

THIS INSTRUMENT
PREPARED BY:

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Suite 1000 South
Washington, DC 20005-3807



STATE OF ILLINOIS)
COUNTY OF COOK)

CROSS-COLLATERALIZATION AND CROSS-DEFAULT AGREEMENT

THIS CROSS-COLLATERALIZATION AND CROSS-DEFAULT AGREEMENT (this "Agreement") is made this 23 day of October, 1998, by OLYMPIA FIELDS SENIOR HOUSING, L.L.C., a Delaware limited liability company (the "Borrower"), as grantor, whose address is c/o Senior Lifestyle Corporation, 111 East Wacker Drive, Suite 2400, Chicago, Illinois 60601, to GMAC COMMERCIAL MORTGAGE CORPORATION, a California corporation (hereinafter called "Lender"), as grantee, whose address is 650 Dresher Road, P.O. Box 1015, Horsham, Pennsylvania 19044-8105.

RECITALS:

A. Borrower is indebted to Lender pursuant to a construction loan (the "Olympia Fields Loan") in the principal sum of TWENTY THREE MILLION FIVE HUNDRED TEN THOUSAND AND NO/100 DOLLARS (\$23,510,000.00), which Loan is evidenced by that certain Promissory Note dated of even date herewith from Borrower to Lender in the amount of the Olympia Fields Loan (as the same may hereafter be renewed, extended, modified, or amended, being hereinafter referred to as the "Note"), which Note is secured by, among other things, a Mortgage and Security Agreement (the "Mortgage") dated of even date herewith and to be recorded on or about the date hereof, encumbering the real property more particularly described in Exhibit "A" hereto (the "Property"). The Note, the Mortgage, together with all other documents listed on Exhibit "B" hereto, are collectively referred to herein as the "Olympia Fields Loan Documents".

B. Affiliates of Borrower listed on Exhibit "C" attached hereto (the "Affiliate Borrowers") have also requested that Lender make the loans in the principal amounts described in Exhibit "C" (such principal amounts, together with interest and agreed charges thereon,

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together with the Olympia Fields Loan, being collectively referred to herein as the "Related Loans") which Related Loans are, or will be, evidenced by the promissory notes, deeds of trust, loan agreements and other documents more particularly described in Exhibit "B" attached hereto (such documents, together with the Olympia Fields Loan Documents, being collectively referred to herein as the "Related Loan Documents"). As a condition to making the Olympia Fields Loan, Lender has required that the Related Loans be cross-defaulted and cross-collateralized with one another.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, to induce the Lender to make the Related Loans, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower agrees with Lender, and Lender agrees with Borrower, as follows:

1. *Cross-default.* The Related Loans are hereby cross-defaulted with one another and the Borrower agrees that the occurrence of an Event of Default as defined in, and pursuant to any of the Related Loan Documents, which is not cured within applicable grace or curative periods set forth therein, shall constitute an immediate Event of Default (without need of notice or the expiration of any additional cure period other than as specified in such Loan Document) under all other Related Loan Documents.

2. *Cross-collateralization.* The Related Loans are hereby cross-collateralized with one another, and the Borrower agrees that the Collateral described in the Olympia Fields Loan Documents shall secure, in addition to the Olympia Fields Loan and on a *pari passu* basis with all other Related Loans, the obligations of the Affiliate Borrowers under the Mortgages, including, without limitation, the obligations of the Affiliate Borrowers to pay the principal and interest on all other Related Loans, as the same may hereafter be renewed, modified, amended or extended, and to pay all other indebtedness and other agreed charges and to perform all of the terms and conditions under all other Related Loan Documents.

3. *Miscellaneous.*

a. Upon the filing of the Mortgages constituting part of the Related Loan Documents, all necessary recording, intangible, or documentary stamp taxes will be duly paid by the Borrower. This Agreement is being given as additional collateral to secure the obligations of the Borrower under the Related Loan Documents. Lender agrees not to record this Agreement if such recording will result in additional mortgage recordation taxes or other similar taxes including intangibles taxes above those assessed in connection with the recording of the Mortgage.

b. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

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4. *No Oral Agreements.* The Related Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

5. *Controlling Law.* This Agreement shall be governed by the laws of the State of Illinois.

6. *Waiver of Jury Trial.* EACH OF BORROWER AND LENDER HEREBY WAIVES ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATED LOANS, OR (B) IN ANY WAY CONNECTED WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF LENDER AND/OR BORROWER WITH RESPECT TO THE RELATED LOAN DOCUMENTS OR IN CONNECTION WITH THIS AGREEMENT OR THE EXERCISE OF EITHER PARTY'S RIGHTS AND REMEDIES UNDER THIS AGREEMENT OR OTHERWISE, OR THE CONDUCT OR THE RELATIONSHIP OF THE PARTIES HERETO, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. BORROWER AND LENDER ARE AUTHORIZED TO SUBMIT A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED AGREEMENT OF BORROWER IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY AS AN INDUCEMENT OF LENDER TO MAKE THE OLYMPIA FIELDS LOAN TO BORROWER, AND THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY DISPUTE OR CONTROVERSY WHATSOEVER (WHETHER OR NOT MODIFIED HEREIN) BETWEEN BORROWER AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

IN WITNESS WHEREOF, the Borrower has caused this Agreement to be properly executed as of the date set forth above.

WITNESS:

BORROWER:

[Handwritten signature]

OLYMPIA FIELDS SENIOR HOUSING, L.L.C., a Delaware limited liability company

By: WHSLC Realty, L.L.C.,
a Delaware limited liability company,
Member

By: WHSLH Realty, L.L.C.,
a Delaware limited liability company,
Member

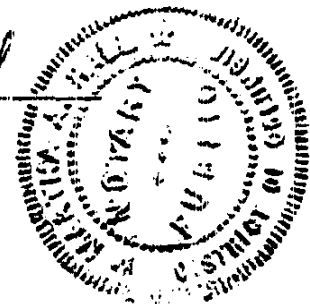
By: *[Signature]* (SEAL)
Name: Susan Sack
Title: Vice President

DISTRICT of COLUMBIA:

I, MARTHA A. HALL, a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY that Susan Sack personally known to me to be a Vice President of WHSLH Realty, L.L.C., a Delaware limited liability company, a Member of WHSLC Realty, L.L.C., a Delaware limited liability company, a Member of Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that as such Vice President, she signed and delivered the said instrument as the free and voluntary act and deed of said WHSLH Realty, L.L.C., a Delaware limited liability company as a Member of WHSLC Realty, L.L.C., a Delaware limited liability company, a Member of Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, for the uses and purposes therein set forth.

Given under my hand and official seal, this 23rd day of October, 1998.

Martha A. Hall
Notary Public



My commission expires: My Commission Expires January 14, 2003

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EXHIBIT "A"

LEGAL DESCRIPTION

LOT 2 (EXCEPT THE NORTH 325.00 FEET OF THE WEST 66.00 FEET AND EXCEPT THE NORTH 25.00 FEET OF THE EAST 10.00 FEET OF THE WEST 76.00 FEET) IN GOVERNORS OFFICE PARK PHASE II, BEING A SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF SECTION 14 AND PART OF LOTS 15 AND 16 IN GOVERNORS COMMERCIAL PARK 3RD ADDITION, A SUBDIVISION IN THE NORTHEAST 1/4 OF SECTION 14, IN TOWNSHIP 35NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 20, 1997 AS DOCUMENT NUMBER 97444523, IN COOK COUNTY, ILLINOIS.

COMMONLY: THE BREAKERS @ OLYMPIA FIELDS
KNOWN AS SW CORNER OF VOLMER ROAD
AND PARK DRIVE
OLYMPIA FIELDS, IL

P.I.N. 31.14.101.004.0000

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EXHIBIT "B"

EXHIBIT "B" TO CROSS-COLLATERALIZATION AND CROSS-DEFAULT AGREEMENT

DESCRIPTION OF LOAN DOCUMENTS

1. Construction Loan Agreement made as of even date herewith by and between Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, and GMAC Commercial Mortgage Corporation, a California corporation (the "Lender");
2. Promissory Note made as of even date herewith by Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company for the benefit of Lender in the principal amount of \$28,510,000.00;
3. Mortgage and Security Agreement made as of even date herewith by and between Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, and Lender;
4. Assignment of Leases and Rents made as of even date herewith by and between Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, and Lender;
5. UCC-1 Financing Statement naming Olympia Fields Senior Housing, L.L.C., as Debtor, and Lender as Secured Party, to be filed among the Real Property Records of COOK County, ILLINOIS;
6. UCC-1 Financing Statement naming Olympia Fields Senior Housing, L.L.C., as Debtor, and Lender as Secured Party, to be filed with the SUP. OF STATE OF ILLINOIS;
7. Disbursement Agreement by and among, Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, Lender, First American Title Insurance Company, Henry Bros. Co. and Skender Construction Company;
8. Collateral Assignment of Management Agreement made as of even date herewith by Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company to Lender;
9. Subordination of Management Agreement made as of even date herewith, by and among Senior Lifestyle Management, L.L.C., a Delaware limited liability company, Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, and Lender;
10. Assignment of Contracts granted by Olympia Fields Senior Housing, L.L.C., a Delaware limited liability company, to and for the benefit of Lender;

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11 Completion Guaranty made as of even date herewith, by WHSLC Realty, L.L.C., a Delaware limited liability company to, with, and for the benefit of Lender;

12 Repayment Guaranty, made as of even date herewith, by WHSLC Realty, L.L.C., a Delaware limited liability company, to, with, and for the benefit of Lender.

Property of Cook County Clerk's Office

EXHIBIT "C"

RELATED LOANS

NONE.

Property of Cook County Clerk's Office