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Prepared by and  
when recorded return to:

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

dated as of April 30, 1998

by

**VENCOR OPERATING, INC.,**  
a Delaware corporation,  
the Mortgagor,

to

**MORGAN GUARANTY TRUST COMPANY OF NEW YORK,**  
as Collateral Agent,  
the Mortgagee

Property:

Facility No. 637  
Vencor Hospital-  
Chicago North  
County of Cook  
State of Illinois  
P.L.N. See Exhibit A

Facility No. 690  
Vencor Hospital-  
Northlake  
365 East North Avenue  
County of Cook  
State of Illinois  
P.L.N. See Exhibit A

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THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS AND SECURES OBLIGATIONS CONTAINING PROVISIONS FOR CHANGES IN INTEREST RATES. THIS INSTRUMENT ALSO SECURES FUTURE ADVANCES.

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## EXHIBIT A DESCRIPTION OF THE LAND AND THE MASTER LEASE

**THIS LEASEHOLD MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT** (this "**Mortgage**") dated as of April 30, 1998 by VENCOR OPERATING, INC., a Delaware corporation, having an address at 3300 Providian Center, 400 West Market Street, Louisville, Kentucky 40202 (the "**Mortgagor**"), to MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Collateral Agent for the Secured Parties (hereinafter defined), having an address at 500 Stanton Christiana Road, Newark, Delaware 19713-2107 (the "**Mortgagee**").

**WITNESSETH:<sup>2</sup>**

**RECITALS**

A. *Credit Agreement.* Reference is hereby made to the Credit Agreement (as amended from time to time, the "**Credit Agreement**"), dated as of April 29, 1998 among Vencor Operating, Inc., Vencor Healthcare, Inc. (to be renamed Vencor, Inc.), the Lenders party thereto, the Swingline Bank party thereto, the LC Issuing Banks party thereto, the Senior Managing Agents, the Managing Agents and the Co-Agents party thereto, Morgan Guaranty Trust Company of New York, as Documentation and Collateral Agent (together with its successors under the Credit Agreement, the "**Agent**") and NationsBank, N.A., as Administrative Agent.

B. *Secured Obligations.* The Lien of this Mortgage is being granted to secure payment, performance and observance of the following indebtedness, liabilities and obligations, whether now or hereafter owed or owing, hereinafter referred to collectively as the "**Secured Obligations**":

(i) all principal of all Loans, Swingline Loans and LC Reimbursement Obligations outstanding from time to time under the Credit Agreement;

(ii) all interest (including any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Mortgagor or would accrue but for the operation of applicable bankruptcy or insolvency laws, whether or not allowed or allowable as a claim in such proceeding) on the Secured Obligations referred to above;

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<sup>2</sup>Capitalized terms are defined in, or by reference in, Section 1.01.

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(iii) all other amounts hereafter payable by the Mortgagor under any Financing Document or any Designated Interest Rate Agreement or any other obligation designated by the Mortgagor as an additional Secured Obligation pursuant to Section 22 of the Security Agreement; and

(iv) any amendments, restatements, renewals, extensions or modifications of any of the foregoing.

C. *Maximum Amount Secured.* Mortgagor and Mortgagee intend that this Mortgage shall secure not only the sums advanced as of the date hereof but also all advances provided for in the Credit Agreement, this Mortgage, the Collateral Documents, the Designated Interest Rate Agreement, the Security Agreement and any other Financing Document, as well as accrued interest and costs as provided for therein; provided, however, that the maximum amount secured by this Mortgage shall not exceed \$1,000,000,000.

## GRANTING CLAUSES

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, for the purpose of securing the due and punctual payment, performance and observance of the Secured Obligations and intending to be bound hereby, the Mortgagor does hereby GRANT, BARGAIN, SELL, CONVEY, MORTGAGE, ASSIGN, TRANSFER and WARRANT to the Mortgagee and its successors as Collateral Agent under the Collateral Documents, with power of sale, if any, and right of entry as hereinafter provided all of the following property and rights (all of which property and rights are collectively called the "Mortgaged Property"), and (to the extent covered by the Local UCC) does hereby GRANT AND WARRANT to the Mortgagee and its successors as Collateral Agent under the Collateral Documents, a continuing first security interest in and to all of the Mortgaged Property and rights described in the following Granting Clauses, to wit:

### GRANTING CLAUSE I.

*Leasehold Estate.* All estate, right, title and interest of the Mortgagor in, to, under or derived from the lease described in Exhibit A (the "Master Lease") affecting the parcel or parcels of land located in the County identified on Exhibit

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A, Illinois, more particularly described in Exhibit A (the "Land") and certain other parcels described in the Master Lease, including all amendments, supplements, consolidations, substitutions (including multiple Master Leases, in substantially the same form as the Master Lease, delivered in substitution for the Master Lease), extensions, renewals and other modifications of the Master Lease now or hereafter entered into in accordance with the provisions thereof or otherwise; together with all other, further, additional or greater estate, right, title or interest of the Mortgagor in, to, under or derived from the Land and the Improvements now or hereafter located thereon which may at any time be acquired by the Mortgagor by the terms of the Master Lease, by reason of the exercise of any option thereunder or otherwise, including the right of the Mortgagor to possession under Section 365 of the Bankruptcy Code in the event of the rejection of the Master Lease by the landlord thereunder or its trustee pursuant to said Section; and together with all rights and benefits of whatsoever nature derived or to be derived by the Mortgagor under the Master Lease, including (subject to the terms hereof) the rights to exercise options, to give consents, to modify, extend or terminate the Master Lease, to surrender the Master Lease, to elect to treat the Master Lease as rejected or to remain in possession under Section 365(h) of the Bankruptcy Code, and to receive all deposits and other amounts payable to the Mortgagor under the Master Lease.

## GRANTING CLAUSE II.

*Improvements.* All estate, right, title and interest of the Mortgagor under the Master Lease in, to, under or derived from all buildings, structures, facilities and other improvements of every kind and description now or hereafter located on the Land, including all parking areas, roads, driveways, walks, fences, walls and berms; all estate, right, title and interest of the Mortgagor in, to, under or derived from all items of fixtures, equipment and personal property of every kind and description, in each case now or hereafter located on the Land or affixed (actually or constructively) to the Improvements which by the nature of their location thereon or affixation thereto, or otherwise, are real property under applicable law or an interest in them arises under real estate law including: all drainage and lighting facilities and other site improvements; all water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone, telecommunications and other utility equipment and facilities; all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, incinerating, compacting, fire protection and sprinkler, surveillance and security, vacuum cleaning, public address and communications equipment and systems; all pipes, elevators, escalators, motors, electrical, computer and other wiring, machinery, fittings and racking and shelving; all walls, screens and partitions; and including all materials intended for

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the construction, reconstruction, repair, replacement, alteration, addition or improvement of or to such buildings, equipment, fixtures, structures and improvements, all of which materials shall be deemed to be part of the Mortgaged Property immediately upon delivery thereof on the Land and to be part of the Improvements immediately upon their incorporation therein (the foregoing being collectively called the "Improvements").

*Equipment.* All estate, right, title and interest of the Mortgagor in, to, under or derived from all component parts of the Improvements, fixtures, chattels and articles of personal property owned by the Mortgagor or in which the Mortgagor has or shall acquire an interest, wherever situated, and now or hereafter located on, attached to or contained in the Land and the Improvements, whether or not attached thereto and which are not real property under applicable law, including all partitions, screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, ventilating, air conditioning, refrigerating, gas, steam, electrical, incinerating and compacting plants, systems, fixtures and equipment, elevators, stoves, ranges, vacuum and other cleaning systems, call systems, switchboards, sprinkler systems and other fire prevention, alarm and extinguishing apparatus and materials, motors, machinery, pipes, conduits, dynamos, engines, compressors, generators, boilers, stokers, furnaces, pumps, trunks, ducts, appliances, equipment, utensils, tools, implements, fittings and fixtures (all of the foregoing being hereinafter collectively called the "Equipment", the Land with the Improvements thereon and the Equipment therein being collectively called the "Property"). If the Lien of this Mortgage is subject to a security interest covering any property described in this GRANTING CLAUSE II, then all of the right, title and interest of the Mortgagor in and to any and all such property is hereby assigned to the Beneficiary, together with the benefits of all deposits and payments now or hereafter made thereon by or on behalf of the Mortgagor, and subject to all of the liens of, and terms and conditions applicable to, such security interest.

### GRANTING CLAUSE III.

*Appurtenant Rights.* All estate, right, title and interest of the Mortgagor in, to, under or derived from all tenements, hereditaments and appurtenances now or hereafter relating to the Property; the streets, roads, sidewalks and alleys abutting the Land; all strips and gores within or adjoining the Land; all land in the bed of any body of water adjacent to the Land; all land adjoining the Land created by artificial means or by accretion; all air space and rights to use air space above the Land; all development or similar rights now or hereafter appurtenant to the Land; all rights of ingress and egress now or hereafter appertaining to the

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Property; all easements and rights of way now or hereafter appertaining to the Property; and all royalties and other rights now or hereafter appertaining to the use and enjoyment of the Property, including alley, party walls, support, drainage, crop, timber, agricultural, horticultural, oil, gas and other mineral, water stock, riparian and other water rights.

## GRANTING CLAUSE IV.

*Agreements.* All estate, right, title and interest of the Mortgagor in, to, under or derived from all Insurance Policies (including all unearned premiums and dividends thereunder), all guarantees and warranties relating to the Property, all supply and service contracts for water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone and other utilities now or hereafter relating to the Property and all other contract rights, now or hereafter relating to the use or operation of the Property.

## GRANTING CLAUSE V.

*Leases.* All estate, right, title and interest of the Mortgagor in, to, under or derived from all Leases now or hereafter in effect, whether or not of record, for the use or occupancy of all or any part of the Property.

## GRANTING CLAUSE VI.

*Rents, Issues and Profits.* All estate, right, title and interest of the Mortgagor in, to, under or derived from all rents, royalties, issues and profits, including during any period of redemption, now or hereafter accruing with respect to the Property, including all rents and other sums now or hereafter, including during any period of redemption, payable pursuant to the Leases; all other sums now or hereafter, including during any period of redemption, payable with respect to the use, occupancy, management, operation or control of the Property; and all other claims, rights and remedies now or hereafter, including during any period of redemption, belonging or accruing with respect to the Property, including deficiency rents and liquidated damages following default or cancellation (the foregoing rents and other sums described in this Granting Clause being collectively called the "Rents").

## GRANTING CLAUSE VII.

*Proceeds.* All estate, right, title and interest of the Mortgagor in, to, under or derived from all proceeds of any Transfer, financing, refinancing or conversion



into cash or liquidated claims, whether voluntary or involuntary, of any of the Mortgaged Property, including all Casualty Proceeds and title insurance proceeds under any title insurance policy now or hereafter held by the Mortgagor, and all rights, dividends and other claims of any kind whatsoever (including damage, secured, unsecured, priority and bankruptcy claims) now or hereafter relating to any of the Mortgaged Property, all of which the Mortgagor hereby irrevocably directs be paid to the Mortgagee to the extent provided herein, and in each of the Credit Agreement and the Security Agreement, to be held, applied and disbursed as provided in the Credit Agreement and the Security Agreement.

GRANTING CLAUSE VIII.

*Additional Property.* All greater, additional or other estate, right, title and interest of the Mortgagor in, to, under or derived from the Mortgaged Property hereafter acquired by the Mortgagor, including all right, title and interest of the Mortgagor in, to, under or derived from all extensions, improvements, betterments, renewals, substitutions and replacements of, and additions and appurtenances to, any of the Mortgaged Property hereafter acquired by or released to the Mortgagor or constructed or located on, or affixed to, the Property, in each case, immediately upon such acquisition, release, construction, location or affixation; all estate, right, title and interest of the Mortgagor in, to, under or derived from any other property and rights which are, by the provisions of the Financing Documents, required to be subjected to the Lien hereof; all estate, right, title and interest of the Mortgagor in, to, under or derived from any other property and rights which are necessary to maintain the Property and the Mortgagor's business or operations conducted therein as a going concern, in each case, to the fullest extent permitted by law, without any further conveyance, mortgage, assignment or other act by the Mortgagor; and all estate, right, title and interest of the Mortgagor in, to, under or derived from all other property and rights which are by any instrument or otherwise subjected to the Lien hereof by the Mortgagor or anyone acting on its behalf.

TO HAVE AND TO HOLD the Mortgaged Property, together with all estate, right, title and interest of the Mortgagor and anyone claiming by, through or under the Mortgagor in, to, under or derived from the Mortgaged Property and all rights and appurtenances relating thereto, to the Mortgagee, forever.

PROVIDED ALWAYS that this Mortgage is upon the express condition that the Mortgaged Property shall be released from the Lien of this Mortgage in full or in part in the manner and at the time provided in Section 7.02.

THE MORTGAGOR ADDITIONALLY COVENANTS AND AGREES WITH THE MORTGAGEE AS FOLLOWS:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

SECTION 1.01. *Definitions.* (a) Capitalized terms used in this Mortgage, but not otherwise defined herein, are defined in, or are defined by reference to, the Credit Agreement and have the same meanings herein as therein.

(b) In addition, as used herein, the following terms have the following meanings:

"Agent" is defined in the Recitals.

"Bankruptcy Code" means the Bankruptcy Code of 1978.

"Cash Proceeds Account" is defined in Section 7(e) of the Security Agreement.

"Casualty Event" means any damage to, or destruction of, any real or personal property or improvements.

"Casualty Proceeds" means (i) with respect to any Condemnation Event, all awards or payments received by the Mortgagor by reason of such Condemnation Event, including all amounts received with respect to any transfer in lieu or anticipation of such Condemnation Event or in settlement of any proceeding relating to such Condemnation Event and (ii) with respect to any Casualty Event, all insurance proceeds or payments (other than payments with respect to business interruption insurance) which the Mortgagor receives under any insurance policy by reason of such Casualty Event.

"Condemnation Event" means any condemnation or other taking or temporary or permanent requisition of any property, any interest therein or right appurtenant thereto, or any change of grade affecting any property, as the result of the exercise of any right of condemnation or eminent domain. A transfer to a governmental

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authority in lieu or anticipation of condemnation shall be deemed to be a Condemnation Event.

**"Credit Agreement"** is defined in the Recitals.

**"Equipment"** is defined in Granting Clause II.

**"Impositions"** means all real estate taxes, transfer taxes and sales and use taxes, assessments (including all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof), and water, sewer or other rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges, in each case whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including all interest and penalties thereon), which at any time may be assessed, levied, confirmed or imposed on or in respect of or be a Lien upon, (i) the Property, any other Mortgaged Property or any interest therein, (ii) any occupancy, use or possession of, or activity conducted on, the Property or (iii) the Rents, but excluding income, excess profits, franchise, capital stock, estate, inheritance, succession, gift or similar taxes of the Mortgagor or the Mortgagee or any Lender, except to the extent that such taxes of the Mortgagor or the Mortgagee or any Lender are imposed in whole or in part in lieu of, or as a substitute for, any taxes which are or would otherwise be Impositions.

**"Improvements"** is defined in Granting Clause II.

**"Insurance Policies"** means the insurance policies and coverages required to be maintained by the Mortgagor with respect to the Property pursuant to the Credit Agreement.

**"Insurance Premiums"** means all premiums payable under the Insurance Policies.

**"Insurance Requirements"** means all provisions of the Insurance Policies, all requirements of the issuer of any of the Insurance Policies and all orders, rules, regulations and any other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) binding upon the Mortgagor and

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applicable to the Property, any adjoining vaults, sidewalks, parking areas or driveways, or any use or condition thereof.

"**Land**" is defined in Granting Clause I.

"**Lease**" means each lease, sublease, tenancy, subtenancy, license, franchise, concession or other occupancy agreement relating to the Property other than the Master Lease, together with any guarantee of the obligations of the tenant or occupant thereunder or any right to possession under any federal or state bankruptcy code in the event of the rejection of any sublease by the sublandlord thereof or its trustee pursuant to said code.

"**Legal Requirements**" means all provisions of all applicable laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, directions and requirements of, permits from and agreements with, all governmental authorities, now or hereafter applicable to the Property, any adjoining vaults, sidewalks, streets or ways, or any use or condition thereof.

"**Local UCC**" means the Uniform Commercial Code as in effect in the State in which the Property is located.

"**Mortgage**" is defined in the Preamble.

"**Mortgaged Property**" is defined in the Granting Clauses.

"**Mortgagee**" is defined in the Preamble.

"**Mortgagor**" is defined in the Preamble.

"**National Flood Insurance Program**" means the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 (42 U.S.C. Sections 4001 et seq.).

"**Permitted Disposition**" means any (i) Transfer in connection with a Condemnation Event, (ii) easement or similar encumbrance with respect to the Property granted by the Mortgagor to any adjoining landowner or any railroad, telephone, cable television, water, sewer, utility or similar company, municipality or other governmental subdivision in the ordinary course of business, (iii) other Transfer

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permitted under Section 7.05 of the Credit Agreement; or (iv) assignment or sublease to any wholly-owned Vencor Company.

"**Permitted Encumbrances**" is defined in the Credit Agreement.

"**Permitted Liens**" means any Liens permitted under Section 7.04 of the Credit Agreement.

"**Post-Default Rate**" means, with respect to any amount payable by the Mortgagor hereunder which is not paid when due, a rate per annum equal to the sum of 2% plus the rate applicable to Base Rate Loans from time to time.

"**Property**" is defined in Granting Clause II.

"**Receiver**" is defined in Section 5.02(a)(iv).

"**Rents**" is defined in Granting Clause VI.

"**Restoration**" means the restoration, repair, replacement or rebuilding of the Property after a Casualty Event or Condemnation Event, and "Restore" means to restore, repair, replace or rebuild the Property after a Casualty Event or Condemnation Event, in each case to a value and condition substantially the same as the value and condition immediately prior to the Casualty Event or Condemnation Event.

"**Secured Obligations**" is defined in the Pledits.

"**Secured Parties**" means the holders from time to time of the Secured Obligations.

"**Security Agreement**" means the Security Agreement dated as of the April 30, 1998 among Vencor Operating, Inc., the Guarantors party thereto and the Agent.

"**Transfer**" means, when used as a noun, any sale, conveyance, assignment, lease, sublease of all or any substantial portion of the Property, or other transfer and, when used as a verb, to sell, convey, assign, lease, so sublease, or otherwise transfer, in each case (i)

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whether voluntary or involuntary, (ii) whether direct or indirect and (iii) including any agreement providing for a Transfer or granting any right or option providing for a Transfer.

"Unavoidable Delays" means delays due to acts of God, fire, flood, earthquake, explosion or other Casualty Event, inability to procure or shortage of labor, equipment, facilities, sources of energy (including electricity, steam, gas or gasoline), materials or supplies, failure of transportation, strikes, lockouts, action of labor unions, Condemnation Event, litigation relating to Legal Requirements, inability to obtain permits or other causes beyond the reasonable control of the Mortgagor, *provided* that lack of funds shall not be deemed to be a cause beyond the control of the Mortgagor.

(c) In this Mortgage, unless otherwise specified, references to this Mortgage or to Leases, the Master Lease, the Credit Agreement, Notes, Swingline Note, Letters of Credit, the Security Agreement, Financing Documents and Collateral Documents include all amendments, supplements, consolidations, replacements, restatements, extensions, renewals and other modifications thereof, in whole or in part.

SECTION 1.02. *Interpretation* In this Mortgage, unless otherwise specified, (i) singular words include the plural and plural words include the singular; (ii) words which include a number of constituent parts, things or elements, including the terms Leases, Improvements, Land, Secured Obligations, Property and Mortgaged Property, shall be construed as referring separately to each constituent part, thing or element thereof, as well as to all of such constituent parts, things or elements as a whole; (iii) words importing any gender include the other gender; (iv) references to any Person include such Person's successors and assigns and in the case of an individual, the word "successors" includes such Person's heirs, devisees, legatees, executors, administrators and personal representatives; (v) references to any statute or other law include all applicable rules, regulations and orders adopted or made thereunder and all statutes or other laws amending, consolidating or replacing the statute or law referred to; (vi) the words "consent", "approve", "agree" and "request", and derivations thereof or words of similar import, mean the prior written consent, approval, agreement or request of the Person in question; (vii) the words "include" and "including", and words of similar import, shall be deemed to be followed by the words "without limitation"; (viii) the words "hereto", "herein", "hereof" and "hereunder", and words of similar import, refer to this Mortgage in its entirety; (ix) references to Articles, Sections, Schedules, Exhibits, subsections, paragraphs and clauses are to

the Articles, Sections, Schedules, Exhibits, subsections, paragraphs and clauses of this Mortgage; (x) the Schedules and Exhibits to this Mortgage are incorporated herein by reference; (xi) the titles and headings of Articles, Sections, Schedules, Exhibits, subsections, paragraphs and clauses are inserted as a matter of convenience and shall not affect the construction of this Mortgage; (xii) all obligations of the Mortgagor hereunder shall be satisfied by the Mortgagor at the Mortgagor's sole cost and expense; and (xiii) all rights and powers granted to the Mortgagee hereunder shall be deemed to be coupled with an interest and be irrevocable.

## ARTICLE 2

### CERTAIN WARRANTIES AND COVENANTS OF THE MORTGAGOR

SECTION 2.01. *Title.* (u) The Mortgagor warrants that, as of the date hereof, (i) (x) the Mortgagor has a valid and subsisting leasehold interest in the Land and the Improvements thereon, subject to the provisions of the Master Lease, free and clear of all Liens other than the Permitted Encumbrances, (y) the Mortgagor is the owner of, or has a valid leasehold interest in, the Equipment and all other items constituting the Mortgaged Property, and (z) this Mortgage constitutes a valid, binding and enforceable first Lien on the Mortgaged Property, in each case subject only to the terms of the Master Lease and to Permitted Encumbrances; (ii) the Master Lease, as assigned by the tenant thereunder to the Mortgagor, creates and constitutes in the Mortgagor a valid and subsisting leasehold interest in the Land and the Improvements located thereon, (iii) the Master Lease has not been modified, amended or assigned except as set forth in Exhibit A, and (iv) to the best of the Mortgagor's knowledge, there is no default under the Master Lease, all rents due have been paid in full, and no action has commenced and is pending to terminate the Master Lease.

(b) The Mortgagor shall forever preserve, protect, warrant and defend (A) the estate, right, title and interest of the Mortgagor in and to the Mortgaged Property; (B) the validity, enforceability and priority of the Lien of this Mortgage on the Mortgaged Property; and (C) the right, title and interest of the Mortgagee and any purchaser at any sale of the Mortgaged Property hereunder or relating hereto, in each case against all other Liens and claims whatsoever, subject only to Permitted Liens.

(c) The Mortgagor, at its sole cost and expense, shall (i) promptly correct any defect or error which may be discovered in this Mortgage or any

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financing statement or other document relating hereto; and (ii) promptly execute, acknowledge, deliver, record and re-record, register and re-register, and file and re-file this Mortgage and any financing statements or other documents which the Mortgagee may reasonably require from time to time (all in form and substance reasonably satisfactory to the Mortgagee) in order (A) to effectuate, complete, perfect, continue or preserve the Lien of this Mortgage as a first Lien on the Mortgaged Property, whether now owned or hereafter acquired, subject only to the Permitted Liens, or (B) to effectuate, complete, perfect, continue or preserve any right, power or privilege granted or intended to be granted to the Mortgagee hereunder or otherwise accomplish the purposes of this Mortgage. To the extent permitted by law, the Mortgagor hereby authorizes the Mortgagee to execute and file financing statements or continuation statements without the Mortgagor's signature appearing thereon if the Mortgagor has failed to do so within a reasonable period of time after demand therefor. The Mortgagor shall pay on demand the costs of, or incidental to, any recording or filing of any financing or continuation statement, or amendment thereto, concerning the Mortgaged Property.

(d) Nothing herein shall be construed to subordinate the Lien of this Mortgage to any Permitted Lien to which the Lien of this Mortgage is not otherwise subordinate.

SECTION 2.02. *Secured Obligations.* The Mortgagor shall duly and punctually pay, perform and observe the Secured Obligations.

SECTION 2.03. *Impositions.* The Mortgagor shall (i) duly and punctually pay all Impositions prior to the delinquency date thereof; (ii) duly and punctually file all returns and other statements required to be filed with respect to any Imposition prior to the delinquency date thereof; (iii) promptly notify the Mortgagee of the receipt by the Mortgagor of any notice of default in the payment of any Imposition or in the filing of any return or other statement relating to any Imposition and simultaneously furnish to the Mortgagee a copy of such notice of default; and (iv) not make deduction from or claim any credit on any Secured Obligation by reason of any Imposition and, to the extent permitted under applicable law, hereby irrevocably waives any right to do so.

SECTION 2.04. *Legal and Insurance Requirements.* (a) The Mortgagor represents and warrants that as of the date hereof, (i) to the Mortgagor's knowledge, the Property and the use and operation thereof comply in all material respects with all Legal Requirements and Insurance Requirements, (ii) to the Mortgagor's knowledge there is no default under any material Legal Requirement



or Insurance Requirement and (iii) the execution, delivery and performance of this Mortgage will not contravene any provision of or constitute a default under any material Legal Requirement or Insurance Requirement.

(b) The Mortgagor shall (i) duly and punctually comply in all material respects with all Legal Requirements and Insurance Requirements; (ii) procure, maintain and duly and punctually comply in all material respects with all permits required for any construction, reconstruction, repair, alteration, addition, improvement, maintenance, management, use and operation of the Property as conducted from time to time; (iii) promptly notify the Mortgagee of the receipt by the Mortgagor of any notice of default regarding any Legal Requirement, Insurance Requirement or permit or any possible or actual termination of any permit or Insurance Policy and furnish to the Mortgagee a copy of such notice of default or termination; and (iv) promptly after obtaining knowledge thereof notify the Mortgagee of any condition which, with or without the giving of notice or the passage of time or both, would constitute a default regarding any Legal Requirement or Insurance Requirement or a termination of any permit or Insurance Policy and the action being taken to remedy such condition.

SECTION 2.05. *Status and Care of the Property.* (a) The Mortgagor represents and warrants that (i) the Property is served by all necessary water, sanitary and storm sewer, drainage, electric, steam, gas, telephone and other utility facilities to serve the current use and operation of the Property; (ii) the Property has legal access to all streets or roads necessary to serve the current use and operation of the Property; and (iii) the Improvements are not located in an area designated as Flood Zone A, (as defined under the regulations adopted under the National Flood Insurance Program), or to the extent the Improvements are located in an area designated as Flood Zone A, the Mortgagor maintains in full force and effect flood insurance under the National Flood Insurance Program to the extent and in the amounts required by applicable law.

(b) The Mortgagor (i) shall not (A) initiate, consent to or affirmatively support any change in the applicable zoning which would materially and adversely affect the value of the Lien created by this Mortgage, (B) seek any variance (or any change in any variance) under the zoning adversely affecting the value of the Lien created by this Mortgage, or (C) execute or file any subdivision or other plat or map adversely affecting the value of the Lien created by this Mortgage; and (ii) shall, promptly after receiving notice or obtaining knowledge of any proposed change in the zoning materially and adversely affecting the value of the Lien created by this Mortgage or which would result in the current use of the Property being a non-conforming use for which a variance has not been

obtained, notify the Mortgagee thereof and diligently contest the same by any action or proceeding deemed appropriate by the Mortgagor in its reasonable judgment or reasonably requested by the Mortgagee *provided*, however, that the Mortgagor shall not hereby be obligated to commence or prosecute any legal action.

SECTION 2.06. *Liens.* The Mortgagor shall not create or permit to be created or to remain, and shall immediately discharge or cause to be discharged, any Lien on the Mortgaged Property or any interest therein, in each case (i) whether voluntarily or involuntarily created, (ii) whether directly or indirectly a Lien thereon and (iii) whether subordinated hereto, except Permitted Liens. The provisions of this Section shall apply to each and every Lien (other than Permitted Liens) on the Mortgaged Property or any interest therein, regardless of whether a consent to, or waiver of a right to consent to, any other Lien thereon has been previously obtained in accordance with the terms of the Financing Documents.

SECTION 2.07. *Transfer.* The Mortgagor shall not Transfer, or suffer any Transfer of, the Mortgaged Property or any part thereof or interest therein, except, subject to the rights of the Mortgagee hereunder if an Event of Default has occurred and is continuing, in connection with Permitted Dispositions.

SECTION 2.08. *Master Lease.* (a) The Mortgagor represents and warrants that (i) Exhibit A contains a correct and complete description of the Master Lease; (ii) the Mortgagor has furnished to the Mortgagee a copy of the Master Lease certified as true and correct by the Mortgagor; (iii) except as described in Exhibit A, the Master Lease has not been modified or assigned by the Mortgagor or, to the knowledge of the Mortgagor, assigned by the landlord thereunder; (iv) the Master Lease is in full force and effect and, to the knowledge of the Mortgagor, there is no default under the Master Lease and there is existing no condition which with the giving of notice or passage of time or both would cause a default under the Master Lease; and (v) the execution, delivery and performance of this Mortgage do not require any consent (other than those consents which have been obtained and are in full force and effect) under, and will not contravene any provision of or cause a default under, the Master Lease.

(b) The Mortgagor (i) shall duly and punctually pay, perform and observe all of its obligations under the Master Lease; (ii) shall do all things necessary or appropriate to enforce, preserve and keep unimpaired the rights of the Mortgagor and the obligations of each of the other parties under the Master Lease; (iii) shall not terminate or surrender the Master Lease; (iv) shall not modify or amend the Master Lease except as permitted by Section 7.11 of the Credit

Agreement; (v) shall notify the Mortgagee in writing not later than 120 days prior to the last date on which the Mortgagor can exercise (A) any right to extend the term of the Master Lease or (B) any option to purchase or otherwise acquire the interest of the landlord under the Master Lease; (vi) unless the Required Lenders shall otherwise approve, shall exercise (not later than 60 days prior to the last date on which the Mortgagor may timely do so) each right or option of the Mortgagor under the Master Lease (A) to extend the term thereof, or (B) to purchase or otherwise acquire the interest of the landlord under the Master Lease and contemporaneously furnish to the Mortgagee a copy of the notice exercising such right or option; and (vii) shall notify the Mortgagee (A) promptly after receipt or contemporaneously when given, as the case may be, of the receipt or giving by the Mortgagor of any notice of default under the Master Lease or of any notice of the possible or actual termination thereof, any material right of the Mortgagor thereunder, or any material obligation of any other party thereunder, accompanied by a copy of such notice; (B) promptly after learning about any such condition, of the existence of any condition which, with or without the giving of notice or the passage of time or both, would constitute a default under the Master Lease or any termination thereof; (C) promptly after receiving or learning of the existence of any such assignment, or the existence of any assignment of the interest of the landlord under the Master Lease, accompanied by a copy of any such assignment received by the Mortgagee; and (D) promptly after receipt or contemporaneously when given, as the case may be, of the receipt or giving of any notice relating to any option to purchase or right of first refusal under the Master Lease, accompanied by a copy of such notice.

(c) The provisions of subsection (b) of this Section shall also apply to any right of the Mortgagor to possession under Section 365 of the Bankruptcy Code in the event the Master Lease is rejected by any other party thereunder or its trustee pursuant to said Section.

(d) In the event the Mortgagor acquires the fee simple title or any other greater estate or interest in the Land, such acquisition will not merge with the leasehold estate created by the Master Lease, but such other title, estate or interest will remain discrete, shall immediately and automatically become subject to the Lien hereof and such title, estate or interest shall be part of the Mortgaged Property and included within the term and definition of "Land". The Mortgagor shall execute, acknowledge and deliver any instruments requested by the Mortgagee to confirm the coverage of the Lien hereof upon such other greater estate or interest. The Mortgagor shall pay any and all conveyance or mortgage taxes, and filing or similar fees in connection with the execution, delivery, filing or recording of any such instrument.

(e) The Mortgagor hereby unconditionally assigns, transfers and sets over to the Mortgagee all of the Mortgagor's claims and rights to the payment of damages arising from any rejection by the landlord under the Master Lease pursuant to the Bankruptcy Code. The Mortgagee shall have the right to proceed in its own name or in the name of the Mortgagor in respect of any claim, suit, action or proceeding relating to the rejection of the Master Lease, including, the right to file and prosecute, to the exclusion of the Mortgagor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of such landlord under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until the termination of this Mortgage in the manner and at the time provided in Section 7.02. Any amounts received by the Mortgagee as damages arising out of the rejection of the Master Lease as aforesaid shall be applied and paid as set forth in Section 5.06.

(f) The Mortgagor shall not, without the Mortgagee's prior consent, elect to treat the Master Lease as terminated under Section 365(h)(1) of the Bankruptcy Code. Any such election made without the Mortgagee's prior consent shall be void.

(g) If pursuant to Section 365(h)(1) of the Bankruptcy Code, the Mortgagor seeks to offset against the rent or other charges reserved in the Master Lease the amount of any damages caused by the non-performance by the landlord of any of the landlord's obligations under the Master Lease after the rejection by the landlord of the Master Lease under the Bankruptcy Code, the Mortgagor shall, prior to effecting such offset, notify the Mortgagee of its intention to do so, setting forth the amounts proposed to be so offset and the basis therefor. The Mortgagee shall have the right, within ten (10) days after receipt of such notice from the Mortgagor, to reasonably object to all or any part of such offset and, in the event of such reasonable objection, the Mortgagor shall not effect any offset of the amounts so objected to by the Mortgagee for a period of thirty days after the Mortgagee has delivered its objection notice to the Mortgagor during which time the Mortgagee shall have the right to bring its objections to the attention of any court supervising the bankruptcy of the owner of the Master Lease and both the Mortgagee and the Mortgagor agree to abide by the decision of any such court. If (A) the Mortgagee has failed to object as aforesaid within the (10) days after notice from the Mortgagee or (B) the court fails to render its decision within the above-mentioned thirty day period, the Mortgagor may proceed to effect such offset in the amounts set forth in the Mortgagor's notice. Neither the Mortgagee's failure to object as aforesaid nor any objection or other communication between

the Mortgagee and the Mortgagor relating to such offset shall constitute an approval of any such offset by the Mortgagee.

(h) If any action, proceeding, motion or notice shall be commenced or filed in respect of the Mortgaged Property in connection with any case under the Bankruptcy Code (other than a case under the Bankruptcy Code commenced with respect to the Mortgagor), the Mortgagee shall have the option, to the exclusion of the Mortgagor, exercisable upon notice to the Mortgagor, to conduct and control any such litigation with counsel of the Mortgagee's choice. The Mortgagee may proceed in its own name or in the name of the Mortgagor in connection with any such litigation, and the Mortgagor agrees to execute any and all powers, authorizations, consents and other documents required by the Mortgagee in connection therewith. The Mortgagor shall pay to the Mortgagee all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) paid or incurred by the Mortgagee in connection with the prosecution or conduct of any such proceedings within five (5) days after notice from the Mortgagee setting forth such costs and expenses in reasonable detail. Any such costs or expenses not paid by the Mortgagor as aforesaid shall be a part of the Secured Obligations and shall be secured by this Mortgage. The Mortgagor shall not commence any action, suit, proceeding or case, or file any application or make any motion, in respect of the Master Lease in any such case under the Bankruptcy Code (other than a case under the Bankruptcy Code commenced with respect to the Mortgagor) without the prior consent of the Required Lenders, which consent shall not be unreasonably withheld.

(i) The Mortgagor shall promptly, after obtaining knowledge thereof, notify the Mortgagee orally of any filing by or against the landlord under the Master Lease of a petition under the Bankruptcy Code. The Mortgagor shall thereafter forthwith give notice of such filing to the Mortgagee, setting forth any information available to the Mortgagor as to the date of such filing, the court in which such petition was filed, and the relief sought therein. The Mortgagor shall promptly deliver to the Mortgagee following receipt any and all notices, summonses, pleadings, applications and other documents received by the Mortgagor in connection with any such petition and any proceedings relating thereto.

(j) If there shall be filed by or against the Mortgagor a petition under the Bankruptcy Code, and the Mortgagor, as the tenant under the Master Lease, shall determine to reject the Master Lease pursuant to Section 365(a) of the Bankruptcy Code, then the Mortgagor shall give the Mortgagee not less than ten (10) days' prior notice of the date on which the Mortgagor shall apply to the bankruptcy

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court for authority to reject the Master Lease. The Mortgagee shall have the right, but not the obligation, to serve upon the Mortgagor within such 10-day period a notice stating that (i) the Mortgagee demands that the Mortgagor assume and assign the Master Lease to the Mortgagee pursuant to Section 365 of the Bankruptcy Code and (ii) the Mortgagee covenants to cure or provide adequate assurance of prompt cure of all defaults and provide adequate assurance of future performance of the Mortgagor's obligations under the Master Lease. If the Mortgagee serves upon the Mortgagor the notice described in the preceding sentence, the Mortgagor shall not seek to reject the Master Lease and shall seek court approval to comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after the notice shall have been given, subject to the performance by the Mortgagee of the covenant provided for in clause (ii) of the preceding sentence.

(k) Effective upon the entry of an order for relief in respect of the Mortgagor under the Bankruptcy Code, the Mortgagor hereby assigns and transfers to the Mortgagee a non-exclusive right to apply to the bankruptcy court under Section 365(d)(4) of the Bankruptcy Code for an order extending the period during which the Master Lease may be rejected or assumed.

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## ARTICLE 3

### INSURANCE, CASUALTY AND CONDEMNATION

SECTION 3.01. *Insurance.* The Mortgagor shall maintain in full force and effect Insurance Policies with respect to the Property as required by Section 5.03 of the Credit Agreement.

SECTION 3.02. *Casualty and Condemnation.* (a) The Mortgagor represents and warrants that, as of the date hereof, (i) there is no Casualty Event or Condemnation Event, (ii) there are no negotiations or proceedings which might result in a Condemnation Event and (iii) to the knowledge of the Mortgagor, no Condemnation Event is proposed or threatened.

(b) If any Casualty Event or Condemnation Event occurs, the Mortgagor shall immediately take such action as is required by Section 5.13 of the Credit Agreement and the other Financing Documents and any Casualty Proceeds shall be held, applied and disbursed as provided in or permitted by the Credit Agreement and the Security Agreement

ARTICLE 4

CERTAIN SECURED OBLIGATIONS

SECTION 4.01. *Interest after Default.* If, pursuant to the terms of this Mortgage, the Mortgagee shall make any payment on behalf of the Mortgagor (including any payment made by the Mortgagee pursuant to Section 5.10), or shall incur hereunder any expense for which the Mortgagee is entitled to reimbursement pursuant to the terms of the Financing Documents, such Secured Obligation shall be payable on demand and any amounts not paid on demand shall bear interest, payable on demand, for each day until paid at the Post-Default Rate for such day. Such interest, and any other interest on the Secured Obligations payable at the Post-Default Rate pursuant to the terms of the Financing Documents, shall accrue through the date paid notwithstanding any intervening judgment of foreclosure or sale. All such interest shall be part of the Secured Obligations and shall be secured by this Mortgage.

SECTION 4.02. *Changes in the Laws Regarding Taxation.* If, after the date hereof, there shall be enacted any applicable law changing in any way the taxation of mortgages, deeds of trust or other Liens or obligations secured thereby, or the manner of collection of such taxes, so as to adversely affect this Mortgage, the Secured Obligations, the Mortgagee or any Secured Party, promptly after demand by the Mortgagee or any affected Secured Party the Mortgagor shall pay all taxes, assessments or other charges resulting therefrom or shall reimburse such affected Person for all such taxes, assessments or other charges which such Person is obligated to pay as a result thereof.

SECTION 4.03. *Indemnification.* The Mortgagor shall protect, indemnify and defend each of the Mortgagee and the Secured Parties (each, an "Indemnified Party") from and against all claims, damages, losses, liabilities, costs or expenses of any kind and nature whatsoever (including reasonable attorneys' fees and expenses) which may be imposed on, incurred by or asserted against any Indemnified Party by reason or on account of, or in connection with (a) this Deed of Trust (b) the Mortgagee's good faith exercise of any of its rights and remedies hereunder; (c) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, street or ways; (d) any use, misuse, non-use, condition, maintenance or repair by the Mortgagor or anyone claiming by, through or under the Mortgagor; and (e) any failure by the Mortgagor or anyone claiming by, through or under the Mortgagor

to perform under the Master Lease; *provided*, that any claims caused by the willful misconduct or gross negligence of any Indemnified Party as determined by a court of competent jurisdiction shall be excluded from the foregoing indemnification of such Indemnified Party. Any amount payable under this Section will be deemed a demand obligation and will bear interest pursuant to Section 4.01. The obligations of the Mortgagor under this Section shall survive the termination of this Mortgage.

## ARTICLE 5

### DEFAULTS, REMEDIES AND RIGHTS

SECTION 5.01. *Events of Default.* Any Event of Default under the Credit Agreement shall constitute an Event of Default hereunder. All notice and cure periods provided in the Credit Agreement and the other Financing Documents shall run concurrently with any notice or cure periods provided under applicable law.

SECTION 5.02. *Remedies.* (a) When an Event of Default has occurred and is continuing, the Mortgagee shall have the right and power to exercise any of the following remedies and rights, subject to mandatory provisions of applicable law and to the fullest extent available under applicable law, to wit:

(i) to institute a proceeding or proceedings, by judicial process or otherwise as provided under applicable law, for the complete or partial foreclosure of this Mortgage or the complete or partial sale of the Mortgaged Property under the power of sale, if any, hereunder or under any applicable provision of law; or

(ii) to sell the Mortgaged Property, and all estate, right, title, interest, claim and demand of the Mortgagor therein and thereto, and all rights of redemption thereof, at one or more sales, as an entirety or in parcels, with such elements of real or personal property, at such time and place and upon such terms as the Mortgagee may deem expedient or as may be required under applicable law, and in the event of a sale hereunder or under any applicable provision of law of less than all of the Mortgaged Property, this Mortgage shall continue as a Lien on the remaining Mortgaged Property; or



(iii) to institute a suit, action or proceeding for the specific performance of any of the provisions of this Mortgage; or

(iv) to be entitled to the appointment of a receiver, supervisor, trustee, liquidator, conservator or other custodian (a "Receiver") of the Mortgaged Property, without notice to the Mortgagor, to the fullest extent permitted by law, as a matter of right and without regard to, or the necessity to disprove, the adequacy of the security for the Secured Obligations or the solvency of the Mortgagor or any other obligor, and the Mortgagor hereby, to the fullest extent permitted by applicable law, irrevocably waives such necessity and consents to such appointment, without notice, said appointee to be vested with the fullest powers permitted under applicable law, including to the extent permitted under applicable law those under clause (v) of this subsection (a); or

(v) to enter upon the Property, by the Mortgagee or a Receiver (whichever is the Person exercising the rights under this clause), and, to the extent permitted by applicable law, exclude the Mortgagor and its managers, employees, contractors, agents and other representatives therefrom in accordance with applicable law, without liability for trespass, damages or otherwise, and take possession of all other Mortgaged Property and all books, records and accounts relating thereto, and upon demand the Mortgagor shall surrender possession of the Property, the other Mortgaged Property and such books, records and accounts to the Person exercising the rights under this clause; and having and holding the same, the Person exercising the rights under this clause may use, operate, manage, preserve, control and otherwise deal therewith and conduct the business thereof, either personally or by its managers, employees, contractors, agents or other representatives, without interference from the Mortgagor or its managers, employees, contractors, agents and other representatives; and, upon each such entry and from time to time thereafter, at the expense of the Mortgagor and the Mortgaged Property, without interference by the Mortgagor or its managers, employees, contractors, agents and other representatives, the Person exercising the rights under this clause may, as such Person deems expedient, (A) insure or reinsure the Property, (B) make all necessary or proper repairs, renewals, replacements, alterations, additions, Restorations, betterments and improvements to the Property and (C) in such Person's own name or, at the option of such Person, in the Mortgagor's name, exercise all rights, powers and privileges of the Mortgagor with respect to the Mortgaged Property, including the right to enter into Leases with respect to the

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Property, including Leases extending beyond the time of possession by the Person exercising the rights under this clause; and the Person exercising the rights under this clause shall not be liable to account for any action taken hereunder, other than for Rents actually received by such Person, and shall not be liable for any loss sustained by the Mortgagor resulting from any failure to let the Property or from any other act or omission of such Person, except to the extent such loss is caused by such Person's own willful misconduct or gross negligence; or

(vi) with or, to the fullest extent permitted by applicable law, without entry upon the Property, in the name of the Mortgagee or a Receiver as required by law (whichever is the Person exercising the rights under this clause) or, at such Person's option, in the name of the Mortgagor, to collect, receive, sue for and recover all Rents and proceeds of or derived from the Mortgaged Property, and after deducting therefrom all costs, expenses and liabilities of every character incurred by the Person exercising the rights under this clause in collecting the same and in using, operating, managing, preserving and controlling the Mortgaged Property and otherwise in exercising the rights under clause (v) of this subsection (a) or any other right hereunder, including all amounts necessary to pay Impositions, Rents, Insurance Premiums and other costs, expenses and liabilities relating to the Property, as well as reasonable compensation for the services of such Person and its managers, employees, contractors, agents or other representatives, to apply the remainder as provided in Section 5.06; or

(vii) to take any action with respect to any Mortgaged Property permitted under the Local UCC; or

(viii) to take any other action, or pursue any other remedy or right, as the Mortgagee may have under applicable law, including the right to foreclosure through court action, and the Mortgagor does hereby grant the same to the Mortgagee.

(b) To the fullest extent permitted by applicable law,

(i) each remedy or right hereunder shall be in addition to, and not exclusive or in limitation of, any other remedy or right hereunder, under any other Financing Document or under applicable law;

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(ii) every remedy or right hereunder, under any other Financing Document or under applicable law may be exercised concurrently or independently and whenever and as often as deemed appropriate by the Mortgagee;

(iii) no failure to exercise or delay in exercising any remedy or right hereunder, under any other Financing Document or under applicable law shall be construed as a waiver of any Default or other occurrence hereunder or under any other Financing Document;

(iv) no waiver of, failure to exercise or delay in exercising any remedy or right hereunder, under any other Financing Document or under applicable law upon any Default or other occurrence hereunder or under any other Financing Document shall be construed as a waiver of, or otherwise limit the exercise of, such remedy or right upon any other or subsequent Default or other or subsequent occurrence hereunder or under any other Financing Document;

(v) no single or partial exercise of any remedy or right hereunder, under any other Financing Document or under applicable law upon any Default or other occurrence hereunder or under any other Financing Document shall preclude or otherwise limit the exercise of any other remedy or right hereunder, under any other Financing Document or under applicable law upon such Default or occurrence or upon any other or subsequent Default or other or subsequent occurrence hereunder or under any other Financing Document;

(vi) the acceptance by the Mortgagee, the Agent or any Secured Party of any payment less than the amount of the Secured Obligation in question shall be deemed to be an acceptance on account only and shall not be construed as a waiver of any Default hereunder or under any other Financing Document with respect thereto; and

(vii) the acceptance by the Mortgagee, the Agent or any Secured Party of any payment of, or on account of, any Secured Obligation shall not be deemed to be a waiver of any Default or other occurrence hereunder or under any other Financing Document with respect to any other Secured Obligation.

(c) If the Mortgagee has proceeded to enforce any remedy or right hereunder or with respect hereto by foreclosure, sale, entry or otherwise, it may

compromise, discontinue or abandon such proceeding for any reason without notice to the Mortgagor or any other Person (except the Agent, the Lenders or the other Secured Parties to the extent required by the other Financing Documents); and, if any such proceeding shall be discontinued, abandoned or determined adversely for any reason, the Mortgagor and the Mortgagee shall retain and be restored to their former positions and rights hereunder with respect to the Mortgaged Property, subject to the Lien hereof except to the extent any such adverse determination specifically provides to the contrary.

(d) For the purpose of carrying out any provisions of Section 5.02(a)(v), 5.02(a)(vi), 5.05, 5.07, 5.10 or 6.01 or any other provision hereunder authorizing the Mortgagee or any other Person to perform any action on behalf of the Mortgagor, the Mortgagor hereby irrevocably appoints the Mortgagee or a Receiver appointed pursuant to Section 5.02(a)(iv) or such other Person as the attorney-in-fact of the Mortgagor (with a power to substitute any other Person in its place as such attorney-in-fact) to act in the name of the Mortgagor or, at the option of the Person appointed to act under this subsection, in such Person's own name, to take the action authorized under Section 5.02(a)(v), 5.02(a)(vi), 5.05, 5.07, 5.10 or 6.01 or such other provision, and to execute, acknowledge and deliver any document in connection therewith or to take any other action incidental thereto as the Person appointed to act under this subsection shall deem appropriate in its discretion; and the Mortgagor hereby irrevocably authorizes and directs any other Person to rely and act on behalf of the foregoing appointment and a certificate of the Person appointed to act under this subsection that such Person is authorized to act under this subsection.

SECTION 5.03. *Waivers by the Mortgagor.* To the fullest extent permitted under applicable law, the Mortgagor shall not assert, and hereby irrevocably waives, any right or defense the Mortgagor may have under any statute or rule of law or equity now or hereafter in effect relating to (a) appraisal, valuation, homestead exemption, extension, moratorium, stay, statute of limitations, redemption, marshaling of the Mortgaged Property or the other assets of the Mortgagor, sale of the Mortgaged Property in any order or notice of deficiency or intention to accelerate any Secured Obligation; (b) impairment of any right of subrogation or reimbursement; (c) any requirement that at any time any action must be taken against any other Person, any portion of the Mortgaged Property or any other asset of the Mortgagor or any other Person; (d) any provision barring or limiting the right of the Mortgagee to sell any Mortgaged Property after any other sale of any other Mortgaged Property or any other action against the Mortgagor or any other Person; (e) any provision barring or limiting the recovery by the Mortgagee of a deficiency after any sale of the Mortgaged Property; (f) any other

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provision of applicable law which shall defeat, limit or adversely affect any right or remedy of the Mortgagee or any Secured Party under or with respect to this Mortgage or any other Collateral Document as it relates to any Mortgaged Property; or (g) the right of the Mortgagee as Agent to foreclose this Mortgage in its own name on behalf of all of the Secured Parties by judicial action as the real party in interest without the necessity of joining any Secured Party.

SECTION 5.04. *Jurisdiction and Process.* (a) To the extent permitted under applicable law, in any suit, action or proceeding arising out of or relating to this Mortgage or any other Collateral Document as it relates to any Mortgaged Property, the Mortgagor (i) irrevocably consents to the non-exclusive jurisdiction of any state or federal court sitting in the State in which the Property is located and irrevocably waives any defense or objection which it may now or hereafter have to the jurisdiction of such court or the venue of such court or the convenience of such court as the forum for any such suit, action or proceeding; and (ii) irrevocably consents to the service of (A) any process in accordance with applicable law in any such suit, action or proceeding, or (B) any notice relating to any sale, or the exercise of any other remedy by the Mortgagee hereunder by mailing a copy of such process or notice by United States registered or certified mail, postage prepaid, return receipt requested to the Mortgagor at its address specified in or pursuant to Section 5.03; such service to be effective in accordance with applicable law.

(b) Nothing in this Section shall affect the right of the Mortgagee to bring any suit, action or proceeding arising out of or relating to this Mortgage or any other Collateral Document in any court having jurisdiction under the provisions of any other Collateral Document or applicable law or to serve any process, notice of sale or other notice in any manner permitted by any other Collateral Document or applicable law.

SECTION 5.05. *Sales.* Except as otherwise provided herein, to the fullest extent permitted under applicable law, at the election of the Mortgagee, the following provisions shall apply to any sale of the Mortgaged Property hereunder, whether made pursuant to the power of sale, if any, under Section 5.02 or under any applicable provision of law, any judicial proceeding or any judgment or decree of foreclosure or sale or otherwise:

(a) The Mortgagee or the court officer (whichever is the Person conducting any sale) may conduct any number of sales from time to time. The power of sale, if any, hereunder or with respect hereto shall not be exhausted by any sale as to any part or parcel of the Mortgaged Property which is not sold,

unless and until the Secured Obligations shall have been paid in full, and shall not be exhausted or impaired by any sale which is not completed or is defective. Any sale may be as a whole or in part or parcels and, as provided in Section 5.03, the Mortgagor has waived its right to direct the order in which the Mortgaged Property or any part or parcel thereof is sold.

(b) Any sale may be postponed or adjourned by public announcement at the time and place appointed for such sale or for such postponed or adjourned sale without further notice.

(c) After each sale, the Person conducting such sale shall execute and deliver to the purchaser or purchasers at such sale a good and sufficient instrument or instruments granting, conveying, assigning, transferring and delivering all right, title and interest of the Mortgagor in and to the Mortgaged Property sold and shall receive the proceeds of such sale and apply the same as provided in Section 5.06. The Mortgagor hereby irrevocably appoints the Person conducting such sale as the attorney-in-fact of the Mortgagor (with full power to substitute any other Person in its place as such attorney-in-fact) to act in the name of the Mortgagor or, at the option of the Person conducting such sale, in such Person's own name, to make without warranty by such Person any conveyance, assignment, transfer or delivery of the Mortgaged Property sold, and to execute, acknowledge and deliver any instrument of conveyance, assignment, transfer or delivery or other document in connection therewith or to take any other action incidental thereto, as the Person conducting such sale shall deem appropriate in its discretion; and the Mortgagor hereby irrevocably authorizes and directs any other Person to rely and act upon the foregoing appointment and a certificate of the Person conducting such sale that such Person is authorized to act hereunder. Nevertheless, upon the request of such attorney-in-fact the Mortgagor shall promptly execute, acknowledge and deliver any documentation which such attorney-in-fact may require for the purpose of ratifying, confirming or effectuating the powers granted hereby or any such conveyance, assignment, transfer or delivery by such attorney-in-fact.

(d) Any statement of fact or other recital made in any instrument referred to in Section 5.05(c) given by the Person conducting any sale as to the nonpayment of any Secured Obligation, the occurrence of any Event of Default, the amount of the Secured Obligations due and payable, the request to the Mortgagee to sell, the notice of the time, place and terms of sale and of the Mortgaged Property to be sold having been duly given, the refusal, failure or inability of the Mortgagee to act, the appointment of any substitute or successor agent, any other act or thing having been duly done by the Mortgagor, the

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Mortgagee or any other such Person, shall be taken as conclusive and binding against all other Persons as evidence of the truth of the facts so stated or recited.

(e) The receipt by the Person conducting any sale of the purchase money paid at such sale shall be sufficient discharge therefor to any purchaser of any Mortgaged Property sold, and no such purchaser, or its representatives, grantees or assigns, after paying such purchase price and receiving such receipt, shall be bound to see to the application of such purchase price or any part thereof upon or for any trust or purpose of this Mortgage or the other Financing Documents, or, in any manner whatsoever, be answerable for any loss, misapplication or nonapplication of any such purchase money or be bound to inquire as to the authorization, necessity, expediency or regularity of such sale.

(f) Subject to mandatory provisions of applicable law, any sale shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Mortgagor in and to the Mortgaged Property sold, and shall be a perpetual bar both at law and in equity against the Mortgagor and any and all Persons claiming such Mortgaged Property or any interest therein by, through or under the Mortgagor.

(g) At any sale, the Mortgagee may bid for and acquire the Mortgaged Property sold and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting or causing the Secured Parties to credit against the Secured Obligations, including the expenses of the sale and the cost of any enforcement proceeding hereunder, the amount of the bid made therefor to the extent necessary to satisfy such bid.

(h) If the Mortgagor or any Person claiming by, through or under the Mortgagor shall transfer or fail to surrender possession of the Mortgaged Property, after the exercise by the Mortgagee of the Mortgagee's remedies under Section 5.02(a)(v) or after any sale of the Mortgaged Property pursuant hereto, then the Mortgagor or such Person shall be deemed a tenant at sufferance of the purchaser at such sale, subject to eviction by means of summary process for possession of land, or subject to any other right or remedy available hereunder or under applicable law.

(i) Upon any sale, it shall not be necessary for the Person conducting such sale to have any Mortgaged Property being sold present or constructively in its possession.

(j) If a sale hereunder shall be commenced by the Mortgagee, the Mortgagee may at any time before the sale abandon the sale, and may institute suit for the collection of the Secured Obligations or for the foreclosure of this Mortgage; or if the Mortgagee shall institute a suit for collection of the Secured Obligations or the foreclosure of this Mortgage, the Mortgagee may at any time before the entry of final judgment in said suit dismiss the same and sell the Mortgaged Property in accordance with the provisions of this Mortgage.

SECTION 5.06. *Proceeds.* Except as otherwise provided herein or required under applicable law, when an Event of Default has occurred and is continuing, the proceeds of any sale of, or other realization upon, the Mortgaged Property hereunder, whether made pursuant to the power of sale, if any, hereunder or under any applicable provision of law, any judicial proceeding or any judgment or decree of foreclosure or sale or otherwise, shall be applied and paid as follows:

(a) First: to pay the expenses of such sale or other realization, including compensation for the Person conducting such sale (which may include the Mortgagee), the cost of title searches, foreclosure certificates and attorneys' fees and expenses incurred by such Person, together with interest on any such expenses paid by such Person at the Post-Default Rate from the date of demand through the date repaid to such Person;

(b) Second: to pay the expenses and other amounts payable under Sections 4.02 and 5.10, if any; and

(c) Third: to pay the other Secured Obligations in the order and priority set forth in Section 15 of the Security Agreement.

SECTION 5.07. *Assignment of Leases.* (a) Subject to paragraph (d) below, the assignments of the Leases and the Rents hereunder pursuant to Granting Clauses V and VI are and shall be present, absolute and irrevocable assignments by the Mortgagor to the Mortgagee and, subject to the license to the Mortgagor under Section 5.07(b), the Mortgagee or a Receiver appointed pursuant to Section 5.02(a)(iv) (whichever is the Person exercising the rights under this Section) shall have the absolute, immediate and continuing right to collect and receive all such Rents now or hereafter, including during any period of redemption, accruing with respect to the Property. At the request of the Mortgagee or such Receiver, the Mortgagor shall promptly execute, acknowledge, deliver, record, register and file any additional general assignment of the Leases or specific assignment of any Lease which the Mortgagee or such Receiver may require from time to time (all in form and substance satisfactory to the Mortgagee or such Receiver) to effectuate,



complete, perfect, continue or preserve the assignments of the Leases and the Rents thereunder pursuant to Granting Clauses V and VI.

(b) The Mortgagor shall have a license granted hereby to collect and receive all Rents under the Leases and apply the same subject to the provisions of the Financing Documents, such license to be terminable by the Mortgagee as provided in Section 5.07(c).

(c) When an Event of Default has occurred and is continuing, the Mortgagee or a Receiver appointed pursuant to Section 5.02(a)(iv) (whichever is the Person exercising the rights under this Section) shall have the right, exercisable upon notice to the Mortgagor, to terminate the license granted under Section 5.07(b) by notice to the Mortgagor and to exercise the rights and remedies provided under Section 5.07(a), under Sections 5.02(a)(v) and (vi) or under applicable law. Upon demand by the Person exercising the rights under this Section, the Mortgagor shall promptly pay to such Person all security deposits under the Leases and all Rents thereunder allocable to any period after such demand. Subject to Sections 5.02(a)(v) and (vi) and any applicable requirement of law, any Rents received hereunder by such Person shall be promptly paid to the Mortgagee, and any Rents received hereunder by the Mortgagee shall be deposited in the Cash Proceeds Account, to be held, applied and disbursed as provided in Section 15 of the Security Agreement, *provided that*, subject to Sections 5.02(a)(v) and (vi) and any applicable requirement of law, any security deposits actually received by such Person shall be promptly paid to the Mortgagee, and any security deposits actually received by the Mortgagee shall be held, applied and disbursed as provided in the applicable Leases and applicable law.

(d) Nothing herein shall be construed to be an assumption by the Person exercising the rights under this Section, or otherwise to make such Person liable for the performance, of any of the obligations of the Mortgagor under the Leases, *provided that* such Person shall be accountable as provided in Section 5.07(c) for any Rents or security deposits actually received by such Person.

**SECTION 5.08. *Dealing with the Mortgaged Property.*** Subject to Section 7.02, the Mortgagee shall have the right to release any portion of the Mortgaged Property, or grant or consent to the granting of any Lien affecting any portion of the Mortgaged Property, to or at the request of the Mortgagor, for such consideration as the Mortgagee may require without, as to the remainder of the Mortgaged Property, in any way impairing or affecting the Lien or priority of this Mortgage, or improving the position of any subordinate lienholder with respect

thereto, or the position of any guarantor, endorser, co-maker or other obligor of the Secured Obligations, except to the extent that the Secured Obligations shall have been reduced by any actual monetary consideration received for such release and applied to the Secured Obligations, and may accept by assignment, pledge or otherwise any other property in place thereof as the Mortgagee may require without being accountable therefor to any other lienholder.

SECTION 5.09. *Right of Entry.* The Mortgagee and the representatives of the Mortgagee shall have the right, upon being instructed to do so by the Required Lenders (a) without notice, when an Event of Default has occurred and is continuing, (b) with simultaneous notice, if any payment or performance is necessary in the opinion of the Mortgagee to preserve the Mortgagee's rights under this Mortgage or with respect to the Mortgaged Property, or (c) after reasonable notice, in all other cases, to enter upon the Property at reasonable times, and with reasonable frequency, to inspect the Mortgaged Property or, subject to the provisions hereof, to exercise any right, power or remedy of the Mortgagee hereunder, provided that any Person so entering the Property shall not unreasonably interfere with the ordinary conduct of the Mortgagor's business, and provided further that no such entry on the Property, for the purpose of performing obligations under Section 5.10 or for any other purpose, shall be construed to be (i) possession of the Property by such Person or to constitute such Person as a mortgagee in possession, unless such Person exercises its right to take possession of the Property under Section 5.02(a)(v), or (ii) a cure of any Default or waiver of any Default or Secured Obligation. The expense of any inspection pursuant to clause (c) above shall be borne by the Mortgagee unless an Event of Default shall have occurred and be continuing at the time of such inspection, in which case the Mortgagor shall pay, or reimburse the Mortgagee for, such expense.

SECTION 5.10. *Right to Perform Obligations.* If the Mortgagor fails to pay or perform any obligation of the Mortgagee hereunder, after the expiration of any applicable grace period the Mortgagee and the representatives of the Mortgagee shall have the right, upon being instructed to do so by the Required Lenders at any time, to pay or perform such obligation (a) without notice, when an Event of Default has occurred and is continuing, (b) with simultaneous notice, if such payment or performance is necessary in the opinion of the Mortgagee to preserve the Mortgagee's rights under this Mortgage or with respect to the Mortgaged Property, or (c) after notice given reasonably in advance to allow the Mortgagor an opportunity to pay or perform such obligation, provided that the Mortgagor is not contesting payment or performance in accordance with the terms hereof and further provided that no such payment or performance shall be construed to be a cure of any Default or waiver of any Default or Secured

Obligation. The Mortgagor shall reimburse the Mortgagee on demand for the reasonable costs of performing any such obligations and any amounts not paid on demand shall bear interest, payable on demand, for each day until paid at the Post-Default Rate for such day.

SECTION 5.11. *Concerning the Mortgagee.* (a) The provisions of Section 16 of the Security Agreement shall inure to the benefit of the Mortgagee in respect of this Mortgage and shall be binding upon the parties to the Credit Agreement and the other Financing Documents in such respect. In furtherance and not in derogation of the rights, privileges and immunities of the Mortgagee therein set forth:

(i) The Mortgagee is authorized to take all such action as is provided to be taken by it as Mortgagee hereunder and all other action incidental thereto. As to any matters not expressly provided for herein (including the timing and methods of realization upon the Mortgaged Property) the Mortgagee shall act or refrain from acting in accordance with written instructions from the Required Lenders or, in the absence of such instructions, in accordance with its discretion.

(ii) The Mortgagee shall not be responsible for the existence, genuineness or value of any of the Mortgaged Property or for the validity, perfection, priority or enforceability of the Lien of this Mortgage on any of the Mortgaged Property, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder. The Mortgagee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Mortgage by the Mortgagor.

(b) At any time or times, in order to comply with any legal requirement in any jurisdiction, the Mortgagee may appoint another bank or trust company or one or more other Persons, either to act as co-agent or co-agents, jointly with the Mortgagee, or to act as separate agent or agents on behalf of the Lenders or the other Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment (which may, in the discretion of the Mortgagee, include provisions for the protection of such co-agent or separate agent similar to the provisions of this Section 5.11). References to the Mortgagee in Section 5.12 shall be deemed to include any co-agent or separate agent appointed pursuant to this Section 5.11.

SECTION 5.12. *Expenses.* The Mortgagor agrees that it will forthwith on demand pay to the Mortgagee (i) the amount of any taxes which the Mortgagee

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may have been required to pay in order to free any of the Mortgaged Property from any Lien thereon (other than Permitted Liens), (ii) the amount of any and all out-of-pocket expenses, including the fees and disbursements of counsel and of any other experts, which the Mortgagee may reasonably incur in connection with preserving the value of the Mortgaged Property and the validity, perfection, rank or value of the Lien of this Mortgage and (iii) the amount of any and all out-of-pocket expenses, including the fees and disbursements of counsel and of any other experts, which the Mortgagee may reasonably incur in connection with the collection, sale or other disposition of any of the Mortgaged Property.

## ARTICLE 6

### SECURITY AGREEMENT AND FIXTURE FILING

SECTION 6.01. *Security Agreement.* To the extent that the Mortgaged Property constitutes or includes tangible or intangible personal property, including goods or items of personal property which are or are to become fixtures under applicable law, the Mortgagor hereby grants to the Mortgagee a security interest therein and this Mortgage shall also be construed as a pledge and a security agreement under the Local UCC; and, when an Event of Default has occurred and is continuing, the Mortgagee shall be entitled to exercise with respect to such tangible or intangible personal property all remedies available under the Local UCC and all other remedies available under applicable law. Without limiting the foregoing, any personal property may, at the Mortgagee's option and, except as otherwise required by applicable law, without the giving of notice, (i) be sold hereunder, (ii) be sold pursuant to the Local UCC or (iii) be dealt with by the Mortgagee in any other manner permitted under applicable law. The Mortgagee may require the Mortgagor, after an Event of Default has occurred and is continuing, to assemble the personal property and make it available to the Mortgagee at a place to be designated by the Mortgagee. At any time and from time to time when an Event of Default has occurred and is continuing the Mortgagee shall be the attorney-in-fact of the Mortgagor with respect to any and all matters pertaining to the personal property with full power and authority to give instructions with respect to the collection and remittance of payments, to endorse checks, to enforce the rights and remedies of the Mortgagor and to execute on behalf of the Mortgagor and in Mortgagor's name any instruction, agreement or other writing required therefor. The Mortgagor acknowledges and agrees that a disposition of the personal property in accordance with the Mortgagee's rights and remedies in respect of the Property as heretofore provided is a commercially reasonable disposition thereof. Notwithstanding the foregoing,

to the extent that the Mortgaged Property includes personal property covered by the Security Agreement the provisions of the Security Agreement shall govern with respect to such personal property.

SECTION 6.02. *Fixture Filing.* To the extent that the Mortgaged Property includes goods or items of personal property which are or are to become fixtures under applicable law, and to the extent permitted under applicable law, the filing of this Mortgage in the real estate records of the county in which the Mortgaged Property is located shall also operate from the time of filing as a fixture filing with respect to such Mortgaged Property, and the following information is applicable for the purpose of such fixture filing, to wit:

(a) Name and address of the debtor:

Vencor Operating, Inc.  
3300 Providian Center  
400 West Market Street  
Louisville, Kentucky 40202

(b) Name and address of the secured party:

Morgan Guaranty Trust Company of New York, as Agent  
500 Stanton Christiana Road  
Newark, Delaware 19713-2107

(c) This instrument covers goods or items of personal property which are or are to become fixtures upon the Property.

ARTICLE 7  
MISCELLANEOUS

SECTION 7.01. *Revolving Credit Loans.* The Secured Obligations secured by this Mortgage include Revolving Credit Loans made, and LC Reimbursement Obligations relating to Letters of Credit issued or extended, under the Credit Agreement which are advanced, paid and readvanced from time to time. Notwithstanding the amount outstanding at any particular time, this Mortgage secures the total amount of Secured Obligations. The unpaid balance of the Revolving Credit Loans and the outstanding LC Reimbursement Obligations relating to Letters of Credit issued or extended under the Credit Agreement may at

certain times be, or be reduced to, zero. A zero balance, by itself, does not affect any LC Issuing Bank's obligation to issue or extend Letters of Credit or to make payments upon draws under Letters of Credit or any Lender's obligation to advance Revolving Credit Loans subject to the conditions stated in the Credit Agreement. Each of the security interest of the Mortgagee hereunder and the priority of the Lien of this Mortgage will remain in full force and effect with respect to all of the Secured Obligations notwithstanding such a zero balance of the Revolving Credit Loans and LC Reimbursement Obligations and the Lien of this Mortgage will not be extinguished until this Mortgage has been terminated pursuant to Section 7.02(a).

**SECTION 7.02. Release of Mortgaged Property.** (a) This Mortgage shall cease terminate and thereafter be of no further force or effect (except as provided in Section 4.03) upon (i) payment in full of all Secured Obligations described in clause (i) in the definition thereof, (ii) the termination of all Letters of Credit issued under the Credit Agreement, (iii) the termination of all Commitments under the Credit Agreement and (iv) payment in full of all other Secured Obligations known to the Mortgagee to be then due and payable.

(b) Upon direction from the Documentation Agent pursuant to Section 2.20 of the Credit Agreement and upon the Mortgagor's compliance with Section 18 of the Security Agreement, the Mortgagee shall release all or a portion of the Mortgaged Property (but not any Proceeds of any sale giving rise to such release). In addition, at any time and from time to time prior to such termination of this Mortgage, the Mortgagee may release any of the Mortgaged Property with the consent of the Required Lenders, *provided* that if such release is in connection with the release of all or substantially all of the collateral granted to secure the Secured Obligations, such release shall require the consent of all Lenders.

(c) Any termination or release under this Section 7.02 shall be at the Mortgagor's request and expense and either in the statutory form or in a form reasonably satisfactory to the Mortgagee.

**SECTION 7.03. Notices.** All notices, approvals, requests, demands and other communications hereunder shall be given (i) if to the Mortgagor, in accordance with Section 12.01 of the Credit Agreement at the "Address for Notices" specified below the intended recipient's name on the signature pages thereof, or at such other address as shall be designated by such party in a Notice to the other parties in accordance with such Section 12.01 of the Credit Agreement; and (ii) if to the Mortgagee, in accordance with Section 12.01 of the Credit Agreement.

SECTION 7.04. *Amendments in Writing.* No provision of this Mortgage shall be modified, waived or terminated, and no consent to any departure by the Mortgagor from any provision of this Mortgage shall be effective, unless the same shall be by an instrument in writing, signed by the Mortgagor and the Mortgagee in accordance with Section 12.05 of the Credit Agreement with the consent of the Required Lenders (except that any change, waiver, discharge or termination of Section 7.02 shall require the consent of all the Lenders). Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.05. *Severability.* All rights, powers and remedies provided in this Mortgage may be exercised only to the extent that the exercise thereof does not violate applicable law, and all the provisions of this Mortgage are intended to be subject to all mandatory provisions of applicable law and to be limited to the extent necessary so that they will not render this Mortgage illegal, invalid, unenforceable or not entitled to be recorded, registered or filed under applicable law. If any provision of this Mortgage or the application thereof to any Person or circumstance shall, to any extent, be illegal, invalid or unenforceable, or cause this Mortgage not to be entitled to be recorded, registered or filed, the remaining provisions of this Mortgage or the application of such provision to other Persons or circumstances shall not be affected thereby, and each provision of this Mortgage shall be valid and be enforced to the fullest extent permitted under applicable law.

SECTION 7.06. *Binding Effect.* (a) The provisions of this Mortgage shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

(b) To the fullest extent permitted under applicable law, the provisions of this Mortgage binding upon the Mortgagor shall be deemed to be covenants which run with the land.

(c) Nothing in this Section shall be construed to permit the Mortgagor to Transfer or grant a Lien upon the Mortgaged Property contrary to the provisions of the Credit Agreement.

SECTION 7.07. *Governing Law.* THIS MORTGAGE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.



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SECTION 7.08. *Counterparts.* This Agreement may be signed in any number of counterparts each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 7.09. *Future Advances.* This Mortgage is given for the purpose of securing loan advances which the Mortgagee may make to or for the benefit of the Mortgagor pursuant and subject to the terms and provisions of the Credit Agreement. The parties hereto intend that, in addition to any other debt or obligation secured hereby, this Mortgage shall secure unpaid balances of loan advances made after this Mortgage is delivered to the Recorder of Deeds, in the County in which the Mortgaged Property is located, Illinois, whether made pursuant to any obligation of Mortgagee or otherwise, provided that such advances are within twenty (20) years from the date hereof and in such event, such advances shall be secured to the same extent as if such future advances were made on the date hereof, although there may be no advance made at the time of execution hereof and although there may be no indebtedness outstanding at the time any advance is made. Such loan advances may or may not be evidenced by notes executed pursuant to the Credit Agreement.

SECTION 7.10. *Compliance with Illinois Mortgage Foreclosure Law.* (a) In the event that any provision in this Mortgage shall be inconsistent with any provision of the Illinois Mortgage Foreclosure Law (the "Act"), the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act.

(b) If any provisions of this Mortgage shall grant to Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provisions, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law.

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IN WITNESS WHEREOF, this Mortgage has been executed by the Mortgagor as of the day first set forth above.

MORTGAGOR:

VENCOR OPERATING, INC.

By:



Name:

Title:

W. Earl Reed, III  
Chief Financial Officer and  
Executive Vice President

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STATE OF NEW YORK )  
 ) ss.  
COUNTY OF NEW YORK )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that W. Earl Reed III whose name as Executive Vice President of VENCOR OPERATING, INC., a Delaware corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and Official seal this 29th day of April, 1998.

Shawn D. Chand  
Notary Public

(Seal)

SHAWN D. CHAND  
NOTARY PUBLIC, State of New York  
No. 01CH006888  
Qualified in Nassau County  
Commission Expires Dec. 1, 1999

My Commission Expires: 12/1/99  
Notary Public in and for the  
State of New York

Clerk's Office

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EXHIBIT A

DESCRIPTION OF THE MASTER LEASE

Master Lease Agreement General Terms and Conditions dated as of April 30, 1998 among Vencor, Inc. (to be renamed "Ventas, Inc."), a Delaware corporation, First Healthcare Corporation, a Delaware corporation, Nationwide Care, Inc., an Indiana Corporation, Ventas Realty, Limited Partnership, a Delaware limited partnership, Northwest Health Care, Inc., an Idaho corporation, Hillhaven of Central Florida, Inc., a Delaware corporation, Vencor Hospitals East, Inc., a Delaware corporation, Hahnemann Hospital, Inc., a Delaware corporation, Hillhaven/Indiana Partnership, a Washington general partnership, Carrollwood Care Center, a Tennessee general partnership, New Pond Village Associates, a Massachusetts general partnership, St. George Nursing Home Limited Partnership, an Oregon limited partnership, San Marcos Nursing Home Partnership, a California general partnership, Vencor Hospitals Illinois, Inc., a Delaware corporation, Windsor Woods Nursing Home Partnership, a Washington general partnership, Health Haven Associates, L.P. a Rhode Island limited partnership, Oak Hill Nursing Associates, L.P., a Rhode Island limited partnership, as landlord, and Vencor Healthcare, Inc. (to be renamed Vencor, Inc.), together with its permitted assigns, including Vencor Operating, Inc., as tenant, a memorandum of which dated April 30, 1998 will be recorded immediately prior to the recordation of this instrument and such memorandum including the assignment from Vencor Healthcare, Inc., as assignor, to Vencor Operating, Inc., as assignee.

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## EXHIBIT A

### LEGAL DESCRIPTION

#### PARCEL 1:

LOTS 16 TO 25 IN BLOCK 16 AND LOTS 16 TO 21 IN BLOCK 17 IN NORTHWEST LAND ASSOCIATION SUBDIVISION OF THAT PART OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTHEAST 1/4 (EXCEPT THE EAST 33 FEET LYING SOUTH OF THE NORTHWESTERN ELEVATED RAILROAD CO'S RIGHT OF WAY) OF SECTION 13, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

#### PARCEL 2:

LOTS 22 TO 25 IN BLOCK 17 IN NORTHWEST LAND ASSOCIATION SUBDIVISION OF THAT PART OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTHEAST 1/4 (EXCEPT THE EAST 33 FEET LYING SOUTH OF THE NORTHWESTERN ELEVATED RAILROAD CO'S RIGHT OF WAY) OF SECTION 13, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

#### PARCEL 3:

LOTS 5, 7, 8, 9, 10, 11, 12, 13, 14 AND 15 IN A. S. TERRILL'S SUBDIVISION OF BLOCK 6 IN SUPERIOR COURT PARTITION OF THE NORTH 1/2 OF THE SOUTH EAST 1/4 OF SECTION 13, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Permanent Index Numbers: 13-13-231-030-0000, 13-13-231-031-0000, 13-13-231-032-0000, 13-13-232-027-0000, 13-13-232-028-0000, 13-13-232-029-0000, 13-13-232-032-0000, 13-13-231-033-0000, 13-13-401-005-0000, 13-13-401-006-0000, 13-13-401-010-0000, 13-13-401-012-0000 and 13-13-401-041-0000

Address of Real Estate: 2544 West Montrose Avenue,  
Chicago, Illinois 60618

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## EXHIBIT A

### LEGAL DESCRIPTION

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#### PARCEL 1:

LOTS 6, 7, 8 (EXCEPT THE EAST 26 FEET THEREOF) IN BLOCK 1; ALSO LOTS 1, 2, 3, 4, AND 15 IN BLOCK 2, IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTHEAST  $\frac{1}{4}$  OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

#### PARCEL 2:

EASEMENT FOR INGRESS AND EGRESS, CREATED BY DEED RECORDED JANUARY 13, 1988 AS DOCUMENT 88019557 OVER THE FOLLOWING:

A STRIP OF LAND VARIOUS WIDTHS OVER THAT PART OF LOT 14 IN BLOCK 2 IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTHEAST  $\frac{1}{4}$  OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 14; THENCE NORTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID LOT 133.57 FEET TO THE NORTH WEST CORNER OF SAID LOT; THENCE NORTH 88 DEGREES 15 MINUTES 38 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 42.02 FEET TO A LINE 42.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT; THENCE SOUTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG SAID PARALLEL LINE A DISTANCE OF 32.00 FEET; THENCE SOUTH 35 DEGREES 19 MINUTES 49 SECONDS WEST 20.76 FEET TO A POINT ON A LINE 30.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT, THENCE SOUTH 0 DEGREES 00 MINUTES 00 SECONDS EAST ALONG SAID PARALLEL LINE A DISTANCE OF 85.00 FEET TO THE POINT OF INTERSECTION WITH THE SOUTH LINE OF SAID LOT; THENCE SOUTH 88 DEGREES 15 MINUTES 37 SECONDS WEST ALONG THE SOUTH LINE OF SAID LOT 30.00 FEET TO THE POINT OF BEGINNING OF THE STRIP OF LAND HEREIN DESCRIBED, IN COOK COUNTY, ILLINOIS

#### PARCEL 3:

THE NORTH 30.00 FEET OF LOT 9 IN BLOCK 1, (AS MEASURED PERPENDICULARLY TO THE NORTH LINE OF SAID LOT) IN TOWN MANOR, A SUBDIVISION OF THE NORTH 100 ACRES OF THE NORTHEAST  $\frac{1}{4}$  OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Permanent Index Numbers: 15-05-211-006, 15-05-211-007, 15-05-211-008, 15-05-211-017, 15-05-212-001, 15-05-212-002, 15-05-212-003, 15-05-212-004 and 15-05-212-008