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COOK COUNTY RECORDER

(Above space for recording information)

THIS INSTRUMENT PREPARED BY:) David H. Hight
) McBride Baker & Coles
) One Mid America Plaza
) Suite 1000
MAIL THIS INSTRUMENT TO:) Oakbrook Terrace, Illinois 60181

6908

REVOLVING LINE OF CREDIT
MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE (hereinafter referred to as "Mortgage"), made this ____ day of _____, 1997, by COMMUNITY HOME BUILDERS, INC., an Illinois corporation, having offices at 320 West Illinois Street, Chicago, Illinois 60610 (herein referred to as "Mortgagor") in favor of LASALLE NORTHWEST NATIONAL BANK, a national banking association, having its principal office at 4747 West Irving Park Road, Chicago, Illinois 60641 (hereinafter referred to as "Mortgagee").

The Obligation secured by the within Mortgage evidences a Revolving Line of Credit Promissory Note and a Standby Letter of Credit. This Mortgage, and the Obligation secured hereby, shall remain valid even though no indebtedness is owing thereunder. Future advances made pursuant to the Line of Credit and/or the Letter of Credit shall enjoy the priority of the original lien of this Mortgage. The MAXIMUM PRINCIPAL AMOUNT of the Obligation to be secured hereby is NINE HUNDRED THIRTY FIVE THOUSAND AND NO/100 DOLLARS (\$935,000.00). No disbursement of principal occurring later than twenty (20) years from the date of this instrument shall be secured by this Mortgage.

BOX 333

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WITNESSETH:

WHEREAS, the Mortgagor is justly indebted to Mortgagee in the aggregate principal sum of up to NINE HUNDRED THIRTY FIVE THOUSAND AND 00/100 DOLLARS (\$935,000.00) lawful money of the United States of America, payable with interest thereon in accordance with the terms of the following: (a) a Revolving Credit Promissory Note in the principal amount of \$750,000.00, and (b) a Standby Letter of Credit issued by Mortgagee in favor of the City of Chicago in the amount of \$185,000.00, both of even date herewith and (c) the Application for Standby Letter of Credit of Mortgagor to Lender dated _____, 1997 (hereinafter referred to collectively as the "Obligation") executed by Mortgagor, payable to the order of Mortgagee at its office aforesaid or at such other place as Mortgagee may designate in writing, the balance of said principal sum with interest thereon maturing and being due and payable on _____, 1998;

WHEREAS, this Mortgage is executed for the purpose of securing (1) payment of said indebtedness as provided in the Obligation and any extensions or modifications thereof, (2) payment of all other monies secured hereby, and (3) the performance and observance of all of the covenants, conditions, stipulations and agreements contained in the Obligation, this Mortgage, a Construction Loan Agreement of even date herewith (hereinafter referred to as the "Loan Agreement") between Mortgagor and Mortgagee and any other instrument now or hereafter executed evidencing or securing the loan evidenced by the Obligation (collectively hereinafter referred to as the "Security Documents").

WHEREAS, Mortgagor shall use funds advanced by Mortgagee for the construction of Units (as defined in the Loan Agreement) under the City of Chicago's Homes for Chicago Program (as defined in the Loan Agreement) which Units will be built on the Property and on additional lots to be acquired by Mortgagor from the City of Chicago; and

WHEREAS, to induce Mortgagee to make the loan to Mortgagor represented by the Obligation, Mortgagor has agreed to grant this Mortgage to Mortgagee on the Property and will, upon request by Mortgagee, modify this Mortgage to include and encumber additional property acquired by Mortgagor on which Mortgagor intends to construct Units;

NOW, THEREFORE, Mortgagor does hereby MORTGAGE, CONVEY, WARRANT, DEED, SELL, ASSIGN, TRANSFER, PLEDGE, SET OVER AND GRANT to Mortgagee, that certain real property located in the City of Chicago, County of Cook, State of Illinois, described in Exhibit A attached hereto and hereby made a part hereof (hereinafter the "Property"), together with all buildings and improvements thereon, together with all of the right, title and interest of Mortgagor in and to all and singular the tenements, hereditaments, rights-of-way, easements, privileges and appurtenances now or hereafter thereto belonging or in anywise appertaining, all buildings, structures or improvements now located thereon or which may hereafter be placed thereon, the rents, issues and profits thereof (which are hereby expressly and absolutely assigned to the Mortgagee), all right, title and interest of Mortgagor in and to all

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chattels, furniture, equipment, machinery, apparatus, fixtures and articles of personal property of every kind and nature whatsoever owned by Mortgagor now or hereafter located in or upon the Property, or any building or structure located or to be located thereon, and used or usable in connection with the operation of the Property including, but without limiting the generality of the foregoing, all heating, lighting, laundry, incinerating and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating and communications apparatus, air cooling and air conditioning apparatus, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, wall beds, refrigerators, cabinets, partitions, ducts, compressors, canopies, furnishings, garbage and rubbish disposals, counters, bathtubs, sinks, basins, carpets, floor and wall coverings, drapes, inventory (expressly excluding, without limitation, any and all chattels, furniture and other personalty owned and leased by Mortgagor's lessees); and proceeds therefrom including, but not limited to, insurance proceeds, condemnation awards and all substitutions and replacements therefore; it being understood and agreed that all such property is part and parcel of the Property and appropriated to the use thereof, and whether affixed or annexed to the Property or not, shall for the purpose of this Mortgage be deemed conclusively to be a portion of the security for the indebtedness herein mentioned and secured by this Mortgage.

TOGETHER WITH all right, title and interest of Mortgagor in and to all rights, rights-of-way, easements, privileges, title if any, now owned or hereafter acquired, in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Property to the center line thereof (the Property and all other real estate, buildings, improvements, rights, title and interests hereby granted, conveyed, bargained, sold, assigned, confirmed, mortgaged to Mortgagee being hereinafter collectively called the "Premises").

TO HAVE AND TO HOLD the Premises, with all the privileges and appurtenances to the same belonging to Mortgagee, and its successors and assigns, forever, for the uses and purposes set forth herein and in the other Security Documents, free from all rights and benefits under any homestead exemption, rights of redemption from sale, rights to retain possession and appraisal, valuation, stay, extension or moratorium laws of any state, all of said rights and benefits Mortgagor does hereby expressly release and waive; and Mortgagor hereby binds itself, its successors and assigns to forever warrant and defend the Premises and every part thereof unto the Mortgagee, its successors and assigns, against the claims and demands of every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Mortgagor, and any and all claims and demands or such liens, restrictions or encumbrances as are listed as exceptions on the title policy insuring the lien of this Mortgage.

MORTGAGOR HEREBY REPRESENTS TO AND COVENANTS AND AGREES WITH MORTGAGEE AS FOLLOWS:

1. Mortgagor will cause to be paid all sums secured hereby when due.

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2. Subject to the provisions of Section 7 hereof, Mortgagor will pay, when due, utility charges and governmental charges of every type or nature levied or assessed against all or any part of the Premises or upon Mortgagor's or Mortgagee's interest therein, and any lawful claim, lien or encumbrance against all or any part of the Premises and, if requested by Mortgagee in writing, shall produce all receipts or other satisfactory evidence of such payments. However, all real estate taxes and assessments shall be paid and receipts of payment provided to Mortgagor on or before the due date thereof. In accordance with Section 10 hereof and the applicable cure periods contained therein, and if any of such items shall not be paid, Mortgagee shall have the right to pay the same and add the amount so paid to the principal sum secured hereby with interest thereon at the Default Rate, as that term is defined in the Loan Agreement and the Obligation, until paid.

Mortgagor will pay all taxes which may be assessed upon this Mortgage, or said Obligation, or indebtedness secured hereby, without regard to any law, heretofore or hereafter enacted, imposing payment of all or any part thereof upon Mortgagee. In the event of enactment of any law imposing payment of all or any portion of any such taxes upon Mortgagee, or the rendering by any court of competent jurisdiction of a decision that the undertaking by Mortgagor, as herein provided, to pay such tax or taxes is legally inoperative, then, all sums hereby secured, without any deduction, shall, at the option of Mortgagee, become immediately due and payable, notwithstanding anything contained herein or any law heretofore or hereafter enacted.

3. Mortgagor warrants that it has good title to the Premises free from liens, claims, restrictions or encumbrances except for title exceptions Obligation in the title insurance policy insuring the lien of this Mortgage and is lawfully seized and possessed thereof with full right and power to convey the Premises, and to execute and deliver this Mortgage and does hereby warrant and will forever defend the Premises against the claims of all persons whomsoever by, through or under Mortgagor but not otherwise, and will appear in and defend any suit, action or proceeding that might in any way and in the reasonable judgment of Mortgagee affect the value of the Premises, the priority of this Mortgage or the rights and powers of Mortgagee with respect to the Premises.

4. Mortgagor shall make monthly deposits with Mortgagee, in a non-interest bearing account, together with and in addition to interest and principal, of a sum equal to one-twelfth of the yearly taxes and assessments which may be levied against the Premises. Such deposits shall not be deemed to be trust funds but may be commingled with the general funds of Mortgagee. The amount of such taxes, assessments and premiums, when unknown, shall be estimated by Mortgagee. Such deposits shall be used by Mortgagee to pay such taxes, assessments and premiums when due provided there is no Event of Default pursuant to Section 10 hereof or under any of the other Security Documents; provided, however, Mortgagee shall be under no obligation to pay any such charges unless there is on deposit with Mortgagee sufficient

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funds to pay such charges when due. Any insufficiency of such account to pay such charges when due shall be paid by Mortgagor to Mortgagee. In the event Mortgagor shall for any reason fail to pay such additional monies as are necessary to enable Mortgagee to pay the foregoing items when the same become due, Mortgagee, if it so elects, may pay the foregoing items by advancing such additional monies as are necessary, and upon notice to the Mortgagor of Mortgagee's advancing such additional monies, such additional monies so advanced by Mortgagee shall become immediately due and payable with interest at the Default Rate until paid and shall be secured by this Mortgage. Failure on the part of the Mortgagor to pay sums advanced hereunder shall, at the option of Mortgagee, constitute an Event of Default hereunder.

If, by reason of an Event of Default pursuant to Section 10 hereof by Mortgagor under any provision of this Mortgage, the Obligation or any other of the Security Documents, Mortgagee declares all sums secured hereby to be due and payable, Mortgagee may, at its option without being required to do so, then apply any funds in said account against any of the indebtedness secured hereby, in such order and manner as Mortgagee may elect. The enforceability of the covenants relating to taxes, assessments and insurance premiums herein otherwise provided shall not be affected thereby except insofar as those obligations have been met by compliance with this Section 4. Mortgagee may from time to time, at its option, waive, and after any such waiver reinstates, any or all provisions hereof requiring such deposits, by notice to Mortgagor in writing. While any such waiver is in effect, Mortgagor shall pay taxes, assessments and insurance premiums as herein elsewhere provided.

5. Mortgagor will keep the Premises insured against loss or damage by fire, windstorm and such other hazards as may be required by Mortgagee, in form and amounts satisfactory to (but not less than full insurable value in amounts sufficient to avoid coinsurance liability) and with insurance companies approved by Mortgagee, the proceeds of which insurance shall be payable to Mortgagee. Further, Mortgagor shall provide rental or use and occupancy insurance. Mortgagor shall also, at its expense, provide public liability insurance in amounts and with companies satisfactory to Mortgagee. All policies shall be endorsed with a noncontributory Standard Mortgagee Clause in favor of Mortgagee. One original or a certified duplicate copy of each policy shall be delivered to Mortgagee, together with receipts showing payment for the premiums therefor. Upon foreclosure of this Mortgage or other acquisition of the Premises or any part thereof by Mortgagee, said policies shall become the absolute property of Mortgagee, limited to and to the extent of all monies owed pursuant to the Security Documents. In the event any policy required by Mortgagee is not renewed on or before its expiration and evidence thereof provided to Mortgagee, Mortgagee may procure said insurance, pay the premium therefor, and such sum shall become immediately due and payable with interest at the Default Rate until paid and shall be secured hereby. In accordance with Section 10 hereof and the applicable cure periods therein, failure on the part of Mortgagor to furnish such renewal copies as are herein required or failure to pay any sums advanced hereunder shall, at the option of Mortgagee, constitute an Event of Default under the terms hereof. The proceeds of all insurance shall, at the option of Mortgagee, be applied by Mortgagee in reduction of the indebtedness secured hereby, whether the same be then mature or unmatured (provided,

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however, no such application shall be deemed to be an advance payment of any subsequently accruing fixed sum and shall not be subject to a prepayment penalty) or paid over wholly or in part to Mortgagor by Mortgagee for the repair of the Premises or for any other purpose or object satisfactory to Mortgagee. Mortgagor hereby assigns to the Mortgagee, for the use and purposes aforesaid, all insurance required by this Mortgage and the proceeds thereof and, after an Event of Default, hereby irrevocably appoints Mortgagee as Attorney-in-Fact of Mortgagor to assign each policy in the event of foreclosure of this Mortgage. Mortgagor shall promptly notify Mortgagee of any damage to or destruction of any part of the Premises, whether or not the same is covered by insurance, and shall furnish to Mortgagee, upon request, a certificate signed by an authorized individual containing a detailed list of the insurance policies then outstanding and in force on the Premises.

6. Except as contemplated by the Loan Agreement, Mortgagor (i) will not remove, demolish or materially alter the design or structural character of any building now or hereafter erected upon the Property, nor remove or permit the removal of any fixtures, equipment or appliances therefrom unless Mortgagee shall first consent thereto in writing (except that Mortgagor may remove or demolish any fixtures, equipment or appliances in the ordinary course of business or that are no longer useful or used in the conduct of its business); (ii) will maintain the Premises in good condition and repair; (iii) will not commit or suffer waste thereon; and (iv) will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Premises, and will not suffer or permit any violation thereof.

Should Mortgagor fail to make any and all necessary repairs to keep the Premises in good condition and repair within thirty (30) days after receipt by Mortgagor of written notice from Mortgagee directing that such repairs be made, or such longer period of time (not to exceed thirty (30) days) as may be required so long as Mortgagor is diligently pursuing any such repairs, then Mortgagee, its agents, employees or contractors, if Mortgagee so elects, may enter said Premises and the building or buildings located thereon and make the necessary repairs and all expenses incurred by Mortgagee in connection therewith shall become immediately due and payable with interest at the Default Rate until paid and shall be secured hereby. Failure on the part of Mortgagor to pay all expenses incurred by Mortgagee in connection with the making of such repairs, and the continuation of such failure to pay for five (5) days after receipt of notice of Mortgagee's payment from Mortgagee to Mortgagor, shall at the option of Mortgagee, constitute an Event of Default under the terms hereof.

7. If Mortgagor fails to pay, release, discharge or "bond around" any lawful claim, lien or encumbrance on the Premises when due, whether subordinate or prior to this Mortgage, or any tax or assessment before the same become delinquent under the law or insurance premium, or to keep the Premises in repair, or shall commit or permit waste thereon, or shall use the Premises for an illegal purpose, or if there be commenced any action or proceeding(s) affecting the Premises or the title thereto, or if Mortgagor defaults in the performance of any of its covenants or agreements hereunder, subject to Section 10 hereof, and the applicable cure periods, then Mortgagee, at its option, may pay said claim, lien,

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encumbrance, tax, assessment or premium, with right of subrogation thereunder, may procure such abstracts or other evidence of title as it deems necessary, may make such repairs and take such steps as it deems advisable to prevent or cure such waste, and may appear in any such action therein as Mortgagee deems advisable, and may perform such covenants and obligations, and for any part of said purposes Mortgagee may advance such sums of money as it deems necessary. Such sums advanced, with interest thereon at the Default Rate, shall immediately be due from Mortgagor to Mortgagee and be secured by this Mortgage. Mortgagee shall be the sole judge of the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and/or premium, and of the amount necessary to be paid in satisfaction thereof.

Notwithstanding the foregoing, so long as no Event of Default shall have occurred hereunder or under any other Security Document, and be continuing, Mortgagor shall have the right to contest, at Mortgagor's sole cost and expense, the amount or validity, in whole or in part, of any of the aforesaid taxes, claims, liens, encumbrances or assessments (hereinafter collectively referred to as "Taxes") by appropriate proceedings diligently conducted by Mortgagor in good faith, but only after payment of such Taxes, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in either of which latter events, and Mortgagor may postpone or defer payment of such Taxes if (a) the right or privilege so to do is granted or sanctioned by applicable law or otherwise, (b) Mortgagor deposits with Mortgagee sufficient security to pay such Taxes and all costs, fees, interest and other liabilities in connection therewith (the sufficiency of which security shall be in the sole discretion of Mortgagee), (c) the Premises or any part thereof shall not, by reasons of such postponement or deferment, be subject to forfeiture or loss, and (d) Mortgagor shall promptly commence proceedings for such contest and prosecute the same with all due diligence. Upon the termination of such proceedings, Mortgagor shall pay such amount of any such Taxes or part thereof as is finally determined in such proceedings, the payment of which, pursuant to the foregoing provisions of this Section 7, shall have been deferred during the prosecution of such proceedings, together with all costs, fees, interest, penalties and other liabilities in connection therewith. Mortgagor covenants to defend, indemnify and save Mortgagee harmless from and against any and all liability and for the payment of all costs and expenses in connection with any such proceedings, except for matters caused by the bad faith, gross negligence or willful misconduct of Mortgagee.

8. Mortgagor will comply with all applicable laws, ordinances, regulations, covenants, conditions and restrictions affecting the Premises or its operation, and will pay all fees or charges of any kind in connection therewith. Mortgagor shall, within thirty (30) days following notice from the proper authorities, comply with any legal requirements of the state, county or municipality in which the Premises are located and respecting the Premises. Notwithstanding the foregoing, Mortgagor may, in good faith, contest any such requirement.

9. All awards heretofore or hereafter made by any public or quasi-public authority to the present and all subsequent owners of the Premises by virtue of an exercise of the right of eminent domain by such authority, including any award for a taking of title,

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possession or right of access to a public way, or for any change of grade or streets affecting said Premises, are hereby assigned to Mortgagee; and Mortgagee, at its option, is hereby authorized, directed and empowered to collect and receive the proceeds of any such award(s) from the authorities making the same and to give proper receipts and acquittances therefor, and may, at the Mortgagee's election, use such proceeds, when actually received, in any one or more of the following ways: (a) apply the same or any part thereof upon the indebtedness secured hereby, whether such indebtedness then be matured or unmatured, (b) use the same or any part to fulfill any of the covenants contained herein, as Mortgagee may determine, (c) use the same or any part thereof to replace or restore the Premises to a condition satisfactory to Mortgagee, (d) release the same to Mortgagor, and Mortgagor hereby covenants and agrees to and with Mortgagee, upon request by Mortgagee, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of so assigning all such awards to the Mortgagee. Mortgagee shall have the right to intervene and participate in any proceeding for and in connection with any taking referred to in this Section 9, provided, however, that if such intervention shall not be permissible or permitted by the court, Mortgagor shall, at its expense, consult with Mortgagee, its attorney and experts and make all reasonable efforts to cooperate with them in any defense of such proceedings. The Mortgagor shall not enter into any agreement for the taking of the Premises or any part thereof with any person or persons authorized to acquire the same by condemnation or eminent domain, unless Mortgagee shall have consented thereto in writing. Notwithstanding any taking by condemnation or eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Premises by any public or quasi-public authority or corporation, Mortgagor shall continue to pay the regular monthly installments due under the Obligation (including interest on the entire principal sum secured hereby), and any reduction in the principal sum resulting from the application by the Mortgagee of such award or payment shall be deemed to take effect only on the date of such receipt by Mortgagee.

10. The occurrence of any of the following events, continuing after any applicable cure period, shall constitute an Event of Default under this Mortgage:

(a) The failure of the Mortgagor to make any payment required to be made under the Obligation secured by this Mortgage or any other Security Document in accordance with the terms of the Obligation, this Mortgage or such other Security Document and the continuation of such failure for ten (10) days after the due date for said payment;

(b) The failure of Mortgagor to observe or to perform any other obligation of Mortgagor contained in this Mortgage, the Obligation secured hereby, the Assignment of Rents, or the failure of the Mortgagor to observe or perform any obligation under the Loan Agreement or any other Security Document, or the occurrence of any other default under any of the foregoing instruments, or failure of Mortgagor to observe the terms and obligations of any local, state or federal permit, franchise or certificate issued in connection with the

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Premises and the continuation of such failure for thirty (30) days after receipt of notice of same from Mortgagee to Mortgagor or such longer period of time (not to exceed thirty (30) days) as may reasonably be required, for so long as Mortgagor is diligently attempting to cure such failure, except as provided in Section 10(a).

(c) If by the order of a court of competent jurisdiction, (i) a receiver or liquidator or trustee of Mortgagor or the Guarantor shall be appointed and shall have not been discharged within a period of sixty (60) days, or (ii) if, by decree of such a court, the Mortgagor or the Guarantor shall be adjudicated a bankrupt or any substantial part of its or their property shall be sequestered and such decree shall continue undischarged and unstayed for a period of sixty (60) days after the entry thereof; or (iii) a petition to reorganize the Mortgagor or the Guarantor pursuant to the Federal Bankruptcy Code, as it now exists or as it may hereafter be amended, or pursuant to any other analogous statute applicable to Mortgagor or the Guarantor as now or hereinafter in effect, shall be filed against Mortgagor or the Guarantor and shall not be dismissed within sixty (60) days;

(d) If Mortgagor or the Guarantor shall file a petition in voluntary bankruptcy under any provision of any bankruptcy law or petition to take advantage of any insolvency act, or shall make an assignment for the benefit of its or their creditors, or shall admit in writing its or their inability to pay its or their debts generally as they become due, or shall consent to the appointment of a receiver or receivers of all or any part of the Premises or shall consent to the filing of any bankruptcy, arrangement, or reorganization petition by or against it or them under any provision of the bankruptcy law, or (without limitation of the generality of the foregoing) Mortgagor or the Guarantor shall file a petition or answer seeking an arrangement or reorganization pursuant to the Federal Bankruptcy Code, as it now exists or as it may hereafter be amended, or pursuant to any other analogous statute applicable to the Mortgagor or the Guarantor as now or hereafter in effect;

(e) Dissolution of Mortgagor without reconstitution within sixty (60) days of Dissolution; or

(f) The Premises or a partnership interest of the Mortgagor is transferred or further encumbered by operation of law or otherwise, without the prior written consent of Mortgagee.

11. Upon and after the happening of an Event of Default:

(a) Mortgagee shall have the right, at its option, to declare the amount of principal of the Obligation then unpaid, with interest thereon as provided in the

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Obligation, to be due and payable immediately, without notice, and upon such declaration the principal of, and the interest on the Obligation then outstanding shall forthwith become and be due and payable as fully and to the same effect as if the date of such declaration were the date originally specified for the maturity of the unpaid balance of the sum due under the Obligation;

(b) The election by Mortgagee to accelerate the maturity of said principal sum pursuant to Subsection 11(a) above shall be evidenced by delivery to Mortgagor of written declaration by Mortgagee of default and demand for sale, and Mortgagee shall, to the extent required by law, thereafter file or cause to be filed for record a notice of such default and of election to cause the Premises to be sold;

(c) To the extent allowed by applicable law, after the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default, intent to accelerate, intent to sell, and of sale having been given as required by law, Mortgagee shall sell the Premises at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale; and Mortgagee shall deliver to such purchaser a deed conveying the property so sold, but without any covenant or warranty, express or implied from Mortgagee and the recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof;

(d) To the extent allowed by applicable law, Mortgagee may postpone the sale authorized under Subsection 11(c) of all or any portion of the Premises by public announcement at such time and place of sale, and from time to time thereafter may postpone such public sale by public announcement at the time fixed by the preceding postponement;

(e) To the extent allowed by applicable law, after deducting all costs, fees and expenses of Mortgagee, including the cost of evidence of title in connection with sale, Mortgagee shall apply the proceeds of sale to payment of (i) all sums expended under the terms hereof, not then repaid, with interest at the Default Rate; (ii) all other sums then secured hereby, and (iii) the remainder, if any, to Mortgagor and to any other person or persons legally entitled thereto;

(f) The provisions contained in the foregoing Subsections shall not be construed to preclude Mortgagee from enforcing any appropriate remedy against Mortgagor or from proceeding by suit to foreclose or by suits at law or in equity, as Mortgagee may elect, to enforce payment of all sums secured hereby;

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(g) Mortgagee is hereby, to the extent permitted by applicable law, irrevocably appointed the true and lawful attorney of the Mortgagor, in its name and stead, after default, to make all necessary conveyances, assignments, transfers and deliveries of the Premises and rights so sold and for that purpose, Mortgagee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, the Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, the Mortgagor, if so requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such other 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 Section 11 in strict accordance with all applicable laws, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under Mortgagor;

(h) Upon any sale made under or by virtue of this Section 11, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, any person, including Mortgagor and Mortgagee, may bid for and acquire the Premises or any part thereof; and in lieu of paying cash therefor, Mortgagee may make settlement for the purchase price by crediting upon the indebtedness of Mortgagor secured by this Mortgage the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Mortgagee is authorized to deduct under this Mortgage;

(i) Subject in all respects to the Loan Agreement, Mortgagee shall be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the provisions of this Mortgage; and the right of Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder or the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage; and the right of Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage, or the foreclosure of the lien hereof; and in the event of a sale of the Premises and of the application of the proceeds of sale, as in this Mortgage provided, to the payment of the debt hereby secured, Mortgagee shall be entitled to enforce payment of, and to receive all

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amounts then remaining due and unpaid upon, the Obligation, and to enforce payment of all other charges, payments and costs due under this Mortgage. In case of proceedings against Mortgagor in insolvency or bankruptcy or any proceedings for its arrangement or reorganization or involving the liquidation of its assets, then Mortgagee shall be entitled to prove the whole amount of principal and interest due upon the Obligation to the full amount thereof, and all other payments, charges and costs due under this Mortgage without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Premises; provided, however, that in no case shall Mortgagee receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Premises;

(j) Mortgagor shall not at any time insist upon, or plead or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Premises or any part thereof, whenever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof and the Mortgagor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor, for itself and all who may claim under it, waives to the extent that it lawfully may, all right to have the Premises marshalled upon any foreclosure hereof;

(k) Mortgagee shall be entitled, as a matter of right, to the appointment of a receiver of the Premises, and the court may appoint a receiver, either before or after judgment, upon notice as required by law, without regard to the solvency or insolvency of Mortgagor at the time of the application for such receiver and without regard to the then value of the Premises. Such receiver shall have full power to collect the rents, revenues, issues, income and profits from the Premises and all other powers necessary or incidental for the protection, possession, control, management and operation of the Premises. Said receiver shall also have full power and authority, at the expense of the Premises and of Mortgagor, to maintain, restore and keep insured the Premises and to pay all taxes, assessments and other charges arising in connection therewith. Mortgagor hereby consents to the appointment of a receiver and will, upon Mortgagee's request, formally

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evidence such consent in writing or in any proceeding for the appointment of such receiver.

12. Mortgagor further covenants and agrees as follows:

(a) With respect to the Premises and the operation thereof, (i) on a monthly basis, Mortgagor will keep proper books of record and account according to generally accepted accounting principles, and (ii) on an annual basis, in accordance with generally accepted accounting principles; Mortgagee shall have the right to examine such books of account and to discuss the affairs, finances and accounts relative to the Premises and to be informed as to the same by Mortgagor (or if Mortgagor be a corporation or a partnership by Mortgagor's officers or partners, as the case may be), all at such reasonable times and intervals as the Mortgagee may desire, and the Mortgagor will furnish to the Mortgagee within ninety (90) days after the end of each fiscal year of Mortgagor, copies of the completed financial statement and an operating statement regarding the Premises, including an itemized account of gross annual income and expenditures reflecting in detail the operations of the Premises, and stating in comparative form the figures as of the end of, and for the previous fiscal year and certified by Mortgagor as being correct and complete.

(b) As further security for the indebtedness herein described, Mortgagor (in this Subsection hereinafter referred to as Debtor) hereby grants to Mortgagee a security interest in, and this Mortgage will constitute a Security Agreement within the meaning of the Illinois Uniform Commercial Code (the "Code") with respect to, all present and future furnishings, inventory, furniture, appliances, equipment, fixtures, machinery, trade fixtures, business equipment, apparatus, tools, leases of chattels whether the Debtor is the lessor or lessee thereof and options in favor of the Debtor thereunder, service, management and other contracts or agreements, tax refunds, insurance policies up to all monies owed pursuant to the Security Documents and proceeds to be received thereunder or therefrom whether by reason of loss or cancellation, all rents, issues and profits, located at the Premises, including all proceeds thereof and all other personal property of every kind owned by the Debtor and used in the operation of the Premises (hereinafter referred to as the "Chattels") and the proceeds thereof which security interest shall have priority over all other security interests. Except as permitted herein and/or under the Loan Agreement, Debtor further agrees that it shall not sell, assign, lease, transfer or otherwise dispose of said Chattels without Mortgagee's prior written consent, to remove and dispose of, free from the lien of this Mortgage, such Chattels as from time to time may become worn out or obsolete, provided that either:

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(i) Simultaneously with or prior to such removal, any such Chattels shall be replaced with other Chattels of a value at least equal to that of the replaced Chattels and free from any security agreement or other encumbrances and from any reservation of title, and by such removal and replacement Mortgagor shall be deemed to have subjected such equipment to the lien of this Mortgage; or

(ii) Any net cash proceeds received from disposition of any of said Chattels shall be used to replace said Chattels or shall be paid over promptly to Mortgagee to be applied to the last installment due on the indebtedness secured, without any charge for prepayment.

In the event of an Event of Default, Mortgagee shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies with respect to real property, in which case the default provisions of the Code shall not apply. Mortgagor agrees that, in the event Mortgagee elects to proceed with respect to the portion of the Premises which may be deemed not to form a part of the real estate described herein or may not constitute a fixture within the meaning of the Code (collectively the "Code Property") separately from the rest of the Premises, ten (10) day notice of the sale of the Code Property will be reasonable notice.

(c) Mortgagor hereby assigns and transfers to Mortgagee all rents, issues, profits, revenues and income from the above-described property and Premises, including all rents now due or which may hereafter become due under all leases thereof, whether written or verbal, now existing or hereafter made, as additional security for the indebtedness secured hereby, and Mortgagee is given a prior and continuing lien thereon. To the extent permitted under applicable law, upon and after an Event of Default, Mortgagor hereby appoints Mortgagee as its Attorney-in-Fact with power to collect said rents, revenues and income with or without suit, and apply same, less expenses of collection, to said indebtedness, in such manner as Mortgagee may elect; provided, however, that Mortgagor may exercise all acts of ownership and collect all rents, revenues and income as if this Mortgage had not been executed until an Event of Default occurs under the provisions of this Mortgage. Mortgagee does not assume and shall not be liable in respect of any obligation of the lessor under any of said leases, and no liability shall attach to Mortgagee for failure or inability to collect any rents, revenues and incomes hereby assigned. Mortgagor shall not collect any rents under any of said leases in advance of the time when they become due and except as provided above and in the ordinary course of business (i.e., after a lessee default) will not materially modify or cancel any of said leases without the prior written consent of Mortgagee. Mortgagor will (i) fulfill or perform each and every term, covenant and provision of any such lease to be fulfilled or performed by the lessor thereunder; (ii) reasonably enforce, short of termination thereof, the

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performance or observance of each and every term, covenant and provision of any such lease by the lessee thereunder to be performed or observed; and that, in any Event of Default under this Mortgage, to the extent permitted by applicable law, Mortgagor will pay monthly in advance to Mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of such units of the Premises as may be in possession of Mortgagor and upon default in any such payment, will vacate and surrender possession of such part of the Premises to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise.

(d) Nothing in this Mortgage shall be construed to obligate Mortgagee to discharge or perform duties of a landlord to a tenant or to impose any liability as a result of the exercise of the option to collect rents under this Mortgage by virtue of an Event of Default, and it is agreed that the collection or participation therein shall be as agent only for the Mortgagor.

(e) As further security for the debt herein described, Mortgagor hereby sells, assigns, sets over and transfers to Mortgagee all of the plans and specifications covering all improvements now located on or hereafter constructed on the Premises, and Mortgagor shall, within thirty (30) days from the date of written request from Mortgagee to Mortgagor deliver or cause to be delivered to Mortgagee a complete set of such plans and specifications.

(f) Mortgagor shall cause the Guarantor to furnish to Mortgagee, annually, financial statements of, and certified by Guarantor according to generally accepted accounting principles within ninety (90) days after the close of a Guarantor's fiscal year. In the event that Mortgagor fails to cause Guarantor to so furnish such financial statements, such failure shall constitute an Event of Default hereunder.

(g) Mortgagor will do, execute and deliver all further acts, mortgages, assignments, UCC filing statements and assurances as Mortgagee may reasonably require from time to time, for confirming to Mortgagee the property and rights hereby and hereafter intended to be conveyed or assigned, and Mortgagor will pay all filing, registration or recording fees, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Obligation and the Security Documents.

(h) Mortgagee and Mortgagor will furnish upon either party's request within ten (10) days after written request, a written statement setting forth the amount of the debt secured by this Mortgage, and stating either that no setoffs or

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defenses exist against the Mortgagee or the debt, or, if such setoffs or defenses are alleged to exist, the nature thereof.

13. Mortgagor will at all times, indemnify, defend, hold harmless and on demand reimburse Mortgagee for any and all loss, damage, expense or cost, of whatsoever kind and nature, including, without limitation, cost of evidence of title, appraisal fees, documentary and expert evidence, stenographer's and publication charges, and reasonable attorneys', accountants' and other professionals' fees, arising out of or incurred in connection with (i) any suit, action or proceeding relative to the Premises or the Mortgagor or having impact on the interest granted hereunder, including probate, bankruptcy, appellate proceedings, and foreclosure of this Mortgage, but excluding any suit, action or proceeding based on a claim incurred prior to Mortgagor's acquisition of the Premises, (ii) preparation for the commencement or defense of any proceeding, (iii) adjustment and settlement of insurance proceeds and condemnation awards, (iv) advances made by Mortgagee pursuant to Section 7 hereof or elsewhere hereunder, (v) other costs incurred by Mortgagee in connection with preserving the Premises, (vi) retaking, holding, preparing and selling the Code Property pursuant to the Code, and (vii) arising out of the transaction contemplated by the Obligation and the Security Documents and any breach thereof. The sum of such expenditures will bear interest at the Default Rate, will be due and payable on demand and will be secured by this Mortgage, except for any matters (including without limitation items (i) through (vii) above) caused by the bad faith, gross negligence, or willful misconduct of Mortgagee.

14. The powers and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise and are granted as cumulative to the remedies for collection of said indebtedness provided by law, and the powers herein may be executed after the dissolution or termination of the Mortgagor and after the Premises have been sold.

15. Mortgagor and Mortgagee acknowledge that the continued ownership of the Premises by Mortgagor is a material inducement to the making of the loan served by this Mortgage; therefore Mortgagor further agrees as an additional security for the debt herein described that it shall not sell, assign, transfer or further encumber the Premises (except as described in Section 11(h) above or otherwise permitted hereunder or under the Loan Agreement) or any part thereof, or the Chattels in any manner whatsoever without the prior written consent of the Mortgagee. Except as permitted hereunder or under the Loan Agreement, should the Mortgagor transfer said Property or further encumber said Property without the prior written consent of the Mortgagee, it shall constitute a default under the terms of this Mortgage and the Obligation secured hereby.

16. Mortgagor shall furnish to Mortgagee a copy of any environmental impact statement prepared by Mortgagor and submitted to a governmental agency, whether or not required by law. Mortgagor shall also furnish to Mortgagee copies of all responses received with respect to any such statement.

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17. Any failure by Mortgagee to insist upon the strict performance by Mortgagor of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions of this Mortgage to be performed by Mortgagor; neither Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Mortgagee to comply with any request of Mortgagor or any other person so obligated to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or of any obligations secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner, or owners of the Premises and the Mortgagee extending the time of payment or modifying the terms of the Obligation or this Mortgage without first having obtained the consent of Mortgagor or such other person, and in the latter event, Mortgagor and all such other persons shall continue to be liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Mortgagee; the Mortgagee may release, regardless of consideration, any part of the security held for the indebtedness secured by this Mortgage, without, as to the remainder of the security, in anywise impairing or affecting the lien; and Mortgagee may resort for the payment of the indebtedness to security therefor held by the Mortgagee in such order and manner as Mortgagee may elect.

18. If at any time the United States of America shall require revenue stamps to be affixed to the Obligation, Mortgagor will pay for the same with any interest or penalties imposed in connection therewith.

19. This Mortgage shall be construed according to the laws of the State of Illinois. It is understood and agreed that if any of the provisions of this Mortgage shall contravene, or be invalid under the laws of the State of Illinois, or of any county or jurisdiction therein, such contravention or invalidity shall not invalidate this entire Mortgage, but it shall be construed as if not containing the particular provision or provisions so held to be invalid in said State, county or jurisdiction, and the rights and obligations of the parties shall be construed and enforced accordingly.

20. All notices and demands under and with respect to this mortgage or the Obligation secured hereby shall be in writing, and shall be served by hand, sent prepaid by a reputable overnight delivery service, or sent by the United States Mail, registered or certified mail, postage prepaid, return receipt requested, and shall be deemed received upon the earlier of (a) the day of actual receipt of the written notice or demand by the party to whom the notice was given, or (b) the date on which the party to whom such notice was sent accepts or refuses delivery of such notice. All notices or demands shall be addressed to the respective parties at the following address:

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Mortgagor: Community Home Builders, Inc.
320 West Illinois Street
Chicago, Illinois 60610
Attn: Joseph M. Keating
KEITH A. KEATING

Mortgagee: LaSalle Northwest National Bank
4747 West Irving Park Road
Chicago, Illinois 60641
Attention: Jonathan P. Gilfillan

with copy to: David H. Hight, Esq.
McBride Baker & Coles
One Mid America Plaza
Suite 1000
Oakbrook Terrace, Illinois 60181

21. Mortgagor covenants and agrees that it shall not materially amend any presently existing, or enter into any new franchise, license or management agreement relating to the Premises or any part thereof without the prior written approval of Mortgagee.

22. This Mortgage and the Obligation secured hereby are executed and delivered to secure moneys advanced or to be advanced in accordance with the Loan Agreement, which Loan Agreement is incorporated herein by this reference. An Event of Default (as defined in the Loan Agreement) under the Loan Agreement shall constitute a default hereunder and the holder of the Obligation may, at its option, cause the entire indebtedness secured by this Mortgage to become immediately due and payable. In the event of such an Event of Default, and whether or not such holder shall cause the indebtedness secured hereby to become immediately due and payable, Mortgagee, after such notice as may be required by Section 24 below to Mortgagor, may enter upon the Premises, may employ watchmen to protect the improvements thereon from theft or injury, may enter into any further contracts and obligations wherever necessary, either in its name as Mortgagee hereunder or in the name of the Mortgagor, and may pay all debts, obligations and liabilities incurred thereby. All sums so advanced by Mortgagee and all sums advanced under the Loan Agreement shall be secured by this Mortgage and, to the extent they shall not be included in the principal amount of indebtedness secured hereby, shall be due and payable on demand with interest at the highest contract rate allowed by law, but not to exceed the Default Rate.

23. Mortgagor represents and warrants that no part of the funds advanced under the Obligation will be directly or indirectly invested by it in any security subject to the margin requirements of any applicable Federal Reserve Board Regulation.

24. Notwithstanding any provision herein to the contrary, Mortgagor shall not be or be deemed to be in a non-monetary default hereunder or under any document executed in

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connection herewith unless and until Mortgagee shall have given Mortgagor notice in writing specifying such default and such default remains uncured thirty (30) days after the date of such notice. The foregoing shall not apply to defaults in the payment of money. Mortgagor, without notice, shall be deemed to be in default in the payment of money five (5) days after such payment first becomes due.

25. Notwithstanding any provision contained herein or in the Obligation, the Loan Agreement or any other Security Document, Mortgagee is not and shall not be deemed to be a partner or joint venturer with Mortgagor with respect to the Premises. It is not intended that the making of the loan or any other activities of Mortgagee with respect to the Premises shall be for the benefit of or be relied upon by any third party, and Mortgagee shall not in any way be liable or responsible for any reason for the payment of any claims to any such third party.

26. Time is of the essence in the performance by Mortgagor of all of its obligations, covenants and agreements contained herein.

27. The warranties, covenants, conditions, representations and agreements contained in this Mortgage shall run with the land and shall bind Mortgagor, its successors and assigns, and shall be construed as inuring any subsequent owner or owners of the Premises and shall inure to the benefit of the Mortgagee, its successors and assigns. Notwithstanding the foregoing, the warranties, covenants, conditions, representations and agreements shall continue until the indebtedness secured by this Mortgage has been paid in full, or upon a foreclosure of or exercise of power of sale under the Mortgage, a delivery of a deed in lieu of foreclosure, or termination of this Mortgage for any reason, whichever first occurs.

28. Whenever the singular or plural number, or masculine, feminine or neuter gender is used herein, it shall equally include the other, and every mention herein of the Mortgagor and Mortgagee shall include heirs, executors, legal representatives, administrators, successors and assigns of the party so designated.

29. Mortgagor acknowledges and agrees that the loan secured by this Mortgage is a business loan under the applicable provisions of Illinois law.

30. Mortgagor, to the full extent permitted by law, hereby voluntarily and knowingly waives its rights to reinstatements and redemption and to the full extent permitted by law, the benefits of all present and future valuation, appraisal, homestead, exemption, stay, redemption and moratorium laws under any state or federal law.

31. The Mortgagor or any person at any time liable for the performance of the terms and conditions of this Mortgage knowingly, voluntarily and intentionally waives the right it may have to a trial by jury with respect to any litigation based hereon, or arising out of, under or in connection with this Mortgage and any document contemplated to be executed in

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conjunction herewith, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of Mortgagor and Mortgagee. This provision is a material inducement for Mortgagee accepting this Mortgage.

32. Mortgagor represents, covenants and agrees as follows:

(a) Mortgagor will not install, use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Premises or transport to or from the Premises any Hazardous Substance (as hereinafter defined) or allow any other person or entity to do so;

(b) Mortgagor shall keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of any Environmental Law (as hereinafter defined) or allow any person or entity to do so;

(c) Mortgagor shall give prompt written notice to Mortgagee of:

(i) any proceeding or inquiry by any governmental authority whether federal, state or local, with respect to violation of any Environmental Law, the presence of any Hazardous Substance on the Premises or the migration thereof from or to other property;

(ii) all claims made or threatened by any third party against Mortgagor or the Premises relating to any loss or injury resulting from any Hazardous Substance; and

(iii) Mortgagor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law;

(d) Mortgagee shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with violation of any Environmental Law or Mortgagor hereby agrees to pay any attorneys' fees thereby incurred by Mortgagee in connection therewith;

(e) Mortgagor shall protect, indemnify and hold harmless Mortgagee, its directors, officers, administrators, shareholders, employees, agents, contractors, attorneys, successors and assigns from and against any and all loss, damage, cost, expense or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to violation of any

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Environmental Law, the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under or about the Premises, including without limitation (i) all foreseeable consequential damages; and (ii) the costs of any required or necessary repair, cleanup, or detoxification of the Premises and the preparation and implementation of any closure, remedial or other required plans. This indemnity and covenant shall survive the reconveyance of the lien of this Mortgage, or the extinguishment of such lien by foreclosure or action in lieu thereof;

(f) In the event that any investigation, site, monitoring, containment, cleanup, removal, restoration, or other remedial work of any kind or nature (the "Remedial Work") is reasonably necessary under any applicable local, state or federal law or regulation, any judicial order, or by any governmental or non-governmental entity or person because of, or in connection with, the current or future release or suspected release of a Hazardous Substance in or into the air, soil, ground water, surface water or soil vapor at, on, about, under or within the Premises, or any portion thereof, Mortgagor shall have thirty (30) days after written demand for performance thereof by Mortgagee (or such shorter period of time as may be required under any applicable law, regulation, order or agreement), to commence to perform, or cause to be commenced, and thereafter diligently prosecuted to completion, all such Remedial Work. All Remedial Work shall be performed by one or more contractors, approved in advance in writing by Mortgagee, and under the supervision of a consulting engineer approved in advance in writing by Mortgagee. All costs and expenses of such Remedial Work shall be paid by Mortgagor, including, without limitation, the charges of such contractor and the consulting engineer, and Mortgagee's reasonable attorneys' fees and costs incurred in connection with the monitoring or review of such Remedial Work. In the event Mortgagor shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Mortgagee may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof incurred in connection therewith shall become immediately due and payable with interest thereon at the Default Rate until paid, and such amount shall be secured by this Mortgage;

(g) Without Mortgagee's prior written consent, which shall not be unreasonably withheld, Mortgagor shall not take any remedial action in response to the presence of any Hazardous Substance on, under, or about the Premises, nor enter into any settlement agreement, consent, decree or other compromise in respect to any Hazardous Substance claims. Said consent may be withheld, without limitation, if Mortgagee, in its reasonable judgment, determines that said remedial action, settlement, consent or compromise might impair the value of Mortgagee's security hereunder; provided, however, that Mortgagee's prior

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consent shall not be necessary in the event that the presence of any Hazardous Substance in, on, under or about the Premises either poses an immediate threat to the health, safety, or welfare of any individual or is of such nature that an immediate remedial response is necessary, and it is not possible to obtain Mortgagee's consent before taking such action, provided that in such event Mortgagor shall notify Mortgagee as soon as practicable of any action so taken. Mortgagee agrees not to withhold its consent, when such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction; or (ii) Mortgagor establishes to the reasonable satisfaction of Mortgagee that there is no reasonable alternative to such remedial action that would result in materially less impairment of Mortgagee's security hereunder.

For purposes of this Section 32, the following terms shall have the meaning as set forth below:

(a) "Environmental Laws" shall mean any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Premises, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. Sections 9601 et seq., and the Resource Conservation and Recovery Act of 1976 ("RCRA") as amended, 42 U.S.C. Sections 6901 et seq.;

(b) The term "Hazardous Substance" shall include without limitation:

(i) those substances included within the definitions of any more or one of the terms "hazardous substances", "hazardous materials", "toxic substances" and "solid waste" in any of the Environmental Laws and in the regulations promulgated pursuant thereto; and

(ii) those substances listed in the U.S. Department of Transportation Table or amendments thereto, or by the U.S. Environmental Protection Agency (or any successor agency) as hazardous substances; and

(iii) such other substances, materials and wastes which are or become regulated as hazardous or toxic substances under applicable local, state or federal laws, or which are classified as hazardous or toxic under federal, state, or local laws or regulations; and

(iv) any material, waste or substance which is any of the following: (a) asbestos; (b) polychlorinate biphenyl; (c) designated or

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listed as a "hazardous substance" pursuant to the Clean Water Act; (d) explosive; or (e) radioactive.

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

MORTGAGOR:

COMMUNITY HOME BUILDERS, INC.,
an Illinois corporation

By: Keith M. Keating
Its: Vice President / Secretary

ATTEST:

By: Joseph M. Keating
Its: President

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CORPORATE ACKNOWLEDGEMENT

STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

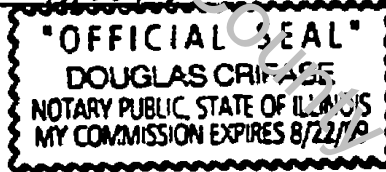
On this, the 27th day of FEBRUARY, 1997, before me, the undersigned officer, personally appeared KEITH M. KEATING and JOSEPH M. KEATING who acknowledged themselves to be the VICE PRESIDENT and PRESIDENT of Community Home Builders, Inc., an Illinois corporation, and that they as such PRESIDENT and VICE PRESIDENT being authorized to do so, executed the foregoing instrument for the purposes therein contained as the free and voluntary act of said corporation, by signing the name of the corporation, by themselves as Keith M. Keating and Joseph M. Keating.

IN WITNESS WHEREOF, I hereunder set by hand and official seal.

[Handwritten Signature]

 Notary Public

My Commission Expires: 8/22/99



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EXHIBIT B

PARCEL 1:

LOT 28 IN W.P. CURTIS' RESUBDIVISION OF LOTS 1, 8, 9, 16, AND 17
IN JOY AND FRISBEE'S SUBDIVISION OF THE EAST 1/2 OF THE WEST 1/2
OF THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 39 NORTH, RANGE 13
EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 2258 S. HOMAN, CHICAGO, ILLINOIS

PERMANENT INDEX NO.: 16-26-203-033-0000

PARCEL 2:

LOT 27 IN W.P. CURTIS' RESUBDIVISION OF LOTS 1, 8, 9, 16, AND 17
IN JOY AND FRISBEE'S SUBDIVISION OF THE EAST 1/2 OF THE WEST 1/2
OF THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 39 NORTH, RANGE 13
EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 2252 S. HOMAN, CHICAGO, ILLINOIS

PERMANENT INDEX NO.: 15-26-203-032-0000

PARCEL 3:

LOT 26 IN W.P. CURTIS' RESUBDIVISION OF LOTS 1, 8, 9, 16, AND 17
IN JOY AND FRISBEE'S SUBDIVISION OF THE EAST 1/2 OF THE WEST 1/2
OF THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 39 NORTH, RANGE 13
EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 2252/2258 S. HOMAN, CHICAGO, ILLINOIS

PERMANENT INDEX NO.: 16-26-203-032-0000

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