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MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING

BY

ROYAL GEORGE, LLC,  
as Mortgagor,

TD

THE ROYAL GROUP LLC,  
as Mortgagee,

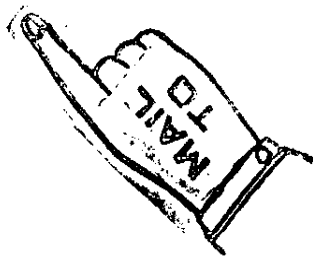
Relating to Premises in:  
Cook County, Illinois

DATED: As of March 18, 1999

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This instrument was prepared by and  
after recording should be returned to:

Cathy A. Birkeland  
Latham & Watkins  
233 S. Wacker, Suite 5800  
Chicago, Illinois 60606



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MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING

**THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING** (this "Mortgage") is made as of March 18, 1999, by ROYAL GEORGE, LLC, a Delaware limited liability company, as mortgagor ("Mortgagor"), to THE ROYAL GROUP L.L.C., an Illinois limited liability company, as mortgagee ("Mortgagee").

RECITALS

WHEREAS, pursuant to that certain Purchase and Sale Agreement dated as of November 23, 1998, by and between Mortgagor and Mortgagee (the "Purchase and Sale Agreement"), Mortgagor acquired fee simple title in and to all of the real estate located in the County of Cook in the State of Illinois more fully described in Exhibit A attached hereto (the "Premises") which Premises form a portion of the Property (as hereinafter defined) described in this Mortgage;

WHEREAS, in connection with and pursuant to the Purchase and Sale Agreement, Mortgagor executed and delivered to Mortgagee that certain Secured Purchase Money Promissory Note of even date herewith in the principal sum of ONE MILLION ONE HUNDRED EIGHTY-TWO THOUSAND ONE HUNDRED SIXTY DOLLARS (\$1,182,160.00) (the "Note") payable to the order of Mortgagee in such principal amount, whereby Mortgagor promises to pay to Mortgagee or any holder of the Note such principal amount, together with interest thereon, in accordance with and in the manner set forth in the Note; and

WHEREAS, as a condition to the Purchase and Sale Agreement and the extension of credit by Mortgagee to Mortgagor pursuant to the Note, Mortgagor desires to grant Mortgagee a security interest in and a first mortgage lien upon the Property (as hereinafter defined) to secure all of Mortgagor's obligations under the Note and the other documents executed and delivered in connection therewith, including without limitation, any security agreement or guaranty and any amendment, modification or supplement to any of the foregoing (the "Collateral Documents") and the performance of all terms, covenants, conditions, provisions, agreements and liabilities contained therein (collectively, the "Secured Indebtedness") in accordance with the terms and conditions set forth in this Mortgage.

I.  
THE GRANT

NOW, THEREFORE, in order to secure the payment of any and all Secured Indebtedness, and in consideration of the foregoing and the payment of Ten and No/100 Dollars (\$10.00) in hand paid by Mortgagee to Mortgagor and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby GRANTS,

BARGAINS, SELLS, ASSIGNS, RELEASES, TRANSFERS, WARRANTS, DEMISES, CONVEYS and MORTGAGES unto Mortgagee and its successors and assigns forever (and grants to Mortgagee and its successors and assigns forever a continuing security interest in and to) all of Mortgagor's estate, right, title, claim and interest in and to the Premises, together with all of Mortgagor's estate, right, claim and interest in and to the following described property, all of which other property is pledged primarily on a parity with the Premises and not secondarily (the Premises and the following described rights, interests, claims and property are collectively referred to as the "Property"):

(a) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated, or placed upon the Premises (the "Improvements"), together with all building materials and equipment located upon the Premises and intended for construction, reconstruction, alteration, repair or incorporation in or to the Improvements now or hereafter to be constructed thereon, whether or not yet incorporated in such Improvements (which shall be deemed part of the Property upon delivery thereto) and all machines, machinery, apparatus, equipment or articles used in supplying heating, gas, electricity, air-conditioning, water, light, power, plumbing, sprinkler, waste removal, refrigeration, ventilation and all fire sprinklers, alarm systems, security and electronic monitoring equipment and devices, and all 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 any such Improvements, including all extensions of, additions to, betterments, renewals of, substitutions for and replacements for any of the foregoing;

(b) all claims, demands, right, title and interest of Mortgagor now owned or hereafter acquired, including without limitation, any after-acquired title, franchise, license, remainder or reversion, in and to any and all (i) land or vaults, rights-of-way, streets, avenues, ways, passages, highways or alleys, open or proposed, vacated or otherwise, adjoining the Premises; (ii) alleys, sidewalks, streets, avenues, strips and gores of land belonging, adjacent or pertaining to the Premises or the Improvements; (iii) storm and sanitary sewer, water, gas, electric, railway and telephone services relating to the Premises and the Improvements; (iv) development rights, air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the Premises or any part thereof; and (v) tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances and privileges relating to the Premises or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claims at law or in equity;

(c) all leasehold estates and right, title and interest of Mortgagor in any and all leases, subleases, management agreements, arrangements, concessions or agreements, written or oral, relating to the use and occupancy of the Premises or the Improvements or

any portion thereof or otherwise affecting the Premises or any part thereof, now or hereafter existing or entered into (collectively, the "Leases");

(d) all rents, issues, proceeds, profits, royalties, revenue, advantages, income, avails, claims against guarantors, all cash or security deposits, advance rentals, deposits or payments given and other benefits now or hereafter accruing or to accrue or derived, directly or indirectly, from the Premises and the Improvements payable or arising under the Leases or otherwise (collectively, the "Rents");

(e) all right, title and interest of Mortgagor in and to all options to purchase or lease the Premises or the Improvements or any portion thereof or interest therein, or any other right, interest or greater estate in the rights and properties comprising the Property now owned or hereafter acquired by Mortgagor;

(f) any interest, estate or other claim of every name, kind or nature, both in law and in equity, which Mortgagor now has or may acquire in the Premises and the Improvements or other rights, interests or properties comprising the Property now owned or hereafter acquired;

(g) all rights of Mortgagor to any and all plans and specifications, designs, drawings and other matters prepared for any construction on the Premises or regarding the Improvements;

(h) all rights of Mortgagor under any contracts executed by Mortgagor with any provider of goods or services for or in connection with any construction undertaken on or services performed or to be performed in connection with the Premises or the Improvements;

(i) all fixtures now or hereafter owned by Mortgagor and attached to or contained in and used or useful in connection with the Premises or the Improvements (all such property owned by Mortgagor and placed by it on the Premises or used in connection with the operation or maintenance of the Improvements shall, so far as permitted by law, be deemed for the purposes of this Mortgage to be part of the real estate constituting and located on the Premises and covered by this Mortgage);

(j) all the estate, interest, right, title or other claim or demand which Mortgagor now has or may hereafter have or acquire with respect to (i) proceeds or sums payable in lieu of or as compensation for the loss of or damage to the Property, including, without limitation, all proceeds of insurance in effect with respect to the Property, 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, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Property, including, without limitation, any awards and compensation resulting from

a change of grade of streets and awards and compensation for severance damages (collectively "Awards").

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

PROVIDED, HOWEVER, if and when Mortgagor shall have paid and satisfied all of the Secured Indebtedness, including, without limitation, all principal, interest and other amounts as provided in the Note and all other sums provided herein or secured hereby, and shall have kept, performed and observed all of the terms, conditions, covenants, agreements, representations and warranties contained herein and in the Note and in all of the other Collateral Documents in connection herewith and therewith, then this Mortgage and the estate, right and interest of Mortgagee in and to the Property shall cease and shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect.

The maximum aggregate amount secured by this Mortgage shall not exceed FOUR MILLION DOLLARS (\$4,000,000).

II.  
GENERAL AGREEMENTS

2.1. Payment of Indebtedness. Mortgagor shall pay promptly and when due all principal, interest and other amounts on the Secured Indebtedness evidenced by the Note and all other obligations at the times and in the manner provided in the Note, this Mortgage, or any of the other Collateral Documents. The Note bears interest as therein provided, and the final maturity date of the Note is May 15, 2000 (the "Note Maturity Date").

2.2. Representations and Warranties. Mortgagor hereby covenants, represents and warrants to Mortgagee (and to any purchaser at any foreclosure sale) that, at the execution and delivery of this Mortgage: (i) subject to the acquisition by Mortgagor of good title to any Property acquired pursuant to the Purchase and Sale Agreement, Mortgagor owns the Property and has good, indefeasible estate therein, in fee simple; (ii) subject to the acquisition by Mortgagor of good title to any Property acquired pursuant to the Purchase and Sale Agreement, the Property is free from all encumbrances and exceptions to title (and any claim of any other person) other than those encumbrances and exceptions set forth on Exhibit B attached hereto (the "Permitted Exceptions"); (iii) subject to the acquisition by Mortgagor of good title to any Property acquired pursuant to the Purchase and Sale Agreement, Mortgagor has good and lawful right to sell, mortgage and convey the Property; (iv) Mortgagor does not generate, transport, treat or dispose of hazardous or toxic waste as defined by applicable federal or state law; (v) subject to obtaining a license for the sale and/or consumption of alcoholic beverages, Mortgagor owns and will maintain all licenses, permits (including environmental permits) and governmental approvals or authorizations necessary for Mortgagor's operations on the Premises without conflict with the rights of any other person with respect thereto; and (vi) Mortgagor and its successors and assigns

shall forever warrant and defend the Property against all claims and demands whatsoever.

2.3. Impositions and Other Charges.

(a) Mortgagor shall pay, prior to delinquency, all general taxes, special taxes, special assessments, water charges, sewer charges, association charges and all other charges, fees, taxes, claims, levies, expenses, liens and assessments, ordinary or extraordinary, governmental or non-governmental, statutory or otherwise (all of the foregoing being collectively referred to herein as "Impositions"), that may be levied or asserted against the Property or any part thereof or interest therein. Mortgagor shall pay when due all charges incurred for the benefit of the Premises for utilities, including, without limitation, energy, fuel, gas, electricity, water, sewer, telephone and waste removal, whether or not such charges are liens against the Premises. Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any Impositions.

(b) Upon the occurrence and during the continuance of an Event of Default (as hereinafter defined), Mortgagee is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to Impositions, unless such Imposition is then being contested by Mortgagor in accordance with Section 2.3(a) hereof. Mortgagee may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy or the validity of any Impositions, lien, sale, forfeiture, or related title or claim. Mortgagee is further authorized to make or advance, in place of Mortgagor, unless such matter is being contested by Mortgagor in accordance with Section 2.3(a) hereof, any payment relating to any adverse title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Section 2.3(b). All such advances and indebtedness authorized by this Section 2.3(b) shall constitute Secured Indebtedness and shall be repayable by Mortgagor upon demand with interest at the Default Rate (as defined in the Note).

2.4. Insurance.

(a) Mortgagor, at its sole cost and expense, shall carry and maintain in force and at all times all policies of insurance with respect to the Property with such coverage and with insurers reasonably acceptable to Mortgagee, and Mortgagor shall promptly pay, when due, all premiums on such insurance. Such insurance shall provide "all risk" coverage in an amount not less than the full insurable value thereof. All such policies shall have attached thereto replacement cost endorsements and standard non-contributing mortgagee clauses in favor of Mortgagee, entitling Mortgagee alone to collect any and all of the proceeds payable under all such insurance, as well as standard waiver of subrogation endorsements, and shall name Mortgagee as loss payee. Mortgagee is authorized to adjust, collect (subject to Section 2.6 hereof) and compromise in its

reasonable discretion all claims under all insurance policies and Mortgagor shall execute, upon demand by Mortgagee, all receipts, vouchers and releases required by such insurance companies.

(b) Mortgagor, at its sole cost and expense, shall carry and maintain in force and at all times comprehensive public liability insurance reasonably acceptable to Mortgagee in forms, amounts and with insurers reasonably acceptable to Mortgagee, and Mortgagor shall promptly pay, when due, all premiums on such insurance. Mortgagor shall apply all insurance proceeds under such policies to the payment and discharge of the liabilities in respect of which such proceeds are collected. Any such policies shall name Mortgagee as additional insured thereunder.

(c) Upon written request of Mortgagee, all policies of insurance required hereunder to be maintained, together with duly executed certificates of insurance evidencing payment in full of the required premiums for such insurance, shall be delivered to Mortgagee. All such policies shall provide for, among other things, written notice to Mortgagee of the expiration or cancellation thereof at least thirty (30) days prior thereto. No less than fifteen (15) days prior to the expiration of any policy, Mortgagor shall obtain a renewal or replacement policy reasonably acceptable to Mortgagee and shall provide Mortgagee evidence of premium payment therefor as set forth in this Section 2.4(c).

(d) In the event of foreclosure of this Mortgage, or other transfer of title to the Premises in extinguishment of the Secured Indebtedness, all right, title and interest of Mortgagor in and to any insurance policies then in force, and any claims or proceeds thereunder, including without limitation any proceeds or other amounts then on deposit in the Escrow Account, shall pass to Mortgagee or any purchaser or transferee.

2.5. Condemnation and Eminent Domain. Mortgagor shall give Mortgagee prompt notice of all proceedings, instituted or threatened, seeking condemnation or a taking by eminent domain or like process (herein collectively referred to as a "Taking"), of all or any part of the Property or affecting any related easement or appurtenance (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceeding. Mortgagor hereby assigns, transfers and sets over unto Mortgagee the entire proceeds of any and all Awards resulting from any such Taking. Subject to Section 2.6 hereof, Mortgagee is hereby authorized to collect and receive from the condemnation authorities all such Awards and is further authorized to give appropriate receipts and acquittances therefor. Mortgagor shall make, execute and deliver to Mortgagee, upon request, free and clear of any encumbrance of any kind, any and all further assignments and instruments deemed necessary by Mortgagee for the purpose of validly assigning to Mortgagee all such Awards.

2.6. Application of Awards. Notwithstanding any provision of Sections 2.4 or 2.5

hereof to the contrary, the proceeds of any insurance or Taking or any other Awards shall be deposited as and when received in a mutually satisfactory escrow (the "Escrow Account") with First American Title Insurance Company or such other escrow agent satisfactory to Mortgagee and Mortgagor. Mortgagor shall be entitled to use any insurance proceeds or other amounts in the Escrow Account solely to rebuild, repair, improve or otherwise restore the Property and for no other purpose; provided, however, with respect to any amounts remaining in the Escrow Account as of the Note Maturity Date or any earlier acceleration thereof, Mortgagee shall be entitled to use and apply such amounts, after deducting any expenses incurred in connection with collection, including, without limitation, costs and reasonable attorneys' fees, against the Secured Indebtedness and Mortgagor shall have no claim to such amounts.

2.7. Maintenance of Property. Mortgagor shall:

(a) maintain all Improvements on the Premises and promptly repair, restore, replace or rebuild any material portion of the Property which may become damaged, destroyed, altered, removed, severed, or demolished, whether or not proceeds of insurance are available or sufficient for the purpose, with replacements at least equal in quality and condition as previously existed, free from any security interest in, encumbrances on or reservation of title thereto except the lien of this Mortgage; and

(b) keep the Property in good condition and repair, without waste, impairment or environmental contamination, and free from mechanics', materialmen's or like liens or claims except for Permitted Encumbrances.

2.8. Prohibited Liens and Transfers.

(a) Except as otherwise permitted herein, Mortgagor shall not create, suffer, or permit to be created or filed against the Property any mortgage lien or other lien superior or inferior to the lien created by this Mortgage, whether voluntary or involuntary. Mortgagor may contest any lien claim arising from any work performed, material furnished, or obligation incurred by Mortgagor upon furnishing Mortgagee security and indemnification satisfactory to Mortgagee for the full payment and discharge of the lien.

(b) Mortgagor may not sell, transfer, assign, lease or convey all or any part of the Property or any interest therein, whether by operation of law, voluntarily or otherwise, and shall not contract for any of the foregoing, without the prior written consent of Mortgagee. Notwithstanding the foregoing, in the event of any voluntary sale or transfer by operation of law, or otherwise, as permitted by this Mortgage, of all or any part of the Premises, Mortgagee is hereby authorized and empowered to deal with such vendee or transferee with reference to the Premises, of the Secured Indebtedness, or any of the terms and conditions of this Mortgage, as fully and to the same extent as with Mortgagor,



without in any way releasing or discharging Mortgagor from its obligations hereunder and without Mortgagee waiving its rights to accelerate the Note as set forth herein.

2.9. Stamp Taxes. If at any time the United States government, or any federal, state, or municipal governmental subdivision, requires Internal Revenue or other documentary stamps or levies any tax on this Mortgage or on the Note, or requires payment of any tax on the Secured Indebtedness, then Mortgagor shall pay such tax, including interest and penalties, in the required manner; provided, however, if Mortgagor fails to make such payment, Mortgagee may declare all of the Secured Indebtedness due and payable within seventy-five (75) days after the giving of notice thereof to Mortgagor.

2.10. Change in Tax Laws. In the event of the enactment, after the date of this Mortgage, of any law of the United States of America, or any state or political subdivision thereof, (i) deducting from the value of the Premises, for the purpose of taxation, the amount of any lien thereon; (ii) imposing upon Mortgagee the payment of all or any part of the taxes, assessments, charges or liens hereby required to be paid by Mortgagor, or (iii) changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagor's interest in the Property, or the manner of collection of taxes, so as to adversely affect this Mortgage or the Secured Indebtedness, then Mortgagor, upon demand by Mortgagee, shall pay such taxes, assessments, charges, or liens or reimburse Mortgagee therefor. Nothing contained in this Section 2.10 shall be construed as obligating Mortgagor to pay any portion of Mortgagee's federal or state income or corporate franchise tax.

2.11. Compliance with Governmental, Insurance and Other Requirements.

(a) Mortgagor shall comply with all statutes, ordinances, orders, requirements or decrees relating to the Premises or the use thereof of any federal, state or municipal authority, including environmental, health and safety statutes and regulations (including the Americans with Disabilities Act of 1990, as amended), and shall observe and comply with all conditions and requirements necessary to maintain in force the insurance requirements required herein and preserve and extend any and all rights, licenses, permits (including, but not limited to, environmental permits or licenses, zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions which are applicable to the Premises or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Premises. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this Section 2.11 shall be void. Mortgagor shall duly perform and comply with all covenants and conditions binding upon the Premises under any recorded document or any other agreement of any nature.

(b) Mortgagor shall give Mortgagee prompt written notice of the occurrence of any of the following: (i) any event involving the use, spill, release, leak, seepage, discharge or clean-up of any hazardous or toxic waste, substance or contaminant,

including any investigation by any governmental authority evaluating whether any remedial action is needed to respond to such release or discharge at the Premises; (ii) any litigation, arbitration, action or proceeding related to the Premises or Mortgagor's ownership thereof; or (iii) notice that Mortgagor's operations on the Premises are not in full compliance with the requirements of all applicable laws, rules and regulations.

2.12. Assignment of Leases and Rents.

(a) All right, title, and interest of Mortgagor in and to all present Leases affecting the Property and including and together with any and all future Leases, written or oral, upon all or any part of the Property and together with all of the rents, income, receipts, revenues, issues, avails and profits from or due or arising out of the Property are hereby transferred and assigned simultaneously herewith to Mortgagee as further security for the payment of the Secured Indebtedness. Each Lease shall be subordinate to this Mortgage. Although it is the intention of the parties that the assignment contained in this Section 2.12(a) shall be a present assignment, it is expressly understood and agreed, anything to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this paragraph until an Event of Default shall exist under this Mortgage.

(b) In the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the tenant under each Lease of all or any part of the Premises made after the date of recordation of this Mortgage shall, at Mortgagee's option, attorn to any person succeeding to the interest of Mortgagor as a result of such enforcement and shall recognize such successor-in-interest as landlord under such Lease without change in the terms thereof.

(c) Mortgagee shall not be obligated to perform or discharge any obligation, duty or liability under any Lease or to pay any sum of money or damages therein provided to be paid by landlord or landlord's assignee, expressly or by implication, and Mortgagor shall and does hereby agree, except to the extent of Mortgagee's gross negligence or willful misconduct, to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under any Lease or under or by reason of their assignments and of and from any and all claims and demands whatsoever which may be asserted against it by reason of all alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in such Lease. Should Mortgagee incur any such liability, loss or damage under any Lease or under or by reason of its assignment, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby. Mortgagor shall reimburse Mortgagee therefor immediately upon demand with interest payable at the Default Rate (as defined in the Note).

(d) All Leases (other than Leases of the office space in the office portion of the Premises) shall be subject to the reasonable approval of Mortgagee as to form, content and tenants and, without limiting the generality of the foregoing, Mortgagor shall not, without Mortgagee's prior written consent: (i) enter into any lease of all or part of the Premises, (ii) execute an assignment or pledge of any Rents, except pursuant to this Mortgage, (iii) accept any prepayment of any installment of any Rents more than thirty (30) days before the due date of such installment, (iv) agree to any amendment or change in the terms of any Lease previously approved by Mortgagee, or (v) permit or consent to any assignment of any Leases or the subletting of all or any portion of the Premises demised thereunder.

2.13. Fixture Filing. This Mortgage, upon recording in the real estate records of the appropriate filing office, is intended to be a "fixture filing" within the purview of Sections 9-313 and 9-402 of the Uniform Commercial Code as adopted in the State of Illinois with respect to any Property which is or may become affixed to or a fixture relating to the Premises.

2.14. Inspection. Mortgagor shall permit Mortgagee or its representatives or agents, upon prior written notice (except in emergency situations), to inspect the Premises at all reasonable times and access thereto shall be permitted for such purpose, provided that such inspection shall not unreasonably interfere with Mortgagor's operations on the Premises.

2.15. Books and Records; Financial Statements. Mortgagor shall keep and maintain full and correct records of income and expenses of the Premises. Upon the occurrence of an Event of Default and within ten (10) days after demand therefor, Mortgagor shall allow Mortgagee to examine such books and records and all supporting documentation therefor at Mortgagor's office or at such other location as may be mutually agreed upon by Mortgagor and Mortgagee.

2.16. Releases. Without notice and without regard to the consideration therefor, and notwithstanding the existence at that time of any inferior liens, Mortgagee may release from the lien created hereby all or any part of the Property, or release any person liable for any of the Secured Indebtedness, without affecting the liability of any party to the Note, this Mortgage or any of the other Collateral Documents (including without limitation any guaranty given as additional security). Without in any way affecting the priority of the lien created hereby, Mortgagee may agree with any liable party to extend the time for payment of any part or all of the Secured Indebtedness. Such agreement shall not in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity personally obligated to repay the Secured Indebtedness, but shall extend the lien created by this Mortgage as against the title of all parties having any interest in the Property, which interest is subject and subordinate to the Secured Indebtedness.

2.17. Further Assurances. Mortgagor agrees, upon demand from time to time, at Mortgagor's sole cost and expense, to execute, acknowledge and deliver to Mortgagee or any

subsequent holder hereof all such additional instruments and further assurances of title and to do or cause to be done all such further acts and things as may reasonably be necessary to fully effectuate the intent of this Mortgage and to reaffirm, correct, perfect and evidence the obligations secured hereby and the lien of the Mortgage on all or any part of the Premises, whether now mortgaged, later substituted for or acquired subsequent to the date hereof, and any extensions or modifications thereof.

III.

EVENTS OF DEFAULT AND REMEDIES

3.1. Events of Default. It shall constitute an "Event of Default" under this Mortgage if an Event of Default (as defined in the Note) shall have occurred under the Note.

3.2. Remedies; Acceleration of Maturity. Following the occurrence of an Event of Default, in addition to any other remedy specified herein or in the Note or any other Collateral Document or available under applicable law or in equity, the Secured Indebtedness shall become immediately due and payable in accordance with the terms of the Note or the applicable Collateral Document, without notice or demand, and Mortgagee may, at its option, (i) immediately proceed to foreclose this Mortgage and/or exercise any right, power or remedy provided by this Mortgage, the Note or any of the other Collateral Documents or by law or in equity conferred and pursue all remedies afforded to a mortgagee under and pursuant to applicable law, or (ii) otherwise take such steps to protect and enforce its rights, whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition, agreement or obligation in the Note, this Mortgage or the other Collateral Documents or in aid of the execution of any power herein granted or for any foreclosure hereunder or the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee may elect. Acceptance by Mortgagee of any payment which is less than payment in full of 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 on the Note, together with all accrued interest thereon, immediately due and payable without notice, or any other rights of Mortgagee at such time or any subsequent time.

3.3. Remedies Cumulative; Non-Waiver. No remedy or right of Mortgagee hereunder or under the Note, or any of the Collateral Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy. Each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on the occurrence of any Event of Default shall exhaust or impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by Mortgagee. All obligations of

Mortgagor, and all rights, powers and remedies of Mortgagee shall be in addition to, and not in limitation of, those provided by law or herein or in the Note or contained in any of the other Collateral Documents or any other written agreement or instrument relating to any of the Secured Indebtedness or any security therefor.

3.4. Litigation Expenses. In any proceeding to foreclose the lien of this Mortgage or enforce any other remedy of Mortgagee under the Note, this Mortgage or the other Collateral Documents, or in any other proceeding in connection with the Note, this Mortgage or any of the Collateral Documents or any of the Property in which Mortgagee is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting all related expenses paid or incurred by or on behalf of Mortgagee. Such expenses shall include: reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, survey costs, and costs of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and any similar data and assurances with respect to title to the Property as Mortgagee may deem reasonably necessary either to prosecute or defend any such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises or the Property. All of the foregoing expenses, and such expenses as may be incurred in the protection of any of the Property and the maintenance of the lien of this Mortgage, including reasonable attorneys' fees, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding (which may be estimated as to items to be expended after entry of such judgment or decree), shall be due and payable by Mortgagor upon demand with interest thereon at the Default Rate (as defined in the Note).

3.5. Mortgagee's Performance of Mortgagor's Obligations; Advances.

(a) From and after the occurrence of an Event of Default, Mortgagee, either before or after acceleration of the Secured Indebtedness or the foreclosure of the lien hereof and during the period of redemption, if any, may, but shall not be required to, make any payment or perform any act herein, in the Note or in any Collateral Document which is required of Mortgagor (whether or not Mortgagor is personally liable therefor) in any form and manner deemed expedient to Mortgagee; and Mortgagee may, but shall not be required to, make full or partial payments of principal or interest on any permitted prior or junior lien or encumbrance and purchase, discharge, compromise or settle any tax lien or other prior lien on title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises, or contest any Impositions and may, but shall not be required to, complete construction, furnishing and equipping of the Improvements upon the Premises or rent, operate and manage the Premises and such Improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and Improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including attorneys' fees and any other

monies advanced by Mortgagee to protect the Premises and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Premises and such Improvements or to pay any such operating costs and expenses thereof or to keep the Premises and Improvements operational and usable for their intended purposes, shall constitute Secured Indebtedness, whether or not they exceed the amount of the Note, and shall become due and payable upon demand and with interest thereon at the Default Rate (as defined in the Note).

(b) All advances, disbursements and expenditures (collectively, "Advances") made by Mortgagee after an Event of Default, before and during foreclosure, prior to sale, or, where permitted by applicable law, after sale, for the purposes hereof or, in the sole discretion of Mortgagee, to preserve the value of the Property shall constitute Secured Indebtedness and shall become immediately due and payable without notice and with interest thereon until paid at the Default Rate (as defined in the Note). This Mortgage shall be a lien for all Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Section 15-1302(b)(1) of the Illinois Mortgage Foreclosure Act (735 ILCS 5/15-1101 *et seq.*), as amended.

3.6. Right of Possession. In any case in which Mortgagee has a right to institute foreclosure proceedings (whether or not the entire principal sum secured hereby becomes immediately due and payable or whether before or after the institution of foreclosure proceedings or whether before or after judgment thereunder and at all times until the confirmation of sale), Mortgagor shall, immediately upon Mortgagee's demand, surrender to Mortgagee, and Mortgagee shall be entitled to take actual possession of the Property or any part thereof, personally or by its agent or attorneys. Mortgagee may enter upon and take and maintain possession or may apply to the court in which a foreclosure is pending to be placed in possession of all or any part of the Property, together with all documents, books, records, papers, and accounts of Mortgagor or the then owner of the Property relating thereto. Mortgagee may exclude Mortgagor, such owner, and any agents and servants from the Property. As attorney-in-fact or agent of Mortgagor or such owner, or in its own name Mortgagee may hold, operate, manage, and control all or any part of the Property and conduct the business thereof, either personally or by its agents (including, without limitation, making all reasonably necessary or appropriate repairs, renewals, replacements, alterations and improvements to the Premises and insuring or reinsuring, to the extent reasonably necessary, the Premises and all risks incidental to Mortgagee's possession, operation and management thereof). Mortgagee shall have full power to use such measures, legal or equitable, as it may deem proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Property, including actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor. In such event, Mortgagee may cancel or terminate any Lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel such Lease and may extend or modify any Lease and make new leases (which extensions, modifications and new leases may provide for terms to expire or options to extend or renew beyond the maturity date of

the Note), it being understood and agreed that any such leases shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and to be also binding upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Secured Indebtedness, satisfaction of any foreclosure decree or issuance of any certificate of sale or deed to any such purchaser.

3.7. Priority of Rent Payments. Any rents, issues, deposits, profits, and avails of the Property received by Mortgagee after taking possession of the Property, or pursuant to any assignment to Mortgagee under the provisions of this Mortgage or any of the other Collateral Document, shall be applied in the manner set forth in Section 3.10 hereof.

3.8. Appointment of Receiver. Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed shall appoint a receiver of the Property whenever Mortgagee so requests. Such appointment may be made either before or after foreclosure sale pursuant to applicable law: (i) 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 Secured Indebtedness; (ii) without regard to the value of the Property at such time and whether or not the same is occupied as a homestead; and (iii) without bond being required of the applicant. Mortgagee or any employee of Mortgagee thereof may be appointed as such receiver. Such receiver shall have all powers and duties prescribed by applicable law, including the power to take possession, control, and care of the Property and to collect all rents, issues and profits thereof during the pendency of such foreclosure suit and, in the event of a sale and deficiency, during the full statutory period of redemption, as well as during any further times when Mortgagor or its devisees, legatees, heirs, executors, administrators, legal representatives, successors, or assigns, except for the intervention of such receiver, would be entitled to collect such rents, and the power to make leases to be binding upon all parties, including the purchaser at a sale pursuant to a judgment of foreclosure and any person acquiring an interest in the mortgaged real estate after entry of a judgment of foreclosure. In addition, such receiver shall also have the following powers to the extent permitted by applicable law: (a) to extend or modify any then existing leases, which extensions and modifications may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Secured Indebtedness and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Property are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption, discharge of the mortgage indebtedness, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser; and (b) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property during the whole of the period of receivership. The court from time to time, either before or after entry of judgment of foreclosure, may authorize the receiver to apply the net income in such receiver's hands in payment in whole or in part of: (a) the Secured Indebtedness, or any amounts included

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in any judgment of foreclosure or supplemental judgment or other item for which Mortgagee is authorized to make an Advance, and (b) the deficiency in case of a sale and deficiency.

3.9. Foreclosure Sale. In the event of any foreclosure sale, the Property may be sold in one or more parcels in such manner or order as Mortgagee, in its sole discretion, may elect, to the extent permitted by applicable law. Mortgagee may bid for and acquire the Property or any part thereof at any sale made under or by virtue of this Mortgage and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting against the purchase price the unpaid amounts due and owing in respect of any Secured Indebtedness after deducting from the sales price the expenses of the sale and the costs of the action or proceedings and any other sums that Mortgagee is authorized to deduct under this Mortgage or applicable law. Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and, except as otherwise provided by any applicable provisions of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

3.10. Application of Proceeds. The proceeds of any foreclosure sale of the Property shall be distributed and applied as follows:

(a) first, to the payment of the costs and expenses of such sale, including reasonable compensation to Mortgagee and its respective agents and attorneys, and of any judicial or private proceedings in which such sale may be made, and of all other expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage, together with interest at the Default Rate (as defined in the Note) on such costs, expenses and liabilities and on all advances made by Mortgagee from the date any such cost, expense or liability is past due or unpaid or any such advance is made, in each case until paid in full;

(b) second, to the payment of any other fees, costs or other expenses constituting obligations of Mortgagor under Note, this Mortgage or the other Collateral Documents (other than amounts payable under Section 3.10(a) above) together with interest on each such amount at the interest rate(s) applicable to the Secured Indebtedness pursuant to and in accordance with the Note from and after the date such amount is due, owing or unpaid until paid in full;

(c) third, to the payment of any interest then due, owing or unpaid in respect of the Secured Indebtedness, together with, to the maximum extent permitted by law, interest thereon at the interest rate(s) applicable to the Secured Indebtedness pursuant to and in accordance with the Note from the date such amount is due, owing or unpaid until paid in full;



(d) fourth, to the payment of the whole amount of principal then due, owing or unpaid in respect of the Secured Indebtedness, to be applied in accordance with the Note, with interest on such unpaid principal at the interest rate(s) applicable to the Secured Indebtedness pursuant to and in accordance with the Note from and after the happening of any Event of Default until paid in full; and

(e) fifth, to the surplus, if any, to be paid to whomever lawfully may be entitled to receive such surplus.

3.11. Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in repairing, restoring, replacing or rebuilding any portion of the Property, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In case of the foreclosure of this Mortgage, the court in its judgment may provide that the judgment creditor may cause a new or additional loss clause to be attached to each of said policies making the loss thereunder payable to said judgment creditor; and any such foreclosure judgment may further provide, unless the right of redemption has been waived, that in case of redemption under said judgment, then, and in every such case, the redemptory may cause the preceding loss clause attached to each insurance policy to be canceled and a new loss clause to be attached thereto, making the loss thereunder payable to such redemptory. In the event of foreclosure sale, Mortgagee is hereby authorized, but not required, without the consent of Mortgagor, to assign or cause a receiver to assign any and all insurance policies to the purchaser at the sale, or to take such other action as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

3.12. Waiver of Statutory Rights. Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, stay, extension, or exemption laws, or any so-called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, and Mortgagor hereby waives, to the extent permitted by law, the benefit of such laws. To the extent permitted by law, Mortgagor, for itself and all who may claim through or under it, waives any and all rights to have the Property and estates comprising the Property marshaled upon any foreclosure of the lien of this Mortgage, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety. Mortgagor further waives, to the extent permitted by law, any and all rights of redemption from foreclosure and from sale under any order or decree of foreclosure of the lien created by this Mortgage, for itself and on behalf of: (i) any trust estate of which the Premises are a part; (ii) all beneficially interested persons; (iii) each and every person acquiring any interest in the Property or title to the Premises subsequent to the date of this Mortgage; and (iv) all other persons to the extent permitted by the provisions of laws of the State of Illinois.

3.13. Waiver of Defenses; Effect of Judgment. No action for the enforcement of the

lien of this Mortgage shall be subject to any defense which would not be good and available to the party interposing the same in an action of law upon the Note. The obtaining of any judgment by Mortgagee and any levy of any execution under any judgment upon the Property shall not affect in any manner or to any extent the Lien of this Mortgage upon the Property or any part thereof, or any Liens, powers, rights and remedies of Mortgagee hereunder, but such Liens, powers, rights and remedies shall continue unimpaired as before until the judgment or levy is satisfied.

IV.  
MISCELLANEOUS

4.1. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other parties, or whenever any of the parties desires to give or serve upon any other parties any communication with respect to this Mortgage, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and three (3) days after deposit in the United States mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery or United States mail as otherwise provided in this Section 4.1), (c) one day after deposit with a reputable overnight courier with all charges prepaid, or (d) when delivered if delivered by messenger or personal delivery. Any such notice shall be addressed to the party to be notified and sent to the address or facsimile number indicated below or to such other address (or facsimile number) as may be substituted by such party by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any person (other than Mortgagee or Mortgagor) designated below to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication:

(i) If to Mortgagor:

Royal George, LLC  
c/o Reading Entertainment, Inc.  
One Penn Square West  
30 South 15th Street  
Philadelphia, Pennsylvania 19102  
Attn: James A. Wunderle  
Telephone No.: (215) 569-3344  
Telecopy No.: (215) 569-2862

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with a copy to:

Reading Entertainment, Inc.  
950 Third Avenue, 30th Floor  
New York, New York 10019  
Attn: Ellen M. Cotter  
Telephone No.: (212) 521-9400  
Telecopy No.: (212) 521-9420

and to:

Alzheimer & Gray  
10 South Wacker Drive, Suite 4000  
Chicago, Illinois 60606  
Attn: Melvin K. Lippe, Esq.  
Telephone No.: (312) 715-4000  
Telecopy No.: (312) 715-4800

(ii) If to Mortgagee:

The Royal Group L.L.C.  
c/o Jujamecyn Theaters Corporation  
246 West 44th Street  
New York, New York 10036  
Attention: Paul Libin  
Telephone No.: (212) 840-8181  
Telecopy No.: (212) 768-1095

with a copy to:

Latham & Watkins  
5800 Sears Tower  
Chicago, Illinois 60606  
Attention: David L. Shapiro, Esq.  
Telephone No.: (312) 876-7700  
Telecopy No.: (312) 993-9767

4.2. Purpose of Loan. Mortgagor hereby represents and agrees that the proceeds of the loan evidenced by the Note will be used for the purposes specified in 815 ILCS 205/4(1)(c), and that the indebtedness evidenced thereby constitutes a business loan which comes within the purview of said statute.

4.3. Time of Essence. Time is of the essence of this Mortgage.

4.4. Covenants Run with Land. All of the covenants of this Mortgage shall run with the land constituting the Premises.

4.5. **GOVERNING LAW.** THIS MORTGAGE SHALL BE CONSTRUED AND ENFORCED ACCORDING TO THE LAWS OF THE STATE OF ILLINOIS (WITHOUT REFERENCE TO CONFLICTS OF LAWS PROVISIONS THEREOF). MORTGAGOR HEREBY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND THE FEDERAL COURTS OF THE UNITED STATES LOCATED IN SUCH STATE IN RESPECT OF ALL ACTIONS ARISING OUT OF OR IN CONNECTION WITH THE INTERPRETATION OR ENFORCEMENT OF THIS MORTGAGE. MORTGAGOR HEREBY WAIVES ANY ARGUMENT THAT VENUE IN ANY SUCH FORUM IS NOT CONVENIENT AND AGREES THAT ANY ACTIONS INITIATED BY MORTGAGOR SHALL BE VENUED IN SUCH FORUMS.

4.6. Rights and Remedies Cumulative. All rights and remedies in this Mortgage are cumulative and concurrent and may be pursued separately, successively or together against Mortgagor, any guarantor or the Premises, or any one or more of them, at the sole discretion of Mortgagee, to the extent permitted by applicable law. The holder of the Note and of every other obligation secured hereby may recover judgment, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy.

4.7. Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase, or word, or their application, in any circumstance, is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included.

4.8. Non-Waiver. Unless expressly provided in this Mortgage to the contrary, no consent or waiver, express or implied, by any party, to or of any breach or default by any other party shall be deemed a consent to or waiver of the performance by such defaulting party of any other obligations or the performance by any other party of the same, or of any other obligations.

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

4.10. Construction. 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.

4.11. Deed in Trust. If title to the Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction against the creation of any lien on the

Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

4.12. Successors and Assigns; Amendment. This Mortgage shall be binding upon Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor. "Mortgagee," when used herein, shall include the successors and assigns of Mortgagee and the holder or holders from time to time of the Note secured hereby. Mortgagee may assign its rights under this Mortgage without the consent of Mortgagor. This Mortgage may not be amended, modified, supplemented or terminated except in a writing signed by the parties hereto.

4.13. Mortgagee in Possession. Nothing contained in this Mortgage shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Property.

4.14. Compliance with Applicable Law. Notwithstanding any other provision herein to the contrary, in the event that any provision in this Mortgage shall be inconsistent with any provision of applicable law, the provisions of applicable law shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with applicable law, and if any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under applicable law in the absence of said provision, Mortgagee shall be vested with the rights granted under applicable law to the full extent permitted by law. The obligation of Mortgagor with respect to the payment of interest under the Note is governed by the law of the State of Illinois applicable to contracts made and performed in such state. Without limitation of such express choice of law, it is the intention of the parties to conform strictly to the usury laws, whether state or federal, that are applicable to the Note, this Mortgage and the other Collateral Documents. All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether oral or written, are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid by Mortgagor for the use, forbearance or detention of the money loaned under Note, or for the payment or performance of any covenant or obligation contained in the Note, this Mortgage or any other Collateral Document, exceed the maximum amount permissible under applicable federal or state usury laws. If under any circumstances whatsoever fulfillment of any provision of the Note, this Mortgage or any other Collateral Document, at the time performance of such provision shall be due, shall involve exceeding the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity. If under any circumstances Mortgagor shall have paid an amount deemed interest by applicable law, which would exceed the highest lawful rate, such amount that would be excessive interest under applicable usury laws shall be applied to the reduction of the principal amount owing in respect of the Note and not to the payment of interest, or, to the extent required under applicable law, shall be refunded to

Mortgagor. All sums paid or agreed to be paid for the use, forbearance or detention of the principal under the Note shall, to the extent permitted by applicable law, and to the extent necessary to preclude exceeding the limit of validity prescribed by law, be amortized, prorated, allocated and spread from the date of this Mortgage until payment in full of the Secured Indebtedness so that the actual rate of interest on account of such principal amounts is uniform throughout the term hereof.

[Signature page follows]

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IN WITNESS WHEREOF, Mortgagor has duly executed and delivered this Mortgage as of the date first above written.

ROYAL GEORGE, LLC, a Delaware limited liability company

By: [Signature]  
Name: James A. Wunderle  
Title: Treasurer & Manager

**James A. Wunderle**  
**Treasurer and Manager**

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STATE OF Pennsylvania )  
 ) SS  
COUNTY OF Philadelphia

On March 18, 1999, before me, the undersigned, a Notary Public in and for the State and County set forth above, personally appeared James A. Winkler known to me to be the Manager/Trustee of Royal George, LLC, a Delaware limited liability company, and acknowledged to me that such individual executed the within instrument on behalf of said limited liability company.

WITNESS my hand and official seal.

Charisse E. White-Hammond  
Notary Public



NOTARIAL SEAL  
Charisse E. White-Hammond, Notary Public  
City of Philadelphia, Phila. County  
My Commission Expires Nov. 20, 2000

Clerk's Office



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EXHIBIT A

Legal Description

99269158

LOT 53 (EXCEPT THE SOUTH 6 FEET THEREOF) AND LOTS 54, 55, 56, 57, 58, 59 AND 60 IN IRA SCOTT'S SUBDIVISION OF THE WEST 1/2 OF THE WEST 1/2 OF BLOCK 1 IN SHEFFIELD'S ADDITION TO CHICAGO OF SECTIONS 29, 31, 32 AND 33, TOWNSHIP 40 NORTH, RANGE, 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

ADDRESS OF PROPERTY: 1633-41 N. HALSTED  
CHICAGO, IL 60614

PROPERTY INDEX NUMBERS: 14-33-313-020-0000  
14-33-313-021-0000  
14-33-313-022-0000  
14-33-313-023-0000  
14-33-313-024-0000  
14-33-313-025-0000  
14-33-313-026-0000

Property of Cook County Clerk's Office

## Permitted Encumbrances

GENERAL TAXES FOR THE YEAR 1998 AND SUBSEQUENT YEARS WHICH ARE NOT YET DUE AND PAYABLE.

EXISTING UNRECORDED LEASES AND RIGHTS OF PARTIES IN POSSESSION UNDER SUCH UNRECORDED LEASES.

EASEMENT FOR INGRESS AND EGRESS RECORDED APRIL 3, 1981 AS DOCUMENT 25826985, OVER THE NORTH 5.5 FEET OF THE SOUTH 11.5 FEET OF LOT 53, AND THE TERMS AND PROVISIONS THEREOF.

ENCROACHMENT OF BRICK AND CONCRETE BUILDING LOCATED ON THE LAND OVER THE WEST LINE BY 0.10 TO 0.14 FEET AS SHOWN ON SURVEY MADE BY JENS K. DOE SURVEY SERVICE, INC. DATED OCTOBER 1, 1998 AS ORDER NO. 981688.

ENCROACHMENT OF SIGN ATTACHED TO BUILDING OVER THE WEST LINE BY 1.24 FEET AS SHOWN ON SURVEY MADE BY JENS K. DOE SURVEY SERVICE, INC. DATED OCTOBER 1, 1998 AS ORDER NO. 981688.

ENCROACHMENT OF FENCE POST OVER THE EAST LINE BY 0.06 FEET AS SHOWN ON SURVEY MADE BY JENS K. DOE SURVEY SERVICE, INC. DATED OCTOBER 1, 1998 AS ORDER NO. 981688.

Deer Creek County Clerk's Office