss or damage to the Premises, as collateral and further security for the payment of the monies secured by this Mortgage, with (i) a standard mortgagee clause in favor of Mortgagee, giving Mortgagee 30 days' written notice prior to cancellation or material modification of any of said policies, (ii) a replacement cost or restoration endorsement, (iii) a provision stating that the waiver of subrogation rights of the insured does not void the coverage, and (iv) an agreed amount endorsement;

(h) If Mortgagor defaults in so insuring the Premises or in so assigning and delivering the policies, Mortgagee may at its option after notice to Mortgagor (but without any obligation so to do) effect such insurance from year to year, and pay the premiums therefor, and Mortgagor will reimburse Mortgagee for any premiums so paid, from the time of payment, on demand, with interest at a rate of five percent (5%) above the face rate of the Note secured hereby, and the same shall be secured by this Mortgage;

(i) Mortgagee, upon receipt of any money for loss or damage pursuant to such insurance, may retain and apply such monies toward payment of the monies secured by this Mortgage, or pay such monies in whole or in part to Mortgagor for the repair or restoration of said Improvements or for the erection of new Improvements in their place, or for any other purpose or object satisfactory to Mortgagee, but Mortgagee shall not be obligated to see to the proper application of any amount paid over to Mortgagor;

(j) Not less than ten (10) days prior to the expiration dates of each policy required of Mortgagor pursuant to this Section, Mortgagor will deliver to Mortgagee a paid renewal or replacement policy;

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ARBITER

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(k) In the event of a foreclosure of this Mortgage or deed in lieu of foreclosure or other transfer of title to the Premises in extinguishment, in whole or in part, of the indebtedness secured hereby, all right, title and interest of Mortgagor in and to all policies of insurance on the Premises, including any right to unearned premiums, are hereby assigned to and shall inure to the benefit of Mortgagee or any purchaser of the Premises; and

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

2.5. Sale or Conveyance.

(a) Mortgagor agrees that Mortgagee's willingness to enter into the financial transaction represented by the Note and secured by this Mortgage was expressly based in part upon the consideration of the Mortgagor's covenants contained herein and in any agreement given in connection herewith, and upon the financial strength and ability of Mortgagor to develop, improve and operate or manage the business to be conducted upon the Premises. Mortgagor agrees that these considerations are material considerations in the transactions out of which this Mortgage arises. Therefore, if all or any part of the Premises, or any interest therein (except leasehold interests to tenant(s) of the Premises or partial releases of Lots pursuant to the terms of this Mortgage) or any interest in Mortgagor, including (if Mortgagor is a land trustee) any beneficial interest in Mortgagor, or any interest in the beneficiary of Mortgagor, or (if Mortgagor is not a land trustee) any interest in Mortgagor, is sold, conveyed, transferred, set over or assigned without Mortgagee's prior written consent, Mortgagee may, at Mortgagee's option, declare all of the sums secured by this Mortgage to be immediately due and payable, and Mortgagee may invoke any remedies permitted by this Mortgage.

(b) Without limitation on the rights and remedies of Mortgagee arising under this Mortgage, in the event that Mortgagor or any subsequent owner of the Premises or any part thereof shall at any time sell, convey or transfer or attempt to sell, convey or transfer the Premises or any part thereof in violation of the provisions of Section 2.9(b)(iii) of this Mortgage, then Mortgagee shall, in addition to any other rights and remedies it may have at law or in equity or under this Mortgage, be entitled to a decree or order restraining and enjoining such sale, conveyance or transfer, and Mortgagor or such subsequent owner shall not plead in defense thereof that there would be an adequate remedy at law (it being hereby expressly acknowledged and agreed that damages at law would be an inadequate remedy for breach or threatened breach of the provisions of Section 2.9(b)(iii) of this Mortgage).

(c) Notwithstanding the foregoing, both Heatherfield Associates and Odesign III, Inc. shall be permitted to assign their respective interests in Mortgagor to a related entity or affiliate provided that any such conveyance shall in no way affect the tax treatment of Mortgagor.

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2.6. Junior Mortgages. Mortgagor will not, without the prior written consent of Mortgagee, execute or deliver any pledge, security agreement, mortgage or deed of trust covering all or any portion of the Premises ("Junior Mortgage"). If Mortgagee consents to the foregoing or in the event the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable by the provisions of any applicable law, Mortgagor will not execute or deliver any Junior Mortgage unless there shall have been delivered to Mortgagee not less than ten (10) days prior to the date thereof a copy thereof which shall contain express covenants to the effect that the Junior Mortgage (and all additional security for same including but not limited to assignments of leases and rents, security interests, etc.) is subject and subordinate to this Mortgage (and all additional security for the indebtedness secured hereby, including the Collateral Loan Documents) and to all renewals, extensions, modifications, releases, increases, increases in interest rate and future advances hereunder without any obligation on Mortgagor's or Mortgagee's part to give notice of any kind thereof to anyone.

2.7. Prohibition against Removal or Material Alterations. No Improvements or other property now or hereafter covered by the lien of this Mortgage shall be removed, demolished or materially altered or enlarged, nor shall any new Improvements be constructed, without the prior written consent of Mortgagee, except that Mortgagor shall have the right, without such consent, to remove and dispose of, free from the lien of this Mortgage, such Personal Property as from time to time may become worn out or obsolete, provided that simultaneously with or prior to such removal, any such Personal Property shall be replaced with other Personal Property of a value at least equal to that of the replaced Personal Property and free from any title retention or other security agreement or other encumbrance and from any reservation of title, and by such removal and replacement Mortgagor shall be deemed to have subjected such new Personal Property to the lien of this Mortgage.

2.8. Maintenance; No Waste; Repair; Restoration; No Zoning Changes. Mortgagor will maintain the Premises in good condition and repair, and will not commit or suffer any waste of the Premises. Mortgagor will promptly repair, restore, replace or rebuild any part of the Premises now or hereafter subject to the lien of this Mortgage which may be damaged or destroyed by any casualty whatsoever or which may be affected by any eminent domain or similar proceeding. Mortgagor will complete and pay for, within a reasonable time, any structure at any time in the process of construction on the Premises. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance, or other public or private restrictions, limiting or defining the uses which may be made of the Premises or any part thereof.

2.9. Compliance with Laws. Mortgagor represents and warrants that to date it has fully complied with all laws, ordinances, rulings, regulations and orders of all governmental authorities affecting the Premises (including but not limited to zoning, land use, environmental, etc.) and has obtained all necessary and proper permits and licenses for development and use of the Premises. Mortgagor further covenants and agrees that it will comply with or cause to be complied with all present and future laws, statutes, ordinances, rulings, regulations, orders and requirements of all federal, state, municipal, county, and other governmental agencies and authorities applicable to Mortgagor and to the Premises, as well as all covenants, conditions, and restrictions affecting same.

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2.10. Further Instruments. Mortgagor shall execute and deliver (and pay the costs of preparation and recording thereof) to Mortgagee and to any subsequent holder of the indebtedness hereby secured from time to time, upon demand, any further instrument or instruments, including, but not limited to, mortgages, security agreements, financing statements, continuation statements, leases, assignments, and renewal and substitution notes, so as to reaffirm, to correct and to perfect the evidence of the obligation hereby secured and the lien and security interest of Mortgagee to all or any part of the Premises intended to be hereby mortgaged, whether now mortgaged, later substituted for, or acquired subsequent to the date of this Mortgage and any extensions or modifications thereof.

2.11. No Liens. Except as expressly provided herein, Mortgagor shall not permit any mechanics', laborers' or materialmen's liens to stand against the Premises. If any such lien shall at any time be recorded against the Premises, then Mortgagor shall (a) give written notice thereof promptly to Mortgagee, and (b) cause the same to be discharged of record within thirty (30) days after the date of recording of the same, either by payment, deposit or bond or by furnishing Mortgagee title insurance acceptable to Mortgagee insuring Mortgagee against loss or damage resulting from such lien. If Mortgagor fails to discharge or insure over any such lien within such period, then Mortgagee, in addition to any other right or remedy hereunder, shall have the option (but not the obligation) to procure the discharge of such lien either by depositing the amount claimed to be due in court, or by bonding. Any amount paid or deposited by Mortgagee to discharge such lien, and all costs and other expenses, including all reasonable attorneys' fees, incurred in defending any action to foreclose such lien, shall be deemed a part of the indebtedness secured hereby and shall be immediately due and payable, without demand.

2.12. Utilities. Mortgagor agrees to pay when due all utility charges which are incurred for the benefit of the Premises or which may become a charge or lien against the Premises for energy, fuel, gas, electricity, water or sewer services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting the Premises or any portion thereof, whether or not such assessments or charges are liens thereon.

2.13. Annual Operating Statements. Mortgagor shall deliver to Mortgagee within ninety (90) days after the end of each fiscal year of Mortgagor an annual operating statement covering the Premises in such detail as may be required by Mortgagee, and prepared by a qualified accountant, including (a) the gross income received, (b) the operating expenses (taxes, assessments, insurance premiums, repairs and maintenance, salaries and wages), and (c) the net operating income.

2.14. Collateral Loan Documents. Mortgagor shall promptly, without prior demand from Mortgagee, fully perform each and every agreement, covenant, or undertaking to be performed by Mortgagor under any and all of the Collateral Loan Documents.

2.15. Mortgagor's Authority. Mortgagor and the persons executing this Mortgage on behalf of Mortgagor represent and warrant to Mortgagee that Mortgagor is duly formed and validly existing under Illinois law, and has qualified, to the extent necessary, in the state in which the Premises are located, and has full power and authority to incur the indebtedness evidenced by

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the Note and to execute and deliver all of the loan documents and to perform all of the obligations of Mortgagor under the loan documents.

2.16. Construction Loan Agreement. Mortgagor and Mortgagee have entered into a Construction Loan Agreement of even date herewith (the "Construction Loan Agreement") pursuant to which Mortgagee will disburse all or part of the loan secured hereby for construction of the Improvements and other purposes. Mortgagor shall comply with all terms, covenants and conditions contained in the Construction Loan Agreement and this Mortgage incorporates by reference all of the representations and warranties contained therein.

ARTICLE III.

[INTENTIONALLY OMITTED]

ARTICLE IV.

DEFAULTS AND REMEDIES

4.1. Events of Default. Time is of the essence hereof, and the term "Default," as used in this Mortgage, shall mean the occurrence of any one or more of the following events:

(a) Payments. The failure of Mortgagor to make any payment according to the tenor and effect of the Note secured hereby, or any part thereof, or any failure to make any other payment of the principal, interest, or premium, if any, on the Note, or payment of any other sums secured hereby, including but not limited to taxes or insurance premiums, when and as the same shall become due and payable, whether at maturity, by acceleration, or otherwise, as in the Note and this Mortgage provided; or

(b) Performance. The failure of Mortgagor to punctually and properly perform any other covenant, condition, representation, warranty or agreement contained in this Mortgage or the Note, or in any of the Collateral Loan Documents; or

(c) Liens. The institution of proceedings to enforce any other lien including, but not limited to, judgment and mechanics' liens, upon the Premises; or

(d) Bankruptcy and Related Proceedings. The filing of a proceeding in bankruptcy or arrangement or reorganization by or against Mortgagor pursuant to the Federal Bankruptcy Code or any similar law, federal or state, including, but not limited to the following:

(i) Mortgagor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or

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liquidator of Mortgagor, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(ii) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Mortgagor, seeking any reorganization, dissolution or similar relief under any present or future federal, state, or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of ten (10) days (whether or not consecutive) from the first date of entry thereof, or any trustee, receiver or liquidator of Mortgagor shall be appointed without the consent or acquiescence of Mortgagor and such appointment shall remain unvacated and unstayed for an aggregate of ten (10) days (whether or not consecutive); or

(e) Other Legal Proceedings. A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Premises, and such execution, attachment or similar process is not released, bonded, satisfied, vacated or stayed within ten (10) days after its entry or levy; or

(f) Abandonment. The abandonment of any part of the Premises by Mortgagor; or

(g) Misrepresentation. If any representation or warranty of Mortgagor set forth in this Mortgage, the Note, or in any of the Collateral Loan Documents delivered by Mortgagor to Mortgagee in connection herewith or as required from time to time hereby, shall prove to be false, misleading or erroneous in any material respect; or

(h) Construction Loan Agreement. The failure by Mortgagor to comply with any terms, conditions or covenants contained in the Construction Loan Agreement, or the breach by Mortgagor of any warranty contained therein. In the event that there is any cure period provided in the Construction Loan Agreement for such default or breach, Mortgagor shall have the longer of (i) the appropriate cure period contained in the Construction Loan Agreement, or (ii) any cure period contained herein, but not both; or

(i) Escrow Provisions. Mortgagor's failure to comply with or perform any of the terms, conditions or obligations contained in that certain Escrow Agreement of even date herewith by and among Mortgagor, Mortgagee and Chicago Title and Trust Company.

4.2. Remedies. In every such case, if any event of Default shall have occurred and/or be continuing, Mortgagee, at its option, shall have, in addition to any rights at law or in equity, each and all of the following rights and remedies, which may be exercised individually, collectively or cumulatively:

(a) Acceleration. Mortgagee shall have the right to declare all indebtedness secured hereby to be immediately due and payable and the same shall thereupon become immediately due and payable without any presentment, demand, protest or notice of any kind.

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(b) **Management.** Mortgagee may, with or without bringing any action or proceeding, and without regard to the adequacy of any security for the indebtedness or obligations hereby secured, in person or by agent or employee, or by a receiver appointed by a court of competent jurisdiction, enter upon and take possession of all or any part of the Premises, excluding Mortgagor and its agents and servants wholly therefrom; Mortgagor shall on demand peaceably surrender possession thereof to Mortgagee. Upon every such entry, Mortgagee, personally or by its agents or in the name of Mortgagor, at the expense of Mortgagor, from time to time, may maintain and restore the Premises, whereof it shall become possessed as aforesaid; and, from time to time, at the expense of Mortgagor, Mortgagee may make all necessary or proper repairs, renewals and replacements and such useful alterations, additions, betterments and improvements thereto and thereon as to it may seem advisable or necessary to preserve the value, marketability or rentability of the Premises. In dealing with the Premises as a mortgagee in, or not in, possession, Mortgagee shall be without any liability, charge, or obligation therefor to Mortgagor other than for willful misconduct, and shall be entitled to operate any business then being conducted or which could be conducted thereon or therewith at the expense of and for the account of Mortgagor (and all net losses, costs and expenses thereby incurred shall be advancements, and will be immediately due and payable and if not paid become part of the indebtedness secured hereby), to the same extent as the owner thereof could do. The entering upon and taking possession of the Premises, the collection of such rents, issues and profits and the application thereof as aforesaid shall not cure or waive any Default or notice of Default under this Mortgage or invalidate any act done in response to any such Default or pursuant to any such notice and, notwithstanding the continuance in possession of the Premises or the collection, receipt and application of rents, issues and profits, Mortgagee shall be entitled to enforce every right and exercise every remedy provided for in the Notes, this Mortgage or any of the Collateral Loan Documents or by law upon the occurrence of any event of Default.

(c) **Advances.** In the event of the noncompliance of any duty or duties required of Mortgagor under the terms of this Mortgage or the occurrence of any event which, in the judgment of Mortgagee, impairs the value of the Premises herein taken as security for the indebtedness, Mortgagee reserves the right, at its own election, to advance sufficient funds to accomplish said performance or maintain such security. Said sums, on notice from Mortgagee, shall become immediately due and repayable to Mortgagee. In default of said payment, the amount advanced will be added to the outstanding principal balance, bearing interest at the maximum rate set out in this Mortgage for interest on advances from date of advancement.

(d) **Legal Proceedings.** Mortgagee, with or without entry, personally or by its agents or attorneys, insofar as applicable shall have the following rights:

(i) Mortgagee may institute proceedings for the complete or partial foreclosure of this Mortgage. In any suit to foreclose the lien hereof, there shall be allowed and included, as additional indebtedness in the decree for sale, all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to costs to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates and similar data and

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assurances with respect to title, as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale pursuant thereto the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this clause (i) mentioned shall become so much additional indebtedness secured hereby and immediately due and payable with interest thereon at the maximum rate set out in this Mortgage for interest on advances from the date of the expenditure until paid. The proceeds of any sale of the Premises or any part thereof shall be applied to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum rate set out in this Mortgage for interest on advances; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto; and/or

(ii) Mortgagee shall have the right from time to time to enforce any legal or equitable remedy against Mortgagor and to sue for any sums whether interest, damages for failure to pay principal or any installment thereof, taxes, installments of principal, or any other sums required to be paid under the terms of this Mortgage, as the same become due, without regard to whether or not the principal sum secured or any other sums secured by this Mortgage shall be due and without prejudice to the right of Mortgagee thereafter to enforce any appropriate remedy against Mortgagor including an action of foreclosure, or any other action, for a Default or Defaults by Mortgagor existing at the time such earlier action was commenced; and/or

(iii) Mortgagee may enforce its rights, whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage or in any of the Collateral Loan Documents contained, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall deem most advisable to protect and enforce any of its rights hereunder or under the Note and the Collateral Loan Documents. Mortgagee, at its option, shall have the power of sale, if any, provided for by statute or otherwise permitted under the laws of the State of Illinois; and/or

(iv) Mortgagee is hereby appointed the true and lawful attorney of Mortgagor, in its name and stead or in the name of Mortgagee, to make all necessary conveyances, assignments, transfers and deliveries of the property rights so sold, and, for that purpose, Mortgagee may execute all necessary deeds and instruments of assignment and transfer, and may substitute one or more persons with like power. Mortgagor hereby ratifies and confirms all that its said attorney or attorneys or such substitute or substitutes shall lawfully do by virtue hereof. Mortgagor shall, nevertheless, if so requested in writing by Mortgagee, ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Mortgagee, for the purpose and as may be designated in such request. Any such sale or sales made under or by virtue of this Article IV shall operate to divest all the estate, right, title, interest, claim and demand, whether at law or in equity, of Mortgagor in and to the property and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and its successors and assigns.

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(e) **Secured Party Remedies.** Mortgagee, at its sole option, may exercise any or all of the remedies available to a secured party under the Illinois Uniform Commercial Code (the "Code"), including, but not limited to the following:

(i) Either personally or by means of a court-appointed receiver, take possession of all or any of the Personal Property (which term, for purposes hereof, shall mean the same thing as the term "Collateral" as same is used in Section 5.1 hereof) and exclude therefrom Mortgagor and all others claiming under Mortgagor and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Mortgagor with respect to the Personal Property or any part thereof. In the event Mortgagee demands or attempts to take possession of the Personal Property in the exercise of any rights under the Mortgage or any of the Collateral Loan Documents, Mortgagor promises and agrees to promptly turn over and deliver complete possession thereof to Mortgagee; and/or

(ii) Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the Personal Property, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder and in exercising any such powers or authority to pay all expenses incurred in connection therewith; and/or

(iii) Require Mortgagor to assemble the Personal Property or any portion thereof at a place designated by Mortgagee and reasonably convenient to both parties and promptly to deliver such Personal Property to Mortgagee, and Mortgagee's agents and representatives shall have the right to enter upon any or all of Mortgagor's premises and property to exercise Mortgagee's rights hereunder; and/or

(iv) Sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Mortgagee may determine. Mortgagee may be a purchaser at any such sale; and/or

(v) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagee shall give Mortgagor at least ten (10) days' prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof. Such notice may be mailed to Mortgagor at the address set forth at the beginning of this Mortgage.

Upon occurrence of an event of Default under this Mortgage, Mortgagee reserves the option, pursuant to the appropriate provisions of the Code, to proceed with respect to the Personal Property as part of the real property which constitutes a portion of the Premises in accordance with its rights and remedies with respect to such real property, in which event the Default provisions of the Code shall not apply. If Mortgagee shall elect to proceed with respect

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to the Personal Property separately from the real property, ten (10) days' notice of the sale of the Personal Property shall be deemed to be reasonable notice.

(f) **Appointment of Receiver.** If an event of Default under this Mortgage occurs and is continuing, Mortgagee, as a matter of right and without notice to Mortgagor or anyone claiming under Mortgagor, and without regard to the then value of the Premises or the interest of Mortgagor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Premises, and Mortgagor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases including the power to collect the rents, issues and profits of the Premises during the pendency of a foreclosure suit, and in case of a sale and a deficiency during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits. The court having jurisdiction may authorize the receiver to apply the net income in his hands to payment in whole or in part to (i) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or such decree, provided such application is made prior to foreclosure sale; and (ii) to the deficiency in case of a sale and deficiency. Said receiver shall continue as such and exercise all such powers until the date of sale of the Premises, unless such receivership is sooner terminated. Mortgagee hereunder or any holder of the Note may be appointed as such receiver.

(g) **Retention of Possession.** Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of Mortgagor's property, or of the Premises or any part thereof, Mortgagee shall be entitled to retain possession and control of all property now or hereafter granted, bargained, sold, mortgaged, warranted, conveyed, pledged and/or assigned to or held by Mortgagee under this Mortgage.

(h) **Remedies Not Exclusive.** The cumulative rights of Mortgagee arising under the clauses and covenants contained in this Mortgage shall be separate, distinct and cumulative and none of them shall be construed to be exclusive nor an election to proceed under any one provision herein to the exclusion of any other provision, anything herein or otherwise to the contrary notwithstanding. In addition to any remedies provided herein for Default hereof, Mortgagee shall have all other remedies allowed under the laws of the State of Illinois, and the laws of the United States. No failure on the part of Mortgagee to exercise any of its rights hereunder arising upon any Default shall be construed to prejudice its rights in the event of any other or subsequent Default. No delay on the part of Mortgagee in exercising any of such rights shall be construed to preclude it from the exercise thereof at any time during the continuance of such Default. Mortgagee may enforce any one or more remedies or rights hereunder in such order and manner as it may determine, successively or concurrently at its option. By accepting payment or partial payment of any sum secured hereby after its due date, Mortgagee shall not make an accommodation or thereby waive the agreement herein contained that time is of the essence, nor shall Mortgagee waive either any of its remedies or options or its right to require prompt payment when due of all sums secured or to consider failure so to pay a Default hereunder. Neither the acceptance of this Mortgage nor its enforcement, whether by court action

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or pursuant to other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee.

4.3. Cure Periods. Notwithstanding anything contained in the Note or elsewhere in this Mortgage, following a failure to pay any monetary amount when and as due (a "Monetary Default"), which would constitute a Default under this Mortgage, Mortgagor shall be entitled to a period of ten (10) days following such due date, without notice from Mortgagee, within which to cure such Monetary Default. In the case of any Default other than in the payment of money which does not also constitute a Monetary Default (any such event of Default herein being called a "Non-Monetary Default"), Mortgagor shall be entitled to receive written notice of and the opportunity to cure such Non-Monetary Default, such notice to be given at least forty-five (45) days prior to the exercise of any remedy based upon such Non-Monetary Default; provided, however, that in no event shall any period permitted for the cure of Non-Monetary Defaults exceed any comparable cure periods permitted by applicable taxing authorities, by the provisions of insurance policies covering the Premises or by contracts; and further provided that the granting of such cure period does not jeopardize the lien of this Mortgage or the value of the Premises.

ARTICLE V.

SECURITY AGREEMENT

5.1. Creation of Security Interest.

(a) Mortgagor and Mortgagee agree that this Mortgage shall constitute a Security Agreement within the meaning of the Code with respect to (i) any and all sums at any time on deposit for the benefit of Mortgagee or held by Mortgagee (whether deposited by or on behalf of Mortgagor or any one else) pursuant to any of the provisions of this Mortgage ("Deposits"), and (ii) any Personal Property and other rights and interests of Mortgagor included in the granting clauses of this Mortgage, which Personal Property or other rights and interests may not be deemed to form a part of the Property described in Exhibit A hereto or may not constitute a "fixture" (within the meaning of Section 9-313 of the Code), and all replacements of such Personal Property, substitutions for such Personal Property, additions to such Personal Property and the proceeds thereof (all of said Personal Property and the replacements, substitutions and additions thereto and the proceeds thereof and other rights and interests of Mortgagor being sometimes hereinafter collectively referred to as the "Collateral"), and that a security interest in and to the Collateral and the Deposits is hereby granted to Mortgagee, and the Collateral and the Deposits and all of Mortgagor's right, title and interest therein are hereby assigned to Mortgagee, all to secure payment of the indebtedness hereby secured and to secure performance by Mortgagor of the terms, covenants and provisions hereof. In the event of a Default under this Mortgage, Mortgagee shall have the option of exercising any or all of the "Secured Party Remedies" as set forth in Section 4.2(e) hereof, above. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Mortgagee. Mortgagor shall, from time to time, on request of Mortgagee, deliver to Mortgagee an inventory of the Collateral in reasonable detail.

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(a) In addition to the foregoing, the parties acknowledge and agree that this Mortgage is a "construction mortgage" (as defined in Section 9-313(c) of the Code). Mortgagor further covenants that (i) the indebtedness secured by this Mortgage shall, as provided in the recitals set forth above, be used for paying the construction and equipping of the Premises, (ii) no fixtures have been installed in the Premises as of the date hereof, and (iii) all goods which are to become fixtures within the Premises shall be installed in accordance with the plans and specifications for the Premises heretofore delivered to Mortgagee and such installation of fixtures shall be completed prior to the completion of construction.

5.2. Warranties, Representations and Covenants. Mortgagor hereby warrants, represents and covenants as follows:

(a) Except for the security interest granted hereby, Mortgagor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole owner of the Personal Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever. Mortgagor will notify Mortgagee of, and will defend the Personal Property against, all claims and demands of all persons at any time claiming the same or an interest therein.

(b) Mortgagor will not lease, sell, convey or in any manner transfer the Personal Property without the prior written consent of Mortgagee, except as may be expressly permitted under Section 5.2 (d) hereof.

(c) The Personal Property is not used or bought for Mortgagor's personal, family or household purposes.

(d) The Personal Property will be kept on or at the Premises and Mortgagor will not remove the Personal Property from the Premises without the prior written consent of Mortgagee, except that so long as Mortgagor is not in Default hereunder, Mortgagor shall be permitted to dispose of such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor with property of like kind and quality and at least equal in value to that replaced and in such manner so that said new Personal Property shall be subject to the security interest created hereby and so that the security interest of Mortgagee shall be first in priority, it being expressly understood that all replacements of the Personal Property and any additions to the Personal Property shall be and become immediately subject to the security interest of this Mortgage and be covered hereby.

(e) Mortgagor maintains a place of business in the State of Illinois and Mortgagor will immediately notify Mortgagee in writing of any change in its place of business as set forth in the beginning of this Mortgage.

(f) At the request of Mortgagee, Mortgagor will join Mortgagee in executing one or more financing statements and renewals and amendments thereof as well as any continuation statements pursuant to the Code in form satisfactory to Mortgagee, and will pay the cost of filing the same in all public offices wherever filing is deemed by Mortgagee to be

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necessary or desirable. Mortgagor authorizes Mortgagee to file financing and continuation statements, and amendments and supplements thereto relating to the Personal Property signed only by Mortgagee.

(g) Mortgagor will do all acts and things as Mortgagee may require or as may be necessary or appropriate to establish and maintain a first perfected security interest in the Personal Property, subject to no liens, encumbrances or security interests of others.

(h) All covenants and obligations of Mortgagor contained in this Mortgage shall be deemed to apply to the Personal Property whether or not expressly referred to herein.

(i) This Mortgage constitutes a security agreement (and financing statement) for all purposes under the Code.

ARTICLE VI.

DAMAGE OR DESTRUCTION: INSURANCE PROCEEDS

6.1. **Notice.** In case of casualty to the Premises resulting in damage or destruction, Mortgagor shall promptly give written notice thereof to Mortgagee.

6.2. **Assignment of Insurance Proceeds; Authority to Settle Claims.** Mortgagor hereby grants, transfers and assigns to Mortgagee any insurance proceeds which Mortgagor is otherwise entitled to receive in connection with any damages to the Premises or part thereof and the same shall be paid to Mortgagee. Mortgagor hereby authorizes and directs any affected insurance carrier to make payment of such proceeds directly to Mortgagee, and Mortgagee is hereby authorized and empowered by Mortgagor to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance. No interest shall be allowed to Mortgagor on any proceeds of insurance paid to and held by Mortgagee.

6.3. **Mortgagee's Election Regarding Insurance Proceeds.** The insurance loss proceeds shall be delivered to Mortgagee and be applied (pursuant to the provisions of this article) to reduction or to the full payment of the indebtedness secured hereby unless Mortgagee elects to make said proceeds available for restoration purposes. Within thirty (30) days after receipt of the written notice referred to in Section 6.1, Mortgagee shall advise Mortgagor in writing as to whether Mortgagee elects to apply the insurance loss proceeds on the indebtedness secured hereby or for restoration of the Premises.

6.4. **Total Destruction.** If at any time during the term of this Mortgage all or substantially all of the Premises are damaged or destroyed, and if Mortgagee elects to have all insurance proceeds applied to payment of the indebtedness secured hereby but such insurance proceeds are not sufficient to pay in full the then unpaid balance of said indebtedness, with accrued interest thereon, Mortgagor shall, within ten (10) days after application of the insurance proceeds, pay such deficiency to Mortgagee.

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6.5. **Application of Proceeds.** If Mortgagee elects to have the insurance loss proceeds applied to pay in full or reduce the unpaid balance of the indebtedness secured hereby, said proceeds shall, promptly after receipt by Mortgagee, be applied by Mortgagee, first, to pay the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss, and, second, to reduction or satisfaction of the indebtedness secured hereby. If the damage or destruction is less than total as treated in Section 6.4 above, and if part of the Premises is to remain open or be reopened for business, and if such proceeds are not sufficient to pay the indebtedness in full, then such reduction shall be applied in inverse order of payment in the Note provided, and unless Mortgagee agrees in writing, any application of such insurance proceeds to reduction of principal shall not extend or postpone the due date of the monthly installments or change the amount of such installments as provided for in the Note.

6.6. **Restoration.** If the insurance proceeds are made available for restoration, Mortgagor shall at its sole cost and expense, whether or not the insurance proceeds, if any, shall be sufficient for the purpose, restore, repair, replace, and rebuild (hereinafter referred to as "Restoration") the Premises as nearly as possible to its value, condition and character immediately prior to such damage or destruction. In such event, all insurance money paid to Mortgagee on account of such damage or destruction, less the actual costs, fees and expenses, if any, incurred in connection with adjustment of the loss, shall be released by Mortgagee to be applied to payment (to the extent of actual Restoration performed) of the cost of the aforesaid Restoration, including the cost of temporary repairs or for the protection of property pending the completion of permanent Restoration. If the insurance proceeds are so made available by Mortgagee for Restoration, any surplus which may remain out of said proceeds after payment of the cost of Restoration shall, at the option of Mortgagee, be applied to the indebtedness secured hereby or be paid to any party entitled thereto and under any conditions that Mortgagee may require. Insurance proceeds released for Restoration shall, at Mortgagee's option be paid out from time to time as such Restoration progresses or at one time upon completion of such Restoration subject to the following conditions:

(a) That Mortgagor is not then in Default under any of the terms, covenants and conditions hereof or under the Note; and

(b) That Mortgagee shall first be given satisfactory proof that all Property, Improvements and Personal Property affected by the loss or damage have been fully restored, or that by the expenditure of such proceeds will be fully restored, free and clear of all liens except the lien of this Mortgage; and

(c) that in the event such proceeds shall be insufficient to restore or rebuild the Property, Improvements, and Personal Property, Mortgagor shall either (i) deposit promptly with Mortgagee funds which, together with the insurance proceeds, shall be sufficient to restore and rebuild the same, or (ii) provide other assurance satisfactory to Mortgagee of such Restoration; and

(d) that in the event Mortgagor shall fail within a reasonable time to restore or rebuild or cause to be restored or rebuilt the Property, Improvements and Personal Property,

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Mortgagee, at its option, may restore or rebuild the same or cause the same to be restored or rebuilt for or on behalf of Mortgagor and for such purpose may do all necessary acts.

In the event any of such conditions are not or cannot be satisfied, then the alternate disposition of such proceeds as provided herein shall again become applicable. Mortgagee shall not be obligated to see to the proper application of any funds released hereunder, nor shall any amount so released or used be deemed a payment of any indebtedness secured hereby.

If any of such conditions is not satisfied, and if Mortgagee is unwilling to waive that condition and thereby to make said proceeds so available, Mortgagor shall have the right to prepay, without penalty, the balance of the indebtedness secured hereby which remains unpaid after application of the proceeds or awards thereto.

6.7. Payment of Deposited Funds. Upon (a) completion of all the Restoration in good workmanlike manner and substantially in accordance with the plans and specifications therefor, if any, and (b) receipt by Mortgagee of satisfactory evidence of the character required by conditions (b) and (c) of Section 6.6 hereof, that the Restoration has been completed and paid for in full (or, if any part of such Restoration has not been paid for, adequate security for such payment shall exist in form satisfactory to Mortgagee) and that there are no liens of the character referred to in said condition (b), any balance of the insurance money at the time held by Mortgagee shall be paid, as provided in this Article VI, to Mortgagor or its designee provided Mortgagor is not then in Default of any of the terms and provisions of this Mortgage.

6.8. Application of Insurance Proceeds in Event of Default. If, while any insurance proceeds are being held by Mortgagee to reimburse Mortgagor for the cost of Restoration of the Improvements on the Premises, Mortgagee shall be or become entitled to, and shall accelerate the indebtedness secured hereby, then and in such event, Mortgagee shall be entitled to apply all such insurance proceeds then held by it in reduction of the indebtedness hereby secured and any excess held by it over the amount of indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

ARTICLE VII.

EMINENT DOMAIN: CONDEMNATION AWARDS

7.1. Notice. In the event that the Premises, or any part thereof, shall be taken in condemnation proceedings or by exercise of any right of eminent domain or by conveyances in lieu of condemnation (hereinafter called collectively, "condemnation proceedings"), or should Mortgagor receive any notice or information regarding any such condemnation proceedings, Mortgagor shall give prompt written notice thereof to Mortgagee. Mortgagor and Mortgagee shall have the right to participate in any such condemnation proceedings and the proceeds thereof shall be deposited with Mortgagee and be distributed in the manner set forth in this Article VII. Mortgagor agrees to execute any and all further documents that may be required in order to facilitate collection of any award or awards and the making of any such deposit.

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7.2. Assignment of Condemnation Awards. Mortgagor hereby grants, transfers and assigns to Mortgagee the proceeds of any and all awards or claims for damages, direct or consequential, which Mortgagor is otherwise entitled to receive, in connection with any condemnation of or injury to the Premises, or part thereof, or for conveyances in lieu of condemnation, and the same shall be paid to Mortgagee. Mortgagor hereby authorizes and directs any such condemning authority to make payment of such award(s) and claim(s) directly to Mortgagee. No interest shall be allowed to Mortgagor on any such condemnation awards paid to and held by Mortgagee.

7.3. Total Taking. If at any time during the term of this Mortgage, title to the whole or substantially all of the Premises shall be taken in condemnation proceedings or by agreement among Mortgagor, Mortgagee and those authorized to exercise such right, Mortgagee shall apply such award or proceeds which it receives pursuant to Section 7.2 hereof, first, to pay the actual costs, fees and expenses, if any, incurred in connection with the collection of the award, and, second, to fully pay all remaining indebtedness secured by this Mortgage, and any excess award funds then remaining after payment of the indebtedness in full shall be paid to Mortgagor. In the event that the amount of the award or proceeds received by Mortgagee shall not be sufficient to pay in full the then unpaid balance of the said indebtedness, with the accrued interest thereon, Mortgagor shall, within ten (10) days after the application of the award or proceeds as aforesaid, pay such deficiency to Mortgagee. For the purposes of this Section, "substantially all of the Premises" shall be deemed to have been taken if the portion of the Premises not so taken cannot be so repaired or reconstructed as to constitute a complete, rentable structure or structures capable of producing a fair and reasonable net annual income sufficient, after the payment of all operating expenses thereof, to retire the indebtedness evidenced by the Notes in accordance with the payment terms of the Notes.

7.4. Partial Taking - Mortgagee's Election. If at any time during the term of this Mortgage, title to less than the whole or substantially all of the Premises is taken as aforesaid, then Mortgagee will elect, within thirty (30) days after receipt of notice of such taking, whether to have the proceeds of the award applied to reduction of the unpaid principal balance of the indebtedness secured hereby or to have such proceeds made available to Mortgagor for the repair and reconstruction necessary to restore the Premises. If Mortgagee elects to have the award or proceeds applied to reduce the unpaid principal balance, said proceeds shall, promptly after receipt by Mortgagee, be applied by Mortgagee, first, to pay the actual costs, fees and expenses, if any, incurred in connection with the collection of the award, and, second, to reduce the indebtedness secured hereby in inverse order of payments provided for in the Note. If Mortgagee elects to have the proceeds of the award used for repair and restoration, all of the award or proceeds collected by Mortgagee shall be applied first to pay the actual costs, fees and expenses, if any, incurred in connection with the collection of the award, and the balance shall be paid toward the cost of demolition, repair and restoration, substantially in the same manner and subject to the same conditions as those provided in Section 6.6 hereof with respect to insurance proceeds and other monies. Any balance of such award proceeds remaining in the hands of Mortgagee after payment of such costs of demolition, repair and restoration as aforementioned, shall be retained by Mortgagee and applied in reduction of the indebtedness secured hereby in inverse order of payments as set forth in the Note. In the event that such costs shall exceed the net award amount collected by Mortgagee, Mortgagor shall pay the deficiency, on demand.

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7.5. Abandonment: Failure of Mortgagor to Respond to Offer, etc. If the Premises are abandoned by Mortgagor or, if after notice to Mortgagee and/or Mortgagor, the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to the offer and fails to advise Mortgagee within thirty (30) days of the date of such notice, then Mortgagee is authorized to collect and apply the proceeds at Mortgagee's option either to restoration or repair of the Premises or to the sums secured by this Mortgage.

7.6. Application of Proceeds. In the event that the principal balance secured hereby is reduced under the provisions of Sections 7.4 or 7.5 hereof, the application of such proceeds to principal shall not extend or postpone the due date of the monthly installments or change the amount of such installments as provided in the Note secured by this Mortgage unless Mortgagee agrees otherwise in writing.

7.7. Expenses. In the case of any taking covered by the provisions of this Article VII, Mortgagor and Mortgagee shall be entitled to reimbursement from any award or awards of all reasonable costs, fees and expenses incurred in the determination and collection of any such awards.

7.7. Application of Condemnation Awards in Event of Default. If, while any condemnation awards are being held by Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of improvements on the Premises, Mortgagee shall be or become entitled to, and shall accelerate the indebtedness secured hereby, then and in such event, Mortgagee shall be entitled to apply all such condemnation awards then held by it in reduction of the indebtedness hereby secured, and any excess held by it over the amount of indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

ARTICLE VIII.

HAZARDOUS SUBSTANCES PROVISIONS

8.1. Warranties and Representations. As used herein and in any of the Collateral Loan Documents, "Hazardous Substances" shall mean and include, but shall not be limited to, any element, substance, compound or mixture, including disease-causing agents, which after release into the environment and upon exposure, ingestion, inhalation, or assimilation into any organism, either directly or indirectly, will or may reasonably be anticipated to cause death, disease, behavioral abnormalities, cancer, genetic mutation, physiological malfunctions (including, without limitation, malfunctions in reproduction), or physical deformities in such organisms or their offspring, and all hazardous and toxic substances, wastes or materials, pollutants or contaminants (including, without limitation, asbestos and raw materials which include hazardous constituents), or any other similar substances or materials which are included under or regulated by any local, state or federal law, rule or regulation pertaining to environmental regulation, contamination, clean-up or disclosure, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as now or hereafter amended ("CERCLA"), the Resource Conservation and Recovery Act, as now or hereafter amended ("RCRA"), the Superfund Amendments and Reauthorization Act of 1986, as now or hereafter

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amended ("SARA"), and the Toxic Substances Control Act, as now or hereafter amended ("TSCA") and all applicable state superlien or environmental clean-up or disclosure statutes (all such laws, rules and regulations being referred to collectively as "Environmental Laws"). To the best of its knowledge, Mortgagor warrants, represents and covenants as follows:

(a) Neither Mortgagor, the Premises, nor any other property owned by Mortgagor is (i) subject to any private or governmental lien or judicial or administrative notice, order or action relating to Hazardous Substances or environmental problems, impairments or liabilities with respect to the Premises or such other property, or (ii) is in, or with any applicable notice and/or lapse of time, and/or failure to take certain curative or remedial actions, will be in, either direct or indirect violation of any Environmental Laws.

(b) No Hazardous Substances are located on or have been stored, processed or disposed of on or released or discharged from (including ground water contamination) the Premises and no above or underground storage tanks exist on the Premises. Mortgagor shall not allow any Hazardous Substances to exist or be stored, located, discharged, possessed, managed, processed or otherwise handled on the Premises and shall comply with all Environmental Laws affecting the Premises.

(c) Mortgagor shall immediately notify Mortgagee should Mortgagor become aware of (i) any Hazardous Substance or other environmental problem or liability with respect to the Premises, (ii) any lien, action or notice of the nature described in subparagraph (b) above, or (iii) any litigation or threat of litigation relating to any alleged unauthorized release of any Hazardous Substance or the existence of any Hazardous Substance or other environmental contamination, liability or problem with respect to or arising out of or in connection with the Premises. Mortgagor shall, at its own cost and expense, take all actions (to the extent and at the time or from time to time) as shall be necessary or advisable for the clean-up of the Premises, including all removal, containment and remedial actions in accordance with all applicable Environmental Laws (and in all events in a manner satisfactory to Mortgagee), and shall further pay or cause to be paid at no expense to Mortgagee all clean-up, administrative, and enforcement costs of applicable governmental agencies or the parties protected by such Environmental Laws which may be asserted against the Premises, the owner thereof or a lienholder secured thereby. All costs (including, without limitation, those costs set forth above), damages, liabilities, losses, claims, expenses (including attorneys' fees and disbursements) which are incurred by Mortgagee, without the requirement that Mortgagee wait for the ultimate outcome of any litigation, claim or other proceeding, shall be paid by Mortgagor to Mortgagee within ten days after notice to Mortgagor from Mortgagee itemizing the amounts incurred to the effective date of such notice.

(d) Mortgagor hereby covenants and agrees not to do or take any action or omit or fail to take any such action which will result in the unauthorized release of any Hazardous Substance or the existence of any Hazardous Substance or other environmental contamination, liability or problem with respect to the Premises. Upon any such unauthorized release or discovery of the existence of any such Hazardous Substance or other environmental contamination, liability or problem, Mortgagor agrees to promptly give written notice to Mortgagee of the exact nature, scope and extent thereof.

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(e) Mortgagor represents and warrants that it has obtained all necessary approvals and satisfactory clearances for use of the Premises from all governmental authorities, utility companies and development-related entities, including but not limited to The Water Reclamation District, the Illinois Environmental Protection Agency and other County or City departments, public water works and public utilities in regard to Mortgagor's use of the Premises, Mortgagor's discharge of chemicals, liquids and emissions, if any, and other chemicals into the atmosphere, ground water or surface water, from Mortgagor's operations on the Premises.

(f) Mortgagor does hereby covenant and agree that it will indemnify and save harmless Mortgagee, its officers, directors, shareholders, employees, agents and attorneys from any loss, claim, action, costs, attorneys' fees and expenses arising from any environmental matter described in this Mortgage and Mortgagor does further agree and covenant that Mortgagee shall not assume any liability or obligation for loss, damage, fines, penalties, claims or duty to clean up or dispose of wastes or materials on or relating to the Premises, regardless of any inspections or other action made or taken by Mortgagee on the Premises or as a result of any conveyance of title of the Premises to Mortgagee or otherwise. Mortgagor agrees to remain fully liable and shall indemnify and hold harmless Mortgagee from any costs, expenses, clean-up costs, waste disposal costs, litigation costs, fines, penalties, including without limitation those costs, expenses, penalties and fines within the meaning of CERCLA, and other related liabilities, upon the occurrence of a breach of any of Mortgagor's foregoing representations and warranties.

8.2. Survival. All warranties and representations above shall be deemed to be continuing and shall remain true and correct in all material respects until the indebtedness hereby secured has been paid in full, the obligations completely satisfied, and any limitations period with respect to any claims under each of the Environmental Laws has expired. Mortgagor's covenants above shall survive any exercise of any remedy by Mortgagee under the Mortgage or any of the Collateral Loan Documents, including foreclosure of the lien of this Mortgage (or deed in lieu thereof or similar actions to the same effect), even if, as a part of such foreclosure, deed in lieu of foreclosure or similar action, the indebtedness secured hereby is satisfied in full. It shall, at the option of Mortgagee, be an event of Default hereunder if any of the representations or warranties set forth in this Article VIII now be or at any time hereafter become untrue or misleading or if the Premises, or any other property owned by Mortgagor, become subject to any claim, notice, or action of a nature described in subparagraph 8.1(a) hereof. In addition to all other remedies that Mortgagee may have as a result of an event of Default, Mortgagee may accelerate payment of the Note as provided therein and in this Mortgage or any of the Collateral Loan Documents.

ARTICLE IX.

MISCELLANEOUS

9.1. **Maximum Interest Payable.** Neither the provisions of this Mortgage nor the Note secured hereby shall have the effect of, or be construed as requiring or permitting Mortgagor to pay interest in excess of the highest rate per annum allowed by the laws of the State of Illinois on any item or items of indebtedness referred to in this Mortgage. If under any circumstances Mortgagee shall ever receive as interest an amount which would exceed the highest lawful rate,

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such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due hereunder and not to the payment of interest. This provision shall control every other provision of all agreements between Mortgagor and Mortgagee.

9.2. Payment by Any Party. Any payment made in accordance with the terms of this Mortgage by any person at any time liable for the payment of the whole or any part of the sums now or hereafter secured by this Mortgage, or by any subsequent owner of the Premises, or by any other person whose interest in the Premises might be prejudiced in the event of a failure to make such payment, or by any stockholder, officer or director of a corporation which at any time may be liable for such payment or may own or have such an interest in the Premises, shall be deemed, as among Mortgagee and all persons who at any time may be liable as aforesaid or may own the Premises, to have been made on behalf of all such persons.

9.3. Management. At any time after Default by Mortgagor in the performance of any of the terms, covenants or provisions of this Mortgage or the Note, and the continuance of such Default for forty-five (45) days, if Mortgagee (in the exercise of reasonable business judgment) determines that the management or maintenance of the Premises is unsatisfactory, then Mortgagee shall have the right at its sole option, to require that Mortgagor employ a managing agent for the Premises. Such managing agent shall be selected by Mortgagor (with Mortgagee's approval) and shall be employed at Mortgagor's expense. The exercise of the rights herein conferred upon Mortgagee shall not be deemed an election of remedies or exclusive of any other right or remedy available to Mortgagee on account of such Default, but rather shall be in addition to all such other rights and remedies.

9.4. Certain Additional Powers of Mortgagee; Sale No Effect on Liability. Mortgagor consents to any and all renewals and extensions in the time of payment of the secured indebtedness, and agrees further that at any time and from time to time without notice, the terms of payment provided for in the Note may be modified or the security described in this Mortgage released (in whole or in part) or increased, changed or exchanged by agreement between Mortgagee and any owner of the Premises affected by this Mortgage without in any way affecting the liability of any party to the Note, or any person liable or to become liable with respect to the secured indebtedness. No sale of the Premises, or any forbearance by Mortgagee in exercising any right or remedy hereunder or otherwise afforded by applicable law, shall be a waiver of or preclude the exercise of any right or remedy hereunder. Nor shall any sale of the Premises in anywise affect the liability of any party to the Notes, or any person liable or to become liable with respect to the secured indebtedness.

9.5. Mortgagor's Duty to Defend and Pay Expenses. Mortgagor, at its sole expense, will appear in and affirmatively defend all actions or proceedings purporting to affect the security hereof or any right or power of Mortgagee hereunder. Mortgagor shall save Mortgagee harmless from all costs and expenses, including but not limited to reasonable attorneys' fees, costs of title search, continuation of abstracts and preparation of survey incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body in which Mortgagee may be or become a party by reason of this Mortgage, including but not limited to condemnation, bankruptcy, and administrative proceedings, as well as any other of the foregoing where a proof of claim is by law required to be filed, or in which it becomes necessary to defend

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or uphold the terms or lien of this Mortgage. Mortgagee, in its sole discretion, may appear in and defend any such action or proceeding, and Mortgagee is authorized to pay, purchase or compromise on behalf of Mortgagor any encumbrance or claim which in its judgment appears to or purports to affect the security hereof or to be superior hereto. All expenditures and expenses of the nature in this paragraph mentioned and collection efforts regarding Mortgage payments, costs of exercising the rights granted under the Collateral Loan Documents, as well as record keeping costs resulting therefrom and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the fees of any attorneys employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including appellate, probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor. All sums expended or costs incurred by Mortgagee referred to in this Section, if not repaid on demand, shall with interest at the maximum rate set out in this Mortgage for interest on advances be deemed a part of the indebtedness secured hereby.

9.6. Documentary or Internal Revenue Stamps. If at any time the State of Illinois shall determine that the documentary stamps affixed to this Mortgage or the Note are insufficient or if no documentary stamps have been affixed for lawful reasons that such stamps should thereafter be affixed, Mortgagor shall pay for the same, together with any interest or penalties imposed in connection with such determination; provided, however, that Mortgagee may elect to purchase and affix such stamps and pay such penalties and interest, and, if Mortgagee so elects, the amount of money needed to pay for such stamps and penalties shall, from the time that such stamps are purchased and affixed, be a portion of the indebtedness secured by this Mortgage and shall bear interest from the date of such determination at the highest lawful rate or at the rate of interest provided in the Note (whichever is lower). The same provisions and obligations shall apply with respect to any Internal Revenue Stamps or similar stamps that may be required at any time to be affixed to this Mortgage or the Note.

9.7. Intentionally Deleted.

9.8. Forbearance, etc. Not a Waiver. Failure to accelerate the maturity of all indebtedness secured hereby upon the occurrence of any event of Default hereunder, or acceptance of any sum after the same is due, or acceptance of any sum less than the amount then due, or failure to demand strict performance by Mortgagor of the provisions of this Mortgage or any forbearance by Mortgagee in exercising any right or remedy hereunder or otherwise afforded by law shall not constitute a waiver by Mortgagee of any provision of this Mortgage nor nullify the effect of any previous exercise of any such option to accelerate or other right or remedy.

9.9. Fee for Services Rendered. Mortgagee reserves the right to assess Mortgagor and Mortgagor agrees to pay to Mortgagee a reasonable fee for services rendered in connection with the debt or property held as security for its repayment including but not limited to modification of any documents, collection efforts regarding Mortgage payments, costs of exercising rights under any of the Collateral Loan Documents, as well as record keeping costs resulting therefrom and attorneys' fees and court costs in connection with foreclosure proceedings under this Mortgage. Such fees shall, on notice to Mortgagor, become immediately due and payable to

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Mortgagee. In default of said payment, such fee shall be added to the secured indebtedness with interest at the maximum rate set out in this Mortgage for interest on advances and Mortgagee may avail itself of any rights and remedies under Article IV hereof.

9.10. Mortgagee's Expenses. If Mortgagee shall incur or expend any sums including reasonable attorneys' fees, whether or not in connection with any action or proceeding, to sustain the lien of this Mortgage or its priority, or to protect or enforce any of its rights hereunder, or to recover any indebtedness hereby secured, or for any title examination or title insurance policy relating to the title to the Premises, all such sums shall on notice and demand be paid by Mortgagor, together with interest at the maximum rate set out in this Mortgage for interest on advances and shall be a lien on the Premises, prior to any right or title to, or claim upon, the Premises subordinate to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage.

9.11. Mortgagor Certifications. Mortgagor, upon request, made either personally or by mail, shall certify, by a writing duly acknowledged, to Mortgagee, or to any proposed assignee of this Mortgage, the amount of principal and interest then owing on this Mortgage and whether any offsets or defenses exist against such indebtedness, within ten (10) days of such request.

9.12. Filing and Recording Fees. Mortgagor will 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 Note, this Mortgage and the Collateral Loan Documents.

9.13. Notices. Any notice, demand or other communication given pursuant to the terms hereof shall be in writing and shall be effective only if (a) delivered by personal service, or (b) mailed by certified mail, return receipt requested, postage prepaid, or (c) delivered by nationwide, overnight delivery service, with charges prepaid. All notices must be addressed to the address of the parties as follows:

If intended for Mortgagee:

Illinois Tool Works Inc.
3600 West Lake Avenue
Glenview, Illinois 60025
Attn: Frank M. Donovan

with a copy to:

Gardner, Carton & Douglas
Suite 3400 - Quaker Tower
321 North Clark Street
Chicago, Illinois 60610-4795
Attn: William J. Peltin

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If intended for Mortgagor:

Heatherfield Venture
1535 Lake Cook Road
Suite 302
Northbrook, Illinois 60062
Attn: Edward R. James

with a copy to:

McDermott, Will & Emery
227 West Monroe Street
Chicago, Illinois 60606-5096
Attn: Fred I. Feinstein, P.C.

Any such notice, demand or other communication shall be effective upon being deposited in the United States Mail or upon delivery or refusal of delivery, as the case may be. Any party may at any time change its address for such notice by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change. Nothing in this Section shall be construed as requiring Mortgagee to give any notice of a Default or of intent to accelerate, unless otherwise expressly provided herein.

9.14. Waiver of Rights by Mortgagor: Mortgagor waives the benefit of all laws now existing or that hereafter may be enacted providing for (a) any appraisal before sale of any portion of the Premises, or (b) extension of the time for the enforcement or collection of the Note or the indebtedness evidenced thereby, or (c) creation of an extension of the period of redemption from or a moratorium on any sale made pursuant to this Mortgage. To the full extent Mortgagor may do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension, redemption or moratorium, and Mortgagor, for Mortgagor, Mortgagor's successors and assigns, and for any and all persons ever claiming any interest in the Premises, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, moratorium, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshalling in the event of a foreclosure of the liens hereby created. If any law referred to in this Section 9.14 and now in force, of which Mortgagor, Mortgagor's successors and assigns or other person might take advantage despite this Section 9.14, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section 9.14. Mortgagor expressly waives and relinquishes any and all rights and remedies which Mortgagor may have or be able to assert by reason of the laws pertaining to the rights and remedies of sureties. Mortgagor waives, to the full extent permitted by law, all statutes of limitations as a defense to this Mortgage and any obligation secured by this Mortgage. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure.

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pursuant to rights herein granted, on behalf of Mortgagor, the trust estate and all persons beneficially interested therein if Mortgagor is a land trust, 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 the provisions of the ILCS, including, without limitation, 735 ILCS 5/15-1601.

9.15. Right to Inspect; Entry Upon Premises. Upon reasonable prior notice, Mortgagee and any persons authorized by Mortgagee shall have the right to enter upon and inspect the Premises from time to time and to perform such environmental inspections, audits, tests and site assessments as Mortgagee deems necessary.

9.16. Joint and Several Liability. If Mortgagor consists of more than one party, such Mortgagors shall be jointly and severally liable under any and all obligations, covenants and agreements of Mortgagor contained herein.

9.17. Severability. In case any one or more of the covenants, agreements, terms or provisions contained herein or in the Note secured hereby, or in any of the Collateral Loan Documents, shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions shall in no way be affected, prejudiced or disturbed thereby, and to this end the provisions of all such loan documents are declared to be severable.

9.18. Covenants "to Run with Land"; Successors and Assigns. This Mortgage and all the terms, covenants, conditions, agreements and requirements hereof, whether stated herein at length or incorporated herein by reference, shall be covenants running with the land so long as this Mortgage is in effect and shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Mortgagor and Mortgagee.

9.19. Definitions. Wherever used in this Mortgage, unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, the word "Mortgagor" shall mean "Mortgagor and/or any subsequent owner or owners of the Premises"; the word "Mortgagee" shall mean "Mortgagee or any subsequent holder or holder of this Mortgage"; the word "Note" shall mean "Note of even date herewith secured by this Mortgage and any additional or substitute note or notes at any time secured by this Mortgage"; the word "person" shall mean "an individual, corporation, partnership or unincorporated association"; pronouns of any gender shall include the other gender, and either the singular or plural shall include the other.

9.20. Governing Law. This Mortgage has been executed and delivered in the State of Illinois and is to be construed and enforced according to and governed by the laws of the State of Illinois in the Circuit Court of Cook County, Illinois or the United States District Court - Northern District of Illinois, Eastern Division. Any provision of this Mortgage which provides, in substance, that any advance, expense or other payment by Mortgagee shall bear interest at the maximum rate permitted by applicable law shall be deemed to mean the maximum rate of interest under the law of the State of Illinois which may be agreed by contract between parties to debt instruments, or, if there is no such maximum rate, then a rate of five percent (5%) above the face rate of interest in the Note secured hereby.

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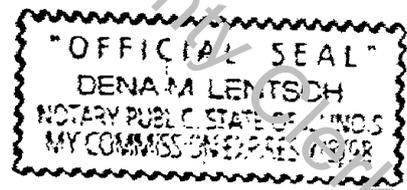
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that FRANK M. DONOHAN, personally known to me to be the Vice President of Odesign III, Inc., an Illinois corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such President he signed and delivered the said instrument thereto, pursuant to authority given by the Board of Directors of said corporation, as his free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 28th day of February 1997

Dena M. Lentsch
Notary Public

My commission expires: 7-08-98



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9.21. Modification Procedure. Neither this Mortgage, the Note nor any Collateral Loan Documents can be modified except by an instrument in writing executed by the party against whom enforcement of the change is sought. No requirement of this Mortgage, the Notes or any Collateral Loan Document can be waived at any time except by a writing signed by Mortgagee, nor shall any waiver be deemed a waiver of any subsequent breach or Default of Mortgage.

9.22. Captions. The headings or captions of the Articles, Sections, paragraphs, and subdivisions of this Mortgage are for convenience of reference only, are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

9.23. Business Purpose. Mortgagor represents and warrants that the proceeds of the loan secured by this Mortgage will be used for the purposes specified in Paragraph 6404 §(1)(c) of Chapter 17, Illinois Revised Statutes, and that the principal obligations secured hereby constitute a "business loan" which comes within the purview of said paragraph.

9.24. No Personal Liability for Debt. Notwithstanding any other provision of the Note, the Construction Loan Agreement or this Mortgage to the contrary, the execution of the Note or this Mortgage shall impose no personal liability on Mortgagor for payment of the indebtedness represented thereby. Mortgagee shall look only to the Premises and to the rents, issues and profits thereof and in the event of Default hereunder will not seek any deficiency or personal judgment against Mortgagor except such judgment or decree as may be necessary to foreclose and bar Mortgagor's interest in the Premises.

ARTICLE X

RELEASE OF LOTS

Mortgagor contemplates the construction upon the Property of three hundred two (302) residential dwelling units (hereinafter individually called a "Unit" and collectively called the "Units"). Mortgagee, by its acceptance of the Note and this Mortgage, hereby agrees to grant partial releases of the lien of this Mortgage from each Unit upon payment to Mortgagee for each such Unit to be released a sum equal to the purchase price for such Unit less (i) all credits given to the purchaser of such Unit at closing (including all earnest money); (ii) all other title charges and related closing costs incurred in connection with the sale of such Unit; (iii) two percent (2%) of the purchase price for such Unit as a fee to Heatherfield Associates; (iv) two percent (2%) of the purchase price for such Unit as a fee to Odesign III, Inc.; and (v) repayment to Origin III of (a) a portion of its capital contribution in an aggregate amount equal to \$30,000.00 for each Unit, plus (b) the unpaid Preferred Return (as defined in Section 5.06 of the Amended and Restated Joint Venture Agreement dated October 30, 1996, for Mortgagor (The "Joint Venture Agreement")) on such amount as calculated under the Joint Venture Agreement, plus (c) any amounts required to be paid under Section 5.05 (d) of the Joint Venture Agreement in connection with prior sales of residential units which have not been paid, all to the extent principal and interest remain unpaid under the Note. All payments shall be applied first to interest, then to principal and other sums due under the Note or this Mortgage. Upon payment in full of the entire outstanding principal balance under the Note plus accrued and unpaid interest thereon,

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Mortgagee shall cancel the Note and release the lien of this Mortgage from the remaining Lots not previously released as aforesaid.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the date first above written.

Heatherfield Venture

By: Heatherfield Associates

By: E-Heatherfield Corporation

By: *[Signature]*

By: K-Heatherfield Corporation

By: *[Signature]*

By: Odesign III, Inc

By: *[Signature]*

This Instrument Was Prepared By:
William J. Peltin
Gardner, Carton & Douglas
321 North Clark Street
Suite 3400
Chicago, IL 60610-4795

AFTER RECORDING, RETURN TO BOX 128 (byrd)



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STATE OF ILLINOIS)
) SS
COUNTY OF)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that EDWARD JAMES, personally known to me to be the President of E-Heatherfield Corporation, an Illinois corporation, and KENNETH JAMES personally known to me to be the President of K-Heatherfield Corporation, an Illinois corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed and delivered the said instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of each said corporation, as their free and voluntary act, and as the free and voluntary act and deed of each of said corporations, for the use and purposes therein set forth.

GIVEN under my hand and official seal this 5TH day of MARCH, 1977

Catherine Foss
Notary Public

My commission expires: 02/08/00



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EXHIBIT A

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EXHIBIT A

PARCEL 1:

COMMENCING AT A POINT 70 FEET WESTERLY OF THE CENTERLINE OF WATKINSON ROAD AS MEASURED PERPENDICULAR TO SAID CENTERLINE AT A POINT 830 FEET SOUTHERLY OF THE NORTH LINE OF THE SOUTH 1/2 OF THE NORTHEAST 1/4 AS MEASURED ALONG SAID CENTERLINE (HAVING AN ASSUMED BEARING SOUTH 03 DEGREES 54 MINUTES 59 SECONDS EAST, SAID POINT BEING ON THE WESTERLY LINE OF LAND CONVEYED TO THE VILLAGE OF GLENVIEW BY WARRANTY DEED RECORDED AS DOCUMENT NUMBER 90119137 ON MARCH 25, 1990); THENCE SOUTH 01 DEGREES 54 MINUTES 59 SECONDS EAST ALONG SAID WESTERLY LINE, A DISTANCE OF 31.65 FEET; THENCE SOUTH 03 DEGREES 14 MINUTES 17 SECONDS EAST ALONG SAID WESTERLY LINE, A DISTANCE OF 185.81 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 03 DEGREES 14 MINUTES 17 SECONDS EAST ALONG SAID WESTERLY LINE, A DISTANCE OF 469.50 FEET TO A POINT; THENCE NORTH 89 DEGREES 12 MINUTES 03 SECONDS WEST, ALONG A LINE 90.00 FEET NORTHERLY OF THE SOUTH LINE OF LOT 18 IN COUNTY CLERK'S DIVISION OF SECTION 23, TOWNSHIP 42 NORTH, RANGE 12, RECORDED AS DOCUMENT NO. 20649 DATED OCTOBER 12, 1876, AS MEASURED PERPENDICULAR THERETO, A DISTANCE OF 340.00 FEET TO A POINT; THENCE SOUTH 15 DEGREES 10 MINUTES 37 SECONDS WEST, A DISTANCE OF 168.17 FEET TO A POINT ON A LINE 630.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID LOT 18; THENCE NORTH 89 DEGREES 12 MINUTES 03 SECONDS WEST, A DISTANCE OF 293.92 FEET TO A POINT; THENCE SOUTH 00 DEGREES 47 MINUTES 57 SECONDS WEST, A DISTANCE OF 85.00 FEET TO A POINT; THENCE SOUTH 31 DEGREES 20 MINUTES 42 SECONDS WEST, A DISTANCE OF 148.08 FEET TO A POINT; THENCE SOUTH 00 DEGREES 47 MINUTES 57 SECONDS WEST, A DISTANCE OF 390.30 FEET TO A POINT ON SAID SOUTH LINE; THENCE NORTH 89 DEGREES 12 MINUTES 03 SECONDS WEST ALONG SAID SOUTH LINE, A DISTANCE OF 740.42 FEET TO A POINT ON PERMANENT EASEMENT 2 ACCORDING TO DOC. NO. 23876793 RECORDED APRIL 15, 1977; (THE NEXT 10 COURSES ARE ALONG SAID EASEMENT LINE.) THENCE NORTH 30 DEGREES 47 MINUTES 57 SECONDS EAST, A DISTANCE OF 236.84 FEET TO A POINT; THENCE NORTH 15 DEGREES 24 MINUTES 51 SECONDS WEST, A DISTANCE OF 456.63 FEET TO A POINT; THENCE NORTH 44 DEGREES 40 MINUTES 43 SECONDS W, A DISTANCE OF 94.05 FEET TO A POINT; THENCE NORTH 79 DEGREES 53 MINUTES 50 SECONDS WEST, A DISTANCE OF 434.07 FEET TO A POINT; THENCE NORTH 45 DEGREES 14 MINUTES 44 SECONDS WEST, A DISTANCE OF 162.66 FEET TO A POINT; THENCE NORTH 09 DEGREES 46 MINUTES 16 SECONDS WEST, A DISTANCE OF 300.08 FEET TO A POINT; THENCE NORTH 42 DEGREES 53 MINUTES 15 SECONDS WEST, A DISTANCE OF 237.00 FEET TO A POINT; THENCE NORTH 66 DEGREES 22 MINUTES 44 SECONDS WEST, A DISTANCE OF 229.00 FEET TO A POINT; THENCE NORTH 88 DEGREES 19 MINUTES 30 SECONDS WEST, A DISTANCE OF 186.02 FEET TO A POINT; THENCE NORTH 25 DEGREES 42 MINUTES 04 SECONDS WEST, A DISTANCE OF 564.86 FEET TO A POINT ON THE SOUTH LINE OF SAID CONVEYED LAND; THENCE SOUTH 89 DEGREES 33 MINUTES 23 SECONDS EAST ALONG SAID SOUTH LINE OF SAID CONVEYED LAND, A DISTANCE OF 131.14 FEET TO A POINT; THENCE SOUTH 89 DEGREES 14 MINUTES 35 SECONDS EAST ALONG SAID SOUTH LINE OF SAID CONVEYED LAND, A DISTANCE OF 304.26 FEET TO A POINT; THENCE NORTH 00 DEGREES 45 MINUTES 25 SECONDS EAST ALONG SAID SOUTH LINE OF SAID CONVEYED LAND, A DISTANCE OF 20.00 FEET TO A POINT; THENCE SOUTH 89 DEGREES 14 MINUTES 35 SECONDS EAST ALONG SAID SOUTH LINE OF SAID CONVEYED LAND, A DISTANCE OF 927.25 FEET TO A POINT; THENCE SOUTH 00 DEGREES 45 MINUTES 25 SECONDS W, A DISTANCE OF 695.15 FEET TO A POINT; THENCE SOUTH 45 DEGREES 45 MINUTES 25 SECONDS WEST, A DISTANCE OF 416.57 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 1105.00 FEET, BEING CONCAVE SOUTHEASTERLY, HAVING A CENTRAL ANGLE OF 03 DEGREES 09 MINUTES 42 SECONDS AND A CHORD BEARING SOUTH 34

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DEGREES 02 MINUTES 01 SECONDS EAST; THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 60.97 FEET; THENCE NORTH 45 DEGREES 45 MINUTES 25 SECONDS EAST, A DISTANCE OF 167.38 FEET TO A POINT ON A LINE 850.00 FEET SOUTHERLY OF THE NORTH LINE OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 23, TOWNSHIP 42 NORTH, RANGE 12, AS MEASURED PERPENDICULAR THERETO; THENCE SOUTH 89 DEGREES 14 MINUTES 35 SECONDS EAST PARALLEL TO SAID NORTH LINE, A DISTANCE OF 625.00 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 150.00 FEET, BEING CONCAVE NORTHEASTERLY, HAVING A CENTRAL ANGLE OF 43 DEGREES 19 MINUTES 59 SECONDS AND A CHORD BEARING SOUTH 44 DEGREES 07 MINUTES 49 SECONDS EAST; THENCE ALONG AN ARC OF SAID CURVE, A DISTANCE OF 113.45 FEET TO A POINT; THENCE SOUTH 45 DEGREES 47 MINUTES 49 SECONDS EAST, A DISTANCE OF 290.08 FEET TO A POINT; THENCE SOUTH 81 DEGREES 13 MINUTES 16 SECONDS EAST, A DISTANCE OF 81.26 FEET TO THE POINT OF BEGINNING. ALL IN THE SOUTH 1/2 OF THE NORTHEAST 1/4 OF SECTION 22 AND IN SECTION 23, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

COMMENCING AT A POINT 70 FEET WESTERLY OF THE CENTERLINE OF WAUKEGAN ROAD AS MEASURED PERPENDICULAR TO SAID CENTERLINE AT A POINT 810 FEET SOUTHERLY OF THE NORTH LINE OF THE SOUTH 1/2 OF THE NORTHEAST 1/4 AS MEASURED ALONG SAID CENTERLINE (HAVING AN ASSUMED BEARING SOUTH 03 DEGREES 34 MINUTES 59 SECONDS EAST, SAID POINT BEING ON THE WESTERLY LINE OF LAND CONVEYED TO THE VILLAGE OF GLENVIEW BY WARRANTY DEED RECORDED AS DOCUMENT 90119117 ON JUNE 16, 1990); THENCE SOUTH 03 DEGREES 54 MINUTES 55 SECONDS EAST ALONG SAID WESTERLY LINE, A DISTANCE OF 31.65 FEET; THENCE SOUTH 03 DEGREES 14 MINUTES 17 SECONDS EAST ALONG SAID WESTERLY LINE, A DISTANCE OF 655.61 FEET TO THE POINT OF BEGINNING; THENCE NORTH 89 DEGREES 12 MINUTES 03 SECONDS WEST, ALONG A LINE 780.00 FEET NORTHERLY OF THE SOUTH LINE OF LOT 18 IN COUNTY CLERK'S DIVISION OF SECTION 23, TOWNSHIP 42 NORTH, RANGE 12, RECORDED AS DOC. NO. 106454 DATED OCTOBER 11, 1876, AS MEASURED PERPENDICULAR THERETO, A DISTANCE OF 340.00 FEET TO A POINT; THENCE SOUTH 15 DEGREES 10 MINUTES 37 SECONDS WEST, A DISTANCE OF 165.17 FEET TO A POINT ON A LINE 620.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID LOT 18; THENCE NORTH 89 DEGREES 12 MINUTES 03 SECONDS WEST, A DISTANCE OF 193.93 FEET TO A POINT; THENCE SOUTH 00 DEGREES 47 MINUTES 57 SECONDS WEST, A DISTANCE OF 85.00 FEET TO A POINT; THENCE SOUTH 31 DEGREES 10 MINUTES 47 SECONDS WEST, A DISTANCE OF 168.08 FEET TO A POINT; THENCE SOUTH 00 DEGREES 47 MINUTES 57 SECONDS WEST, A DISTANCE OF 390.00 FEET TO A POINT ON A SAID SOUTH LINE; THENCE SOUTH 89 DEGREES 12 MINUTES 03 EAST ALONG SAID SOUTH LINE, A DISTANCE OF 815.00 FEET TO A POINT ON SAID WESTERLY LINE; THENCE NORTH 03 DEGREES 14 MINUTES 17 SECONDS WEST ALONG SAID WESTERLY LINE, A DISTANCE OF 781.94 FEET TO THE POINT OF BEGINNING. ALL IN SECTION 23, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PINS:

04-22-202-003
04-23-101-004
04-23-101-005
04-23-300-002
04-23-400-001

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