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THIRD MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

Property of Cook County Clerk's Office

Box 4220

MORTGAGE, SECURITY AGREEMENT

and

FINANCING STATEMENT

THIS MORTGAGE, SECURITY AGREEMENT and FINANCING STATEMENT ("Mortgage") is made as of this 1st day of June, 1999, by COMMUNITY HOUSING PARTNERS V L.P., an Illinois Limited Partnership ("Mortgagor"), with an address of 36 South Wabash, Suite 1310, Chicago, Illinois to Chicago Housing Authority, and, together with its successors and assigns, having its principal office at 626 West Jackson Street, Chicago, Illinois 60661 ("Mortgagee").

WITNESSETH:

WHEREAS, Mortgagee, which is the owner in fee simple title of all of the real estate described on Exhibit A, ("the Real Property") except the buildings, located thereon ("the Improvements"), has entered into a Land Lease Agreement dated June 1, 1999 leasing to Community Housing Partners V L.P. and its successors and assigns, all of the Real Property for a period ending on June 30, 2098, (the Land Lease Agreement) and entered into a Contract for the Purchase of the Improvements dated June 1, 1999.

WHEREAS, Mortgagor is justly indebted to Mortgagee and has concurrently herewith executed and delivered to Mortgagee two (2) promissory notes bearing even date herewith, in the form attached hereto as Exhibit B (herein such Notes together with all amendments or supplements thereto, extensions thereof and Notes which may be taken in whole or partial renewal, substitution or extension thereof shall collectively be called the "Note") in which Mortgagor promises to pay said principal sums, plus interest, if any, thereon at the rate specified on Exhibit B hereto, and the maturity of which Note is described on Exhibit B hereto; and

WHEREAS, Mortgagee desires to secure repayment of the indebtedness evidenced by the Note, together with interest, if any, and any additional indebtedness or obligations incurred by Mortgagor on account of any future payments, advances or expenditures made by Mortgagee pursuant to all agreements, instruments and documents executed and delivered to Mortgagee previously, now or hereafter by, on behalf of or for the benefit of the Mortgagor in connection with the Premises (as hereinafter defined), including but not limited to this Mortgage, Note, Assignment of Rents and Leases and Environmental Indemnity Agreement, all as from time to time amended, supplemented or restated (the "Loan Documents").

WHEREAS, Mortgagor hereby represents and warrants to Mortgagee that the loan evidenced by the Note, and all other Indebtedness secured by this Mortgage and other Loan Documents, comprise a purchase money mortgage loan to allow Mortgagor to acquire the Improvements more fully described on Exhibit A.

NOW, THEREFORE, in order to secure payment of principal, interest and other amounts due under the Notes and of all other payments due to Mortgagee by Mortgagor under any of the Loan Documents and performance of the covenants and agreements contained in this Mortgage, including any substitutions, extensions or modifications hereto, Mortgagor does grant, assign, warrant, convey and mortgage to Mortgagee, its successors and assigns, and grants to Mortgagee, its successors and assigns forever a continuing security interest in and to, all of the following rights, interests, claims and property; subject however, to the permitted encumbrances set forth in Exhibit C;

(A) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Real Property, together with any fixtures or attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with or incorporated in the Real Property, including all extensions, additions, betterments, renewals, substitutions and replacements of any of the foregoing (the "Improvements");

(B) any interests, estates or other claims of every name, kind or nature, both at law and in equity, which Mortgagor now has or may acquire in the Real Property, the Improvements, the Equipment (as hereinafter defined) or any of the property described in clauses (C), (E), (F), (G) or (H) hereof; - -

(C) all of Mortgagor's interest and rights as lessor in and to all leases, subleases and agreements, written or oral, now or hereafter entered into, affecting the Real Property, the Improvements, the Equipment or any part thereof, and all income, rents, issues, proceeds and profits accruing therefrom (provided that the assignment hereby made shall not diminish or impair the obligations of Mortgagor under the provisions of such leases, subleases or agreements, nor shall such obligations be imposed on Mortgagee);

(D) all right, title and interest of Mortgagor in and to all fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Real Property or the Improvements, together with all furniture, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Real Property or the Improvements, or used or useful in connection with any present or future operation of the Real Property or the Improvements, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

(E) all of the estate, interest, right, title or other claim or demand which Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Real Property, the Improvements or the Equipment, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Real Property, the Improvements or the Equipment;

(F) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of Mortgagor, including, but not limited to cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Real Property, the Equipment or the Improvements or as otherwise required under the Loan Documents;

(G) all other property rights of Mortgagor of any kind or character related to all or any portion of the Real Property, the Improvements or the Equipment; and

(H) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses.

(I) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses

All of the property referred to in the preceding clauses (A) through (I) shall be called, collectively, the "Premises." For purposes of this Mortgage, the "Act" shall mean the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time (the "Act").

IT IS FURTHER agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Premises and be covered by this Mortgage. This Mortgage does not grant the Mortgagee any rights in the underlying fee simple estate.

TO HAVE AND TO HOLD the Premises unto Mortgagee and its successors and assigns, forever, for the purposes and uses herein set forth.

To protect the security of this Mortgage, Mortgagor further covenants and agrees as follows:

1. **Principal and Interest.** Mortgagor shall pay promptly when due the principal of and interest, if any, on the Note and any other sums required to be paid on the Note or under the other Loan Documents at the times and in the manner provided therein and shall pay any other indebtedness secured hereby as the same becomes due and shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Loan Documents.

2. Representation, Warranties and Covenants of Mortgagor.

(a) Mortgagor represents and warrants to Mortgagee as follows:

(i) all representations and warranties of Mortgagor contained in this Mortgage and the other Loan Documents are true, accurate and complete at the time of Mortgagor's execution hereof and thereof and shall survive the execution, delivery and acceptance hereof by the parties hereto for as long as any amounts payable under Section 1 hereof are outstanding;

(ii) Mortgagor is an Illinois limited partnership duly organized and validly existing under the laws of the State of Illinois;

(iii) Mortgagor has the right, power and authority to enter into, execute and deliver and perform the terms and conditions of this Mortgage and the other Loan Documents;

(iv) the execution, delivery and performance by Mortgagor of this Mortgage and the other Loan Documents have been duly authorized by all necessary action of Mortgagor and will not violate any provision of law (including any order, writ, injunction or decree binding upon Mortgagor or the Premises) or the operating agreement of Mortgagor, or result in the breach of or constitute a default under or require any consent under or result in the creation of any lien, charge or encumbrance upon the Premises or any other property or assets of Mortgagor under any agreement, instrument, restriction or document to which Mortgagor is now or hereafter a party or by which Mortgagor or the Premises are or may become bound or affected;

(v) Mortgagor has good, indefeasible and merchantable title to the Premises free and clear of all liens, charges and encumbrances except Permitted Encumbrances;

(vi) Mortgagor is now solvent and able to pay its debts as they mature;

(vii) there are no actions or proceedings by or before any court or governmental commission, board, bureau or other administrative agency pending or to the Mortgagor's best knowledge, threatened, against or affecting Mortgagor which if adversely determined could materially and adversely affect Mortgagor's ability to perform its obligations under the Note, this Mortgage or the Loan Documents, or which might result in any material, adverse change to Mortgagor's financial condition or may materially affect the Premises or Mortgagor's other property or assets;

(viii) Mortgagor is not obligated under any written contract, lease or agreement with respect to the ownership, use, operation or maintenance of the

Premises, except for the obligations of Mortgagor under the Ground Lease Agreement, and the Permitted Encumbrances; and

(b) Mortgagor shall:

(i) maintain and operate and use the Property and Tenant Improvements as affordable housing to very low, low or moderate income persons and families (or any combination thereof) together with uses ancillary thereto and in compliance with all then applicable ordinances, laws, regulations, regulatory agreements and other restrictions of all applicable governmental bodies, which restrictions are of record in the office of the Recorder of Deeds of Cook County, Illinois (the "Recorder").

(ii) promptly repair, restore, replace or rebuild any portion of the Premises which may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances on or reservation of title thereto except Permitted Encumbrances (including but not limited to those listed on Exhibit C hereto);

(iii) keep and maintain the Premises in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances;

(iv) complete, within a reasonable time, any construction of improvements now or hereafter constructed upon the Premises;

(v) comply with all statutes, rules, regulations, orders, decrees and other requirements of any federal, state or local governmental body having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Premises;

(vi) make no material alterations in the Premises (except those required by law) without Mortgagee's prior written consent;

(vii) suffer or permit no change in the general nature of the occupancy or use of the Premises without Mortgagee's prior written consent;

(viii) pay all operating costs of the Premises when due, including all utility charges and all other assessments or charges of a similar nature;

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(ix) not initiate or acquiesce in any zoning reclassification with respect to the Premises, without Mortgagee's prior written consent;

(x) not abandon the Premises, nor do anything whatsoever to depreciate or impair the value of the Premises or the security of this Mortgage;

(xi) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Premises;

(xii) not permit any unlawful use or nuisance to exist upon the Premises.

3. **Taxes and Charges.** Mortgagor agrees to pay or cause to be paid, prior to delinquency, all Charges (as hereinafter defined) which are assessed or imposed upon the Premises or upon any of the Loan Documents, or become due and payable, and which create, may create or appear to create a lien upon the Premises or any part thereof or upon any of the Loan Documents; provided, however, that if by law any such Charge is payable or, at the option of Mortgagor, may be paid in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. ("Charge" shall mean and include all federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances related to the Premises, Mortgagor, or any of the Loan Documents.)

Mortgagor shall furnish Mortgagee within sixty (60) days after the date upon which any Charge is due and payable by Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to Mortgagee, evidencing the payment thereof. Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Premises to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent to contest or object to a Charge and, unless at Mortgagee's sole option, (i) Mortgagor shall demonstrate to Mortgagee's satisfaction that legal proceedings instituted by Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the Premises or any part thereof as satisfaction of such Charge prior to final determination of such proceedings, and (ii) Mortgagor shall furnish to Mortgagee a good and sufficient bond or surety, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Premises during the pendency of such contest, in an amount (x) not less than 125% of such Charge and (y) adequate fully

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to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

4. **Insurance.** Mortgagor shall procure and maintain, or cause to be maintained, at all times, at Mortgagor's own expense, until final repayment of the indebtedness secured hereby, the applicable types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations contemplated in connection with the Project, whether performed by Mortgagor or others.

The kinds and amounts of insurance required are as follows:

(a) **Workers Compensation and Occupational Disease Insurance.** Workers compensation and occupational disease insurance, in accordance with the laws of the State of Illinois, or any other applicable jurisdiction, covering all employees who are to provide a service in connection with the Project and employer's liability coverage with limits of not less than \$100,000 per each accident or illness.

(b) **Commercial Liability Insurance (Primary and Umbrella).** Commercial liability insurance or equivalent with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury, personal injury and/or property damage liability. Coverage extensions shall include the following: all premises and operations, products/completed operation, independent contractors, cross liability and contractual liability coverages (with no limitation endorsement). Mortgagee, its employees, elected officials, agents and representatives shall be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the Project.

(c) **Automobile Liability Insurance (Primary and Umbrella).** When any motor vehicles (owned, non-owned and hired) are used in connection with the Project, Mortgagor shall provide comprehensive automobile liability insurance with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury and property damage. Mortgagee shall be named as an additional insured on a primary, non-contributory basis.

(d) **All Risk Property Damage.** Mortgagor shall obtain an all risk property policy in the amount of full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list Mortgagee as loss payee as their interest may appear.

(e) **All Risk Builders Risk Insurance.** When Mortgagor or any contractor or any subcontractor undertakes any construction, including improvements, betterments and/or repairs, to the Premises, all risk builder's risk insurance shall be procured and maintained to

cover materials, supplies, equipment, machinery and fixtures that are or will be part of the Premises. Mortgagee shall be named as loss payee as their interest may appear.

(f) **Railroad Protective Liability Insurance.** When, in connection with the Project, any work is to be done adjacent to or on property owned by a railroad or public transit entity, Mortgagor shall procure and maintain, or cause to be procured and maintained, with respect to the operations that Mortgagor, a general contractor or any subcontractor shall perform, railroad protective liability insurance in the name of such railroad or public transit entity. The policy shall have limits of not less than \$2,000,000 per occurrence, combined single limit, and \$2,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(g) **Contractors' Pollution Liability Insurance.** When any environmental remediation work is undertaken by Mortgagor, a general contractor or any subcontractor in connection with the Project, contractors' pollution liability insurance shall be procured with limits of not less than \$1,000,000 covering all construction and related work undertaken in connection with the Project. Mortgagee is to be named as an additional insured on a primary, noncontributory basis. Mortgagor, a general contractor and any subcontractor shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transportation of Hazardous Materials.

Mortgagor shall furnish Mortgagee original certificates of insurance evidencing the required coverages to be in force on the date hereof, and renewal certificates of insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term hereof.

The receipt of any certificate does not constitute agreement by Mortgagee that the insurance requirements of this Section have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements. The failure of Mortgagee to obtain certificates or other insurance evidence from Mortgagor shall not be deemed to be a waiver by Mortgagee. Mortgagor shall advise all insurers of the provisions of this Section regarding insurance. Non-conforming insurance shall not relieve Mortgagor of its obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions of this Section may constitute an Event of Default, and Mortgagee retains the right to suspend disbursement of Loan proceeds until proper evidence of insurance is provided.

All insurance policies shall provide that Mortgagee shall be given thirty (30) days' prior written notice of any modification, nonrenewal or cancellation.

If Mortgagor fails to obtain or maintain any of the insurance policies required under this Mortgage or to pay any premium in whole or in part when due, Mortgagee may (without waiving

or releasing any obligation or Event of Default by Mortgagor hereunder) obtain and maintain such insurance policies and take any other action which Mortgagee deems advisable to protect its interest in the Premises, including acceleration of the Notes. All sums so disbursed by Mortgagee, including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by Mortgagor upon demand by Mortgagee.

Mortgagor shall require a general contractor and all subcontractors to carry the insurance required herein, or Mortgagor may provide the coverage for a general contractor and subcontractors, and, if so, the evidence of insurance submitted shall so stipulate.

Any and all deductibles or self-insured retention on the insurance coverages required herein shall be borne by Mortgagor, a general contractor or the appropriate subcontractor, as applicable.

Mortgagor expressly understands and agrees that any insurance coverages and limits furnished by Mortgagor shall in no way limit Mortgagor's liabilities and responsibilities specified under any of the Loan Documents or by law.

Mortgagor agrees and shall cause a general contractor to agree that all insurers shall waive their rights of subrogation against Mortgagee, its employees, elected officials, agents or representatives. Mortgagor hereby agrees to assume any liabilities of Mortgagee related to subrogation rights of subcontractors' insurers.

Mortgagor expressly understands and agrees that any insurance or self-insurance programs maintained with respect to the Premises by Mortgagee shall apply in excess of and not contribute with insurance provided by Mortgagor, a general contractor or any subcontractor under this Section.

The insurance required hereunder to be carried shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

If Mortgagor, general contractor or any subcontractor desires additional coverage, higher limits of liability, or other modifications for its own protection, Mortgagor, a general contractor or such subcontractor, as appropriate, shall be responsible for the acquisition and cost of such additional protection.

Mortgagee maintains the right to modify, delete, alter or change these requirements.

5. **Inspection of Premises and of Books and Records.** Mortgagor shall permit Mortgagee, the United States Department of Housing and Urban Development ("HUD") and/or their agents to inspect the Premises at all reasonable times and upon reasonable notice, and access thereto shall be permitted for that purpose. Mortgagor shall keep and maintain full and correct records at Mortgagor's office showing in detail the income and expenses of the Premises and shall make such books, records and all supporting vouchers, data and other documents available for inspection,

copying (including excerpts and transcriptions), audit and examination upon request by Mortgagee, HUD and their respective agents, successors and assigns until the fifth anniversary of the date of repayment of the Loan in full.

6. **Insurance Proceeds.** Subject to the rights of Senior Lender, in the event of any damage to, or destruction of the Premises, Mortgagor will give written notice to Mortgagee of such damage or destruction within five (5) Business Days thereafter and authorize Mortgagee to proceed as follows:

(a) In the event of any loss covered by insurance policies, Mortgagee is hereby authorized at its option to either (i) settle and adjust any claim under such policies without the consent of Mortgagor, or (ii) allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to Mortgagee by Mortgagor upon demand.

(b) In the event of any insured damage to, or destruction of, the Premises or any part thereof, Mortgagee shall apply the proceeds of insurance to reimburse or, at the option of Mortgagee, pay directly Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises if (i) an Event of Default hereunder or an event of default under any of the other Loan Documents shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore the Premises to at least the same value and substantially the same character as the Premises had immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances), or if such proceeds are not so sufficient, Mortgagor shall promptly deposit with Mortgagee funds equal to the amount of such deficiency; (iii) Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, Mortgagee shall receive and approve plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Maturity Date.

(c) In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and approved by Mortgagee, and to expend all such proceeds and any funds deposited by Mortgagor pursuant to Section 6(b)(ii) hereof prior to the further disbursement of any Loan proceeds. If the amount of such insurance proceeds shall be in excess of \$100,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

(d) If all of the conditions described in paragraph (b) of this Section with respect to the application of proceeds of insurance shall not be met, Mortgagee may, in its sole discretion, apply such proceeds to the indebtedness secured hereby in such order or manner as Mortgagee may elect.

(e) To the extent that any amount of proceeds of insurance remain unexpended after completion of the restoration, repair, replacement or rebuilding of the Premises, such amount shall be applied to the indebtedness secured hereby.

7. **Condemnation/Eminent Domain.** Subject to the rights of the Senior Lender, Mortgagor shall give Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process ("Taking"), of all or any portion of the Premises or affecting any easement thereon or appurtenance thereto and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings, and Mortgagor hereby assigns and transfers to Mortgagee, the entire proceeds of all awards resulting from any Taking. Subject to the rights of the Senior Lender, Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. Subject to the rights of the Senior Lender, in the event of any such Taking, Mortgagee may, in its sole discretion, (i) apply the proceeds of all awards resulting from such Taking to the indebtedness secured hereby in such order or manner as Mortgagee may elect, or (ii) apply such proceeds to reimburse or, at the option of Mortgagee, pay directly Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises. Subject to the rights of the Senior Lender, in the event that such proceeds, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value and substantially the same character as prior to such Taking, all to be effected in accordance with plans and specifications submitted to and approved by Mortgagee. If the amount of such proceeds shall be in excess of \$100,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

8. **Transfer and Encumbrance of Premises.** Mortgagor shall not (a) encumber or convey any interest in all or any portion of the Premises or any interest therein to secure debt, mortgage, deed of trust or other interest in the nature thereof for any debt, other than this Mortgage and the Permitted Encumbrances; and (b) create, effect, contract for, commit to, consent to, suffer or permit any conveyance, sale, assignment, transfer or alienation (or any agreement to do any of the foregoing, directly or indirectly, by willful act, by operation of law or otherwise, of all or any portion of the Premises or any interest therein, other than Permitted Encumbrances, or any interest in Mortgagor or any partner thereof except as otherwise provided in the CEF Rider B attached hereto and made a part hereof, (each of the foregoing set forth in (a) and (b) being referred to herein as a "Prohibited Transfer"), without Mortgagee's prior written consent which shall not be unreasonably withheld; provided, however, that from and after the fifteenth (15th) anniversary of the recording of this Mortgage, Mortgagor shall be permitted to make transfers described in subparagraph (b)

provided that the transferee assumes the obligations of Lessor hereunder pursuant to a document reasonably acceptable to Mortgagor.

If Mortgagor shall do or allow any of the foregoing Prohibited Transfers without Mortgagee's prior written consent, Mortgagee at its option, has the right to accelerate the maturity of the Notes causing the full principal balance thereof and accrued interest, if any, thereon to be immediately due and payable without notice to Mortgagor. Any waiver by Mortgagee of the provisions of this paragraph shall not be deemed to be a waiver of the right of Mortgagee to insist upon strict compliance with the provisions of this paragraph in the future.

Notwithstanding the foregoing, Mortgagee shall not unreasonably withhold its consent to the replacement and/or addition of a general partner of Mortgagor pursuant to the terms of Mortgagor's Partnership Agreement and to the extent Mortgagee so consents, it shall not be considered a Prohibited Transfer hereunder. Further, no consent by Mortgagee shall be required for the withdrawal, replacement and/or addition of any of Mortgagor's limited partners and the same shall not constitute a Prohibited Transfer hereunder.

9. **Mortgagee's Options: Subrogation.**

-[intentionally omitted]

10. **Events of Default.** The following shall constitute an "Event of Default" under this Mortgage:

(i) Subject to the CEF Rider B attached hereto, Mortgagor's failure to pay, when due, any installment of principal or interest, if any, on the Note, or to pay when due (including any applicable notice and/or cure periods) any other sums required to be paid by Mortgagor under the Loan Documents;

(ii) default by Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section 10) contained herein or in the other Loan Documents, which remains unremedied for thirty (30) days after notice thereof from Mortgagee to Mortgagor, provided, however, that if any such default cannot reasonably be remedied within said 30-day period and if Mortgagor shall have commenced to remedy such default within said 30-day period and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended to sixty (60) days upon written request from Mortgagor to Mortgagee delivered during such 30-day period, and upon further written request from Mortgagor to Mortgagee delivered during said 60-day period, said 60-day period shall be extended to ninety (90) days (provided, however, that Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of the Loan

Documents if its security becomes or is about to become materially jeopardized by any failure to cure a default within such period);

(iii) a writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Premises or any interest therein, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on all or any portion of the Premises or any interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within thirty (30) days after its entry or levy;

(iv) the abandonment by Mortgagor of all or any portion of the Premises;

(v) Mortgagor's failure to discharge any Charge in accordance with the terms hereof or a failure to procure or maintain any insurance required hereunder;

(vi) the dissolution of Mortgagor or the entry of a decree or order for relief by a court having jurisdiction with respect to Mortgagor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of Mortgagor or for the Premises or for any substantial part of the property of Mortgagor or ordering the winding-up or liquidation of the affairs of Mortgagor and the continuance of any such decree or order unstayed and in effect for a period of thirty (30) consecutive days;

(vii) the commencement by Mortgagor of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Mortgagor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of Mortgagor or the Premises or of any substantial part of the property of Mortgagor or of any royalties, revenues, rents, issues or profits therefrom, or the making by Mortgagor of any assignment for the benefit of creditors or the failure of Mortgagor generally to pay its debts as such debts become due or the taking of action by Mortgagor in furtherance of any of the foregoing;

(viii) a final judgment for the payment of money in excess of \$100,000 shall be rendered by a court of record against Mortgagor and Mortgagor shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within sixty (60) days from the date of entry thereof, or such longer period during which execution of such judgment shall have been stayed;

(ix) Mortgagor's sale, partial sale, transfer, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Premises or any interest therein without the prior written consent of Mortgagee, whether by operation of law, voluntarily or otherwise or if Mortgagor shall enter into a contract to do any of the foregoing without the prior written consent of Mortgagee or any other violation of Section 8 hereof; and

(x) any event of default under any of the other Loan Documents which has not been cured within any applicable grace period.

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11. **Acceleration Etc.** Upon the occurrence of an Event of Default hereunder, Mortgagee may elect to accelerate the maturity of the Note by giving Mortgagor thirty (30) days prior written notice causing the full principal balance of and accrued interest, if any, on the Note, together with all other amounts then due and owing by Mortgagor to Mortgagee under any of the Loan Documents, to become immediately due and payable at the place of payment as aforesaid, and Mortgagee may proceed to foreclose this Mortgage and to exercise any rights and remedies available to Mortgagee under this Mortgage, the Assignment of Rents or any of the other Loan Documents and to exercise any other rights and remedies against Mortgagor, or with respect to the Note, which Mortgagee may have at law, in equity or otherwise. Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Loan Documents.

12. **Remedies.** Mortgagee's remedies as provided in this Mortgage or the other Loan Documents shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of Mortgagee and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Failure of Mortgagee, for any period of time or on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to Mortgagee by the Loan Documents is not required to be given.

13. **Additional Indebtedness.** In the event that: (a) the Notes are placed in the hands of an attorney for collection or enforcement or are collected or enforced through any legal proceeding; (b) an attorney is retained to represent Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Loan Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Loan Documents; or (d) an attorney is retained to represent Mortgagee in any other proceedings whatsoever in connection with the Loan Documents, or any property subject thereto, then Mortgagor shall pay to Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

14. **Waiver.** Mortgagee's failure to require strict performance by Mortgagor of any provision of this Mortgage shall not waive, affect or diminish any right of Mortgagee thereafter to demand strict compliance and performance therewith, nor shall any waiver by Mortgagee of an Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. Mortgagee's delay in

instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the other Loan Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

15. **Right of Possession.** Subject to the rights of Senior Lender to the extent permitted by law, in any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, Mortgagor shall, at the option of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of all or any portion of the Premises personally or by its agents or attorneys, and Mortgagee, in its sole discretion, may enter upon, take and maintain possession of all or any portion of the Premises.

Upon taking possession of the Premises, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Premises as it may deem judicious to insure, protect and maintain the Premises against all risks incidental to Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. Mortgagee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Act.

16. **Appointment of Receiver.** Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Premises. Such appointment may be made either before or after foreclosure sale, without notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness hereby secured, without regard to the value of the Premises at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Premises and to collect all rents and profits thereof during the pendency of such foreclosure suit, and all powers and duties provided for in Section 5/15-1704 of the Act, and such other powers as the court may direct.

17. **Foreclosure Sale.** The Premises or any interest or estate therein sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, Mortgagee may bid for and acquire, as purchaser, all or any portion of the Premises and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

18. **Application of Proceeds from Foreclosure Sale.** Proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon, (iii) all principal and interest, if any, remaining unpaid on the Note, and (iv) any surplus or remaining funds to Mortgagor, its successors or assigns, as their rights may appear.

19. **Insurance Upon Foreclosure.** Subject to the rights of the Senior Lender, wherever provision is made in this Mortgage for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of Mortgagee shall continue in Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Premises, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

20. **Waiver of Statutory Rights.** To the extent permitted by law, Mortgagor shall not apply for or avail itself of any appraisement, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage and hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. To the extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption and reinstatement, on its own behalf and on behalf of each and every person having a beneficial interest in Mortgagor, it being the intent hereof that any and all such rights of redemption or reinstatement of Mortgagor and of all other persons are and shall be deemed to be hereby waived. Mortgagor acknowledges that the Premises do not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Act or residential real estate as defined in Section 5/15-1219 of the Act.

21. **Partial Payments.** Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid, together with all accrued interest, if any, thereon, immediately due and payable without notice, or any other rights of Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

22. **Rescission of Election.** Acceleration of maturity, once made by Mortgagee, may at the option of Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed. In either of such events, Mortgagor and Mortgagee shall be restored to their former positions, and the rights, remedies and powers of Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been commenced, as the case may be.

23. **Notice.** Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested.

IF TO MORTGAGEE: Chicago Housing Authority
626 West Jackson Street,
Chicago, Illinois 60661
Attention: Chief Executive Officer

WITH COPIES TO: Chicago Housing Authority
200 West Adams Street
Suite 2100
Chicago, Illinois 60606
Attention: Office of the General Counsel

IF TO MORTGAGOR: Community Housing Partners V L.P.
36 South Wabash, Suite 1310
Chicago, Illinois 60604

WITH COPIES TO: Holleb & Coff
55 East Monroe Street, Suite 4100
Chicago, Illinois 60603
Attention: Douglas J. Antonio

IF TO CEF: Chicago Equity Fund 1998 Limited Partnership
c/o Chicago Equity Fund, Inc.
One East Superior Street
Suite 604
Chicago, Illinois 60611
Attention: William W. Higginson

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WITH COPIES TO: Gail Beesen Dwars, Esq.
Holleb & Coff
55 West Monroe Street, Suite 4100
Chicago, Illinois 60603

IF TO CITY: City of Chicago, Illinois
c/o Department of Housing
318 South Michigan Avenue
Chicago, Illinois 60604
Attention: Commissioner

WITH COPIES TO: Department of Finance
City of Chicago
121 North LaSalle Street, Room 501
Chicago, Illinois 60602
Attention: Comptroller

and

Office of Corporation Counsel
City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Finance and Economic Development Division

IF TO HUD: Department of Housing and Urban Development
77 West Jackson Boulevard
Chicago, Illinois 60604
Attention: Director of Multi-Family Housing-HUB
Project No. 071-35647

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent Pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier and, if sent pursuant to clause (d) above, shall be deemed received three (3) Business Days following deposit in the mail

24. **Time.** Time is of the essence with respect to the Loan Documents.

25. **Modifications.** This Mortgage may not be altered, amended, modified, cancelled, changed or discharged except by written instrument signed by Mortgagor and Mortgagee or their respective successors and assigns.

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26. **Headings.** The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

27. **Construction of Mortgage.** This Mortgage shall be construed and enforced according to the internal laws of the State of Illinois without regard to its conflict of laws principles.

28. **Severability.** If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the remainder of this Mortgage shall be construed as if such invalid part were never included herein and this Mortgage shall be and remain valid and enforceable to the fullest extent permitted by law.

29. **Grammar.** As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

30. **Successors and Assigns.** This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Premises or any other person having an interest therein), and shall inure to the benefit of Mortgagee and its successors and assigns. Whenever Mortgagee is referred to herein, such reference shall also include the Holder of the Notes, whether so expressed or not.

31. **Further Assurances.** Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance necessary or proper, in the sole judgment of Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by Mortgagor, and used or useful to the operation of the Real Property or the Improvements and for creating, maintaining and preserving the lien and security interest created hereby on the Premises.

32. **Indemnification.** In addition to all other indemnities in favor of Mortgagee specifically provided in this Mortgage, Mortgagor shall indemnify Mortgagee and save Mortgagee harmless from and against any and all loss, cost, damage, claim, liability or expense ("Loss") incurred by Mortgagee in connection with any and all claims, demands, actions, notices, liens, suits, causes of action, complaints, citations and legal and administrative proceedings ("Claims"), excluding, however, any Loss arising out of Mortgagee's gross negligence or willful misconduct following Mortgagee's acquisition of title to or control of the Premises.

33. **Security Agreement.** This Mortgage shall be construed as a "security agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Premises which constitutes fixtures or personal property. Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code.

34. **No Merger.** It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in fee simple title, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to the Premises or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee, as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

35. **Protective Advances; Maximum Amount of Indebtedness.** All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Act "collectively "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act herein below referred to:

(a) all advances by Mortgagee in accordance with the terms of this Mortgage to:

- (i) preserve or maintain, repair, restore or rebuild the improvements upon the Premises;
- (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Act;

(b) payments by Mortgagee of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of the Lease Agreement or other prior lien or encumbrance; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Premises or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other

liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act

(c) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under or any other prior liens;

(d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(d)(2) and 5/15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of this Mortgage or arising from the interest of Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

(e) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;

(f) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

(g) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act; and

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Mortgagee to be for the benefit of the Premises or required to be made by the owner of the Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or

restrictions for the benefit of or affecting the Premises; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; and (vii) pursuant to any lease or other agreement for occupancy of the Premises.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate of interest payable after default under the terms of the Note.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 5/15-1302 of the Act.

All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

- (1) the determination of the amount of indebtedness secured by this Mortgage at any time;
- (2) the indebtedness found due and owing to Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;
- (3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Act;
- (4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;
- (5) the application of income in the hands of any receiver or mortgagee in possession; and
- (6) the computation of any deficiency judgment pursuant to Subsections (b)(7) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Act.

The maximum amount of indebtedness secured by this Mortgage shall be cumulatively, \$650,000.00 plus interest, plus any disbursements for the payment of taxes and insurance on the Premises, plus interest thereon, and any other sums advanced in accordance with the terms hereof or any of the other Loan Documents to protect the security of this Mortgage or any of the other Loan Documents plus interest thereon.

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The document entitled "HUD-Required Provisions Rider" attached hereto as Rider A hereby incorporated into this Mortgage as if fully set forth herein and shall remain a part of this Mortgage so long as the Secretary of HUD or his/her successors or assigns, are the insurers or holders of the Senior Note (known as the "Mortgage Note" in the HUD - Required Provision Rider). Upon such time as HUD is no longer the insurer or holder of the Senior Note or such time as the Senior Note is paid in full, the parties hereto agree that the HUD-Required Provisions Rider shall no longer be a part of this Assignment.

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The document entitled "Chicago Equity Fund Mortgage Loan Rider" attached hereto as Rider B is hereby incorporated into this Agreement as if fully set forth herein.

This Mortgage is subject and subordinate to the documents listed in Exhibit C, attached hereto.

IN WITNESS WHEREOF, Mortgagor has caused these presents to be signed and attested to on the day and year first above written.

MORTGAGOR:

COMMUNITY HOUSING PARTNERS V L.P.

By: Conk J. Jaska
Its: President

APPROVED:

**UNITED STATES DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT**

By: Edmund H. Humberg
Its: Director, Multifamily HUD

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Community Housing Partners^{V L.P.}, personally known to me to be (The "Mortgagor"), and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such Manager, he signed and delivered the said instrument pursuant to authority given by the President and as his free and voluntary act, and as the free and voluntary act and deed of the Mortgagor for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 9th day of June, 1998.

Margaret A Grassano
Notary Public

My Commission Expires:



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LEGAL DESCRIPTION

PARCEL 1:

The leasehold estate created by the instrument hereinafter referred to as the Lease, executed by the Chicago Housing Authority, a body corporate and political organization organized and existing pursuant to the laws of the State of Illinois, as Landlord, and Community Housing Partners V L.P., an Illinois limited partnership, as Tenant, dated June 1, 1999, which Lease commences on June 1, 1999 and terminates June 30, 2098, and recorded in the office of the Recorder of Deeds in Cook County, Illinois, and which Lease demises the land hereinafter described (except the buildings and improvements thereon), to wit:

A TRACT OF LAND LOCATED IN THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 28, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS.

COMMENCING AT A POINT ON THE WEST LINE OF SOUTH PRINCETON AVENUE, BEING ITS INTERSECTION WITH THE SOUTH LINE OF WEST CERMAK ROAD, AS WIDENED; THENCE SOUTH $00^{\circ}16'19''$ WEST ALONG SAID WEST LINE OF SOUTH PRINCETON AVENUE, 432.65 FEET TO A POINT 156 FEET NORTH OF THE INTERSECTION OF THE WEST LINE OF SOUTH PRINCETON AVENUE AND THE NORTH LINE OF WEST 23RD STREET; THENCE NORTH $89^{\circ}45'00''$ WEST, 97.20 FEET; THENCE SOUTH $58^{\circ}10'39''$ WEST, 296.82 FEET TO A POINT ON THE NORTH LINE OF SAID WEST 23RD STREET, 348.66 FEET WEST OF THE INTERSECTION OF THE WEST LINE OF SOUTH PRINCETON AND THE NORTH LINE OF WEST 23RD STREET; THENCE SOUTH $89^{\circ}59'09''$ WEST, ALONG SAID NORTH LINE 37.67 FEET; THENCE NORTH $00^{\circ}01'43''$ WEST, 97.98 FEET; THENCE NORTH $58^{\circ}04'19''$ EAST, 81.33 FEET; THENCE NORTH $00^{\circ}01'17''$ EAST, 269.69 FEET TO THE SOUTH LINE OF SOUTH ARCHER AVENUE; THENCE NORTH $58^{\circ}07'27''$ EAST, ALONG SAID SOUTH LINE, 337.73 FEET TO THE SOUTH LINE OF WEST CERMAK ROAD AS WIDENED; THENCE SOUTH $89^{\circ}57'00''$ EAST, ALONG SAID SOUTH LINE, 33.25 FEET TO THE POINT OF BEGINNING.

Basis of bearing the West line of South Princeton Avenue assumed bearing of South $00^{\circ}16'19''$ West

PARCEL 2:

All buildings and improvements located on the land described in Parcel 1, now existing or hereinafter erected.

PARCEL 3:

An easement for utilities for the benefit of Parcels 1 and 2, created by Grant of Utility Easement between the Chicago Housing Authority as Grantor, and Community Housing Partners V L.P., an Illinois limited partnership, as Grantee, dated June 1, 1999 and recorded in the office of the Recorder of Deeds in Cook County, Illinois.

Property Index No.: 17-28-201-012-0000
17-28-201-013-0000
17-28-201-014-0000
17-28-208-021-0000
17-28-210-027-8001
17-28-210-028-8001

Property Address: 2220-22 and 2240-42 S. Princeton, Chicago, IL

EXHIBIT B

NOTE

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EXHIBIT C

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Permitted Exceptions

1. Taxes for 1999 and Subsequent Years.
2. Easement for a permanent right of way and construction, etc. of underground water mains, contained in grant from Chicago Housing Authority to the City of Chicago dated April 30, 1951 and recorded April 15, 1954 as Document 15881806 as shown on the plat attached thereto, and the terms and provisions contained therein.
3. Easement for water mains as established by Grant:
Recorded: April 15, 1954
Document #: 15881806
Affects: See Document for Exact Location
4. Rights of public or quasi-public utilities to maintain their facilities, if any, in the vacated streets and alleys.
5. Land Lease Agreement by and between: the Chicago Housing Authority and Community Housing Partners V L.P.
Dated: June __, 1999
Recorded: June __, 1999
6. Regulatory Agreement and Declaration of Restrictive Covenants by and between: Seaway Bank, determined as Trustee under a Trust Indenture dated as of June 1, 1999, and Community Housing Partners V L.P.
Dated: June __, 1999
7. Regulatory Agreement: by and between: City of Chicago, Illinois and Community Housing Partners V L.P.
Dated: June __, 1999
Recorded: June __, 1999
Document #: -City Reg Agmt Number
Relates To: Lihtc
8. Redevelopment Agreement: by and between: City of Chicago and Community Housing Partners V L.P.
Dated: June __, 1999
Recorded: June __, 1999
Document #: -Use Number

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9. HUD Mortgage
by and between: Mortgagee: TRI Capital Corporation and
Mortgagor: Community Housing Partners V L.P.
Dated: June __, 1999
Recorded: June __, 1999
Original Amount: \$4,541,800
10. Financing Statement:
Debtor: Community Housing Partners V L.P.
Secured Party: TRI Capital Corporation
Filed: June __, 1999
Document #: -UCC2 Number
11. Regulatory Agreement for Multifamily Housing Projects: by and between Community
Housing Partners V L.P. and Secretary of Housing and Urban Development
Dated: June __, 1999
Recorded: June __, 1999
Document #: -HUD Reg Agmt Number
12. A Junior Mortgage to Secure an Indebtedness in the Amount Stated Herein:
Mortgagor: Community Housing Partners V L.P.
Mortgagee: City of Chicago, Illinois
Dated: June __, 1999
Recorded: June __, 1999
Document #: -2nd Mtg Number
Original Amount: \$2,507,911.00
13. An Assignment of Rents and Leases to Further Secure an Indebtedness:
Mortgagor: Community Housing Partners V L.P.
Mortgagee: City of Chicago, Illinois
Dated: June __, 1999
Recorded: June __, 1999
Document #: -City Assn of Rents Number
14. A Third Mortgage to Secure an Indebtedness in the Amount Stated Herein:
Mortgagor: Community Housing Partners V L.P.
Mortgagee: Chicago Housing Authority
Dated: June __, 1999
Recorded: June __, 1999
Document #: -3rd Mtg Number
Original Amount: \$650,000.00
15. An Assignment of Rents and Leases to Further Secure an Indebtedness:
Mortgagor: Community Housing Partners V L.P.
Mortgagee: Chicago Housing Authority
Dated: June __, 1999
Recorded: June __, 1999
Document #: -CHA Assn of Rents Number

RIDER A

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Mortgage, Security Agreement and Financing Statement Agreement (the "Document"), dated June 1, 1999, entered into by, Community Housing partners V L.P., an Illinois Limited Partnership, its successors and assigns ("Owner"), with or in favor of the Chicago Housing Authority, its successors or assigns (the "Subordinate Lender"), and relating to the property described in Exhibit A to the Document, commonly known as Archer Courts Apartments (the "Property"). In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; "FHA" shall mean the Federal Housing Administration, and administrative agency within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured mortgage loan for the Project (Project No. 071-35647):

- A. Commitment for Insurance of Advances, dated March 22, 1999, as amended, issued by the Secretary of HUD and assigned to TRI Capital Corporation ("Mortgagee");
- B. Building Loan Agreement, dated June 1, 1999, between Owner and Mortgagee;
- C. Mortgage Note, dated June 1, 1999, made by Owner payable to the order of Mortgagee in the principal amount of \$ 4,541,800;
- D. Mortgage, dated June 1, 1999, made by Owner in favor of Mortgagee and encumbering the Property as security for the said mortgage loan;
- E. Security agreement (Chattel Mortgage), dated June 1, 1999, between Owner, as debtor, and Mortgagee and/or the Secretary of Housing and Urban Development as their interests may appear, as secured party;
- F. UCC-1 and UCC-2 Financing Statements made by Owner as debtor, in favor of Mortgagee and/or the Secretary of Housing and Urban Development as their interests may appear as secured party; and
- G. Regulatory Agreement, dated June 1, 1999, between Owner and HUD (the "HUD Regulatory Agreement").

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- R-1** Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable Federal statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements. The provisions of the Document are expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of applicable Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control.
- R-2** Failure on the part of Owner to comply with the covenants contained in the Document shall not serve as the basis for default on any HUD-insured or HUD-held mortgage on the Project.
- R-3** Compliance by Owner with the provisions of covenants of the Document and enforcement of the provisions and covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term is defined in the HUD Regulatory Agreement).
- R-4** No amendment to the Document made after the date of the HUD initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after such date to any HUD/FHA Loan Document shall be binding upon the Subordinate Lender unless the subordinate Lender has consented thereto in writing.
- R-5** Any action prohibited or required by HUD pursuant to applicable Federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents shall supersede any conflicting provision of the Document and the performance or failure to perform of Owner in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.
- R-6** So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, Owner shall not and is not permitted to pay any amount required to be paid under the provisions of the Document except from distributable Surplus Cash, as such term is defined in, and in accordance with the conditions prescribed in the HUD Regulatory Agreement.

R-7 In the event of the appointment, by any court, of any person, other than HUD or Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document, with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document, except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents.

R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to:

**Department of Housing and Urban Development
77 West Jackson Boulevard
Chicago, Illinois 60604
Attention: Director of Multi-Family Housing HUB
Project No. 071-35647**

HUD may designate any further or different addresses for such duplicate notices.

R-9 Notwithstanding anything in the Document to the contrary, Owner and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof, provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. Notwithstanding anything in the Document to the contrary, Owner may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and polices. Any consent by HUD to such transfer shall be deemed to be the Subordinate Lender's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document.

R-10 The covenants and provisions contained in the Document shall automatically terminate in the event of a foreclosure, or a deed in lieu of foreclosure, of any mortgage insured or held by HUD with respect to the Project, or any portion thereof. Upon such termination, the Subordinate Lender shall furnish to HUD and Mortgagee such releases and other documentation as HUD or Mortgagee shall deem necessary or convenient to confirm or evidence such termination.

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R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD-Required Provisions Rider are for the benefit of and are enforceable by HUD and Mortgagee.

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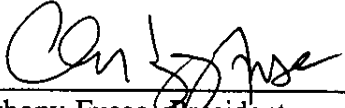
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Executed as of the date set forth above.

Community Housing Partners, V L.P.,
an Illinois limited Partnership


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By: Chicago Community Development
Corporation, an Illinois Corporation,
General Partner

By: 
Anthony Fusco, President

The foregoing HUD-Required Provisions Rider is hereby acknowledged and consented to by the undersigned as of the 1st day of June, 1999.

Chicago Housing Authority

By: 
Phillip Jackson
Chief Executive Officer

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RIDER B

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CHICAGO EQUITY FUND MORTGAGE LOAN RIDER

This Rider is attached to and made a part of the promissory note, and mortgage or trust deed, the loan agreement, and other document (s) evidencing, securing, and governing a loan in the amount of Six Hundred Fifty Dollars and No/100 (\$650,000.00) (the "Loan") made by Chicago Housing Authority ("Lender") to Community Housing Partners V L.P. ("Borrower") for the construction or rehabilitation of Archer courts Apartments (the "Project"). The form of this Rider has been designed for use whether Borrower is a limited partnership, an Illinois land trust of which a limited partnership is the beneficiary, or otherwise. Accordingly, the limited partnership developing the Project, whether or not identified as Borrower, is sometimes referred to herein as the "Partnership." The Articles of Limited Partnership forming or continuing the Partnership are referred to herein as the "Partnership Agreement."

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the "Loan Documents"), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. The Loan is nonrecourse obligation of Borrower nor any of its general and limited partners (or, if Borrower is not the Partnership, the general and limited partners of the Partnership), nor any other party shall have any personal liability for repayment of the Loan. The sole recourse of Lender under the Loan Documents for repayment of the Loan shall be the exercise of its rights against the Project and related security thereunder.
2. Neither the withdrawal, removal, replacement, and/or addition of a general partner of the Partnership pursuant to the terms of the Partnership Agreement, nor the withdrawal, replacement, and/or addition of any of its limited partner's general partners, shall constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness.
3. If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents.

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4. If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure to default prior to exercise of any remedies by Lender. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given.
5. In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project or any part thereof, Borrower shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.
6. Lender agrees that it shall not (a) sell, assign, convey, or otherwise transfer all or any of its interest in the Loan to the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac") or (b) include the Loan, or any interest therein, in any pool of loans to be sold, assigned, conveyed, or otherwise transferred to Fannie Mae or Freddie Mac. [DOES NOT APPLY TO COMMUNITY INVESTMENT CORPORATION.]
7. There shall be no default for construction or rehabilitation delays beyond the reasonable control of Borrower, provided that such delays do not exceed one hundred eighty (180) days.
8. In any approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

9. Those encumbrances described in Appendix I attached to this Rider and made a part thereof shall be permitted under the terms of the Loan Documents.
10. Copies of any and all notices of default and any and all other notices that may be given by Lender to Borrower shall be sent, in the same manner as the notice is given to Borrower, to Borrower's limited partner at the following address:

Chicago Equity Fund 1998 Limited Partnership
c/o Chicago Equity Fund, Inc.
One East Superior Street
Suite 604
Chicago, Illinois 60611
Attention: William W. Higginson

Borrower's limited partner may change its address for receipt of copies of notices by giving notice in writing stating its new address to Lender. Commencing on the tenth (10th) day after the giving of such notice, such newly designated address shall be effective for purposes of all such copies of notices required to be sent by Lender to Borrower's limited partner

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In Witness Whereof, the undersigned have caused this Rider to be executed this 1st
day of June, 1999.

Borrower:

Community Housing Partners V L.P.,
an Illinois limited partnership

By: Chicago Community Development Corp.,
an Illinois corporation,
Its general partner

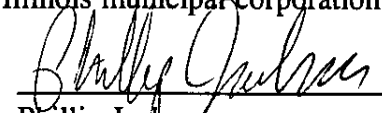
By: 
Its: President

Attest:

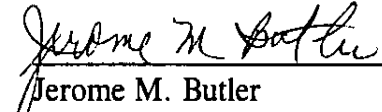
By: _____
Its: _____

Lender:

Chicago Housing Authority
a (n) Illinois municipal corporation

By: 
Phillip Jackson
Its: Chief Executive Officer

Attest:

By: 
Jerome M. Butler
Its: Assistant Secretary

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APPENDIX I TO

MORTGAGE LOAN RIDER

PERMITTED ENCUMBRANCES

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