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

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

("Mortgage") is made as of this 28th
day of January 1999 by Chicago Theater

Group, Inc., an Illinois not-for-profit corporation ("Mortgagor"), whose address is 200 S. Columbus Drive, Chicago, Illinois, in favor of The First National Bank of Chicago, a national banking association, individually and as administrative agent for itself and one or more Co-Lenders (together with its successors and assigns, hereinafter defined, the "Mortgagee"), whose address is One First National Plaza, Suite 0091, Chicago, Illinois. The initial Co-Lenders ("Co-Lenders") are set forth as Exhibit A attached hereto and made a part hereof. Additional Co-Lenders may be added to, or substituted for, existing Co-Lenders in the future and each such future Co-Lender shall be secured by the lien of this Mortgage, with a priority of lien dating from the date of recordation of this Mortgage.

WITNESSETH:

A. Mortgagee (and the constituent Co-Lenders thereof) have agreed to issue their several but not joint Irrevocable Letter of Credit (as defined herein). Such Letter of Credit is issued pursuant to the Reimbursement Agreement (defined herein) and is in favor of Amalgamated Bank of Chicago, as the indenture trustee for certain bonds known as the \$24,100,000 Adjustable Rate Demand Revenue Bonds (the Goodman Theater Project), Series 1999. The Letter of Credit initially expires on January 28, 2002 but is subject to extensions and renewals.

B. Mortgagor has agreed to secure all its obligations to Mortgagee by the execution and delivery of this Mortgage.

This Mortgage Was Prepared By
And After Recording Mail To:

John N. Oest, Esq.
Lord, Bissell & Brook
115 South LaSalle Street
Chicago, Illinois 60603

Legal Description and PIN: See
Exhibit C attached hereto
Common address: 120 N. Dearborn
Chicago, IL

BOX 333-CT1

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C. This Mortgage has been executed and delivered subsequent to, and is subordinate to the terms and conditions of that certain "Amended and Restated Block 35, Central Loop Project Redevelopment Agreement" between the City of Chicago ("City") and Mortgagor and to the Lease (as defined herein), except as provided in the City-Lender Agreement dated January 28, 1999, between the City of Chicago and Mortgagee.

Article 1

TERMS OF THE INDEBTEDNESS

1.1 Certain Terms of Indebtedness: The following is a summary of certain terms of the Indebtedness (as hereinafter defined) secured by this Mortgage:

(a) The Letter of Credit: The term "Letter of Credit" shall refer to the Irrevocable Transferable Letter of Credit issued by the Mortgagee (and its constituent Co-Lenders) dated January 28, 1999 in the maximum amount of \$24,496,164, and all extensions, modifications and renewals thereof.

(b) Reimbursement Agreement: The term "Reimbursement Agreement" shall refer to the Reimbursement Agreement dated as of January 1, 1999 by and between Mortgagor and Mortgagee pursuant to which Mortgagee agreed to issue the Letter of Credit and Mortgagor agreed to reimburse Mortgagee pursuant to the terms set forth therein.

1.2 Definition of the Indebtedness: The term "Indebtedness" shall mean all obligations of the Mortgagor to the Mortgagee arising under the Reimbursement Agreement, this Mortgage, or the other Loan Documents, and all amendments, modifications, restatements, replacements, consolidations, substitutions, renewals, extensions, and increases thereto, whether heretofore or hereafter existing, and whether primary or secondary, direct or indirect, absolute or contingent.

Article 2

DEFINITIONS

2.1 Definitions: Capitalized terms used herein that are not expressly defined in this Article shall have the meaning defined elsewhere in this Mortgage or in the Reimbursement Agreement. The following terms shall have the following meanings:

(a) Acts: The Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as such law may be amended from time to time.

(b) Awards: Either or both of: (i) the Mortgagor's right, title and interest in all awards and payments now or hereafter made by any municipal, state or federal agency or authority to Mortgagor, including any awards or payments for any taking of the Mortgaged Property as a result of the exercise of the right of condemnation or eminent domain and, (ii) any and all proceeds and payments now or hereafter made by any insurance company as a result of any casualty or other event in connection with the Mortgaged Property.

(c) Buildings: Any and all structures and on-site improvements, and any and all additions, alterations, betterments and appurtenances thereto, now or at any time hereafter situated, placed or constructed upon the Real Estate (as hereinafter defined) including, but not limited to, the existing improvements, title to which is being conveyed to Mortgagor contemporaneously herewith.

(d) City-Lender Agreement: That certain City-Lender Agreement dated January 28, 1999 by and between the City of Chicago and Mortgagee.

(e) Contracts: The Mortgagor's right, title and interest in any and all contracts, documents or agreements pertaining to the ownership, use, occupancy, development, design, construction, financing, operation, management, alteration, repair, marketing, sale, lease or enjoyment of the Mortgaged Property, and all rights, privileges, authority and benefits thereunder (but under no circumstances any liabilities, obligations or responsibilities thereunder).

(f) Event of Default: The occurrences defined in Article 9 of this Mortgage.

(g) Fixtures: All fixtures, as defined in and subject to the Uniform Commercial Code, located on the Real Estate including, without limitation, all systems, fittings, structures, equipment, apparatus, fixtures and other improvements and items now or hereafter temporarily or permanently attached to, installed in or used in connection with any of the Buildings or the Real Estate, including, but not limited to, any and all partitions, hardware, motors, engines, boilers, furnaces, pipes, plumbing, conduit, sprinkler systems, fire extinguishing equipment, elevator equipment, telephone and other communications equipment, security equipment, master antennas and cable television equipment, water tanks, heating, ventilating, air conditioning and refrigeration equipment, laundry facilities, and incinerating, gas and electric machinery and equipment.

(h) Governmental Authority: Any and all courts, boards, agencies, commissions, offices or other authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) or arbitration authority, whether now or hereafter in existence.

(i) Impositions: All (i) general and special real estate and personal property taxes and other land taxes and assessments, water and sewer rates and charges, and all other governmental charges and any interest or costs or penalties with respect to the Mortgaged Property, (ii) charges for any easement or agreement maintained for the benefit of the Mortgaged Property which at any time prior to or after the execution of the Loan Documents may be assessed, levied or imposed upon the Mortgaged Property or the rent or income received therefrom or any use or occupancy thereof, (iii) other taxes, assessments, fees and governmental charges levied, imposed or assessed upon or against Mortgagor in connection with the Mortgaged Property, and (iv) annual premiums for insurance policies required to be maintained under this Mortgage or the Reimbursement Agreement with respect to the Mortgaged Property.

(j) Leases: The Mortgagor's right, title and interest in any and all leases, subleases, licenses, concessions or grants of other possessory interests (written or oral) now or hereafter in force, covering or affecting the Mortgaged Property, or any part thereof or interest therein, together with all rights, powers, privileges, options and other benefits of Mortgagor thereunder (but under no circumstances any liabilities, obligations or responsibilities thereunder).

(k) Legal Requirements: The terms, covenants, conditions and restrictions now or hereafter existing to which Mortgagor may be bound or to which the Mortgaged Property is subject under (i) any and all present and future statutes, laws, rulings, opinions, rules, regulations, codes, permits, certificates, approvals, ordinances, judicial decisions or orders of any Governmental Authority in any way applicable to Mortgagor or the Mortgaged Property, and the ownership, use, occupancy, possession, development, design, construction, financing, operation, maintenance, alteration, repair, marketing, sale, lease or enjoyment thereof, including without limitation, any related to zoning, building, utility service, sewer service, fire safety, land and water use, environmental protection, occupational health and safety or flood hazard; (ii) any and all Leases; (iii) any and all Contracts; (iv) any lease, sublease, option, articles of agreement for deed, installment contract or other contract or agreement pursuant to which Mortgagor is granted any possessory, legal, equitable, beneficial or other interest in the Mortgaged Property; and (v) any and all other easements, covenants, conditions, restrictions, leases or other contracts and agreements (written or oral) of any nature to which Mortgagor may be bound or to which the Mortgaged Property may be subject.

(l) Letter of Credit: as defined in Section 1.1(a) above.

(m) Loan Documents: This Mortgage, the Assignment of Rents, the Reimbursement Agreement, the Security Agreements and the Related Documents (all as defined in the Reimbursement Agreement), and any and all other documents now or hereafter evidencing or securing the payment of the Indebtedness or the observance or performance of the Obligations, and any and all amendments, modifications, restatements, replacements, substitutions, renewals, extensions and increases thereto whether heretofore or hereafter entered into in connection with the Indebtedness.

(n) Mortgaged Property: The Real Estate, Fixtures, Leases, Contracts, Rents, Awards and Personalty, whether now owned or hereafter acquired, together with:

(i) any and all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances of the Real Estate belonging or in anyway appertaining thereto, and all right, title and interest of Mortgagor in and to any streets, ways, strips or gores of land adjoining the Real Estate or any part thereof; and

(ii) any and all betterments, additions, appurtenances, substitutions, replacements and after acquired title or interests thereof and all reversions and remainders therein; and

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- (iii) any and all other security and collateral of any nature whatsoever, now or hereafter given for the repayment of the Indebtedness or the performance and discharge of the Obligations including any and all funds held by the indenture trustee of the bonds (to the extent such funds might be deemed property of the Mortgagor); and
- (iv) any and all proceeds of all of the foregoing.
- (o) Mortgagee: The above named Mortgagee and any and all successors or assigns.
- (p) Mortgagee's Address: One First National Plaza, Suite 0091, Chicago, Illinois.
- (q) Mortgagor: The above named Mortgagor and any and all successors, transferees, assignees and subsequent owners of the Mortgaged Property.
- (r) Mortgagor's Address: 200 S. Columbus Drive, Chicago, Illinois.
- (s) Obligations: Any and all of the covenants, conditions, warranties, representations and other obligations (other than the obligation to repay the Indebtedness) of the Mortgagor to Mortgagee under or as set forth in the Reimbursement Agreement, this Mortgage or the other Loan Documents, whether heretofore or hereafter existing, and whether primary or secondary, direct or indirect, absolute or contingent, and including the enforcement by Mortgagee of its rights and remedies under any or all of the foregoing (including all costs, expenses and reasonable attorneys' and paralegals' fees and expenses incurred by the Mortgagee).
- (t) Permitted Exceptions: The encumbrances and title exceptions specifically described in Exhibit B attached hereto and made a part hereof.
- (u) Personalty: All right, title and interest of Mortgagor in and to all furniture, furnishings, equipment, machinery, of any kind or character as defined in the provisions of the Uniform Commercial Code now or hereafter located upon, within or about the Real Estate and the Buildings, or used or useful in connection therewith, together with all existing or future accessories, replacements and substitutions thereto or therefor and the proceeds therefrom, including, but not limited to: (i) all furniture, furnishings and equipment; (ii) all building materials and equipment intended to be incorporated in the improvements now or hereafter to be constructed on the Real Estate, whether or not yet incorporated in such improvements; (iii) all machinery, apparatus, systems, equipment or articles used in supplying heating, gas, electricity, ventilation, air conditioning, water, light, power, refrigeration, fire protection, elevator service, telephone and other communication service, waste removal and all fire sprinklers, smoke detectors, alarm systems, security systems, electronic monitoring equipment and devices; (iv) all maintenance equipment; (v) all office furniture, equipment and supplies; (vi) all tractors, mowers, sweepers, snow removal equipment and other equipment used in maintenance of interior and exterior portions of the Real Estate or the Buildings; and (vii) all other maintenance supplies and inventories; provided, that the enumeration of any specific articles of personalty set forth above

shall in no way exclude or be held to exclude any items of property not specifically enumerated, and that any of the foregoing items that do not constitute personal property but constitute fixtures under applicable law shall be included in the definition of the term "Fixtures" as used herein.

(v) Real Estate: (i) The leasehold estate created pursuant to that certain lease dated October 15, 1998, by and between the City of Chicago, an Illinois municipal corporation ("Lessor") and Mortgagor, as lessee (the "Lease") relating to certain real property in Cook County, Illinois, legally described on Exhibit C attached hereto and made a part hereof, (the "Leasehold Estate") a memorandum of which herein is recorded with the Recorder of Deeds of Cook County, Illinois, as Document No. ~~99108849~~ * ; and (ii) ownership of any and all Buildings and/or other improvements located on the property legally described in Exhibit C.

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(w) Reimbursement Agreement: as defined in Section 1.1(b) above.

(x) Rents: All of the rents, revenues, income, profits, deposits and other benefits payable under the Leases and/or otherwise arising from or out of the Mortgaged Property or out of the ownership, use or enjoyment of all or any portion of the Mortgaged Property or part thereof or interest therein.

Article 3

GRANT

3.1 Grant. To secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations, Mortgagor by these presents hereby GRANTS, ASSIGNS, MORTGAGES and Warrants unto Mortgagee the Mortgaged Property subject to the Permitted Exceptions, free and clear from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois (which rights and benefits are hereby expressly released and waived). Mortgagor does hereby bind itself, its successors and assigns to warrant and forever defend fee simple absolute title to the Mortgaged Property unto Mortgagee, and the quiet and peaceful enjoyment and possession thereof, against every person whomsoever claiming the same or any part thereof or interest therein, except for the Permitted Exceptions.

3.2 Condition of Grant. The condition of these presents is such that if Mortgagor and the other Borrowers shall pay or cause to be paid the Indebtedness as and when the same shall become due and payable and shall observe, perform and discharge the Obligations in accordance with this Mortgage and the other Loan Documents, then this Mortgage and the other Loan Documents and the estates and rights granted by them shall be released and terminated by Mortgagee.

3.3 Merger. So long as any of the Indebtedness remains unpaid unless the Mortgagee shall otherwise in writing consent, the fee title and the leasehold estate in the Leasehold Estate

shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates either in the lessor or in the lessee, or in a third party, by purchase or otherwise; and the Mortgagor covenants and agrees that, if it shall acquire the fee title or any other estate, title or contract in the real property covered by the Lease, this Mortgage shall be considered as mortgaged, assigned and conveyed to Mortgagee and the lien hereof spread to cover such estate with the same force and effect as though specifically herein mortgaged, assigned or conveyed and spread.

Article 4

ASSIGNMENT OF LEASES AND RENTS

4.1 Assignment of Leases and Rents: To further secure the full and timely payment of Indebtedness and the full and timely performance and discharge of the Obligations, Mortgagor hereby sells, assigns and transfers unto Mortgagee all of the Leases, together with the Rents now due and which may hereafter become due under or by virtue of any of the Leases, and all rights and remedies conferred by applicable State law, as such may be amended from time to time, it being the intention hereby to establish an absolute and present transfer and assignment of all such Leases and Rents, and all avails thereunder, to Mortgagee; provided, however, the acceptance by Mortgagee of the foregoing assignment, with all of the rights, powers, privileges and authority so created, shall not, prior to entry upon and taking possession of the Mortgaged Property by Mortgagee, be deemed or construed to constitute Mortgagee a "Mortgagee in Possession," nor thereafter or at any time or in any event obligate Mortgagee to appear in or defend any actions thereunder, to expend any money, incur any expenses, or perform or discharge any obligation, duty or liability under the Leases or to assume any obligation or responsibility for any security deposits or other deposits delivered to Mortgagor thereunder. So long as no Event of Default shall exist, Mortgagee shall not demand from any tenants under the Leases any Rents or monies hereby assigned arising from or out of said Leases or from or out of the Mortgaged Property or any part thereof, but shall permit the Mortgagor to collect, but not prior to accrual, all such Rents and enjoy the same; provided that notwithstanding the foregoing, all tenants under the Leases shall comply with any demand for Rents or monies made by Mortgagee without inquiring or investigating as to whether such demand is made in compliance herewith. A demand by Mortgagee to any tenant or purchaser for payment of monies by reason of any Event of Default claimed by Mortgagee shall be sufficient direction to said tenant to make future payments of monies to Mortgagee without the necessity for further consent by, or notice to, Mortgagor.

Article 5

SECURITY AGREEMENT; FINANCING STATEMENT; CONSTRUCTION MORTGAGE

5.1 Security Interest.

(a) This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code of Illinois (the "UCC"), and any other applicable law. To the extent any of the Mortgaged Property consists of personal property under the UCC, whether tangible or intangible in nature, Mortgagor by executing and delivering this Mortgage has granted and hereby grants to Mortgagee, as security for the Indebtedness and Obligations, a security interest in the Mortgaged Property. Said portion of the Mortgaged Property so subject to the UCC shall be referred to in this paragraph as "Collateral."

(b) If any Event of Default shall occur, Mortgagee, in addition to any other rights and remedies which it might 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 UCC including, without limiting the generality of the foregoing, the right to take possession of the Collateral of any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral.

(c) If any Event of Default then exists, without notice, demand or legal process of any kind, Mortgagee may take possession of any or all of the Collateral, wherever it might be found and for that purpose, Mortgagee shall have the right, without breaching the peace, to enter upon the premises of Mortgagor where the Collateral is located (or is believed to be located) without any obligation to pay rent to Mortgagor, or any other place or places under the control of Mortgagor where the Collateral is believed to be located and kept, and remove the Collateral therefrom to the premises of Mortgagee or any agent of Mortgagee, for such time as Mortgagee may desire, in order to effectively collect or liquidate the Collateral, and/or Mortgagee may require Mortgagor to assemble the Collateral and make it available to Mortgagee at a place or places to be designated by Mortgagee. If an Event of Default then exists, Mortgagee shall have the right to obtain access to Mortgagor's data processing equipment, computer hardware and software relating to the Collateral and to use all of the foregoing and the information contained therein in any manner Mortgagee deems appropriate which is related to the preservation or disposition of the Collateral or to the collection of the Indebtedness or Obligations.

(d) Any notice required to be given by Mortgagee of a sale, lease or other disposition or other intended action by Mortgagee with respect to any of the Collateral which is deposited in the United States mails, postage prepaid and duly addressed to Mortgagor at the address specified in Article 2, at least ten (10) Business Days (as defined in the Reimbursement Agreement) prior to such proposed action, shall constitute fair and reasonable notice to Mortgagor of any such action. The net proceeds realized by Mortgagee upon any such sale or other

disposition, after deduction for the reasonable expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorneys' fees and legal expenses incurred by Mortgagee in connection therewith, shall be applied as provided herein toward satisfaction of the Indebtedness and the Obligations. Mortgagee shall account to Mortgagor for any surplus realized upon any such sale or other disposition, and Mortgagor shall remain liable for any deficiency. The commencement of any action, legal or equitable, or the rendering of any judgment or decree for any deficiency shall not affect Mortgagee's Lien on the Collateral until the Indebtedness and Obligations are fully paid. Mortgagor agrees that Mortgagee has no obligation to preserve rights to the Collateral against any other parties. To the extent Mortgagor has the power, without violating the terms of any agreement existing as of the Closing Date (as defined in the Reimbursement Agreement), to grant such a license, Mortgagee is hereby granted a license or other right to use, without charge, any Mortgagor's labels, patents, production certificates, type certificates, supplemental certificates, copyrights, rights of use of any name, trade secrets, trade names, tradestyles, trademarks, service marks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral.

(e) In addition to all such rights and remedies, the sale, lease or other disposition of the Collateral, or any part thereof, by Mortgagee after an Event of Default may be for cash, credit or any combination thereof, and Mortgagee may purchase all or any part of the Collateral at public or, if permitted by Law, private sale, and in lieu of actual payment of such purchase price, may set-off the amount of such purchase price against the Indebtedness and Obligations then owing. Any sale of the Collateral may be adjourned from time to time with or without notice. Mortgagee may, in its sole discretion, cause any Collateral to remain on Mortgagor's premises, at Mortgagor's expense, pending sale or other disposition of such Collateral. Mortgagee shall have the right to conduct such sales on a Mortgagor's premises, at Mortgagor's expense, or elsewhere on such occasion or occasions as Mortgagee may see fit.

(f) Mortgagor shall pay to Mortgagee on demand any and all reasonable expenses, including legal expenses and reasonable attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral.

5.2 Characterization as Personalty. The grant of a security interest to Mortgagee in the granting clause of this Mortgage shall not be construed to derogate from or impair the lien or provisions of or the rights of Mortgagee hereunder with respect to any property described herein which is real property or which the parties have agreed to treat as real property. The stated intention of Mortgagor and Mortgagee is that everything used in connection with the production of income from the Real Estate or adapted for use thereon is, and at all times and for all purposes and in all proceedings, both legal and equitable, at Mortgagee's election, regarded as real property, irrespective of whether or not the same is physically attached to the land and/or Improvements.

5.3 Financing Statement. This Mortgage is intended to be a financing statement under the Uniform Commercial Code with respect to all personal property of the Mortgagor pledged herein and all fixtures. The addresses of Mortgagor and Mortgagee are as defined in Section 2.1 of this Mortgage. This Mortgage is to be filed for record in the real estate records of the county where the Real Estate is located. Mortgagor is the record owner of the Real Estate.

5.4 Construction Mortgage. This is a construction mortgage within the meaning of Section 9-313(1)(c) of the Uniform Commercial Code of Illinois and is entitled to all the benefits and priorities afforded such a mortgage under law.

5.5 Further Assurances and Deliveries. If requested by Mortgagee, Mortgagor shall execute and deliver to Mortgagee, in form reasonably satisfactory to Mortgagee, additional security agreements, financing statements and/or other instruments covering all personal property or fixtures of Mortgagor pledged hereunder, whether now existing or hereafter acquired, placed on, or annexed or made appurtenant to the Real Estate, including delivery of any and all instruments (together with endorsements in blank) delivered to Mortgagee, which instruments constitute or constituted proceeds of any personal property pledged herein.

Article 6

REPRESENTATIONS AND WARRANTIES

Mortgagor hereby represents and warrants to Mortgagee as of the date hereof and as of all dates hereafter that:

6.1 Organization, Authority. Mortgagor: (a) is duly organized, validly existing and in good standing under the laws of the State of Illinois; and (b) is qualified to do business in every jurisdiction in which the nature of its business or properties makes such qualification necessary and the failure to so qualify would have a materially adverse effect on the business or financial affairs of Mortgagor.

6.2 Permits and Approvals. All permits, certificates, approvals and licenses required for or in connection with the ownership, use, occupancy or enjoyment of the Mortgaged Property have been duly and validly issued and are and shall at all times hereafter be in full force and effect, or, prior to commencement of any construction for which such permits, certificates, approvals or licenses are required, will be in full force and effect.

6.3 Access. All streets and highways necessary for access to and full use, occupancy and operation of the Mortgaged Property have been completed and are open and available to the Mortgaged Property without further condition or cost to Mortgagor.

6.4 No Violation of Legal Requirements. Except as previously disclosed to Mortgagee in writing, neither the contemplated use, occupancy or operation of the Mortgaged Property violates or will then violate any Legal Requirements to which the Mortgagor may be bound or to which the Mortgaged Property may be subject. Mortgagor shall promptly notify Mortgagee, in writing, of its receipt of any notice of a violation of any Legal Requirements. Mortgagor hereby agrees to indemnify and hold Mortgagee harmless from all loss, cost, damage, claim and expense incurred by Mortgagee on account of Mortgagor's failure to perform the obligations of this subparagraph.

6.5 Illinois Responsible Property Transfer Act. With respect to the Illinois Responsible Property Transfer Act, 765 ILCS 90/1 *et seq.* ("IRPTA"): (1) no disclosure document is required by IRPTA; (2) there are no underground storage tanks located on the Mortgaged Property; and (3) the Mortgaged Property does not contain any facilities which are subject to reporting under Section 312 of the Federal Emergency Planning and Community Right to Know Act of 1986, and the federal regulations promulgated thereunder.

6.6 Lease. The Lease is in full force and effect and unmodified.

6.7 Rents. All rents (including additional rents and other charges) reserved in the Lease have been paid to the extent they were payable prior to the date hereof.

6.8 Defaults. There is no uncured default under the Lease or in the performance of any of the terms, covenants, conditions or warranties thereof on the part of the Mortgagor to be observed and performed. No state of facts exist which, with the lapse of time or giving of notices or both would constitute a default under the Lease.

Article 7

COVENANTS

Until the entire Indebtedness shall have been paid and the Obligations performed in full, Mortgagor hereby unconditionally covenants and agrees as follows:

7.1 Payment and Performance. Mortgagor shall pay the Indebtedness, as and when all or any payment thereunder is due and shall perform or cause to be performed all of the Obligations in full on or before the dates the Obligations or any part thereof are required to be performed, and shall commit or suffer no act or event which (upon notice or the passage of time, or both) would constitute a default or Event of Default under the Loan Documents or the Legal Requirements.

7.2 Compliance with Laws. Mortgagor will promptly and faithfully comply in all material respects with all present and future laws, ordinances, rules, regulations and requirements, and all other Legal Requirements, including, without limitation, applicable zoning, building, land

use, occupational health and safety, hazardous waste and substances, and environmental requirements, of every Governmental Authority and of every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, which may be applicable to it or to the Mortgaged Property, or any part thereof, or to the use, occupancy, possession, operation, maintenance, alteration or repair of the Mortgaged Property, or any part thereof or interest therein. Mortgagor shall immediately notify Mortgagee, orally and in writing, of its receipt of any notice of a violation in any material respect of any Legal Requirements. Mortgagor shall pay to Mortgagee, upon demand, all losses, costs, damages, claims and expenses incurred by Mortgagee on account of Mortgagor's failure to perform the obligations of this paragraph.

7.3 Payment of Impositions.

(a) Mortgagor will duly pay and discharge, or cause to be paid and discharged, the Impositions, such Impositions or installments thereof to be paid not later than the day any fine, penalty, interest or cost may be added thereto or imposed by law for the non-payment thereof. Mortgagor shall, upon Mortgagee's request, furnish proof to Mortgagee within fifteen (15) days after such request that such Impositions have been paid.

(b) Mortgagee may at its option, should Mortgagor fail to pay any Impositions levied or assessed on or against the Real Estate before they become delinquent, pay the full amount of any such tax bill, including any applicable interest or penalties, and all such monies so advanced shall be additional Indebtedness of Mortgagor to Mortgagee secured by the lien of this Mortgage and shall bear interest at the Default Rate and be payable on demand.

7.4 Maintenance and Repair. Mortgagor shall (i) constantly maintain the Mortgaged Property in good condition and make all repairs and replacements thereof and additions and improvements thereto as are necessary or appropriate under sound management practices; and (ii) prevent any act or thing which might impair or diminish the value or usefulness of the Mortgaged Property, or the Improvements with respect thereto.

7.5 Insurance. Mortgagor shall procure for, deliver to and maintain for the benefit of Mortgagee during the term of this Mortgage, all such insurance as required by Mortgagee, including, but not limited to, casualty insurance against loss or damage by fire, lightning and other hazards and casualties as are now included in so-called "extended coverage" policies in amounts not less than the full insurable replacement value of all Buildings and other Fixtures and equipment from time to time on the Mortgaged Property, and comprehensive public liability insurance in an amount satisfactory to Mortgagee. All insurance policies shall be in form, companies and amounts satisfactory to Mortgagee. All insurance policies shall (i) include, when available, non-contributing Mortgagee endorsements in favor of and with loss payable to Mortgagee, (ii) name Mortgagee and Co-Lenders as additional insureds with respect to liability insurance, (iii) include standard waiver of subrogation endorsements, (iv) provide that the coverage shall not be terminated or materially modified without thirty (30) days' advance written notice to Mortgagee and (v) provide that no claims shall be paid thereunder without ten (10) days' advance written

notice to Mortgagee. Mortgagor will deliver all insurance policies premium prepaid, to Mortgagee and, will deliver renewal or replacement policies at least thirty (30) days prior to the date of expiration of any policy. The requirements of the preceding sentence shall apply to any separate policies of insurance taken out by Mortgagor concurrent in form or contributing in the event of loss with the insurance policies. If Mortgagor fails to provide such insurance, or if any policy is canceled, reduced, or not renewed, Mortgagee may, but shall not be obligated, to obtain such insurance, and the cost thereof shall be additional Indebtedness of Mortgagor to Mortgagee secured hereby bearing interest at the Default Rate. Mortgagor will promptly upon demand pay directly to or reimburse Mortgagee for all premiums and other costs incurred in procuring such insurance. In the event of foreclosure of this Mortgage or other transfer of title to the Mortgaged Property in extinguishment in whole or in part of the Indebtedness, all right, title and interest of Mortgagor in and to such policies then in force concerning the Mortgaged Property, and all proceeds payable thereunder, shall thereupon vest in the purchaser at such foreclosure or in Mortgagee in the event of such transfer.

7.6 Adjustment of Losses with Insurer. Mortgagor hereby assigns to Mortgagee all proceeds from any insurance policies pertaining to the Mortgaged Property, and Mortgagee is hereby authorized and empowered, at its option, to make or file proofs of loss or damage and to adjust or compromise any loss, and to collect and receive the proceeds from any such policies; provided, however, Mortgagee shall not be held responsible for any failure to collect any insurance proceeds regardless of the cause of failure.

7.7 Application of Insurance Proceeds. In the event of any insured loss, Mortgagor shall give prompt written and oral notice thereof to Mortgagee and to the insurer. Mortgagee may require that the payment for such loss be paid directly to Mortgagee only and not jointly to Mortgagor and Mortgagee. Any proceeds shall be applied pursuant to the terms of the City-Lender Agreement. Wherever provision is made herein for insurance policies to bear mortgage clauses or other loss payable clauses 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 contest use of insurance proceeds, from and after the entry of judgment of foreclosure, all such rights and powers of the Mortgagee shall continue in the Mortgagee as judgment creditor.

7.8 Condemnation Proceeds. All Awards shall be paid to Mortgagee and, after deducting from said Awards all of its expenses in the collection and administration of said sums, Mortgagee shall have the right, at its option, to apply the net proceeds in payment of the Indebtedness (whether then matured or to mature in the future), either in whole or in part (in such order as Mortgagee shall deem proper), or to require the Mortgaged Property so affected by such condemnation to be repaired or restored by the use of such proceeds. Mortgagor agrees that if the proceeds are released to be applied toward restoration, Mortgagor shall expeditiously proceed to so repair or restore the Mortgaged Property. Mortgagee shall be entitled to all Awards, and is hereby authorized, at its option, to commence, appear in and prosecute, in its own name or in Mortgagor's name, any such proceeding relating to any condemnation, and to settle or compromise

any claim in connection therewith. Mortgagor hereby assigns and transfers to Mortgagee all Awards up to the amount of the Indebtedness and the claims, rights and proceedings in connection therewith. Mortgagor agrees to execute such further assignments of all Awards and claims, rights and proceedings in connection therewith as Mortgagee may request. Mortgagee shall not be held responsible for any failure to collect any amount in connection with any such proceeding regardless of the cause of failure.

7.9 Performance of Agreements. Mortgagor will duly and punctually perform all covenants and agreements under any agreements to which it is respectively a party with respect to the Mortgaged Property or any part thereof, including, but not limited to the Reimbursement Agreement.

7.10 Inspection. Upon the Mortgagee's request, Mortgagor shall permit Mortgagee or any Lender, and any of their officers, employees or agents, to visit, during normal business hours, for inspection and review, the Mortgaged Property and will make available and furnish to Mortgagee and any Lender the Mortgagor's books and records and such financial information concerning the Mortgaged Property as reasonably requested by Mortgagee or any Lender according to the terms and limitations set forth in the Reimbursement Agreement.

7.11 Hold Harmless. In addition to the agreements of Mortgagor under the Reimbursement Agreement, Mortgagor hereby indemnifies and will defend and hold Mortgagee harmless from and against any and all proceedings, claims, actions, causes of action, suits, proceedings, investigations, losses, costs, liabilities, damages, punitive damages, penalties and expenses, including reasonable attorneys' and paralegals' fees and disbursements arising out of, affecting or relating to the Mortgaged Property or the Loan Documents.

7.12 Lien Status. Mortgagor shall protect the lien and security interest of this Mortgage and the Loan Documents and shall not place, or permit to be placed, or otherwise mortgage, pledge, hypothecate or encumber the Mortgaged Property with any other lien, attachment, levy, or security interest of any nature whatsoever (whether mechanics, judgment, delinquent tax, statutory, contractual or other) regardless of whether the same is allegedly or expressly subordinate and inferior to the liens and security interest created by this Mortgage and the Loan Documents, except for the Permitted Exceptions, and if any such lien or security interest is asserted against the Mortgaged Property, Mortgagor shall promptly, and at its own cost and expense, pay the underlying claim in full, or appear in and defend any action or claim, or take such other action so as to cause the same to be released within thirty (30) days of when asserted, made or filed.

7.14 Restrictions on Transfer and Financing. It shall be an immediate Event of Default and default herein if, without the prior written consent of the Mortgagee, exercisable in its complete discretion, the Mortgagor sells, transfers, assigns, encumbers, hypothecates, pledges or creates a security interest in the Real Estate or any interest therein.

7.15 Existence. Mortgagor shall maintain and preserve its corporate existence, good standing, certificates of authority, licenses, permits, franchises, patents, trademarks, trade names, service marks, copyrights, leases and all other contracts and rights necessary or desirable to continue its operations and business on a profitable basis and will generally continue the same line of business as that being presently conducted.

7.16 Use Restrictions. Mortgagor shall not use, maintain, operate or occupy, or allow the use, maintenance, operation or occupancy of, the Mortgaged Property in any manner which would: (a) be dangerous unless safeguarded as required by law; or (b) make void, voidable or cancelable, or increase the premium of, any insurance then in force with respect thereto.

7.17 Replacement of Fixtures and Personalty. Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures or Personalty to be removed at any time from the Real Estate.

7.18 Covenants Related to the Leasehold Estate.

(a) Mortgagor agrees to defend the Leasehold Estate created under the Lease for the entire remainder of the term set forth therein, against all and every person or persons lawfully claiming, or who may claim the same or any part thereof, subject to the payment of the rents in the Lease reserved and subject to the performance and observance of all of the terms, covenants, conditions and warranties thereof.

(b) Mortgagor shall pay or cause to be paid all rents, additional rents, taxes, assessments, water rates, sewer rents, and other charges and impositions payable by the lessee under the Lease for which provision has not been made hereinbefore, when and as often as the same shall become due and payable. Mortgagor will in every case deliver, or caused to be delivered, a proper receipt for any such item so paid and will within ten (10) days after the time when such payment shall be due and payable deliver to the Mortgagee, a copy of the receipts for any such payments.

(c) Mortgagor shall at all times promptly and faithfully keep and perform, or cause to be kept and performed, all the covenants and conditions contained in the Lease by the lessee under the Lease be kept and performed and in all respects conform to and comply with the terms and conditions of the Lease, and the Borrower further covenants that it shall not do or permit anything which will impair or tend to impair the security of this Mortgage.

(d) Mortgagor shall not modify, extend or in any way alter the terms of the Lease or cancel or surrender said Lease, or waive, execute, condone or in any way release or discharge the lessor thereunder of or from the obligations, covenants, conditions and agreements by said lessor to be done and performed; and the Mortgagor does expressly release, relinquish and surrender unto the Mortgagee all of its rights, power and authority to cancel, surrender, amend, modify or alter in any way the terms and provisions of the Lease and any attempt on the part of

the Mortgagor to exercise any such right without the written approval and consent of the Mortgagee being first had and obtained shall immediately constitute an Event of Default hereunder.

(e) Mortgagor shall immediately give Mortgagee written notice of any default or claimed default under the Lease or of the receipt by it of any notice of default from the lessor hereunder.

(f) In the event of any failure by Mortgagor to perform any covenant on the part of the lessee to be observed and performed under the Lease, the performance by Mortgagee on behalf of Mortgagor of the lease covenant shall not remove or waive, as between Mortgagor and Mortgagee, the corresponding default under the terms hereof and any amount so advanced by Mortgagee or any costs incurred in connection therewith, with interest thereof at the Default Rate shall constitute additional Indebtedness and be immediately due and payable.

Article 8

EVENTS OF DEFAULT

The term "Event of Default" shall mean the occurrence or happening, at any time and from time to time, of any one or more of the following, without notice to Mortgagor and without any grace period unless otherwise expressly set forth herein or in the Loan Documents.

8.1 Reimbursement Agreement. Any Event of Default under the Reimbursement Agreement.

8.2 Failure to Obtain Mortgagee's Consent to Transfer or Financing. If Mortgagor shall violate Paragraph 7.14 above.

8.3 Performance of Obligation. If Mortgagee fails to perform any covenant herein (other than a failure which would constitute a breach under any other section of this Article) and such failure continues for thirty (30) days after written notice thereof from Mortgagee to Mortgagor.

8.4 Laws Affecting Obligations and Indebtedness. If subsequent to the date of this Mortgage, any law is passed (a) which renders payment of the Indebtedness and/or performance of the Obligations by Mortgagor unlawful or (b) which prohibits Mortgagee from exercising any of its rights and remedies under the Loan Documents.

8.5 Foreclosure of Other Liens. If the holder of a junior or senior mortgage or other lien on the Mortgage Property (without hereby implying Mortgagee's consent to any such junior

or senior mortgage or other lien) declares a default or institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

8.6 Damage or Destruction. If the Mortgaged Property or any material part thereof is demolished, destroyed or damaged by any cause whatsoever and the loss is not adequately covered by insurance and Mortgagor fails to deposit with Mortgagee the deficiency upon written request.

8.7 Tax on Indebtedness or Mortgage. If any law is passed: (a) which would impose upon Mortgagee the obligation to pay the whole or any part of the Impositions; or (b) which would change in any way the laws relating to the taxation of mortgages, deeds of trust or debts so as to affect this Mortgage or the Indebtedness; provided, however, that if in the opinion of Mortgagee's counsel it shall be lawful for Mortgagor to pay such Impositions or to reimburse Mortgagee thereof, then no Event of Default shall be deemed to have occurred if a mutually satisfactory reimbursement agreement is executed by Mortgagor and delivered to Mortgagee and such Impositions or reimbursements are thereafter paid by Mortgagor.

8.8 Levy or Attachment. If any writ, attachment, levy, citation, lien or distress warrant shall be issued against the Mortgaged Property or any part thereof or interest therein.

8.9 Failure to Obtain or Maintain Permits and Licenses. The failure of Mortgagor to obtain or maintain any permits or licenses which are necessary and required for the ownership, use and operation of the Mortgaged Property or the cancellation or any attempted assignment thereof, without the prior written consent of Mortgagee.

Article 9

DEFAULT AND FORECLOSURE

9.1 Remedies. If an Event of Default shall occur, Mortgagee may, at its option, exercise one or more or all of the following remedies either successively or concurrently.

(a) Rights Under Reimbursement Agreement. Exercise any and all rights under the Reimbursement Agreement.

(b) Receiver. Apply at any time to a court having jurisdiction for the appointment of a receiver of the Mortgaged Property, and of the Rents and Leases; and such appointment shall be made by the court as a matter of strict right to Mortgagee and without reference to the adequacy or inadequacy of the security or value of the Mortgaged Property, or to the solvency or insolvency of Mortgagor, and Mortgagor does hereby irrevocably consent to such appointment. The Rents shall be applied by the receiver to the payment of the Indebtedness, as provided in paragraph 9.5 below, or as otherwise ordered by the court.

(c) Entry on Mortgaged Property. Enter upon the Mortgaged Property as is permitted by law, without force or with such force as is permitted by law, and without notice or process or with such notice or process as is required by law, unless such notice or process is waivable, in which case Mortgagor hereby waives such notice and process, and take exclusive possession thereof and of all books, records and accounts relating thereto.

(d) Full or Partial Judicial Foreclosure. Pursuant to the procedures provided by applicable law, institute and prosecute foreclosure proceedings with respect to the Mortgaged Property; or, if Mortgagee so elects, institute foreclosure procedures only with respect to a portion of the Indebtedness or to a portion of the Mortgaged Property (such partial proceedings being hereinafter referred to as a partial foreclosure). Mortgagor agrees that a sale pursuant to a partial foreclosure, if so made, shall not in any manner affect the remainder of the secured Indebtedness, but as to such remainder this Mortgage and the lien thereof shall remain in full force and effect just as though no foreclosure sale had been made under the provisions of this paragraph. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect, at any time prior to a foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate the entire secured Indebtedness by reason of any Event of Default upon which such partial foreclosure was predicated or by reason of any other Event of Default, and proceed with full foreclosure proceedings. It is further agreed that several foreclosure sales may be made pursuant to partial foreclosures without exhausting the right of full or partial foreclosure sale for any remainder of the secured Indebtedness, it being the purpose hereof to provide for a partial foreclosure sale of the secured Indebtedness without exhausting the power to foreclose and to sell the Mortgaged Property pursuant to any such partial foreclosure for any other part of the secured Indebtedness whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure.

(e) Other. Exercise any other remedy specifically granted under the Loan Documents, or now or hereafter existing at law or in equity, by virtue of statute or otherwise.

9.2 Right and Authority of Receiver or Mortgagee in the Event of Defaults, Power of Attorney. Upon the occurrence of an Event of Default hereunder and entry upon the Mortgaged Property pursuant to paragraph 9(c) above, or appointment of a receiver pursuant to paragraph 9(b) above, and under such terms and conditions as may be deemed prudent and reasonable, in Mortgagee's or the receiver's opinion under the circumstances, all at Mortgagor's expense, Mortgagee or said receiver, as the case may be, may do or permit any one or more of the following, successively or concurrently in accordance with applicable law: (a) enter upon and take possession and control of the Mortgaged Property; (b) take and maintain possession of all documents, books, records, papers and accounts related to the Mortgaged Property; (c) exclude Mortgagor, its agents and employees wholly from the Mortgaged Property; (d) manage and operate the Mortgaged Property, including the exercise by Mortgagee of all rights of Mortgagor under Contracts; (e) preserve and maintain the Mortgaged Property; (f) make repairs and alterations to the Mortgaged Property; (g) complete any construction or repair of the improvements on the Mortgaged Property with such changes, additions or modifications to the

plans and specifications or intended disposition and use of the improvements under construction on the Mortgaged Property as Mortgagee may deem appropriate or desirable to place the Mortgaged Property in such condition as will, in Mortgagee's sole judgment, make it or any part thereof readily marketable or rentable; (h) conduct a marketing or leasing program with respect to the Mortgaged Property, or employ a marketing or leasing agent or agents to do so, directed to the lease or sale of the Mortgaged Property, under such other terms and conditions as Mortgagee may in its sole discretion deem appropriate or desirable; (i) employ such contractors, subcontractors, materialmen, architects, engineers, consultants, managers, brokers, marketing agents or other employees, agents, independent contractors or professionals, as Mortgagee may in its sole discretion deem appropriate or desirable, to implement and effectuate the rights and powers herein granted; (j) execute and deliver, in the name of Mortgagor as attorney-in-fact and agent of Mortgagor, or in its own name as Mortgagee or receiver, such documents and instruments as are necessary or appropriate to consummate authorized transactions; (k) enter such leases, whether of real or personal property, or tenancy agreements, under such terms and conditions as Mortgagee or receiver may in its sole discretion deem appropriate or desirable; (l) collect and receive the Rents from the Mortgaged Property; (m) eject tenants or repossess personal property, as provided by law, for breaches of the conditions of their leases or other agreements; (n) sue for unpaid rents, payments, income or proceeds in the name of Mortgagor or Mortgagee; (o) maintain actions in forcible entry and detainer and actions in distress for rent; (p) compromise or give acquittance for rents, payments, income or proceeds that may become due; (q) delegate or assign any and all rights and powers given to Mortgagee by this Mortgage; and/or (r) do any acts which Mortgagee or the receiver in its discretion deems appropriate or desirable to protect the security hereof and/or use such measures, legal or equitable, as it may in its discretion deem appropriate or desirable, to implement and effectuate the provisions of this Mortgage. This Mortgage shall constitute a direction to and full authority to any lessee or other third-party who has heretofore dealt or may hereafter deal with Mortgagor or Mortgagee, at the request of Mortgagee, to pay all amounts owing under any lease or other agreement to Mortgagee without proof of the default relied upon. Any such lessee or third-party is hereby irrevocably authorized to rely upon and comply with (and shall be fully protected by Mortgagor in so doing) any request, notice or demand by Mortgagee for the payment to Mortgagee of any Rents or other sums which may be or thereafter become due under its lease or other agreement, or for the performance of any undertakings under any such lease or other agreement, and shall have no right or duty to inquire as to whether any Event of Default under this Mortgage or any of the other Loan Documents has actually occurred or is then existing, and Mortgagor hereby constitutes and appoints Mortgagee, its assignees, successors, transferees and nominees, as Mortgagor's true and lawful attorney in fact and agent, with full power of substitution in the Mortgaged Property, in Mortgagor's name and stead, to do or permit any or more of the foregoing described rights, remedies, powers and authorities, successively and concurrently, and said power of attorney shall be deemed a power coupled with an interest and irrevocable.

9.3 Remedies Cumulative and Concurrent. The rights and remedies of Mortgagee as provided herein and in the Loan Documents shall be cumulative and concurrent and may be pursued separately, successively or together against Mortgagor or against other obligors or against

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the Mortgaged Property, or any one or more of them, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

9.4 Waiver of Redemption, Notice, Marshaling, etc. Pursuant to §15-1601(b) of the Act, Mortgagor acknowledges that the mortgaged real estate does not constitute either: (i) agricultural real estate as such term is defined in §15-1201 of the Act, or (ii) residential real estate as such term is defined in §15-1219 of the Act. Mortgagor hereby waives any and all rights of redemption and reinstatement pursuant to Section 15-1601(b) of the Act, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property or any portion thereof, it being the intent hereof that such right of reinstatement and redemption be waived to the full extent permitted by applicable law. Mortgagor further agrees, to the extent permitted by law, that if a default occurs hereunder, neither Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any homestead exemption, appraisal, valuation, stay, extension, moratorium or other laws now or hereafter in force in order to prevent or hinder enforcement or foreclosure of this Mortgage, or absolute sale of the property hereby conveyed, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives and releases to the full extent that it may lawfully so do the benefit of such laws and any and all rights to have the assets comprised in the security intended to be created hereby marshaled upon any foreclosure of the lien hereof.

9.5 No Conditions Precedent to Exercise of Remedies: Mortgagor shall not be relieved of any Obligation by reason of: (a) the failure of Mortgagee to comply with any request of Mortgagor to foreclose the lien of this Mortgage or to enforce any provision of the other Loan Documents; (b) the release, regardless of consideration, of the Mortgaged Property or any portion thereof, or the addition of any other property to the Mortgaged Property; (c) any agreement or stipulation extending, renewing, rearranging or in any other way modifying the terms of the Loan Documents without first having obtained the consent of, given notice to or paid any consideration to Mortgagor and in such event Mortgagor shall continue to be obligated to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Mortgagee; or (d) by any other act or occurrence save and except the complete payment of the Indebtedness and the complete fulfillment of all of the Obligations.

9.6 Indemnity. Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, and Mortgagor shall and does hereby agree to protect, indemnify, defend and hold Mortgagee harmless of and from any and all liability, loss, cost, expense or damage which it may or might incur in the exercise of its rights, remedies, powers and authority hereunder, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations, undertakings or liabilities. Should Mortgagee incur any such liability, loss, cost or damage of or in the defense of any claims or demands, the amount thereof, including costs,

expenses and reasonable attorneys' fees, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand, with interest accruing at the Default Rate.

9.7 Discontinuance of Proceedings. In case Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon the same for any reason, Mortgagee shall have the unqualified right so to do and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if the same had never been invoked.

Article 10

MISCELLANEOUS

10.1 Future Advances. The Mortgagee has, concurrently herewith, given full consideration by delivery of its Letter of Credit for the account of Mortgagor. Any and all advances made by Mortgagee, whether by a draw under the Letters of Credit or otherwise, shall be secured by a lien which arises as of the date of recordation of this Mortgage, as though such draw or advance were made on such record date.

10.2 Protective Advances. All advances, disbursements and expenditures made or incurred 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 the 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 hereinbelow referred to:

- (a) all advances by Mortgagee in accordance with the terms of the Mortgage to:
 - (i) preserve, maintain, repair, restore or rebuild the improvements upon the mortgaged real estate;
 - (ii) preserve the lien of the Mortgage or the priority thereof;
 - (iii) enforce the Mortgage, as referred to in Subsection (b)(5) of Section 15-1302 of the Act;
- (b) payments by Mortgagee of:
 - (i) principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance;
 - (ii) 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 mortgaged real estate or any part thereof;
 - (iii) other obligations authorized by the Mortgage;
 - (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 15-1505 of the Act;

- (c) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;
- (d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of the Mortgage as referred to in sections 1504(d)(2) and 15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of the Mortgage or arising from the interest of the Mortgagee hereunder; or (iii) in preparation for or in connection with the commencement, prosecution or defense of any other action related to the Mortgage or the mortgaged real estate;
- (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 of Section 15-1508(b)(1) of the Act;
- (f) expenses deductible from proceeds of sale as referred to in Sections 15-1512(a) and (b) of the Act;
- (g) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the mortgaged real estate or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if Mortgagor's interest in the mortgaged real estate 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 mortgaged real estate imposed by of Section 15-1704(c)(1) of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments deemed by Mortgagee to be required for the benefit of the mortgaged real estate or required to be made by the owner of the mortgaged real estate 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 mortgaged real estate; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the mortgaged real estate is a member in any way affecting the mortgaged real estate; (vii) costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment, Reimbursement Agreement or other agreement; and

(viii) payments required to be paid by Mortgagor or Mortgagee pursuant to any lease or other agreement for occupancy of the mortgaged real estate.

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 Reimbursement Agreement.

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)(5) of Section 15-1602 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:

- (a) any determination of the amount of indebtedness secured by this Mortgage at any time;
- (b) the indebtedness found due and owing to the 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;
- (c) if right of redemption has not been waived by this Mortgage, computation of amounts required to redeem, pursuant to Sections 15-1603(d)(2) and 1603(e) of the Act;
- (d) determination of amounts deductible from sale proceeds pursuant to Section 15-1512 of the Act;
- (e) application of income in the hands of any receiver or Mortgagee in possession; and
- (f) computation of any deficiency judgment pursuant to Sections 15-1508(b)(2), 15-1508(e) and 15-1511 of the Act.

10.3 Further Assurances. Mortgagor, upon the reasonable request of Mortgagee, will execute, acknowledge and deliver such further instruments and do such further acts as may be necessary to carry out more effectively the purpose of the Loan Documents.

10.4 Recording and Filing. Mortgagor will cause the appropriate Loan Documents and all supplements thereto at all times to be recorded and filed in such manner and in such places as Mortgagee shall request, and will pay any recording and filing taxes, fees and other charges.

10.5 Notice. Any notices, requests or consents required or permitted by this Mortgage shall be (i) in writing, and (ii) delivered in person, telexed, telecopied or sent by certified or registered mail, postage prepaid, return receipt requested, or by overnight mail or express delivery service to the addresses of the parties hereto set forth in Article 2, unless such address, telex number or telecopier number is changed by written notice hereunder. Each such notice, request, consent or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in Article 2 hereof and a confirmation of such telecopy has been received by the sender, (ii) if given by telex, when such telex is transmitted to the telex number specified in Article 2 hereof and the answerback is received by sender, (iii) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iv) if given by any other means, when delivered at the addresses specified in Article 2 hereof.

10.6 Mortgagee's Right to Perform the Obligations. If Mortgagor fails to make any payment or perform any act required by the Loan Documents or the Legal Requirements, Mortgagee, without any obligation so to do and without waiving any other right, remedy or recourse, may make such payment or perform such act at the expense of Mortgagor. All sums so paid by Mortgagee and all costs incurred in connection therewith, together with interest thereon at the Late Payment rate set forth in the Reimbursement Agreement from the date of payment, shall constitute part of the Indebtedness secured by this Mortgage and the Loan Documents and shall be paid by Mortgagor to Mortgagee on demand or shall be included in any judgment of foreclosure.

10.7 Modification. The Loan Documents and the terms of each of them may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing signed by the parties to the Loan Document being so modified, including Mortgagee, even if Mortgagee has not executed such Loan Document. If the payment of the Indebtedness, or any part thereof, be extended or varied, or if any part of the security or guaranties therefor be released, all persons now or at any time hereafter liable therefor, or interested in the Mortgaged Property, shall be held to assent to such extension, variation or release, and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding any such extension, variation or release. Any person, firm or corporation taking a junior mortgage, or other lien upon the Mortgaged Property or any part thereof or any interest therein, shall take the said lien subject to the rights of Mortgagee and/or the Co-Lenders to amend (including, without limitation, changing the rate of interest or manner of computation thereof), modify, extend or release the Reimbursement Agreement, this Mortgage, or any other document or instrument evidencing, securing or guarantying the Indebtedness, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

10.8 No Waiver. All options and rights of election herein provided for the benefit of Mortgagee are continuing, and the failure to exercise any such option or right of election upon a

particular default or breach or upon any subsequent default or breach shall not be construed as waiving the right to exercise such option or election at any later date. No exercise of the rights and powers herein granted and no delay or omissions in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

10.9 Mortgagee's Cost and Expenses. Mortgagor further expressly covenants and agrees to pay Mortgagee all costs and expenses of every kind paid or incurred by Mortgagee or the Co-Lenders in any way in connection with the Reimbursement Agreement, this Mortgage or other Loan Documents or any modifications, restatements or amendments thereof, and the protection of the Mortgaged Property or the maintenance of the lien of this Mortgage, and the security interests under the other Loan Documents or otherwise in connection with the determination and exercise by Mortgagee or the Co-Lenders of any of their rights or remedies under the Loan Documents or any modifications, restatements or amendments thereof, upon the occurrence of any event which, with the passage of time or the giving of notice or both, could constitute a default or an Event of Default hereunder, including any and all expenditures for documentary evidence, title examination or title insurance, minutes of foreclosure, or any abstract or opinion of title to the Mortgaged Property, or for any appraisal, environmental audit, accounting or engineering, and all similar fees, costs, charge and expenses, and including all reasonable attorneys fees and stenographer's fees, paid or incurred by Mortgagee or the Co-Lenders in any suit or legal proceeding, or in preparation or in anticipation of declaring a default or event of default, or in preparation or in anticipation of such suit or proceeding, regardless of whether such suit or proceeding is actually instituted, including, without limitation, any bankruptcy or insolvency proceeding, probate proceeding, or other proceeding in which Mortgagee or the Co-Lenders may in their discretion intervene in order to protect its security or appeal from any of the foregoing, or otherwise paid or incurred by Mortgagee or the Co-Lenders in obtaining legal advice regarding their rights and remedies under the Loan Documents or any modifications, restatements or amendments thereof, or in determining whether to declare a default or Event of Default hereunder. All such fees, costs, charges and expenses shall constitute so much additional indebtedness secured by this Mortgage, regardless of whether the same may cause the Indebtedness secured hereby to exceed the face amount of the Letters of Credit, and shall be immediately due and payable when incurred, with interest accruing thereon at the Late Payment rate in the Reimbursement Agreement, and shall be allowed in any decree of foreclosure hereof. No proceeding to foreclose this Mortgage, whether a decree of foreclosure shall have been entered therein or not, shall be dismissed, nor shall a release of this Mortgage be given until all such expenses, charges and costs of Mortgagee shall have been paid in full.

10.10 Usury. It is expressly stipulated and agreed to be the intent of Mortgagor and Mortgagee to at all times comply with applicable law now or hereafter governing the interest payable on any advances made under the Reimbursement Agreement secured hereby. If the applicable law is ever revised, repealed, or judicially interpreted so as to render usurious any amount called for under the Reimbursement Agreement (or under any other instrument evidencing or relating to any of the Indebtedness), or contracted for, charged, taken, reserved or received

with respect to advances secured hereby, or if Mortgagee's acceleration of the indebtedness or any prepayment by Mortgagor results in Mortgagor having paid any interest in excess of that permitted by law, then it is Mortgagor's and Mortgagee's express intent that all excess amounts theretofore collected by Mortgagee or the Co-Lenders be credited against amounts owed on the principal balance due Mortgagee and the Co-Lenders, and the provisions of the Reimbursement Agreement and this Mortgage and other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the then applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder.

10.11 Successors and Assigns; Covenants Running with the Land. The terms, provisions, covenants and conditions hereof and of the Loan Documents shall be binding upon Mortgagor, its successors and assigns, and shall inure to the benefit of Mortgagee and its respective successors, substitutes and assigns, and shall constitute covenants running with the land.

10.12 Conflict of Terms. The terms, provisions, covenants and conditions of the Mortgage shall be construed in such a manner as to be consistent with the terms and any other instruments executed in connection with or as security for the Indebtedness and Obligations secured hereby; provided, however, in the event of a conflict between the terms of this Mortgage and the terms of the other Loan Documents, the terms of the Reimbursement Agreement shall control.

10.13 No Joint Venture; No Third Party Beneficiary. Mortgagor acknowledges and agrees that in no event shall Mortgagee be deemed to be a partner or joint venturer with it. Without limitation of the foregoing, Mortgagee shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document securing any portion of the Indebtedness or otherwise. No other person shall be deemed to have any right or priority under this Mortgage to any extent or for any purpose whatsoever, nor shall any other person have any claim or right of action with respect to the Mortgaged Property or proceeds of the Indebtedness or be deemed a third-party beneficiary under this Mortgage or under the Loan Documents.

10.14 Severability. The Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable Legal Requirements. If any provision of any of the Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable neither the remainder of the instrument in which such provision is contained, nor the application of such provision to other persons or circumstances nor the other instruments referred to herein shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

10.15 Consent of Mortgagee. Any consent by Mortgagee in any single instance shall not be deemed or construed to be Mortgagee's consent in any like matter arising at a subsequent date, and the failure of Mortgagee to promptly exercise any right, power, remedy, consent or approval

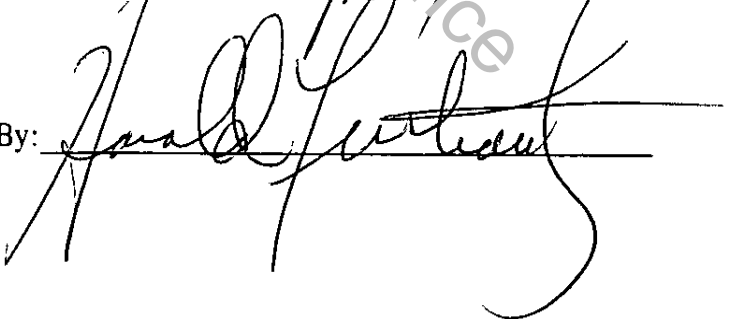
provided herein or at law or in equity shall not constitute or be construed as a waiver of the same, nor shall Mortgagee be estopped from exercising such right, power, remedy, consent or approval at a later date. Any consent or approval requested of and granted by Mortgagee pursuant hereto shall be narrowly construed to be applicable only to Mortgagor and the matter identified in such consent or approval (and no third party shall claim any benefit by reason thereof), and shall not be deemed to constitute Mortgagee a venturer or partner with Mortgagor whatsoever, nor shall privity of contract be presumed to have been established with any such third party.

10.16 Construction. MORTGAGOR AND MORTGAGEE ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED BY COUNSEL OF THEIR CHOICE WITH RESPECT TO THIS AGREEMENT, THE LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, AND SUCH COUNSEL HAS REVIEWED ALL OF THE FOREGOING AND PARTICIPATED IN THE NEGOTIATION THEREOF. EACH PARTY FURTHER ACKNOWLEDGES AND AGREES THAT (i) EACH OF THE WAIVERS SET FORTH HEREIN WERE KNOWINGLY AND VOLUNTARILY MADE; (ii) NO REPRESENTATIVE OF MORTGAGOR OR BORROWER HAS WAIVED OR MODIFIED ANY OF THE PROVISIONS OF THIS AGREEMENT AS OF THE DATE HEREOF AND NO SUCH WAIVER OR MODIFICATION FOLLOWING THE DATE HEREOF SHALL BE EFFECTIVE UNLESS MADE IN ACCORDANCE WITH THE PROVISIONS HEREOF; AND (iii) ANY RULE OF CONSTRUCTION UNDER ANY APPLICABLE LAW TO THE EFFECT THAT AMBIGUITIES ARE TO BE RESOLVED AGAINST THE DRAFTING PARTY SHALL NOT BE EMPLOYED IN THE INTERPRETATION OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the day and year first above written.

CHICAGO THEATER GROUP, INC., an Illinois not-for-profit corporation

By:  _____

By:  _____

UNOFFICIAL COPY

MORTGAGOR'S ACKNOWLEDGEMENT

99108852

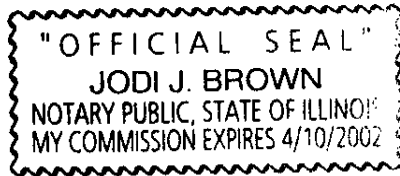
STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

I, Jodi J. Brown, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that, M. Katherine Murphy and Harold Gershowitz, as General Manager and President, respectively, of Chicago Theatre Group, Inc., an Illinois not-for-profit corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such General Manager and President of said corporation, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act on behalf of corporation and partnership, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 26th day of January, 1999

Jodi J. Brown
Notary Public

(SEAL)



Clerk's Office

UNOFFICIAL COPY

99108852

EXHIBIT A

CO-LENDERS

First National Bank of Chicago
One First National Plaza
Suite 0091
Chicago, Illinois 60670

Harris Trust and Savings Bank
111 West Monroe
4th Floor East
Chicago, Illinois 60690

The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60675

EXHIBIT B

The following Schedule B special exceptions as set forth on Chicago Title Insurance Commitment No. 1401 0779665 dated January 21, 1999.

AS, C, D, E, G, H, J, T, V, AE, AI, AJ, AK, AY, AZ, S, BK, and BL

Property of Cook County Clerk's Office

UNOFFICIAL COPY 99108852

Exhibit C
LEGAL DESCRIPTION

A PARCEL OF LAND IN BLOCK 35 IN THE ORIGINAL TOWN OF CHICAGO, SAID PARCEL BEING COMPRISED OF LOT 1, THE EAST HALF OF THE EAST HALF OF LOT 2, THE EAST 19 FEET OF THE WEST HALF OF THE EAST HALF OF LOT 2 (THE WEST 18 FEET THEREOF BEING THE PUBLIC ALLEY DEDICATED BY INSTRUMENT RECORDED AS DOCUMENT 19038448) ALL OF LOTS 7 AND 8, AND THAT PART OF WEST COUCH PLACE, 18.00 FEET WIDE, LYING NORTH OF AND ADJOINING SAID LOTS 7 AND 8, LYING EAST OF THE NORTHWARD EXTENSION OF THE WEST LINE OF SAID LOT 7, AND LYING WEST OF THE NORTHWARD EXTENSION OF THE EAST LINE OF SAID LOT 8;

EXCEPTING THEREFROM THOSE PARTS OF SAID LOTS 7 AND 8 LYING SOUTH OF A LINE DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE EAST LINE OF LOT 8 IN BLOCK 35, WHICH POINT IS 79.40 FEET NORTH FROM THE SOUTHEAST CORNER OF SAID LOT, AS MEASURED ALONG SAID EAST LINE; THENCE WEST, PERPENDICULAR TO SAID EAST LINE, A DISTANCE OF 87.81 FEET; THENCE NORTH, PERPENDICULAR TO THE LAST DESCRIBED LINE, A DISTANCE OF 5.00 FEET; THENCE WEST, PERPENDICULAR TO THE LAST DESCRIBED LINE, A DISTANCE OF 73.17 FEET TO A POINT ON THE WEST LINE OF AFOREMENTIONED LOT 7 WHICH IS 82.25 FEET NORTH FROM THE SOUTHWEST CORNER OF SAID LOT, AS MEASURED ALONG SAID WEST LINE; ALL IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN; IN COOK COUNTY, ILLINOIS

EXCEPTING THEREFROM THE FOLLOWING:

ALL THAT PROPERTY AND SPACE ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF 123.89 FEET, CHICAGO CITY DATUM, AND LYING WITHIN THE BOUNDARIES PROJECTED VERTICALLY OF THE FOLLOWING DESCRIBED PARCEL OF LAND, TO WIT:

LOT 1 AND THE EAST 1/4 OF LOT 2 IN BLOCK 35 IN THE ORIGINAL TOWN OF CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

the public alley and Couch Place referenced above were vacated pursuant to instrument recorded as Document No. 98552263.

PINS

17-09-436-010

17-09-436-011

17-09-437-006

17-09-437-009-8001

120 N. Dearborn, Chicago, IL 60601