

This document prepared by
and after recording return to:
DICKSTEIN SHAPIRO MORIN
& OSHINSKY I.L.P.
2101 "L" Street, N.W.
Washington, D.C. 20037
Attn: Matthew S. Bergman, Esq.

MORTGAGE AND SECURITY AGREEMENT

Date: December 31, 1997

Land Trustee: COLE TAYLOR BANK, a banking corporation duly organized
and existing under the laws of the State of Illinois, as Trustee
under that certain Trust Agreement dated February 1, 1995
(Trust No. 95619A) for the benefit of Mortgagor

Address: 850 West Jackson Boulevard
Chicago, Illinois 60607

Land Trust
Beneficiary/
Mortgagor:

FIVE THOUSAND EAST END AVENUE BUILDING
CORPORATION, a corporation organized and existing under the laws of
Illinois

Address: c/o Jeff Zydlo
Wolin-Levin, Inc.
325 West Huron, Suite 415
Chicago, Illinois 60610

Mortgagee: NATIONAL CONSUMER COOPERATIVE BANK
dba National Cooperative Bank, a federally chartered banking
corporation organized and existing under the laws of the
United States

Address: 1401 Eye Street, N.W.
Suite 700
Washington, D.C. 20005

Mortgage
Amount: Five Hundred Thousand and No/100 Dollars
(\$500,000.00)

Location of
Premises: 5000 South East End Avenue
Chicago, Cook County, Illinois 60615

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THIS MORTGAGE AND SECURITY AGREEMENT (this "Mortgage") made as of the 31 day of December, 1997, by COLE TAYLOR BANK, a banking corporation duly organized and existing under the laws of the State of Illinois, acting in its capacity as Trustee pursuant to the hereinafter referenced Trust Agreement ("Land Trustee"), and FIVE THOUSAND EAST END AVENUE BUILDING CORPORATION, an Illinois corporation having its principal office and place of business located at 5000 South East End Avenue, Chicago, Illinois 60615 ("Mortgagor"), for the benefit of NATIONAL CONSUMER COOPERATIVE BANK dba National Cooperative Bank, a federally chartered banking corporation organized and existing under the laws of the United States having an office at 1401 Eye Street, N.W., Suite 700, Washington, D.C. 20005, and its successors and assigns ("Mortgagee").

RECITAL

Land Trustee is the legal title holder, and Mortgagor is the beneficial owner, of the premises described in Schedule "A" annexed hereto. Mortgagor has borrowed the Mortgage Amount (hereinafter defined), as evidenced by the Note (hereinafter defined), obligating Mortgagor to pay the Mortgage Amount together with all interest accrued thereon.

CERTAIN DEFINITIONS

Land Trustee, Mortgagor and Mortgagee agree that the following terms shall have the meanings herein specified:

"Chattels" means all supplies, furniture, fixtures, fittings, appliances, apparatus, equipment, machinery, building materials, inventory and articles of personal property and replacements thereof, other than those owned or rented by service vendors or by lessees (including tenant-shareholders under proprietary leases) which may be removed by such lessee at the expiration of such lease, now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Premises or the Improvements, together with any proceeds realized from the sale, transfer or conversion of any of the above.

"Default Rate" means at a rate equal to five (5%) percent in excess of the applicable rate specified in the Note, but in no event higher than the maximum rate allowed by applicable law.

"Documents" or "Loan Documents" means the Note, this Mortgage and all other documents or instruments now or hereafter executed or delivered in connection with the loan evidenced by the Note.

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"Environmental Law" means any federal, state or local statute, code, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, writ, decree, policy, injunction or other authorization, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6921 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801 et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401 et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Section 1251 et seq.), the Toxic Substances Control Act (33 U.S.C. Section 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.) relating to (a) emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, ground water, publicly owned treatment works, septic systems or land, (b) the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of hazardous materials or (c) otherwise relating to the pollution or protection of health or the environment.

"Events of Default" means the events and circumstances described as such in Section 2.1 hereof.

"Hazardous Materials" means any substance, material or waste which is regulated by any federal, state or local governmental or quasi-governmental authority, and includes, without being limited to, (a) any substance, material or waste which is now or hereafter defined, used or listed as a "hazardous waste", "extremely hazardous waste", "restricted hazardous waste", "hazardous substance", "hazardous material", "hazardous air pollutant", "toxic substance", "toxic chemical", or other similar or related terms as defined, used or listed in any Environmental Law, and (b) any petroleum products, asbestos, polychlorinated biphenyls, corrosives, infectious substances, lead, acetaldehyde, flammable explosives or radioactive materials and (c) radon at levels that exceed the U.S. Environmental Protection Agency Action Level Guidelines.

"Improvements" means all improvements, structures or buildings, and replacements and alterations thereof, to be erected or now or hereafter located upon the Premises, including all plant equipment, apparatus, machinery and fixtures of every kind and nature whatsoever forming part of said improvements, structures or buildings.

"Loan Documents" - see definition of "Documents".

"Mortgaged Property" means the property specified as such in the Granting Clause of this Mortgage.

"Mortgage Amount" means Five Hundred Thousand and No/100 Dollars (\$500,000.00).

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"Note" means that certain revolving promissory note of even date herewith made by Mortgagor, payable to the order of Mortgagee and in the Mortgage Amount, together with all renewals, extensions, modifications, amendments and substitutions thereof or therefor.

"Premises" means the Premises described in Schedule "A" hereto, including all of the easements, rights, privileges and appurtenances thereunto belonging or in anywise appertaining, and all of the estate, right, title, interest, claim or demand whatsoever of Land Trustee and/or Mortgagor therein and in and to the strips and gores, streets, ways, alleys (including vacated streets, ways and alleys), passages, sewer rights, waters, water courses, water rights and powers adjacent thereto, either at law or in equity, in possession or expectancy, now or hereafter acquired.

"Senior Loans" means the loans described as such in Section 1.1 hereof.

"Senior Loan Documents" means the documents described as such in Section 1.10 hereof.

"Trust Agreement" shall mean that certain Trust Agreement dated February 1, 1995 (known as Trust No. 956192) by and between Land Trustee and Mortgagor.

Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage shall be used interchangeably in singular or plural form and the word "Land Trustee" shall mean "each Trustee and/or any subsequent owner or owners of the Mortgaged Property or any party thereof or interest therein," "Mortgagor" shall mean "each Mortgagor and/or any subsequent owner or owners of the Mortgaged Property or any part thereof or interest therein," the word "Mortgagee" shall mean "Mortgagee or any subsequent holder of the Note," the word "Note" shall mean "the Note or other evidence of indebtedness secured by this Mortgage," the term "lease" shall include all occupancy agreements, licenses and other arrangements by which a person may occupy a portion of the Premises, the term "rent" shall include all impositions, assessments, occupancy charges, maintenance charges, flip taxes and any other fees and charges payable by a tenant of Land Trustee and/or Mortgagor and all other revenues of any kind and nature whatsoever relating to the Premises, the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority or other entity, the words "Mortgaged Property" shall include any portion of the Mortgaged Property or interest therein, and the terms "include", "including" and similar terms shall be construed as if followed by the phrase "without being limited to". Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. All terms of this Mortgage which are not defined above have the meaning set forth in this Mortgage.

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GRANTING CLAUSE

NOW, THEREFORE, Land Trustee and/or Mortgagor, in order to secure the payment of both the Mortgage Amount and the interest and any other sums payable under the Note, this Mortgage and/or the Documents, and the performance and observance of all the provisions hereof and of the Note and the Documents, including, without limitation, the payment of all sums advanced under the Note and any further sums advanced by Mortgagee pursuant to this Mortgage to the extent the aggregate of such sums expended pursuant hereto exceeds the sum of the Mortgage Amount, hereby gives, grants, bargains, sells, alienates, demises, releases, conveys, assigns, transfers, mortgages and warrants, hypothecates, deposits, pledges, sets over and confirms unto Mortgagee, with full covenants of warranty of title, all of Land Trustee's and/or Mortgagor's estate, right, title and interest in, to and under any and all of the following described property (the "Mortgaged Property"), whether now owned or held or hereafter acquired:

- (i) the Premises;
- (ii) the Improvements;
- (iii) the Chattels;
- (iv) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards and any unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by Land Trustee and/or Mortgagor and real estate tax and assessment refunds and credits at any time accruing to the benefit of Land Trustee and/or Mortgagor or the Mortgaged Property, even if relating to taxes and assessments payable for a period or periods prior to the date hereof;
- (v) all leases of the Premises or any part thereof (including, but not limited to, leases between Land Trustee and/or Mortgagor and its tenants or tenant-shareholders, and any leases for commercial space in the Improvements) now or hereafter entered into and all right, title and interest of Land Trustee and/or Mortgagor thereunder; and including, without limitation, Land Trustee's and/or Mortgagor's right, if any, to cash or securities deposited thereunder, whether or not same was deposited to secure performance by the lessees of their obligations thereunder,

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including, further, the right upon the happening of an Event of Default, to receive and collect the rents and other charges (including all impositions, assessments, occupancy charges, maintenance charges and other fees and charges payable by a tenant or tenant-shareholder of Land Trustee and/or Mortgagor under a proprietary lease) thereunder (all of which leases are assigned to Mortgagee as further security hereunder);

- (vi) any monies deposited by Mortgagor into one or more bank accounts, and any investments made by Mortgagor for operating and/or replacement reserves or otherwise for the benefit of Mortgagor or Mortgagee;
- (vii) all utility or municipal deposits made by or on behalf of Mortgagor or made in connection with the Premises;
- (viii) all plans, drawings, specifications, site plans, sketches, samples, contracts and agreements, however characterized from time to time, prepared for use in connection with the construction, repair, renovation or maintenance of the Improvements;
- (ix) all contracts, agreements and understandings now or hereafter entered into, relating to or involving the performance of any work, rendering of any services, supply of any materials or the conduct of operations in and the management of the Premises, including, without limitation, construction contracts, architect agreements, management agreements, options and other agreements, however characterized, affecting the Premises and/or Improvements;
- (x) all of Mortgagor's rights, title and interest in, to and under the Trust Agreement;
- (xi) any and all permits, certificates, approvals and authorizations, however characterized, issued or in any way furnished, whether necessary or not, for the operation and use of the Premises and/or the Improvements and/or Chattels, including, without limitation, building permits, environmental certificates, certificates of operation, warranties and guarantees; and

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- (xii) all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, any of the foregoing hereafter acquired by or released to Land Trustee and/or Mortgagor, or constructed, assembled or placed by Land Trustee and/or Mortgagor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assemblage, placement or conversion, as the case may be, and in each such case, without any further mortgage, deed of trust, conveyance, assignment or other act by Land Trustee and/or Mortgagor, the same shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Land Trustee and/or Mortgagor and specifically described herein.

TO HAVE AND TO HOLD unto Mortgagee, its successors and assigns forever.

ARTICLE I

PARTICULAR COVENANTS, WARRANTIES AND REPRESENTATIONS OF MORTGAGOR

Mortgagor covenants, warrants, represents and agrees as follows:

Section 1.1 Title to Mortgaged Property.

(a) Mortgagor represents and warrants that (i) title to the Premises, Improvements and certain of the Mortgaged Property is held in trust by Land Trustee pursuant to the Trust Agreement; (ii) Land Trustee has the power and authority to encumber the Premises, Improvements and other Mortgaged Property by this Mortgage; (iii) the Trust Agreement is in full force and effect, has not been modified or amended in any respect, and no default exists thereunder; and (iv) Mortgagor has the sole and exclusive power and authority to direct Land Trustee to mortgage, convey, encumber, pledge, assign or transfer any interest in or to the Mortgaged Property (such power and authority being set forth more fully in the Trust Agreement);

(b) Mortgagor represents and warrants that Land Trustee has a good and marketable title to an indefeasible fee estate in the Premises, subject in all cases to no lien, charge or encumbrance, except for (i) that certain first lien granted to NCB Capital Corporation, a Delaware corporation ("NCBCC") pursuant to a Mortgage and Security Agreement of even date herewith, made by Land Trustee and Mortgagor in favor of NCBCC which secures a \$2,500,000.00 loan made by NCBCC to Mortgagor evidenced by a certain Promissory Note of even date herewith; (ii) that certain second lien granted to Mortgagee pursuant to a Mortgage and Security Agreement of even date herewith, made by

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- (xii) all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, any of the foregoing hereafter acquired by or released to Land Trustee and/or Mortgagor, or constructed, assembled or placed by Land Trustee and/or Mortgagor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assemblage, placement or conversion, as the case may be, and in each such case, without any further mortgage, deed of trust, conveyance, assignment or other act by Land Trustee and/or Mortgagor, the same shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Land Trustee and/or Mortgagor and specifically described herein.

TO HAVE AND TO HOLD unto Mortgagee, its successors and assigns forever.

ARTICLE I

PARTICULAR COVENANTS, WARRANTIES AND REPRESENTATIONS OF MORTGAGOR

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(b) Mortgagor represents and warrants that Land Trustee has a good and marketable title to an indefeasible fee estate in the Premises, subject in all cases to no lien, charge or encumbrance, except for (i) that certain first lien granted to NCB Capital Corporation, a Delaware corporation ("NCBCC") pursuant to a Mortgage and Security Agreement of even date herewith, made by Land Trustee and Mortgagor in favor of NCBCC which secures a \$2,500,000.00 loan made by NCBCC to Mortgagor evidenced by a certain Promissory Note of even date herewith; (ii) that certain second lien granted to Mortgagee pursuant to a Mortgage and Security Agreement of even date herewith, made by

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Land Trustee and Mortgagor in favor of Mortgagee which secures a \$491,304.78 loan made by Mortgagee to Mortgagor evidenced by a certain Promissory Note of even date herewith; and (iii) any other liens, charges and/or encumbrances to title which have been approved by Mortgagee and are set forth in the title policy insuring the lien of this Mortgage (the loans described in (i) and (ii) above are hereinafter collectively referred to as the "Senior Loans"). Mortgagor further warrants that it owns and will own the Chattels free and clear of all liens, claims and encumbrances (other than the Senior Loans and the lien of this Mortgage); and that this Mortgage is and will remain a valid and enforceable third lien on the Mortgaged Property subject only to such liens, charges and encumbrances. Mortgagor has full power and lawful authority, and has received all necessary consents and approvals, to direct Land Trustee, and has directed Land Trustee to, mortgage the Mortgaged Property in the manner and form herein done or intended hereafter to be done. Mortgagor will preserve such title, and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

(c) Mortgagor will not, without the prior written consent of Mortgagee, cause or permit (i) any zoning reclassification of the Premises or use or permit the use of the Premises in a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances, (ii) the imposition of any restrictive covenants or encumbrances upon the Premises, (iii) the execution, filing or consent to any subdivision plat affecting the Premises or consent to the annexation of the Premises to any municipality, (iv) combine the tax lot or lots comprising the Premises to be combined with any tax lot or lots or any portion thereof which is not subject to the lien of this Mortgage or (v) the Premises to be used by the public or any person in such manner as might make possible a claim of adverse usage or possession or of any implied dedication or easement.

Section 1.2 Further Assurances. Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, promptly correct (or cause to be corrected) any defect or error which may be discovered in any of the Documents and shall do, execute, acknowledge and deliver (or cause to be done, executed, acknowledged and/or delivered) all and every such further acts, deeds, conveyances, mortgages, deeds of trust, assignments, notices of assignment, transfers and assurances as Mortgagee shall from time to time reasonably require, for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby conveyed, mortgaged or assigned or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey, mortgage or assign (or cause to be conveyed, mortgaged or assigned) to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, and for filing, registering or recording this Mortgage and, on demand, will execute and deliver, and hereby authorizes Mortgagee to execute in the name of Mortgagor and/or Land Trustee to the extent it may lawfully do so, in the event of the failure or refusal of Mortgagor and/or Land Trustee so to do, one or more financing statements, chattel mortgages or comparable security instruments, and renewals thereof, to evidence more effectively the lien hereof upon the Chattels.

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Section 1.3 Recording Fees/Transfer Taxes.

(a) Mortgagor forthwith upon the execution and delivery of this Mortgage, and thereafter from time to time, will cause this Mortgage and any security instrument creating a lien or evidencing the lien hereof upon the Chattels and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the interest of Mortgagee in, the Mortgaged Property.

(b) Mortgagor will pay all filing, registration and recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Chattels, and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution, delivery and/or recording of the Note, this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Chattels or any instrument of further assurance.

(c) If a mortgage recording or transfer tax is imposed on this Mortgage or any amendment to this Mortgage at any time, Mortgagor shall pay such tax. If applicable law prohibits Mortgagor from making any such payment, Mortgagee may, at its election, declare all sums outstanding under the Note, this Mortgage and/or any other Document immediately due and payable. Mortgagee and/or its assigns shall have no obligation to either participate in any dispute of said tax or to make any payment with respect thereto, and Mortgagor agrees to indemnify Mortgagee and its assigns and hold them harmless from any liability with respect thereto and to reimburse or pay upon demand for the same by Mortgagee and/or its assigns their reasonable costs and expenses (including, but without limitation, reasonable attorneys' fees and disbursements) incurred with respect thereto or in connection therewith.

Section 1.4 Payment of Indebtedness. Mortgagor will punctually pay the principal and interest and all other sums to become due in respect of the Note at the time and place and in the manner specified in the Note, according to the true intent and meaning thereof and without offset or counterclaim, all in any coin or currency of the United States of America which at the time of such payment shall be legal tender for the payment of public and private debts.

Section 1.5 Good Standing of Mortgagor and Land Trustee. Mortgagor is a duly created, validly existing Illinois corporation in good standing under the laws of such jurisdiction, with full power and authority to execute and deliver the Documents and consummate the transactions contemplated hereby. Mortgagor will do (or cause to be done) all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges, as a corporation under the laws of such jurisdiction and will

comply with (and/or cause to be complied with) all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court and applicable to Mortgagor or to the Mortgaged Property or any part thereof. Mortgagor will not without the prior written consent of Mortgagee, so long as any sums are owed pursuant to the Note or this Mortgage (i) consolidate or merge Mortgagor into or with any corporation, partnership or other entity, effect any voluntary liquidation or reorganization, or effect any change in its capital structure, or (ii) amend its articles of incorporation, bylaws or the Trust Agreement. Any request by Mortgagor for Mortgagee's approval of any amendments to the certificate of incorporation or by-laws of Mortgagor or the Trust Agreement shall not be unreasonably withheld or delayed by Mortgagee.

Section 1.6 Lien on Improvements. All rights, title and interest of Land Trustee and/or Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property hereafter acquired by or released to Land Trustee and/or Mortgagor or constructed, assembled or placed by Land Trustee and/or Mortgagor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Land Trustee and/or Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Land Trustee and/or Mortgagor and specifically described in the granting clause hereof, but at any and all times Land Trustee and/or Mortgagor will execute and deliver (or cause to be executed and delivered) to Mortgagee any and all such further assurances, mortgages, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

Section 1.7 Impositions and Tax Deposits.

(a) Mortgagor, from time to time when the same shall become due and payable, but without the benefit of any grace period therefor, whether or not a penalty or interest charge would be imposed in such grace period, will pay and discharge all taxes of every kind and nature (including real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes), all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, and all other public charges whether of a like or different nature, imposed upon or assessed against it or the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof (collectively, "Impositions"). Mortgagor will, upon the request of Mortgagee, deliver to Mortgagee receipts evidencing the payment of all such Impositions imposed upon or assessed against it or the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

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(b) Following the occurrence of an Event of Default, Mortgagee may require that Mortgagor deposit with Mortgagee or any servicer or financial institution designated for such purposes by Mortgagee (whichever of the foregoing is applicable being the "Depository"), on the first day of each month, one-twelfth (1/12) of the annual real estate taxes ("Taxes") assessed against the Mortgaged Property (and, if Mortgagee shall so elect, any or all other Impositions), and Mortgagor shall accordingly make such deposits. In addition, if required by Mortgagee, Mortgagor shall also deposit with the Depository a sum of money which, together with the aforesaid monthly installments, will be sufficient to make payments of Taxes (and, if Mortgagee has elected to collect deposits for other Impositions, such other Impositions) at least forty-five (45) days before such payments are due. If the amount of any such payment is not ascertainable at the time any such deposit is required to be made, the deposit shall be made on the basis of Mortgagee's estimate thereof, and when such amount is fixed for the then-current year, Mortgagor shall promptly deposit any deficiency with the Depository.

All funds so deposited, until so applied, shall constitute additional security for the Note and other indebtedness secured hereby, shall be held by the Depository without interest (except to the extent required under applicable laws), and may be commingled with other funds of the Depository. So long as no Event of Default shall exist and be continuing hereunder, and provided that Mortgagor shall have supplied, in the manner set forth in the next sentence of this subsection, the instructions, information and documents necessary for the Depository to make an effective application and payment of such funds, all funds so deposited shall be applied to the payment of Impositions in the order determined by Mortgagee and in accordance with instructions to be furnished to Mortgagee by Mortgagor. Mortgagor shall, at least thirty (30) days before the date on which the Impositions first become payable, furnish the Depository with bills and instructions for the payment of the Impositions and/or such other documents as are necessary for the payment of the same. If Mortgagor has not complied with any of the foregoing or in any event, during the continuance of an Event of Default hereunder, Mortgagee may apply funds so deposited in the order determined by Mortgagee.

Upon an assignment of this Mortgage by Mortgagee, Mortgagee shall have the right to pay over, or cause the Depository (if not Mortgagee) to pay over the unapplied balance of any amounts deposited pursuant to this Section 1.7, if any, to the assignee (or to a successor Depository designated by such assignee) and Mortgagee shall thereupon be completely released from all liability with respect thereto. This provision shall apply to every transfer of such deposits to a new assignee (or a successor Depository). When the loan evidenced by the Note has been paid in full, and all other obligations of Mortgagor under the Documents have been performed and observed in full, Mortgagee shall, and at any prior time, Mortgagee, at its election, may, pay over or cause the Depository (if not Mortgagee) to pay over the unapplied balance of the deposits, if any, to the record owner of the Mortgaged Property or its designee and no other person shall have any right or claim thereto.

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(c) Mortgagor will pay (or cause to be paid) all taxes except income, franchise or other similar taxes, inheritance, estate and gift taxes, imposed on Mortgagee by reason of its ownership of the Note or this Mortgage.

(d) Nothing in this Section 1.7 shall require the payment or discharge of any obligation imposed upon Mortgagor by this Section so long as Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Premises or any part thereof to satisfy the same; provided that during such contest Mortgagor shall, at the option of Mortgagee, provide security satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligation hereunder and of any additional charge, penalty or expense arising from or incurred as a result of such contest; and provided, further, that if at any time payment of any obligation imposed upon Mortgagor by subsection (a) of this Section shall become necessary to prevent the delivery of a tax deed or other similar instrument conveying the Mortgaged Property or any portion thereof because of non-payment, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such tax deed or other similar instrument.

Section 1.8 Mechanics and Other Liens. Mortgagor will pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom, and in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the cost of Mortgagor, without expense to Mortgagee. Notwithstanding the foregoing, in the event any lien, charge or order for the payment of money or other encumbrance is filed against the Mortgaged Property, Mortgagor shall cause the same to be discharged of record or bonded within thirty (30) days after the filing thereof. All costs and expenses incurred in posting the bond or other security and in defending any lien foreclosure action shall be borne exclusively by Mortgagor. Mortgagor further agrees to reimburse Mortgagee for all reasonable costs and expenses, including reasonable attorneys' fees and disbursements incurred by Mortgagee in connection with any such lien foreclosure action.

Section 1.9 Insurance and Insurance Deposits.

(a) Mortgagor will, at its expense, provide or cause to be provided in force the following policies of insurance:

- (i) insurance with respect to the Improvements and the Chattels against any peril included within the classification "All Risks of Physical Loss", including, without limitation, insurance against loss or damage by fire, lightning, windstorm, civil commotion, smoke, hail, aircraft, vandalism, explosion, riot, strike, water

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damage, sprinkler leakage, collapse and malicious mischief, in amounts at all times sufficient to prevent Mortgagor from becoming coinsurer within the terms of the applicable policies, but in any event such insurance shall be maintained in the full insurable value of the Improvements and the Chattels (the term "full insurable value" to mean 100% of the actual replacement cost of the Improvements and the Chattels);

- (ii) comprehensive general liability insurance, including bodily injury and property damage liability against any and all claims, including, without limitation, all legal liability to the extent insurable imposed upon Mortgagee and all court costs and reasonable attorneys' fees, arising out of or connected with the possession, use, leasing, operation or condition of the Premises, in such amounts and of such types as Mortgagee may require from time to time;
- (iii) statutory workers' compensation insurance with respect to any work on or about the Premises;
- (iv) loss of "rental value" insurance covering one year of loss; and
- (v) such other insurance and increased policy limits with respect to the Mortgaged Property as may be reasonably required from time to time by Mortgagee.

(b) Each policy of insurance maintained by Mortgagor pursuant to the terms hereof shall (i) name Mortgagee (together with its successors and assigns as their interests may appear) as an additional insured, as its interest may appear with respect to liability insurance coverage; (ii) contain the standard non-contributory mortgagee clause endorsement in favor of Mortgagee with respect to hazard insurance coverage; (iii) except in the case of public liability insurance and workers' compensation insurance, name Mortgagee as loss payee and provide that all insurance proceeds for losses be adjusted and be payable in accordance with subsection 1.9(f) hereof; (iv) include effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all loss payees and named insureds other than Mortgagor (provided that Mortgagee shall have the right to pay premiums and continue any insurance upon the insolvency of Mortgagor or the foreclosure or other transfer of the Mortgaged Property) and all rights of subrogation against any named insured; (v) except in the case of public liability insurance and workers' compensation insurance, provide that any losses shall be payable notwithstanding (A) any act, failure to act, negligence of, or violation or breach of warranties, declarations or conditions contained in such policy by Mortgagor or Mortgagee

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or any other named insured or loss payee, (B) any foreclosure or other proceeding or notice of sale relating to the insured properties or (C) any change in the title to or ownership or possession of the insured properties; (vi) provide that if all or any part of such policy is canceled, terminated or expires, the insurer will forthwith give notice thereof to each named insured and loss payee and that no cancellation, termination, expiration or reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after each named insured and loss payee shall have received written notice thereof; and (vii) not be subject to a deductible in excess of amounts as shall be reasonably satisfactory to Mortgagee.

(c) Mortgagor shall pay or cause to be paid as and when the same become due and payable, the premiums for all insurance policies that Mortgagor is required to maintain hereunder. All such policies shall be nonassessable and shall contain such expiration dates as Mortgagee may reasonably require. Mortgagor will deliver to Mortgagee concurrently herewith insurance certificates setting forth in reasonable detail the terms of all insurance policies that Mortgagor is required to maintain hereunder, together with true and complete copies of such policies. Mortgagor will deliver to Mortgagee, concurrently with each change in or renewal of any such insurance policy, a certificate with respect to such changed insurance policy certified by the insurance broker that procured or placed such policies, in the same form and containing the same information as the initial certificates required to be delivered by Mortgagor pursuant to this subparagraph and a certificate of Mortgagor certifying that all of the insurance policies maintained by Mortgagor pursuant hereto comply in all respects with the requirements of this Mortgage, that all premiums then due thereon have been paid to the applicable insurers and that the same are in full force and effect.

(d) Not later than twenty (20) days prior to the expiration, termination or cancellation of any insurance policy which Mortgagor is required to maintain hereunder, Mortgagor shall obtain a replacement policy or policies (or a binding commitment for such replacement policy or policies), which shall be effective no later than the date of the expiration, termination or cancellation of the previous policy, and shall deliver to Mortgagee a certificate and a true and complete copy of such policy or policies which comply with the requirements of this Section 1.9 or a copy of the binding commitment for such policy or policies. Mortgagor shall also provide to Mortgagee originals of such policies or copies thereof certified by the insurance companies issuing them as soon as reasonably possible after Mortgagee's request therefor.

(e) All insurers shall be authorized to issue insurance in the jurisdiction in which the Premises is located and all insurers and reinsurers shall have the A.M. Best rating of "A-V" or better.

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(f) In the event of loss, Mortgagor shall give immediate written notice to the insurance carrier and to Mortgagee. Mortgagor hereby authorizes and empowers Mortgagee, as attorney-in-fact for Mortgagor, to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Mortgagee's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this subsection 1.9(f) shall require Mortgagee to incur any expense or take any action hereunder. Any moneys received by Mortgagor as payment for any loss under any insurance required to be carried by Mortgagor pursuant to the terms hereof shall be immediately paid over to Mortgagee to be applied at the option of Mortgagee either to the prepayment of the Note, without premium, and/or to the reimbursement of Mortgagor for expenses incurred by it in the restoration of the Improvement. Notwithstanding anything to the contrary contained herein or in any provision of applicable law, the proceeds of insurance policies coming into the possession of Mortgagee shall not be deemed trust funds and Mortgagee shall be entitled to dispose of such funds as herein provided.

(g) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.9 unless Mortgagee has approved the insurance company and the form and content of the insurance policy, including, without limitation, the naming thereon of Mortgagee as a named insured with loss payable to Mortgagee under a standard mortgage endorsement of the character above described. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies or certificates of such insurance.

(h) Following the occurrence of an Event of Default, Mortgagee may require that Mortgagor deposit with Mortgagee or any servicer or financial institution designated for such purposes by Mortgagee (whichever of the foregoing is applicable being the "Depository"), on the first day of each month, one-twelfth (1/12) of the annual premiums for insurance required under subsection 1.9(a) hereof, and (ii) Mortgagor shall also deposit with the Depository a sum of money which, together with the aforesaid monthly installments, will be sufficient to pay the insurance premiums for such insurance at least thirty (30) days before such payments are first due. If the amount of any such insurance premiums are not ascertainable at the time any such deposit is required to be made, the deposit shall be made on the basis of Mortgagee's estimate thereof, and when such insurance premiums are fixed for the then-current year, Mortgagor shall promptly deposit any deficiency with the Depository.

All funds so deposited, until so applied, shall constitute additional security for the Note, shall be held by the Depository without interest (except to the extent required under applicable laws), and may be commingled with other funds of the Depository. So long as no Event of Default shall exist and be continuing hereunder, and provided that Mortgagor shall

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have supplied, in the manner set forth in the next sentence of this subsection, the instructions, information and documents necessary for the Depository to make an effective application and payment of such funds, all funds so deposited shall be applied to the payment of insurance premiums in the order determined by Mortgagee and in accordance with instructions to be furnished to Mortgagee by Mortgagor. Mortgagor shall, at least thirty (30) days before the date on which any such insurance premiums first become payable, furnish the Depository with bills and instructions for the payment of such insurance premiums and/or such other documents as are necessary for the payment of the same. If Mortgagor has not complied with any of the foregoing or, in any event, during the continuance of an Event of Default hereunder, Mortgagee may apply funds so deposited in the order determined by Mortgagee.

Upon an assignment of this Mortgage by Mortgagee, Mortgagee shall have the right to pay over, or cause the Depository (if not Mortgagee) to pay over the unapplied balance of any amounts deposited pursuant to this Section 1.9, if any, to the assignee (or to a successor Depository designated by such assignee) and Mortgagee shall thereupon be completely released from all liability with respect thereto. This provision shall apply to every transfer of such deposits to a new assignee (or a successor Depository). When the loan evidenced by the Note has been paid in full, and all other obligations of Mortgagor under the Documents have been performed and observed in full, Mortgagee shall, and at any prior time, Mortgagee, at its election, may, pay over or cause the Depository (if not Mortgagee) to pay over the unapplied balance of the deposits, if any, to the record owner of the Mortgaged Property or its designee and no other person shall have any right or claim thereto.

Section 1.10 Additional Advances and/or Disbursements. If Mortgagor or any party under any of the Documents shall fail to perform any of the covenants contained in this Mortgage, or any covenant contained in the Note, the other Documents, or any of the documents executed or delivered in connection with the Senior Loans (collectively, the "Senior Loan Documents"), Mortgagee may make advances and/or disbursements to perform the same, and all sums so advanced and/or disbursed shall be a lien upon the Mortgaged Property and shall be secured hereby. Mortgagor will repay on demand all sums so advanced and/or disbursed with interest at the Default Rate. The provisions of this Section 1.10 shall not prevent any default in the observance of any covenant contained in this Mortgage, or contained in the Note, the other Documents or the Senior Loan Documents from constituting a default or an Event of Default.

Notwithstanding anything herein permitting any additional or future sums to be advanced on or after the date hereof, whether as additional loans or for payments authorized hereby, the total amount of indebtedness secured by this Mortgage shall not at any time exceed One Million and No/100 Dollars (\$1,000,000.00).

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Section 1.11 Financial Statements; Estoppels.

(a) Mortgagor will keep adequate records and books of account and will permit Mortgagee, by its agents, accountants and attorneys, to visit and inspect the Mortgaged Property and examine and copy Mortgagor's records, books of account and any plans and drawings pertinent to the Mortgaged Property, and to discuss Mortgagor's affairs, finances and accounts with Mortgagor, at such reasonable times as may be requested by Mortgagee. Mortgagee shall have the right to share any information obtained thereby with others in the ongoing course of its ownership or sale, if any, of the loan secured hereby, or any interest therein.

(b) Mortgagor will at its own cost and expense deliver to Mortgagee with reasonable promptness, but in no event later than one hundred (120) days after the close of each of its fiscal years, financial statements (including, at a minimum, a balance sheet and statement of profit and loss setting forth in each case, in comparative form, figures for the preceding year and a projected operating budget for the subsequent fiscal year), prepared in accordance with generally accepted accounting practices, consistently applied, in a form satisfactory to Mortgagee in all respects and audited by an independent certified public accountant approved by Mortgagee. Mortgagor will also deliver to Mortgagee such other financial information with respect to Mortgagor and/or the Mortgaged Property as Mortgagee may reasonably request from time to time. All financial statements of Mortgagor shall be delivered in duplicate, and shall be accompanied by the certificate of Mortgagor dated within five (5) days of the delivery of such statements to Mortgagee, stating that it knows of no Event of Default, nor of any default which after notice or lapse of time or both would constitute an Event of Default, which has occurred and is continuing, or, if any such default or Event of Default has occurred or is continuing, specifying the nature and the period of existence thereof, and what action Mortgagor has taken or proposes to take with respect thereto, and, except as otherwise specified, stating that Mortgagor has fulfilled all of its obligations under this Mortgage and the Documents which are required to be fulfilled on or prior to the date of such certificate.

(c) Mortgagor from time to time, within ten (10) days upon request by Mortgagee, will furnish a written statement duly acknowledging the amount due, whether for principal or interest, on this Mortgage and/or any other financings secured by the Mortgaged Property, including the Subordinate Loans (information with respect to all such loans shall be set forth separately for each loan) and whether any offsets or defenses exist against the Mortgage Amount and, if any are alleged to exist, the nature of each such offset or defense shall be set forth in full detail.

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Section 1.12 Maintenance of Property; Compliance with Law.

(a) Mortgagor will not threaten, commit, permit or suffer any waste to occur on or to the Mortgaged Property, or any part thereof, or alter the Mortgaged Property or any part thereof in any manner or make (or cause to be made) any change in its use which will in any way increase any risk of fire or other hazards arising out of construction or operation of the Mortgaged Property. Mortgagor will, at all times, maintain the Mortgaged Property in good operating order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith which are needful or desirable to such end. The Improvements shall not be removed, demolished or substantially altered, nor shall any Chattels be removed without the prior written consent of Mortgagee, except where appropriate replacements free of superior title, liens and claims are immediately made of value at least equal to the value of the Chattels removed.

(b) Mortgagor will keep and maintain or cause to be kept and maintained the Mortgaged Property and the sidewalks and curbs abutting the same in good order and condition and in a rentable and tenable state of repair and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals and replacements necessary to that end. In the event that the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or any other casualty, or in the event of a taking of a portion of the Mortgaged Property as a result of any exercise of the power of eminent domain, Mortgagor shall promptly restore, replace, rebuild or alter the same as nearly as possible to the condition they were in immediately prior to such fire, other casualty or taking, and shall take such other additional actions and measures as shall be necessary to avoid any default or forfeiture under any lease or other applicable agreement. Although damage to or destruction of the Mortgaged Property, or any portion thereof, shall not of itself constitute a default hereunder, the failure of Mortgagor to restore, replace, rebuild or alter the same, as hereinabove provided, shall constitute a default hereunder regardless of the availability of insurance proceeds or condemnation awards for such purpose.

(c) Mortgagor represents that the Mortgaged Property is presently in compliance with all laws, ordinances, rules, regulations and other requirements of all governmental authorities whatsoever having jurisdiction of or with respect to the Mortgaged Property or any portion thereof or the use or occupation thereof. Mortgagor will promptly comply, or cause compliance with, all existing and future laws, ordinances, rules, regulations and other requirements of all governmental authorities whatsoever having jurisdiction of or with respect to the Mortgaged Property or any portion thereof or the use or occupation thereof.

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(d) Mortgagor will not, without the prior written consent of Mortgagee, initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses which may be made of the Premises or any part thereof.

(e) All covenants hereof shall be construed as affording to Mortgagee rights additional to and not exclusive of the rights conferred under the provisions of any other applicable law. If there is a conflict between any provision of this Mortgage and the provisions of any such applicable law, Mortgagor agrees that, to the extent permitted by applicable law, the applicable provision of this Mortgage shall control.

Section 1.13 Condemnation. No proceeding for the condemnation of all or any portion of the Mortgaged Property has been commenced or threatened. Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Premises or any portion thereof, will notify Mortgagee of the pendency of such proceedings. Mortgagee may participate in any such proceedings and Mortgagor from time to time will deliver (or cause to be delivered) to Mortgagee all instruments requested by it to permit such participation. In the event of such condemnation proceedings, the award or compensation payable is hereby assigned to and shall be paid to Mortgagee up to the Mortgage Amount. Mortgagee shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid. In any such condemnation proceedings, Mortgagee may be represented by counsel selected by Mortgagee, but Mortgagor may also appear by its counsel to contest the amount of the condemnation award. The proceeds of any award or compensation so received shall, at the option of Mortgagee, either be applied, without premium, to the prepayment of the Note or be paid over to Mortgagor for restoration of the Improvements. Mortgagee shall not be limited to the interest paid on the proceeds of any award or compensation, but shall be entitled to the payment of interest by Mortgagor at the rates provided for herein or in the Note.

Section 1.14 Leases.

(a) Mortgagor will not, without the prior written consent and approval of Mortgagee in each instance, (i) execute (or cause to be executed) an assignment of the rents from the Mortgaged Property or any part thereof, (ii) enter into (or cause to be entered into) any leases, lettings or license arrangement affecting the Mortgaged Property or any part thereof, or (iii) in any other manner impair (or cause to be impaired) the value of the Mortgaged Property or the security of the Mortgage. Mortgagor will not without the prior written consent and approval of Mortgagee, in each instance, (x) terminate or consent to the cancellation or surrender of any lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made, (y) modify or vary any such lease, or (z) accept prepayments in excess of one (1) month of any installments of rents to become due under such leases, except prepayments in the nature of security for the performance of the lessees thereunder.

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Notwithstanding the foregoing, so long as Mortgagor is not in breach of any material covenant of this Mortgage, the Note or any other Document, including, but not limited to, the covenants to pay when due any sums secured by this Mortgage, Mortgagee hereby consents to the execution of proprietary leases of apartments for any term from Mortgagor to a tenant-shareholder of Mortgagor, to the surrender or termination of such proprietary leases of apartments where the surrendered or terminated proprietary lease is immediately replaced (or where Mortgagor makes best efforts for such immediate replacement) by a newly-executed proprietary lease of the same apartment to a tenant-shareholder of Mortgagor, and to all assignments of such proprietary leases of apartments from a tenant-shareholder of Mortgagor to another tenant-shareholder or incoming tenant-shareholder of Mortgagor, provided, however, that the rights of tenant-shareholders and their assignees under such proprietary leases shall be subordinate to this Mortgage and to the rights of Mortgagee hereunder. No consent is hereby given to any execution, surrender, termination or assignment of any lease (i) which is not on market terms and conditions (taking into consideration the nature and location of the Improvements being leased); or (ii) which includes terms that would waive or reduce the obligation of the resulting tenant-shareholder under such proprietary lease to pay assessments, fees or other charges in full when due or the obligation of the former tenant to pay any unpaid portion of such assessments, fees or charges.

(b) Mortgagor will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Premises (including all proprietary leases) or any part thereof now or hereafter existing, on the part of the lessor thereunder to be kept and performed, and shall do all things necessary to compel performance by the lessee under each lease of all obligations, covenants and agreements by such lessee to be performed thereunder. If any of such leases provide for the giving by the lessee of certificates with respect to the status of such leases, Mortgagor shall exercise its right to request such certificates within five (5) days of any demand therefor by Mortgagee. Mortgagor shall promptly notify Mortgagee of (i) the commencement of any action or proceeding by any lessee, the purpose of which shall be the cancellation of any lease or diminution or offset against the rent payable under any such lease, or (ii) the interposition by any lessee of any defense in any action or proceeding brought by Mortgagee against such lessee, or (iii) a written notice received by Mortgagor from any lessee claiming constructive eviction, and will cause a copy of any process, pleading or notice received by Mortgagor in reference to any such action, defense or claim to be promptly delivered to Mortgagee.

(c) Mortgagor shall furnish to Mortgagee, within thirty (30) days after a request by Mortgagee to do so, a written statement containing a schedule of all leases of all or any part of the Mortgaged Property, the names of the respective lessees, the terms of their respective leases, the space occupied and the rentals payable thereunder, and, if also requested, true copies of all such leases.

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Section 1.15 Notices to Mortgagee. Mortgagor shall give written notice to Mortgagee promptly (but in no event later than ten (10) business days after Mortgagor's discovery or thereof) upon the occurrence of:

(a) any default by Mortgagor under this Mortgage or any other Document or under any of the Senior Loan Documents;

(b) any pending or threatened litigation affecting Mortgagor or any portion of Mortgaged Property;

(c) any claims, disputes, judgments or violations of law, or any breach by Mortgagor of any material agreement to which Mortgagor is a party; and/or

(d) any other facts and circumstances which might materially impact the Mortgaged Property, Mortgagor or the loan secured hereby.

Section 1.16 Attornment. To the extent not so provided by applicable law, each lease of the Premises or any part thereof shall provide that, in the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee thereunder will, upon request of any person succeeding to the interest of Mortgagor as a result of such enforcement, automatically become the lessee of said successor in interest, without change in the terms or other provisions of such lease, provided, however, that said successor in interest shall not be bound by (i) any payment of rent or additional rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by said lessee of its obligations under said lease, (ii) any amendment or modification of the lease made without the consent of Mortgagee or such successor in interest, or (iii) any work required to be done by Mortgagor pursuant to the terms of said lease. Each such lease also expressly provide that, upon request by said successor in interest, such lessee shall execute and deliver an instrument or instruments confirming such attornment.

Section 1.17 Expenses of Mortgagee. Mortgagor agrees that if any action or proceeding be commenced, excepting an action to foreclose this Mortgage or to collect the indebtedness hereby secured, to which action or proceeding Mortgagee is a party by reason of the execution of this Mortgage or the Note which it secures, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Mortgagee for the expense of any litigation to prosecute or defend the transaction and the rights and lien created hereby (including, without limitation, reasonable attorneys' fees) shall be paid by Mortgagor together with interest thereon from the date of payment by Mortgagee at the Default Rate. All such sums paid and the interest thereon shall be a lien upon the Mortgaged Property, and shall be secured hereby.

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Section 1.18 Change in Law Affecting Mortgages. Mortgagor agrees that in the event of the passage after the date of this Mortgage of any law deducting any lien from the value of land for the purpose of taxation, or changing in any way the laws now in force for the taxation of mortgages or debts secured by a mortgage, or the manner of the collection of any such taxes, so as to impose upon Mortgagee any tax that previously would have been payable by Mortgagor, the whole of the principal sum secured by this Mortgage, together with interest due thereon, shall at the option of Mortgagee, without notice to any party, become immediately due and payable.

Section 1.19 Utilities. The Mortgaged Property will be provided with adequate water, sewer and other utility facilities at all times, in compliance with all applicable laws and regulations.

Section 1.20 Restrictions on Transfer or Encumbrance. Mortgagor shall not, directly or indirectly, by transfer, mortgage, hypothecation, encumbrance or conveyance, do or suffer the assignment, transfer, sale, conveyance or encumbrance junior or senior hereto of the Mortgaged Property or any part thereof or any interest therein or in Mortgagor (except for transfers of stock of Mortgagor in connection with the assignment of a proprietary lease for an apartment unit in the Improvements, by a tenant-shareholder of Mortgagor to other persons who by virtue of such transfers become tenant-shareholders in Mortgagor) without in each instance the prior written consent of Mortgagee. Mortgagor shall not direct Land Trustee to do or cause to be done any act or omission to act which could impair the lien, operation and effect of this Mortgage or the value of the Mortgaged Property, without in each instance the prior written consent of Mortgagee.

Section 1.21 Hazardous Materials. Mortgagor represents, warrants and covenants that Mortgagor has not used and that to Mortgagor's knowledge, no other person or entity has used Hazardous Materials on, from or affecting the Mortgaged Property in any manner which violates any Environmental Law and no prior owner of the Mortgaged Property or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from or affecting the Mortgaged Property in any manner which violates any Environmental Law. Mortgagor represents, warrants and covenants that no actions, investigations or lawsuits have been commenced or threatened by any person claiming non-compliance by Mortgagor or the Mortgaged Property with any Environmental Law. Mortgagor represents, warrants and covenants that the Mortgaged Property is in compliance with all Environmental Laws and that no asbestos or other Hazardous Materials have been, or are incorporated in, stored on, treated on or disposed of on or from the Mortgaged Property, except as set forth in that certain Phase I Environmental Site Assessment dated November 21, 1997 and prepared by Noble & Associates, incorporated (the "Environmental Report"), a true and complete copy of which has been delivered to Mortgagee. Mortgagor shall keep or cause the Mortgaged Property to be kept free of Hazardous Materials. Without limiting the foregoing, Mortgagor shall not cause or permit the Mortgaged Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, nor shall Mortgagor cause

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or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant or subtenant, a release of Hazardous Materials onto or from the Mortgaged Property. Mortgagor shall comply with and ensure compliance by all tenants and subtenants with all applicable Environmental Laws whenever and by whomever triggered, and shall obtain and comply with any and all approvals, registrations or permits required thereunder. Mortgagor shall (a) conduct and complete all investigations, studies, sampling and testing and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on, from or affecting the Mortgaged Property (i) in accordance with all applicable federal, state and local laws, ordinances, rules, regulations and policies, (ii) to the satisfaction of Mortgagee, and (iii) in accordance with the orders and directions of all federal, state and local governmental authorities, and (c) defend, indemnify and hold harmless Mortgagee and its employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (A) the presence, disposal, release or threatened release of any Hazardous Materials on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or other persons or things; (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; (C) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials; and/or (D) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of Mortgagee, which are based upon or in any way related to such Hazardous Materials, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses. In addition to the requirements set forth in this Section 1.21, in the event the Environmental Report recommends asbestos treatment, such treatment shall be certified to Mortgagee by an asbestos hygienist or engineer licensed by the state and local jurisdiction (where required) in which the Premises is located. Mortgagor shall promptly undertake to have the Hazardous Materials treated or removed as part of its renovation work and/or deposit with Mortgagee the estimated cost (as reasonably determined by Mortgagee from time to time) to effect the removal of the Hazardous Materials or remedy any condition pertaining to the existence, release or threatened release of Hazardous Materials on or affecting the Mortgaged Property. In the event of Mortgagor's failure to comply with the provisions of this Section 1.21, Mortgagee may apply any or all of such sums so deposited with Mortgagee to affect the removal or other remedy as required pursuant to this Section 1.21. So long as there is no default or Event of Default hereunder, any sums not so applied shall be returned to Mortgagor by Mortgagee promptly upon completion of the removal or other remedy required hereunder to the satisfaction of Mortgagee. In the event this Mortgage is foreclosed, or Mortgagor and/or Land Trustee tenders a deed in lieu of foreclosure, Mortgagor and/or Land Trustee shall deliver the Mortgaged Property to Mortgagee free of any and all Hazardous Materials so that the condition of the Mortgaged Property shall conform with all applicable federal, state and local laws, ordinances, rules and regulations affecting the Mortgaged Property. The provisions of this Section 1.21 shall be in addition to any and all obligations and liabilities Mortgagor may have to Mortgagee at

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common law and shall survive repayment of the Mortgage Amount and the transactions contemplated herein.

Section 1.22 Easements and Instruments of Record. Mortgagor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments of record affecting the Mortgaged Property, noncompliance with which shall affect the security of this Mortgage, or shall impose any duty or obligation upon Mortgagor or any lessee or other occupant of the Mortgaged Property or any part thereof, and Mortgagor shall do or cause to be done all things necessary to preserve intact and unimpaired any and all easements, appurtenances and other interests and rights in favor of or constituting any portion of the Mortgaged Property.

Section 1.23 Lien Law. Mortgagor will receive the advances secured hereby and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the Improvements, and will apply the same first to the payment of the cost of the Improvements before using any part of the total of the same for any other purpose.

Section 1.24 Right of Entry. Mortgagee and its authorized representatives and designees shall have the right at all reasonable times during usual business hours, or as otherwise required in the event of an emergency, to enter upon and inspect all portions of the Mortgaged Property.

Section 1.25 Service Contracts; Additional Liabilities. Mortgagor shall not, without the prior written consent of Mortgagee in each instance, (i) enter into any service contracts or other agreements which would be binding upon a successor owner of the Mortgaged Property or which would create a Mortgagor liability in excess of One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00); or (ii) incur any indebtedness for borrowed money.

Section 1.26 Operating and Replacement Reserves. From and at all times after the date hereof, Mortgagor shall maintain a general operating and replacement reserve in an amount equal to at least five percent (5%) of Mortgagor's annual income due Mortgagor for the prior twelve (12) month period from Mortgagor's tenant-shareholders pursuant to their proprietary leases. Such reserves shall remain in a special account in the form of a cash deposit in a financial institution insured by an agency of the state or the federal government and shall at all times be under the control of Mortgagor. The reserves are intended to provide a measure of financial security during periods of special stress and may be used to meet deficiencies from time to time as a result of delinquent payments by tenant-shareholders, capital replacements and other contingencies. Any reduction in such reserves below the required five percent (5%) level shall be replaced within one hundred eighty (180) days.

Section 1.27 Flood Hazard. Mortgagor hereby represents that the Premises do not comprise property identified by the Secretary of Housing and Urban Development as an

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area having special flood hazards. If the Premises at any time are so identified by the Secretary of Housing and Urban Development as having special flood hazards, Mortgagor will keep the Premises insured against loss by flood hazards in an amount at least equal to the outstanding principal balance of the Note secured by this Mortgage, or to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973, whichever is less.

Section 1.28 Property Management. The Mortgaged Property shall be managed by an independent professional managing agent reasonably acceptable to Mortgagee pursuant to a management agreement acceptable to Mortgagee in all respects, which agreement may not be modified or amended without Mortgagee's prior written consent. Such managing agent shall maintain a fidelity bond in an amount and with an insurer reasonably acceptable to Mortgagee. Such managing agent shall at all times be terminable by Mortgagee upon sixty (60) days' prior notice to Mortgagor and such managing agent with or without cause.

Section 1.29 Eligible Cooperative. Mortgagor shall, at all times until payment in full of the Note and all interest accrued thereon, maintain Mortgagor's status as (i) a "cooperative housing corporation", as such term is defined in Section 216 (b) of the Internal Revenue Code of 1986, as amended, or any successor statute thereto, or (ii) an "eligible cooperative", as such term is defined in the National Consumer Cooperative Bank Act, as amended (12 U.S.C. Section 3001 et seq.) and in the policies of Mortgagee in effect as of the date hereof. If, at any time, Mortgagor shall fail to maintain its eligibility as provided in this Section 1.29, Mortgagee shall have no obligation to continue to disburse the loan proceeds secured by this Mortgage, any stock of Mortgagee purchased by Mortgagor will be subject to forfeiture, without payment of any compensation to Mortgagor, and the entire Mortgage Amount, together with accrued interest, fees and late charges, if any, shall, at Mortgagee's option, become immediately due and payable. Eligibility will be determined in the sole discretion of Mortgagee, based on a review of Mortgagor's declaration, by-laws and policies.

Section 1.30 Certain Representations and Warranties. Mortgagor represents and warrants to Mortgagee that: (a) the Documents are all valid, binding and enforceable obligations of Mortgagor and/or Land Trustee (as the case may be); (b) there is no action, suit or proceeding threatened against or affecting Mortgagor or the Mortgaged Property which could materially adversely affect Mortgagor or the Mortgaged Property; (c) all laws and governmental and private restrictions affecting Mortgagor or the Mortgaged Property have been complied with, and all governmental and private consents necessary to Mortgagor's consummation of the loan secured hereby have been obtained; (d) Mortgagor is not in violation of (i) any law, rule, regulation, order, writ, judgment, decree, determination or award applicable to it, or (ii) any provision of any indenture, lease, loan or other agreement to which it is a party or by which it or its properties may be bound, which violation would have an adverse effect upon Mortgagor's ability to perform any of its

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obligations under the Documents; (e) the statements, information and reports furnished to Mortgagee in connection with the loan secured hereby are accurate, correct and complete in all respects; (f) at least seventy percent (70%) of all apartment units at the Premises are occupied by the owners of such units as tenant shareholders under proprietary leases with Mortgagor; (g) there are no delinquent taxes, ground rents, water charges, sewer rents, assessments (including assessments payable in future installments) or other outstanding charges affecting the Mortgaged Property; (h) the Mortgaged Property is separately assessed for tax purposes; (i) Mortgagor has filed all federal, state, county and municipal tax returns and annual reports required to be filed by it, and has paid all taxes and fees which have become due pursuant to such returns and reports or pursuant to any assessments related thereto, and Mortgagor does not know of any basis for any additional assessment in respect thereof; (j) each party to the Note, the Mortgage and all other Documents had legal capacity to enter into, execute and deliver the same, and the Note, Mortgage and all other Documents have been duly and properly executed and delivered by such parties; (k) all costs, fees and expenses payable to Mortgagee in connection with making the loan secured hereby have been paid; (l) there are no mechanics' or similar liens or claims which have been filed for work, labor or material, or which relate to the existence or cleanup of any Hazardous Materials affecting the Mortgaged Property, which are or may be liens prior to, or equal or coordinate with, the lien of this Mortgage; (m) all Improvements are wholly within the boundaries and building restriction lines of the Premises, except as described on the title policy and as shown on the survey(s) delivered to Mortgagee in connection herewith, and no improvements on adjoining properties encroach upon the Mortgaged Property, except as described in the title policy and as shown on the survey(s) delivered to Mortgagee in connection herewith, and no covenants, conditions and restrictions, if any, are violated by the Improvements, and no future violations could give rise to any rights of reverter or reentry; (n) Mortgagor has no knowledge of any circumstance or condition with respect to the Mortgage, the Mortgaged Property or use thereof, Mortgagor's credit standing, any Lease or any tenant's or tenant-shareholder's credit standing that can reasonably be expected to cause private institutional investors to regard the loan evidenced by the Note and secured hereby to be an unacceptable investment, cause such loan to become delinquent, or materially adversely affect the value or marketability of such loan; and (o) all leases (including, without limitation, proprietary leases), licenses or other agreements pursuant to which any person or entity is entitled to use or occupy any portion of the Mortgaged Property is subject and subordinate to this Mortgage.

Section 1.31 Vaults. Mortgagor shall at all times comply with all applicable laws with respect to the construction, use and maintenance of any vaults adjacent to the Mortgaged Property. If by reason of the failure of payment of taxes, vault rents, permit fees or assessments, Mortgagor's right to use the vaults, if any, adjacent to the Mortgaged Property may be discontinued, Mortgagor shall take such steps (including making any such payment) as may be necessary to insure that such vaults may continue to be used in connection with the use, operation and maintenance of the Mortgaged Property.

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Section 1.32 Publicity. In recognition of Mortgagee's statutory mandate to promote consumer cooperatives as a proved method for strengthening the nation's economy, Mortgagor agrees to permit Mortgagee to disclose Mortgagor's identity and the amount and purpose of the loan secured hereby.

Section 1.33 Additional Covenants and Agreements.

(a) Notice of Refinancing. In order to assist Mortgagee in the proper and efficient administration of the indebtedness secured hereby, if Mortgagor shall at any time desire to refinance all or any portion of the indebtedness secured hereby or to obtain any subordinate indebtedness, Mortgagor shall promptly so notify Mortgagee. The giving of any notice pursuant to this subsection shall not obligate Mortgagor to obtain any such financing or in any way constitute a waiver of any prepayment prohibition contained herein, in the Note or in any other Document. Any such notice shall expressly state whether or not such notice also constitutes a prepayment notice pursuant to the provisions of the Note.

(b) Debt Service Coverage Ratio; Increase in Rent/Maintenance Payments. Mortgagor represents, warrants and covenants that the annual rent and/or maintenance payments required to be paid to Mortgagor by its tenant-shareholders are sufficient to meet Mortgagor's debt service requirements for the indebtedness secured hereby so long as such indebtedness remains unpaid and outstanding. Mortgagor shall increase the annual rent and/or maintenance payments required to be paid to Mortgagor by its tenant-shareholders pursuant to the terms of their proprietary leases, if it becomes necessary, so that at all times Mortgagor maintains a "Debt Service Coverage Ratio" of at least 1.0 to 1.0. For purposes hereof, "Debt Service Coverage Ratio" shall mean the sum of Mortgagor's gross annual revenues minus Mortgagor's gross annual expenses (excluding Mortgagor's annual debt service requirements), divided by Mortgagor's annual debt service requirements, calculated in accordance with generally accepted accounting principles, consistently applied.

(c) Operations and Maintenance Program. Mortgagor shall at all times comply with the Mortgagee-approved Operations and Maintenance Program previously submitted to Mortgagee.

(d) Senior Loan Documents. Mortgagor shall at all times comply with all of the terms and conditions of the Senior Loan Documents.

(e) Use of Loan Proceeds. The proceeds of the loan secured by this Mortgage (the "Loan Proceeds") shall be used only for the following purposes: (i) to finance the costs and expenses incurred from time to time for Lender-approved repairs, renovations and capital improvements to the Mortgaged Property (each, a "Capital Improvement"); (ii) to fund operating and replacement reserves in connection with the Mortgaged Property; and

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(iii) for general operating needs of the Mortgagor. The Loan Proceeds shall not be used for any other purpose without the prior written consent of the Mortgagee.

(f) Disbursement of Loan Proceeds. Subject to Section 1.33(i) of this Mortgage, Mortgagee will advance Loan Proceeds pursuant to a written request for disbursement (each a "Draw Request") delivered by the Mortgagor to Mortgagee, which shall be in form and substance satisfactory to Mortgagee and shall include a detailed description of the use of the Loan Proceeds being requested, the total amount of the Loan Proceeds being requested and all amounts previously disbursed. Draw Requests shall be made no more frequently than once per month, and each Draw Request shall be in a minimum amount of Fifty Thousand and No/100 Dollars (\$50,000.00), unless the amount of such Draw Request would cause the outstanding principal amount of the Note to exceed the Mortgage Amount (in which case such Draw Request may equal such lesser amount). Mortgagee shall have no obligation to advance any Loan Proceeds after the Maturity Date (as defined in the Note).

(g) Conditions to All Disbursements. Prior to each disbursement of Loan Proceeds, the following conditions shall have been complied with to Mortgagee's satisfaction, in its sole discretion:

- (i) Mortgagee shall be satisfied as to Mortgagor's record of payments under the Note, Mortgagor's current financial position and that no material adverse change in Mortgagor's financial position has occurred that would impair Mortgagor's ability to repay the Mortgage Amount, in the sole discretion of Mortgagee.
- (ii) All of the terms and conditions of that certain commitment letter dated December 9, 1997 (the "Commitment Letter"), from Mortgagee and agreed and accepted to by Mortgagor, shall have been complied with to Mortgagee's satisfaction, and Mortgagor shall have paid to Mortgagee all fees required to be paid pursuant to the Commitment Letter.
- (iii) No Event of Default shall exist under this Mortgage, the Note, any of the other Documents or Senior Loan Documents, and no act, event or condition shall exist which, with notice or lapse of time, or both, would constitute a default under this Mortgage, the Note, any other Document or any of the Senior Loan Documents.

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ARTICLE II

EVENTS OF DEFAULT AND REMEDIES

Section 2.1 Events of Default and Remedies. If one or more of the following Events of Default shall happen:

(a) if (i) a default shall be made in the payment of any monthly installment due on the Note, when and as the same shall become due and payable, and said default shall have continued for a period of ten (10) days, or (ii) a default shall be made in any other payment of principal or any other sum due under the Note, this Mortgage any other Document or any of the Senior Loan Documents when due, whether due at the stated maturity date, by reason of acceleration or otherwise, or (iii) default shall be made in the payment of any tax required by Section 1.7 to be paid and said default shall have continued for a period of ten (10) days, or (iv) default shall be made in the due observance or performance of any covenant or agreement on the part of Mortgagor contained in Section 1.1, 1.9, 1.14, 1.20, 1.21 or 1.22 hereof (for the purposes of this clause, and for subparagraph (b) below, if any representation made in Section 1.1 shall be incorrect, it shall be deemed to be a default); or

(b) except as set forth in Section 2.1(a) hereof, if default shall be made in the due observance or performance of any covenant or agreement on the part of Mortgagor contained herein and such default shall have continued for a period of thirty (30) days; or

(c) if (i) any Event of Default shall occur under any of the Documents or any of the Senior Loan Documents or the Trust Agreement, or (ii) if any such Documents, Senior Loan Documents or Trust Agreement shall not contain "Events of Default" then default shall be made in the due observance, performance or fulfillment of any other covenant or condition on the part of Mortgagor contained in any such Document, Senior Loan Document or Trust Agreement and such default shall have continued for a period of thirty (30) days; or

(d) if by the order of a court of competent jurisdiction, a trustee receiver or liquidator of the Mortgaged Property or any part thereof, or of Mortgagor, shall be appointed; or

(e) if Mortgagor shall file a petition in bankruptcy or for an arrangement or reorganization pursuant to the Federal Bankruptcy Code or any similar law, federal or state, or if, by decree of a court of competent jurisdiction, Mortgagor shall be adjudicated a bankrupt, or be declared insolvent, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall

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consent to the appointment of a receiver or receivers of all or any part of the Mortgaged Property; or

(f) if any creditor(s) of Mortgagor shall file a petition in bankruptcy against Mortgagor or for reorganization of Mortgagor pursuant to the Federal Bankruptcy Code or any similar law, federal or state, and if such petition shall not be discharged or dismissed within sixty (60) days after the date on which such petition was filed; or

(g) if final judgment for the payment of money shall be rendered against Mortgagor and Mortgagor shall not discharge or bond the same or cause it to be discharged or bonded within thirty (30) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered, and secure a stay of execution pending such appeal, or if the financial condition of Mortgagor shall undergo a materially adverse change; or

(h) if it shall be illegal for Mortgagor to pay any tax referred to in Section 1.7 hereof, or if the payment of such tax by Mortgagor would result in a violation of the usury laws of the jurisdiction in which the Premises are located; or

(i) if the holder of a junior or senior mortgage or other lien or encumbrance on the Mortgaged Property, or any part thereof, institutes foreclosure or other proceedings for the enforcement of its remedies thereunder, which foreclosure or other proceedings are not discharged (without affecting the Mortgaged Property) or bonded within thirty (30) days from the institution thereof (this subsection (i) shall not be construed to imply that Mortgagee consents to any junior or senior lien or encumbrance); or

(j) if any easement over, across or under, or otherwise affecting the Mortgaged Property or any portion thereof shall be granted without Mortgagee's prior written consent; then and in every such case:

- I. Mortgagee may declare the entire principal of the Note then outstanding (if not then due and payable), and all accrued and unpaid interest thereon, to be due and payable immediately, and upon any such declaration the principal of the Note and said accrued and unpaid interest, together with all other fees and charges payable in connection with the indebtedness evidenced by the Note, shall become and be immediately due and payable, anything in the Note or in this Mortgage or any other Document to the contrary notwithstanding;
- II. To the extent permitted by applicable law, Mortgagee personally, or by its agents or attorneys, may enter into and upon all or any part of the

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Mortgaged Property and each and every part thereof, and may exclude Mortgagor, its agents and servants wholly therefrom; and having and holding the same, may use, and operate, manage and control the Mortgaged Property or any part thereof and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, Mortgagee, at the expense of Mortgagor, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Property, whereof it shall become possessed as aforesaid, may complete the construction of the Improvements, if applicable, and in the course of such completion may make such changes in the contemplated Improvements as it may deem desirable, and may insure the same; and likewise, from time to time, at the expense of Mortgagor, Mortgagee may make all necessary or proper repairs, renewals and replacements, and such useful alterations, additions, betterments and improvements thereto and thereon, as to it may seem advisable; and in every such case Mortgagee shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of Mortgagor with respect thereto either in the name of Mortgagor or otherwise, as Mortgagee shall deem best; and Mortgagee shall be entitled to collect and receive all gross receipts, earnings, revenues, rents, issues, profits and income of the Mortgaged Property and every part thereof, all of which shall for all purposes constitute property of Mortgagee; and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation for the services of Mortgagee and for all attorneys, counsel, agents, clerks, servants and other employees by it properly engaged and employed, Mortgagee may apply the moneys arising as aforesaid in such manner and at such times as Mortgagee shall determine in its discretion to the payment of the indebtedness secured hereby and the interest thereon, when and as the same shall become payable and/or to the payment of any other sums required to be paid by Mortgagor under this Mortgage or any Document; and

III. Mortgagee, with or without entry, personally or by its agents or attorneys, insofar as applicable, may:

- (1) sell the Mortgaged Property or any part thereof, by judicial foreclosure or otherwise, to the extent permitted by the

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Illinois Mortgage Foreclosure Act and pursuant to the procedures provided by law, and all estate, right, title and interest, claim and demand therein, at one or more sales, as an entity or in parcels, and at such time and place, upon such terms, and after such notice thereof as may be required or permitted by law; or

- (2) institute proceedings for the complete or partial foreclosure of this Mortgage;
- (3) exercise any and all rights and/or remedies of Mortgagor set forth in the Trust Agreement (including, without limitation, directing Land Trustee to convey, transfer, assign or otherwise dispose of the Mortgaged Property or any part thereof without the consent of Mortgagor, any such consent requirement being hereby waived by Mortgagor); or
- (4) take such steps to protect and enforce its rights, whether by action, suit or proceeding in equity or at law, for the specific performance of any covenant, condition or agreement in the Note, this Mortgage or any other Document, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy as Mortgagee shall elect.

Section 2.2 Foreclosure Sale.

(a) Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(b) Upon the completion of any sale or sales made under or by virtue of this Article II and/or applicable law, Mortgagee, or any officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument or instruments conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Mortgagee is hereby irrevocably appointed the true and lawful attorney of Mortgagor and/or Land Trustee, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of any part of the Mortgaged Property and rights so sold. Mortgagee may, for such purpose, execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or

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more persons with like power, Mortgagor and Land Trustee hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Mortgagor and/or Land Trustee, if so requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Mortgagee, for the purpose, and as may be designated in such request. Any such sale or sales made under or by virtue of this Article II and/or pursuant to applicable law, whether made by virtue of judicial proceedings or a judgment or decree of foreclosure and sale or otherwise, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor and/or Land Trustee in and to the properties, interests and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and Land Trustee and against any and all persons claiming or who may claim the same or any part thereof from, through or under Mortgagor and/or Land Trustee.

(c) In the event of any sale made under or by virtue of this Article II and/or pursuant to applicable law (whether made by virtue of judicial proceedings or a judgment or decree of foreclosure and sale or otherwise), the entire principal of and interest on the Note, if not previously due and payable, and all other sums required to be paid by Mortgagor pursuant to this Mortgage and/or any other Document, immediately thereupon shall, anything in the Note, this Mortgage or any other Document to the contrary notwithstanding, become due and payable.

(d) To the extent permitted by applicable law, the purchase money proceeds or avails of any sale made under or by virtue of this Article II and/or pursuant to applicable law, together with any other sums which then may be held by Mortgagee under this Mortgage, whether under the provisions of this Article II or otherwise, shall be applied as follows:

First: to the payment of the costs and expenses of such sale, including reasonable compensation to Mortgagee, its agents and attorneys, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage, together with interest at the Default Rate on all advances made by Mortgagee and all taxes or assessments paid by Mortgagee, except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold;

Second: to the payment of the whole amount then due, owing or unpaid upon the Note for principal and interest, with interest on the unpaid principal at the Default Rate from and after the happening of any default described in clause (a) (i), (ii) or (iii) of Section 2.1 from the due date of any such payment of principal until the same is paid;

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Third: to the payment of any other sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, the Note, or any other Document, all with interest at the Default Rate, from the date such sums were or are required to be paid under this Mortgage, the Note or the other Documents; and

Fourth: to the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

(c) Upon any sale made under or by virtue of this Article II and/or pursuant to applicable law, whether made by virtue of judicial proceedings or a judgment or decree of foreclosure and sale or otherwise, Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of Mortgagor secured by this Mortgage the net sales price, after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage.

Section 2.3 Payment of Indebtedness After Default.

(a) If an Event of Default shall have occurred, then upon written demand of Mortgagee, Mortgagor will pay to Mortgagee the whole amount which then shall have become due and payable on the Note, for principal and interest or both, as the case may be, and after the happening of said Event of Default will also pay to Mortgagee interest at the Default Rate on the then unpaid principal of the Note, and the sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to Mortgagee, its agents and attorneys, and any expenses incurred by Mortgagee hereunder. In the event Mortgagor shall fail forthwith to pay such amounts upon such demand, Mortgagee shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against Mortgagor and collect out of the property of Mortgagor wherever situated, as well as out of the Mortgaged Property, in any manner provided by law, moneys adjudged or decreed to be payable with interest thereon at the Default Rate.

(b) Mortgagee shall be entitled to recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of the provisions of this Mortgage. The right of Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage, or the foreclosure of the lien hereof. In the event of a sale of the Mortgaged Property or any part thereof and of the

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application of the proceeds of sale, as in this Mortgage provided, to the payment of the indebtedness hereby secured, Mortgagee shall be entitled to (i) enforce payment of, and to receive all amounts then remaining due and unpaid upon, the Note, (ii) enforce payment of all other charges, payments and costs due under this Mortgage, and (iii) recover judgment for any portion of the debt remaining unpaid, with interest thereon at the Default Rate. In case of proceedings against Mortgagor in insolvency or bankruptcy or any proceedings for its reorganization or involving the liquidation of its assets, then Mortgagee shall be entitled to prove the whole amount of principal and interest due upon the Note to the full amount thereof, and all other payments, charges and costs due under this Mortgage, without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Property, provided, however, that in no case shall Mortgagee receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Mortgaged Property or any part thereof and the distribution from the estate of Mortgagor.

(c) No recovery of any judgment by Mortgagee and no levy of any execution under any judgment upon the Mortgaged Property or upon any other property of Mortgagor shall affect in any manner or to any extent, the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(d) Any moneys thus collected by Mortgagee under this Section 2.3 shall be applied by Mortgagee in accordance with the provisions of paragraph (d) of Section 2.2.

Section 2.4 Waiver of Personal Service; Appointment of Receiver. Each of Mortgagor and Land Trustee does hereby (a) waive personal service of process and consent to service by certified mail to the address of Mortgagor and Land Trustee set forth on the cover page of this Mortgage (with copies to be sent as provided in Section 3.3), and (b) if requested by Mortgagee, consents to the appointment of a receiver or receivers of the Mortgaged Property or any part thereof, or any business or businesses conducted thereon, and of all the earnings, revenues, rents, issues, profits and income thereof. After the happening of any Event of Default, or upon the commencement of any proceedings to foreclose this Mortgage or to enforce the specific performance hereof, or upon the commencement of any other judicial proceeding to enforce any right of Mortgagee, or in aid of any of the foregoing, Mortgagee shall be entitled, as a matter of right, if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of any security for Mortgage indebtedness, forthwith either before or after declaring the unpaid principal of the Note to be due and payable, to the appointment of a receiver or receivers.

Section 2.5 Possession of Premises. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of its property, or of the Mortgaged

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Property or any part thereof, Mortgagee shall be entitled to retain possession and control of all property now or hereafter held under this Mortgage.

Section 2.6 Remedies Cumulative. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute. No delay or omission of Mortgagee in exercising any right or power accruing upon any Event of Default shall impair any such rights or power, or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. Nothing in this Mortgage or in the Note shall affect the obligation of Mortgagor to pay the principal of, and interest on, the Note in the manner and at the time and place therein respectively expressed.

Section 2.7 No Stay; Exemption or Moratorium. Mortgagor will not at any time insist upon, plead or in any manner whatsoever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, whether now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Mortgagee, and shall suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor and/or Land Trustee for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property or any part thereof marshaled upon any foreclosure hereof.

Section 2.8 Rent During an Event of Default. To the extent permitted by applicable law, Mortgagor agrees that during the continuance of any Event of Default and pending the exercise by Mortgagee of its right to exclude Mortgagor from all or any part of the Premises, Mortgagor shall pay the fair and reasonable rental value for the use and occupancy of the Premises or any portion thereof which are in its possession for such period and, upon default of any such payment, will vacate and surrender possession of the Premises to Mortgagee or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery of possession of premises for non-payment of rent, however designated.

Section 2.9 Waiver of Right of Redemption. Each of Mortgagor and Land Trustee acknowledges that the Mortgaged Property is not "agricultural real estate" or "residential real estate" as those terms are defined in the Illinois Mortgage Foreclosure Law, and waives, to the fullest extent permitted by the provisions of the statutes and laws of the

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State of Illinois, on behalf of Mortgagor and Land Trustee and each and every person acquiring any interest in, or title to, the Mortgaged Property subsequent to the date of this Mortgage, and on behalf of all other persons, any and all rights of redemption under any order or decree of foreclosure and disclaims any status or rights which it may have as an "owner of redemption" as that terms may be defined in the Illinois Mortgage Foreclosure Law.

ARTICLE III

MISCELLANEOUS

Section 3.1 Binding Obligations. All of the grants, covenants, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the successors and assigns of Mortgagor, Land Trustee and Mortgagee. If there be more than one mortgagor, the representations, covenants and warranties hereof shall be joint and several. As used herein, the singular shall include the plural as the context requires.

Section 3.2 Severability. In the event any one or more of the provisions contained in this Mortgage, in the Note or in any other Document shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of Mortgagee, not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

Section 3.3 Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail, return receipt requested, as follows:

If to Mortgagor: Five Thousand East End Avenue Building Corporation
c/o Jeff Zydlo
Wolin-Levin, Inc.
325 West Huron, Suite 415
Chicago, Illinois 60610

with a copy to: William B. McClure & Associates
5000 South East End Avenue
Unit 10C
Chicago, Illinois 60615
Attention: Bill McClure, Esq.

If to Land Trustee: Cole Taylor Bank
850 West Jackson Boulevard
Chicago, Illinois 60607
Attention: Trust Department

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If to Mortgagee: National Consumer Cooperative Bank
dba National Cooperative Bank
1401 Eye Street, N.W.
Suite 700
Washington, D.C. 20005
Attention: Loan Servicing Department

with a copy to: Dickstein Shapiro Morin & Oshinsky LLP
2101 "I." Street, N.W.
Washington, D.C. 20037
Attention: Matthew S. Bergman, Esq.

Each party may designate a change of address by notice to the other party, given at least fifteen (15) days before such change of address is to become effective.

Any written notice shall be deemed to have been served (i) on the date delivered, if presented personally, or (ii) forty-eight (48) hours after the date it was mailed, if sent by registered or certified mail in accordance with the foregoing provisions.

Section 3.4 Waiver of Notice. Whenever in this Mortgage the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee, except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

Section 3.5 Assignment. This Mortgage, and any instruments made in connection herewith, may be assigned by Mortgagee without notice to or the consent of Mortgagor, Land Trustee or any other party.

Section 3.6 Incorporation of Information. The information set forth on the cover hereof is hereby incorporated herein.

Section 3.7 Default Rate. The Default Rate provided for herein shall continue to accrue and be paid on any amount to which the Default Rate is applied, until said amount is paid in full.

Section 3.8 Applicable Law. This Mortgage shall be governed by, and construed, enforced and interpreted according to the laws of the jurisdiction in which the Premises are located, without giving effect to the principles of conflicts of law.

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Section 3.9 No Oral Modification. Neither this Mortgage nor any provision hereof may be changed, waived, modified, discharged or terminated, except by an instrument in writing signed by Mortgagee.

Section 3.10 Security Agreement. This Mortgage constitutes both a real property mortgage and a "security agreement", within the meaning of the Uniform Commercial Code, and the Mortgaged Property includes both real and personal property and all other rights and interests of Mortgagor and/or Land Trustee in the Mortgaged Property, whether tangible or intangible in nature. By executing and delivering this Mortgage, Mortgagor has granted to Mortgagee, as security for the Note, a security interest in the Chattels and any other personal property described herein as being subject to a lien in favor of Mortgagee. If Mortgagor shall default under the Note and/or this Mortgage, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Chattels or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Chattels. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Chattels and make them available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Chattels and in enforcing its rights hereunder with respect to the Chattels. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Chattels sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute reasonable notice to Mortgagor. The proceeds of any disposition of the Chattels, or any part thereof, may be applied by Mortgagee to the payment of the Note and any other obligations of Mortgagor secured hereby in such priority and proportions as Mortgagee in its discretion shall deem proper. The security agreement created by this Mortgage shall continue and remain in full force and effect during any foreclosure proceedings relating to this Mortgage and the period of redemption, if any, until all sums secured by this Mortgage, together with interest thereon, shall have been paid in full.

Section 3.11 Attorneys' Fees. Wherever "attorneys' or counsel fees" or similar references are made herein, it shall include disbursements and such fees incurred out of court and in litigation, including, without limitation, pre-trial, appellate and bankruptcy proceedings.

Section 3.12 Mortgagee's Consent and Approval. If Mortgagor shall request Mortgagee's consent or approval pursuant to any of the provisions of this Mortgage or otherwise, and Mortgagee shall fail or refuse to give, or shall delay in giving, such consent or approval, Mortgagor shall in no event make, or be entitled to make, any claim for damages (nor shall Mortgagor assert, or be entitled to assert, any such claim by way of defense, set-off or counterclaim) based upon any claim or assertion by Mortgagee that Mortgagee

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unreasonably withheld or delayed its consent or approval, and Mortgagor hereby waives any and all rights that it may have from whatever source derived to make or assert any such claim. Mortgagor's sole remedy for any such failure, refusal or delay shall be an action for a declaratory judgment, specific performance or injunction, and such remedies shall be available only in those instances where Mortgagee has expressly agreed in writing not to unreasonably withhold or delay its consent or approval or where, as a matter of law, Mortgagee may not unreasonably withhold or delay the same.

Section 3.13 Inclusion of Subtenants. Whenever reference is made in this Mortgage to a lease, lessee, tenancy or tenant, such reference shall be deemed to include a sublease, sublessee, subtenancy or subtenant, as the case may be.

Section 3.14 Counterparts. This Mortgage may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same Mortgage.

Section 3.15 Default Under Additional Security. If the payment of the mortgage indebtedness is now or hereafter further secured by assignments of leases or rentals, security agreements, financing statements, mortgages, collateral assignments, pledges, contracts of guaranty or other additional security documents, any default under the provisions of any such further security documents shall constitute and be a default under this Mortgage, and Mortgagee may, at its option, exhaust any one or more of the said security documents and the security thereunder, as well as the Mortgaged Property covered by this Mortgage, either concurrently or independently and in such other and further manner as Mortgagee may elect, and Mortgagee may apply the proceeds received therefrom upon the mortgage indebtedness without waiving or affecting Mortgagee's rights and remedies under this Mortgage or any other Document, whether exercised or not.

Section 3.16 Legal Interest Rate. Nothing herein, nor any transaction related hereto, shall be construed or operate so as to require Mortgagor to pay interest at a greater rate than shall be lawful. Should any interest or other charges paid by Mortgagor in connection with the loan evidenced by the Note result in the computation or earning of interest in excess of the maximum legal rate of interest which is legally permitted under the laws of the District of Columbia or other applicable law, after taking into account all provisions of the Note and the Documents, then any and all such excess shall be, and the same is hereby, waived by Mortgagee, and any and all such excess shall be automatically credited against and in reduction of the balance due under the indebtedness secured hereby, and any portion which exceeds the balance due under the Note and secured hereby shall be paid by Mortgagee to Mortgagor. At the maturity of the Note secured hereby (or prior thereto, in the event of any permitted prepayment, or if Mortgagee accelerates payment thereof), if the total amount of interest paid, including any service fee and any other charge upon the principal, exceeds the maximum legal contract rate permitted by law, such interest shall be recomputed and any such excess shall be credited to principal or returned to Mortgagor. It is the intent of the parties hereto that Mortgagor, under no circumstances,

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shall be required to pay, nor shall Mortgagee be entitled to collect, any interest which is in excess of the maximum legal rate permitted under applicable laws.

Section 3.17 Stock Subscription.

(a) Mortgagor shall on the date hereof purchase twelve and five-tenths (12.5) shares of Class B capital stock of National Consumer Cooperative Bank ("NCCB"), par value of One Hundred Dollars (\$100) per share, for One Thousand Two Hundred Fifty and No/100 Dollars (1,250.00), equal to one percent (1%) of the portion of the Mortgage Amount disbursed on the date of this Mortgage or equal to one-quarter percent (.25%) of the amount of the undisbursed portion of the Mortgage Amount as of the date of this Mortgage, as the case may be. Notwithstanding anything contained herein to the contrary, Mortgagor shall purchase such capital stock of NCCB as may be necessary so that at all times Mortgagor owns, at a minimum, the number of shares which would equal, in par value, one percent (1%) of the outstanding principal balance of the Loan. Such Class B capital stock shall be purchased from such existing holder(s) of such Class B capital stock as NCCB may designate.

(b) Ownership by Mortgagor of such shares, and any transfer of such shares, will be evidenced only by entry on the books of NCCB, subject to the by-laws of NCCB. NCCB may at its sole option cancel such shares at any time when Mortgagor defaults in observing any of the conditions and covenants of this Mortgage, the Note or any other Document. Mortgagor shall have no right to offset the price of the shares against the indebtedness evidenced by the Note and secured hereby. If at any time Mortgagor ceases to be an active cooperative under the laws of the State of Illinois or ceases to be an eligible cooperative (as such term is defined in the National Consumer Cooperative Bank Act, as amended), including any time after the indebtedness secured hereby is paid and satisfied in full, then NCCB may cancel or exchange such shares as provided in the by-laws of NCCB. Such Class B capital stock is subject to the lien of this Mortgage for any amounts owing by Mortgagor to Mortgagee, but only so long as NCCB or any affiliate thereof is the holder of the Note. Tax consequences to Mortgagor, if any, of the purchase and ownership of such shares are the sole responsibility of Mortgagor.

(c) Mortgagor acknowledges and agrees that:

- (i) The National Consumer Cooperative Bank Act, as amended (12 U.S.C. Section 3001 et seq.) (the "Act") requires entities borrowing money from NCCB to own Class B capital stock in an amount equal to not less than one (1%) percent of the face amount of the loan at the time such loan is made;

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- (ii) NCCB has furnished Mortgagor, for its information, copies of the Act, the current by-laws of NCCB and the current annual report of NCCB; and
- (iii) NCCB has made no representation concerning its Class B capital stock, other than those contained in this Section 3.17. The decision of Mortgagor to accept the loan secured hereby, and thereby incur the requirement to purchase Class B capital stock, has been made solely in reliance on the terms and conditions of the Documents and not on any expectation of future earnings or performance of NCCB.

(d) It is the present intention of NCCB to permit transfers of Class B-1 capital stock (as defined in the by-laws of NCCB), on a "first-in first-out" basis and at the stock's one hundred dollar (\$100) per share par value, to new borrowers of NCCB, once the loan secured by this Mortgage has been repaid in full (i.e. those stockholders who purchased stock at the earliest date and whose loan has been repaid will have the first opportunity to sell to a new borrower designated by NCCB). NCCB reserves the right to change and amend its rules from time to time governing such stock sales, and no assurances are made that Mortgagor will be permitted to transfer or otherwise sell its Class B-1 capital stock upon repayment of the loan secured by this Mortgage.

(e) The provisions of this Section 3.17 shall remain in full force and effect so long as Mortgagor is an owner of Class B Capital Stock of NCCB, irrespective of whether or not the indebtedness secured hereby remains outstanding and irrespective of whether or not this Mortgage is released of record.

Section 3.18 No Joint Venture. Nothing contained herein shall create any joint venture, partnership, agency or trust arrangement between Mortgagor, Land Trustee and/or Mortgagee.

Section 3.19 WAIVER OF TRIAL BY JURY. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF MORTGAGOR AND LOAN TRUSTEE HEREBY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY MORTGAGOR, LAND TRUSTEE OR MORTGAGEE INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS MORTGAGE, THE NOTE OR ANY OTHER DOCUMENT AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF MORTGAGOR AND LAND TRUSTEE HEREBY IRREVOCABLY WAIVES IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY MORTGAGEE UNDER THIS MORTGAGE, THE NOTE OR ANY OTHER DOCUMENT, ANY AND EVERY RIGHT IT MAY HAVE TO, (1) INTERPOSE ANY

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COUNTERCLAIM THEREIN AND (II) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT MORTGAGOR OR LAND TRUSTEE FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST MORTGAGEE WITH RESPECT TO ANY ASSERTED CLAIM.

Section 3.20 Set-Off. Mortgagor agrees that, in addition to (and without limitation of) any right of set-off, bankers' lien or counterclaim Mortgagee may otherwise have, Mortgagee shall be entitled, at its option, to offset balances held by it for the account of Mortgagor in any of its offices, in lawful money of the United States of America or in any other currency, against any principal of or interest on the Note, or any other obligation of Mortgagor held by Mortgagee, which is not paid when due.

Section 3.21 Recovery of Sums Required To Be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the indebtedness secured hereby as the same becomes due, without regard to whether or not the balance of such indebtedness shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

Section 3.22 Marshaling. Each of Mortgagor and Land Trustee waives and releases, to the fullest extent permitted by law and with awareness of the consequences thereof, any right to have the Mortgaged Property marshaled.

Section 3.23 Headings. The headings and captions of the various Articles and Sections of this Mortgage, and the table of contents, are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 3.24 Future Advances. This Mortgage secures future advance. All future advances under the Note, this Mortgage and the Loan Documents shall have the same priority as if the future advance was made on the date that this Mortgage was recorded. This Mortgage shall secure all indebtedness of Mortgagor, its successors and assigns under the Note, this Mortgage or any of the other Loan Documents, whenever incurred. Notice is hereby given that the indebtedness secured hereby may increase as a result of any defaults hereunder by Mortgagor due to, for example, and without limitation, unpaid interest or late charges, unpaid taxes or insurance premiums which Mortgagee elects to advance, defaults under leases that Mortgagee elects to cure, attorney fees or costs incurred in enforcing the Loan Documents or other expenses incurred by Mortgagee in protecting Mortgagee's rights and interests. The unpaid principal balance, together with all due but unpaid interest, will be paid in a lump sum balloon payment on the maturity date of the Note.

Section 3.25 Land Trustee. This Mortgage is executed by Land Trustee, not personally but as trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Land Trustee (and said Land Trustee, hereby warrants that it

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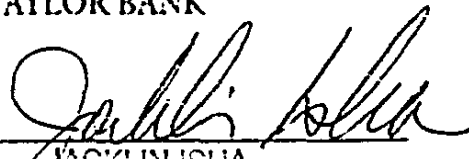
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possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein or in said Note contained shall be construed as creating any liability on the said Land Trustee personally to pay the said Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either expressed or implied herein contained, or on account of any warranty or indemnification made hereunder, all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as said Land Trustee personally is concerned, the legal holder or holders of said Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the Mortgaged Property hereby conveyed for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in said Note provided or by action to enforce the personal liability of Mortgagor.

IN WITNESS WHEREOF, this Mortgage has been duly executed by Mortgagor as of the day and year first above written.

Trustee:


COLE TAYLOR BANK

By: 
Name: JACKLIN ISHA
Title: Sr Trust Officer

ACCEPTED AND AGREED TO AS OF
DATE AND YEAR FIRST ABOVE WRITTEN:

Mortgagor:

FIVE THOUSAND EAST END AVENUE
BUILDING CORPORATION,
an Illinois corporation

By: 
Name: _____
Title: _____

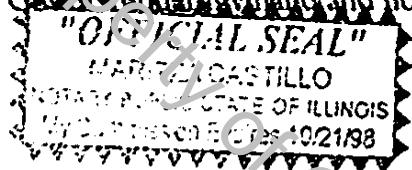
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State of Illinois)
County of Cook) ss:

I, MARCELA CASTILLO a Notary Public in and for the County and State aforesaid, do hereby certify that JACKLIN ISHA Sr Trust Officer of Cole Taylor Bank, an Illinois banking corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such _____ appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary acts and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31st day of December, 1997.



[Signature]
NOTARY PUBLIC

My Commission Expires: _____

State of _____)
County of _____) ss:

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ of Five Thousand East End Avenue Building Corporation, an Illinois corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such _____ appeared before me this day in person and acknowledged that he/she signed and delivered the said instrument as his/her own free and voluntary acts and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of December, 1997.

NOTARY PUBLIC

My Commission Expires: _____

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CHICAGO TITLE INSURANCE COMPANY

ORDER NUMBER: 1401 007700928 D1
STREET ADDRESS: 5000 S. EAST END AVENUE
CITY: CHICAGO COUNTY: COOK
TAX NUMBER: 20-12-104-002-0000

LEGAL DESCRIPTION:

PARCEL 1:

THE EAST 107 FEET OF THE NORTH 140 FEET OF BLOCK 5 IN CHICAGO BEACH ADDITION, BEING A SUBDIVISION OF LOT "A" IN BEACH HOTEL COMPANY'S CONSOLIDATION OF CERTAIN TRACTS IN FRACTIONAL SECTION 11 AND SECTION 12, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THE WEST 107 FEET OF THE SOUTH 125 FEET OF BLOCK 6 IN CHICAGO BEACH ADDITION, BEING A SUBDIVISION OF LOT "A" IN BEACH HOTEL COMPANY'S CONSOLIDATION OF CERTAIN TRACTS IN FRACTIONAL SECTION 11 AND SECTION 12, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE EAST 107 FEET OF THE SOUTH 125 FEET OF BLOCK 6 IN CHICAGO BEACH ADDITION, BEING A SUBDIVISION OF LOT "A" IN BEACH HOTEL COMPANY'S CONSOLIDATION OF CERTAIN TRACTS IN FRACTIONAL SECTION 11 AND SECTION 12, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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