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## EXHIBIT A Legal Description

1403108  
LOT 7 (EXCEPT THE WEST 15.25 FEET THEREOF) AND ALL OF LOT 8 IN BLOCK 1 IN HERZOG'S 1ST INDUSTRIAL SUBDIVISION OF PART OF THE EAST 1/2 OF SECTION 10, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND PART OF THE WEST 1/2 OF SECTION 11, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF REGISTERED IN THE OFFICE OF THE REGISTRAR OF TITLES OF COOK COUNTY, ILLINOIS ON DECEMBER 13, 1955 AS DOCUMENT NUMBER LR.1639763 AND CERTIFICATE OF CORRECTION THEREOF REGISTERED DECEMBER 14, 1956 AS DOCUMENT NUMBER LR.1713481 IN COOK COUNTY, ILLINOIS.

Street Address: 599 South Wheeling Road  
Wheeling, Illinois

lot 7  
P.I.N.: 03-11-300-004-0000 (partial)  
03-11-300-005-0000 (partial)

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## EXHIBIT B Legal Description

1736183

LOT 6 (EXCEPT THE WEST 15.25 FEET THEREOF) IN BLOCK 1 OF HERZOG'S FIRST INDUSTRIAL SUBDIVISION OF PART OF THE EAST 1/2 OF SECTION 10, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND PART OF THE WEST 1/2 OF SECTION 11, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO PLAT THEREOF REGISTERED IN THE OFFICE OF THE REGISTRAR OF TITLES OF COOK COUNTY, ILLINOIS ON DECEMBER 13, 1955 AS DOCUMENT LR1639763.

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Street Address: 605 South Wheeling Road  
Wheeling, Illinois

P.I.N.: 03-11-300-007-0000 *PIJ*

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## BETHESDA INVESTORS LIMITED PARTNERSHIP

### RESOLUTION OF GENERAL PARTNERS

The undersigned, being the general partners of Bethesda Investors Limited Partnership, hereby approve and adopt the following resolution:

RESOLVED, that the Mitchell H. Saranow, the President of Fluid Equipment, Inc., a Delaware corporation (the "Partnership") and managing general partner of Bethesda Investors Limited Partnership (the "Partnership"), or Thomas E. Carney, Vice President, Treasurer and Secretary of the Managing General Partner, be and each of them is hereby authorized and directed to execute and deliver the following documents in the name of and on behalf of the Partnership pursuant to and in full compliance with the authority granted hereby and by the Limited Partnership Agreement of the Partnership to the Managing General Partner:

(a) Bethesda Investors Limited Partnership Credit Agreement dated as of November 17, 1988 between the Partnership and The First National Bank of Chicago ("Lender");

(b) Note dated as of November 17, 1988, executed by the Partnership and delivered to the Lender;

(c) Guaranty of the obligations of Fluid Management Limited Partnership ("Lessee") under that certain Credit Agreement between the Lessee and the Lender executed by the Partnership and delivered to the Lender;

(e) Mortgage covering the Partnership's real property ("Mortgaged Property") located in Wheeling, Illinois executed by the Partnership as Mortgagor and delivered to the Lender;

(f) Assignment of Leases and Rents covering leases and rents relating to the Mortgaged Property;

(g) Lease between Lessee and the Partnership leasing the Mortgaged Property to the Lessee; and

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Box 333.

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(h) such other documents and instruments as the President or Secretary may deem necessary or advisable in connection with execution, issuance and delivery of the foregoing documents.

Dated: As of November 17, 1988

FLUID MANAGEMENT, INC

By 

Mitchell H. Saranow,  
President

ADDISON PAINT EQUIPMENT CORP.

By \_\_\_\_\_

A. Steven Crown  
President

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**BETHESDA INVESTORS LIMITED PARTNERSHIP****RESOLUTION OF GENERAL PARTNERS**

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(b) Note dated as of November 17, 1988, executed by the Partnership and delivered to the Lender;

(c) Guaranty of the obligations of Fluid Management Limited Partnership ("Lessee") under that certain Credit Agreement between the Lessee and the Lender executed by the Partnership and delivered to the Lender;

(e) Mortgage covering the Partnership's real property ("Mortgaged Property") located in Wheeling, Illinois executed by the Partnership as Mortgagor and delivered to the Lender;

(f) Assignment of Leases and Rents covering leases and rents relating to the Mortgaged Property;

(g) Lease between Lessee and the Partnership leasing the Mortgaged Property to the Lessee; and

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INVESTIGATION REPORT

REPORT NO. 100-100000

DATE: 10/10/2000

BY: [Name]

FOR: [Name]

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100-100000

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Deborah Bleich Cogan  
Hopkins & Sutter  
Three First National Plaza  
Suite 4000  
Chicago, Illinois 60602

This instrument was prepared by  
and after recording return to:

D. Pursuant to the terms of the A Credit Agreement,  
Mortgagor executed and delivered to Mortgagor a Promissory Note  
of even date herewith (the "Term Note") payable to the order of  
Mortgagee in the principal amount of TWO MILLION THREE HUNDRED  
SIXTY-TWO THOUSAND AND NO/100 DOLLARS (\$2,362,000.00), to

C. The A Credit Agreement provides for a term loan,  
and the B Credit Agreement provides for a revolving credit  
account and a letter of credit facility, all of which total, in  
the aggregate, SIXTEEN MILLION SIXTY-TWO THOUSAND AND NO/100  
DOLLARS (\$16,062,000.00) (the "Credit").

B. Mortgagor and Fluid Management Limited  
Partnership, an Illinois limited partnership ("Fluid  
Management"), which comprises the same partners as does  
Mortgagor, have entered into a credit agreement of even date  
herewith (the "B Credit Agreement") (the A Credit Agreement and  
the B Credit Agreement are referred to hereinafter collectively  
as the "Credit Agreements").

A. Mortgagor and Mortgagor have entered into a  
credit agreement of even date herewith (the "A Credit  
Agreement").

R E C I T A L S :

THIS MORTGAGE ("Mortgage") is made as of the  
day of November, 1988, by and between BETHESDA INVESTORS  
LIMITED PARTNERSHIP, an Illinois limited partnership  
("Mortgagor") and THE FIRST NATIONAL BANK OF CHICAGO, a  
national banking association ("Mortgagee").

Property Address: 599 and 605 South Wheeling Road  
Wheeling, Cook County, Illinois  
P.I.N. Nos. 03-11-300-004-0000 (partial)  
03-11-300-005-0000 (partial)  
03-11-300-007-0000

MORTGAGE

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11-18-88

Deborah Bleich Cogan  
Mortgagee  
11/18/88

11/18/88

Deborah Bleich Cogan

Resolution of partnership of Bethesda Investors Limited Partnership

7151792 & 793D3

By  
Norman  
Mortgagor

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H. Mortgagor has executed and delivered to Mortgagee a guaranty of even date herewith (the "Guaranty") to further

Management to Mortgagee; of even date herewith (the "Leasehold Mortgage") from Fluid interest thereon, are secured, in part, by a Leasehold Mortgage drawn under the Letter of Credit Facility, together with Management's obligation to reimburse Mortgagee for any sums Credit Agreements, including, but not limited to, Fluid The Term Note, the Revolving Credit Note and the

F. All of the principal and interest due under the Term Note, the Revolving Credit Note, and the Credit Agreements is payable at such place as Mortgagee may from time to time designate in writing by notice to Mortgagor and in absence of such designation at the office of Mortgagee at one first National Plaza, Chicago, Illinois, 60670;

G. as provided in the B Credit Agreement; November 30, 1995, if not sooner paid, or as otherwise extended accrued thereunder and all other sums evidenced thereby, on under the Revolving Credit Note, together with all interest Fluid Management promises to pay to Mortgagee all sums drawn "Revolving Credit Note", in and by which Revolving Credit Note by Fluid Management and payable to the order of Mortgagee (the SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$13,700,000.00) made Note of even date herewith in the amount of THIRTEEN MILLION Agreement. The Revolving Credit is evidenced by a Promissory Mortgagee in accordance with the terms of the B Credit which obligates Fluid Management to reimburse DOLLARS (\$8,210,025.00) (the "Letter of Credit Facility"), for TWO HUNDRED TEN THOUSAND SIX HUNDRED TWENTY-FIVE AND NO/100 the B Credit Agreement, in the maximum amount of EIGHT MILLION agreed to provide to Fluid Management, pursuant to the terms of with respect to a letter of credit facility which Mortgagee has liabilities, contingent and actual, of Mortgagee to Mortgagee THOUSAND AND NO/100 DOLLARS (\$13,700,000.00), less all may borrow from Mortgagee up to THIRTEEN MILLION SEVEN HUNDRED to the provisions of the B Credit Agreement, Fluid Management Fluid Management (the "Revolving Credit") under which, subject Mortgagee has agreed to provide a revolving credit account to E. Pursuant to the terms of the B Credit Agreement,

as provided in the A Credit Agreement; November 30, 1995, if not sooner paid, or as otherwise extended thereunder and all other sums evidenced thereby, on pay such principal amount, together with all interest accrued "Term Loan"), in and by which Term Note Mortgagee promises to evidence a loan to Mortgagee of such principal amount (the

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NOW, THEREFORE, (x) for and in consideration of: (1) the extending of the credit by Mortgagee, (1) other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and (11) the recitals set forth above (such recitals being incorporated herein and made a part hereof by this reference), and (y) to secure the indebtedness evidenced by the Term Note and the Revolving Credit Note and all other debt presently or in the future owed by Mortgagee and Fluid Management to Mortgagee under the Credit Agreements, including, but not limited to, the obligation under the B Credit Agreement to reimburse Mortgagee for all sums drawn pursuant to the Letter of Credit Facility, with interest accrued thereon, the Term Note, the Revolving Credit Note, or any other document or instrument evidencing, securing or relating to the indebtedness evidenced by the Term Note, the Revolving Credit Note, or the Credit Agreements, including, but not limited to, the obligation under the B Credit Agreement to reimburse Mortgagee for all sums drawn pursuant to the Letter of Credit Facility, with interest accrued thereon, the Term Note, the Revolving Credit Note, or any other document or instrument evidencing, securing or relating to the indebtedness evidenced by the Term Note, the Revolving Credit Note, or the Credit Agreements, including, but not limited to, the obligation under the B Credit Agreement to reimburse Mortgagee for all sums drawn pursuant to the Letter of Credit Facility, with interest accrued thereon, Mortgagee does, by these

A R T I C L E S

1. Mortgagee and Fluid Management are about to enter into a lease agreement (the "Lease"), pursuant to which Mortgagee will lease the premises to Fluid Management in exchange for certain valuable consideration. As lessor under such lease, Mortgagee has a direct financial interest in Mortgagee's providing the Revolving Credit and Letter of Credit Facility to Fluid Management and Mortgagee has executed the A Guaranty as an inducement to Mortgagee to extend such credit to Fluid Management.

Fluid Management has executed and delivered to Mortgagee a guaranty of even date herewith (the "B Guaranty") to further secure the repayment by Mortgagee of the Term Note, together with all interest accrued and all other sums due thereunder (the "A Guaranty" and the B Guaranty are referred to hereinafter as the "Guaranties"); and

2. Fluid Management has executed and delivered to Mortgagee the repayment of all sums drawn under the Revolving Credit and all sums drawn under the Letter of Credit Facility, together with all interest accrued and all other sums due thereunder;

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All of the land, estate and property hereinabove described, real, personal and mixed, whether annexed or not, and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared to form a part and parcel of the real estate

TOGETHER with all estates, interests, rights, titles, claims or demands which Mortgagor now has or may hereinafter acquire in the Premises, including but not limited to claims or demands with respect to the proceeds of insurance in effect with respect thereto, as more specifically set forth in this Mortgage, and any and all awards made for the taking by eminent domain, or by any proceedings or purchase in lieu thereof, as more specifically set forth in this Mortgage.

TOGETHER with all of Mortgagor's right, title and interest in and to: (a) all improvements, tenements, easements, fixtures, and appurtenances thereto pertaining or belonging whether now held or hereafter acquired (b) all leases, lettings, agreements for use and occupancy, concessions and licenses of or with respect to any or all of the Real Estate, and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily), and (c) all fixtures, apparatus, equipment and not secondarily), and on the Real Estate or improvements thereon, used to supply heat, gas, air cooling, air conditioning, water, light, power, sanitation, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, all other fixtures, apparatus, equipment, furniture, furnishings, and articles used or useful in connection with the operation of the Premises as located upon said Premises, all shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, curtain fixtures, partitions, and attached floor coverings, now or hereafter therein or thereon whether now held or hereafter acquired -- it being understood that the enumeration of any specific articles of property shall in no way result in or be held to exclude any items of property not specifically mentioned (the items in this clause (c) being sometimes collectively called the "Personal Property").

presents, CONVEY, MORTGAGE AND WARRANT unto Mortgagor, its successors and assigns its fee simple interest in the real estate ("Real Estate") described in Exhibits A and B attached hereto and made a part hereof and all of its estate, right, title and interest therein, situate, lying and being in the County of Cook and the State of Illinois which, with the property hereinafter described, is hereinafter referred to as the "Premises."

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(a) all indebtedness evidenced by the Term Note, including any future advances, the aggregate principal amount of which shall not exceed TWO MILLION THREE HUNDRED SIXTY-TWO THOUSAND AND NO/100 DOLLARS (\$2,362,000.00), plus all interest accruing thereon, and all fees due and payable in connection therewith, and all other amounts due hereunder and otherwise secured hereby under law;

This Mortgage is to secure:

Obligations Secured

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

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

Mortgagee covenants (i) that it is lawfully seized of the Premises, (ii) that the same are unencumbered, except for the liens, encumbrances, conditions, restrictions, easements, leases, and other matters, rights or interests disclosed in Schedule B (or the equivalent section or portion) of the ALTA Loan Policy delivered to and accepted by Mortgagee contemporaneously with the execution and delivery of this Mortgage (herein called "Permitted Encumbrances"), and (iii) that Mortgagee has good right, full power and lawful authority to convey and mortgage the same; and further, Mortgagee shall forever defend the Premises and the quiet and peaceful possession of the same against the lawful claims of all persons whomsoever.

Mortgagee hereby and to be appropriated to the use of the real estate, and shall, for the purposes of this Mortgage, be deemed to be real estate and conveyed and mortgaged hereby. As to any declaration and agreement (does not so form a part and parcel of said real estate, this Mortgage is hereby deemed to be, as well, a Security Agreement under the Illinois Uniform Commercial Code in effect or as amended from time to time or under similar or replacement statutes hereafter enacted (collectively, the "UCC") for the purpose of creating hereby a security interest in such property, which Mortgagee hereby grants to Mortgagee as Secured Party (as said term is defined in the UCC), securing said indebtedness and obligations described in this Mortgage, and Mortgagee shall have in addition to its rights and remedies hereunder all rights and remedies of a Secured Party under the UCC. As to above personal property which the UCC classifies as fixtures, this instrument shall constitute a fixture filing and financing statement under the UCC.

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2. (a) Mortgagor shall (i) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the premises which may become damaged or be destroyed or condemned, except that if Mortgagor is in compliance with section 4 hereof, and if Mortgages elicits, pursuant to section 5 or section 20 hereof, to apply the insurance proceeds or Net condemnation proceeds resulting from such damage, destruction, or taking, as the case may be, in payment, reduction, or satisfaction of one or more of the obligations, then Mortgagor shall not be required to make those repairs for which such proceeds otherwise would have paid; (ii) keep the premises in good condition and repair, without waste, provided, that Mortgagor may commit ameliorative waste, subject to Mortgagor's obligation at all times to comply with the provisions of subsection (vi) of this section 2; (iii) keep the premises free from mechanics' liens or other liens or claims for lien of any kind or nature whatsoever except those arising in the ordinary course of Mortgagor's or Fluid Management's business which secure payment of obligations not more than 60 days past due.

Maintenance, Repair and Restoration of Improvements, Payment of Liens, Etc.

The foregoing items set forth in subsections (a) through (e) of section 1 of this Mortgage are hereinafter collectively called the "Obligations."

(e) any renewals, extensions, amendments or modifications hereto or of the Credit Agreements or other Loan Documents.

(d) the performance by Mortgagor and Fluid Management of all of their respective covenants, agreements and obligations contained in the Loan Documents; and

(c) all other sums advanced pursuant to the provisions of the Credit Agreements, this Mortgage, the Leasehold Mortgage, the Term Note, the Revolving Credit Note, the Letter of Credit Facility, the Guaranties, and any other documents evidencing or securing the credit (collectively, the "Loan Documents"), plus all interest accruing thereon, and all fees due and payable in connection therewith;

(b) any and all indebtedness evidenced by the Revolving Credit Note, the principal amount of which shall not exceed THIRTEEN MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$13,700,000.00), plus all interest accruing thereon, and all fees due and payable in connection therewith, and all other amounts due hereunder and otherwise secured hereby under law;

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and except permitted Encumbrances (collectively, "Liens"); (iv) pay when due any indebtedness which may be secured by a mortgage on the premises, whether senior or junior to this mortgage and whether permitted by the terms hereof or otherwise, and comply with all requirements of all loan documents evidencing or securing such indebtedness, and upon request, exhibit satisfactory evidence of the discharge of any such mortgage to Mortgagee; (v) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to the premises and the use thereof in accordance with the standards of Section 6.7 of the Credit Agreements; (vi) make no material alterations in the premises, except in accordance with the Credit Agreements or as required by law or municipal ordinance; (vii) suffer or permit no change in the general nature of the occupancy or use of the premises; (viii) initiate or acquiesce in no zoning variation or reclassification without Mortgagee's prior written consent; and (ix) pay each item of indebtedness secured by this mortgage when due according to the terms hereof, and pay, perform, satisfy and discharge each of the obligations when required to do so under the terms of this mortgage, the Term Note, the Revolving Credit Note, the A Credit Agreement, the A Guaranty, and the other Loan Documents.

(b) Anything in Section 2(a)(ii) and 2(a)(iii) of this mortgage to the contrary notwithstanding, Mortgagee may, in good faith and with due diligence, contest the validity or amount of any Lien, and defer payment and discharge thereof during the pendency of such contest; provided: (i) that such contest shall have the effect of preventing the sale or forfeiture of the premises or any part thereof, or any interest therein, to satisfy such Lien; (ii) that, within ten (10) days after Mortgagee has first learned of the assertion of such Lien, Mortgagee shall have notified Mortgagee in writing of Mortgagee's intention to contest such Lien; (iii) that such contest shall not have a materially adverse consequence on Mortgagee's financial condition, in Mortgagee's sole judgment; and (iv) that Mortgagee shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, a sum of money which shall be sufficient in the judgment of Mortgagee to pay in full such Lien and all interest which might become due thereon, and Mortgagee shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional interest whenever, in the reasonable judgment of Mortgagee, such increase is advisable. If Mortgagee shall fail to prosecute such contest with reasonable diligence, or (y) fail to maintain sufficient funds on deposit as hereinabove provided, then Mortgagee may, at its option, apply the money so deposited in payment of or on account of such Lien, or that part thereof then unpaid.

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Mortgagee shall maintain with respect to the premises (a) all risks form of property insurance; (b) worker's compensation and employer's liability insurance; (c) flood insurance, unless mortgagee furnishes mortgagee with evidence acceptable to mortgagee that the premises are not located in an area designated by the Federal Emergency Management Agency as having special flood hazards; and (d) boiler and machinery insurance, provided that one or more boilers is located on the premises. Mortgagee shall also provide liability insurance with such limits for personal injury and death as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which fluid technologies and its subsidiaries operate, with mortgagee clauses attached to all casualty policies in favor of and in form satisfactory to mortgagee naming mortgagee as loss payee, and all policies shall include a provision requiring that the coverage evidenced thereby shall not be terminated or modified without thirty (30) days prior written notice to mortgagee. Mortgagee shall deliver copies of all policies and duplicate original certificates evidencing such insurance, including copies of additional and renewal policies and duplicate original certificates, together with evidence of full payment of premiums thereon, to mortgagee, and, in the case of insurance about to expire, shall deliver duplicate original certificates and copies of each renewal policy, together with evidence of full payment of premiums thereon, not less than thirty (30) days prior to their respective dates of expiration. Mortgagee will not permit any condition to exist at the premises which would wholly or partially invalidate any insurance thereon. Mortgagee shall not take out separate loss with that required to be maintained hereunder unless mortgagee is included thereon under a mortgagee clause

## Insurance

Mortgagee of the amount of payment to be made. In lieu of the cash deposit described above, mortgagee may deliver to mortgagee either an amendment to or endorsement of the ALTA Loan Policy provided to mortgagee at the time this mortgage is executed or a payment bond from a bonding company satisfactory to mortgagee; provided that such amendment, endorsement or bond shall insure over, or indemnify mortgagee against, the taxes which mortgagee is contesting as aforesaid, and shall otherwise be in form and substance satisfactory to mortgagee.

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In the event that (a) the amount of the insurance proceeds exceeds TWO HUNDRED SEVENTEEN THOUSAND AND NO/100 DOLLARS (\$217,000.00) with respect to the improvements located on the Real Estate described in Exhibit A hereto, or ONE

(c) of this paragraph have been satisfied, Mortgagor shall be obligated to collect and hold such proceeds, and Mortgagor shall be obligated to apply such proceeds exclusively to the cost of such rebuilding or restoration.

(d) If the amount of proceeds collected is equal to or less than the amount of proceeds collected in Exhibit A hereto, \$108,500.00, or with respect to the Real Estate described in Exhibit B hereto, \$59,500.00, and provided further that (i) the conditions precedent set forth in clauses (b) and (c) of this paragraph have been satisfied, Mortgagor shall be

entitled to collect and hold such proceeds, and Mortgagor shall be obligated to apply such proceeds exclusively to the cost of such rebuilding or restoration. Notwithstanding the foregoing, improvements on the premises, notwithstanding the foregoing, shall be held by Mortgagor and used to reimburse Mortgagor for the cost of rebuilding or restoring the buildings or

improvements located on the Real Estate described in Exhibit A hereto, TWO HUNDRED SEVENTEEN THOUSAND AND NO/100 DOLLARS (\$217,000.00) or with respect to the improvements located on the Real Estate described in Exhibit B hereto, ONE HUNDRED NINETEEN THOUSAND AND NO/100 DOLLARS (\$19,000.00), and provided further, that (b) no mortgage default exists hereunder and (c) the casualty occurs more than 180 days prior to the maturity of the indebtedness secured hereby, such proceeds shall be held by Mortgagor and used to reimburse Mortgagor for the cost of rebuilding or restoring the buildings or

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## Adjustment of Losses with Insurer and Application of Proceeds of Insurance

5. In case of fire or other casualty, Mortgagor shall have the right to settle and adjust any claim under such insurance policies, subject to Mortgagor's prior written approval, which approval shall not be unreasonably withheld; provided, that Mortgagor shall have the right to settle and adjust any claim, in its sole discretion, if such claim is not settled and adjusted by Mortgagor on or before forty-five (45) days after the date of casualty. Notwithstanding the foregoing, if Mortgagor is diligently attempting to settle and adjust such claim and, due to circumstances beyond Mortgagor's reasonable control, Mortgagor is unable to do so within such forty-five (45) day period, Mortgagor shall be granted an additional fifteen (15) days within which to settle and adjust such claim. Except as otherwise provided herein, Mortgagor is authorized and shall have the right to collect and receipt for any such insurance proceeds.

acceptable to Mortgagor. Mortgagor shall immediately notify Mortgagor whenever any such separate insurance is taken out and shall promptly deliver to Mortgagor the policy or policies of such insurance.



In case of loss after a foreclosure by judicial proceeding has been instituted, the proceeds of any such insurance policy or policies, if not applied as aforesaid in rebuilding or restoring the buildings or improvements, shall be applied in payment or reduction of the obligations of the mortgagor in payment of reduction of the amount due in accordance with any order of foreclosure that may be entered in any such proceeding and the balance, if any, shall be paid to the owner of the equity of redemption if it shall then be entitled to the same or as the court may direct. In case of the foreclosure of this mortgage by judicial proceeding, the court in its order and upon notice to the insurer may provide that the mortgagee's clause attached to each of said insurance policies may be cancelled and that the purchaser at the foreclosure sale held in accordance with such judicial proceeding may cause a new loss clause to be attached to each of said policies making the loss thereunder payable to said purchaser; and any such foreclosure order may

If the insurance proceeds are to be used to reimburse Mortgagor for the cost of restoring or rebuilding the premises, such proceeds shall be made available, from time to time, upon Mortgagor's being furnished with satisfactory evidence of the estimated cost of completion thereof and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments as Mortgagor may reasonably require and approve. Mortgagor shall also be furnished with all plans and specifications for such rebuilding or restoration as the Mortgagor may require and approve. Mortgagor shall not unreasonably withhold its approval of plans and specifications so submitted, so long as such plans and specifications provide for restoration of the premises to substantially the same condition that existed prior to the casualty. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed, from time to time, and at all times the undistributed balance of said proceeds remaining in Mortgagor's possession shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

HUNDRED NINETEEN THOUSAND (\$19,000.00) with respect to the improvements located on the Real Estate described in Exhibit B hereto, (b) the casualty occurs on or within 180 days prior to the maturity of the indebtedness secured hereby, or (c) a Mortgage Default exists hereunder, such insurance proceeds shall, at Mortgagor's option, either: (1) be applied in payment, reduction or satisfaction of one or more of the obligations, whether due or not, in such order as Mortgagor may elect, or (11) be held by Mortgagor and used to reimburse Mortgagor for the cost of rebuilding or restoration of the buildings or improvements on the premises.

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8. If the payment of any of the obligations or any part thereof is extended or varied or if any part of the security is released, all persons or entities now or at any time hereafter liable therefor, or interested in the premises, 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, the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release.

## Effect of Extensions of Time

7. Mortgagee shall have the privilege of making prepayments on the principal of the obligations (in addition to the required payments), but only in accordance with the terms and conditions set forth in the Credit Agreements, as they may be applicable to the respective obligations in question.

## Prepayment Privilege

6. If, by the laws of the United States of America, or of any state having jurisdiction over Mortgagee, any stamp tax or similar tax is due or becomes due in respect of any of the obligations or the recording of this Mortgage, Mortgagee covenants and agrees to pay such tax in the manner required by any such law. Notwithstanding the foregoing, Mortgagee may, in good faith, contest such tax by appropriate proceedings, provided that Mortgagee (a) has established reserves in an amount deemed adequate by Mortgagee to pay such taxes and any penalty and interest thereon, increasing the amount of such reserve as Mortgagee may from time to time reasonably require, and (b) is not in default hereunder. Mortgagee further covenants to hold harmless and agrees to indemnify Mortgagee, its successors or assigns, against any liability incurred by reason of the imposition of any stamp tax or similar tax on the issuance of the obligations or the recording of this Mortgage.

## Stamp Tax

Further provide that in case of one or more redemptions under said order, pursuant to the statute in such case made and provided, then, and in every such case, each successive redemtor may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such redemtor. In the event of such foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagee, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

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10. In case of default on the part of Mortgagor under this Mortgage and the failure of Mortgagor to cure such default within the applicable cure period, if any, Mortgagor shall have the right, but not the obligation, to make any payment or perform any act herein or in or with respect to any of the obligations required of Mortgagor, in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien on title or claim thereof, or redeem from any tax or sale or foreclosure affecting the premises or contest any tax or assessment. Anything to the contrary notwithstanding, Mortgagor may immediately take action to cure any default in the payment of taxes or insurance premiums or any other defaults that create an emergency regarding the priority or validity of the lien of this Mortgage or the physical condition of the premises without regard to the Mortgagor's cure rights, if any. All moneys paid for any of the purposes herein authorized and all reasonable expenses paid or incurred in connection therewith, including but not limited to reasonable attorneys' fees and expenses, and any other moneys advanced by Mortgagor to protect the premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the Default Rate as hereinafter defined in Section 26 below. Inaction of Mortgagor shall never be considered as a waiver of any right accruing to

Mortgagor's Performance of Defaulted Acts; Subrogation

9. In the event of the enactment after this date of any law of the state in which the premises are located deducting from the value of land for the purpose of taxation any lien thereon, and imposing upon Mortgagor the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the mortgagor's interest in the property, or the manner of collection of taxes so as to affect this Mortgage or the indebtedness secured hereby, then, and in any such event, Mortgagor, upon demand by Mortgagor, shall pay such taxes or assessments, or reimburse Mortgagor therefor; provided, however, that if in the opinion of counsel for Mortgagor (a) it shall be unlawful to require Mortgagor to make such payment, or (b) the making of such payment shall result in the imposition of interest beyond the maximum amount permitted by law, then, and in such event, Mortgagor may elect, by notice in writing given to Mortgagor, to decline all of the obligations to be and become due and payable sixty (60) days from the giving of such notice.

Effect of Changes in Laws Regarding Taxation

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12. The following shall be a default ("Mortgage Default") hereunder: (a) any payment of principal or interest due under or with respect to any of the Obligations, or any other payment due in accordance with the terms of this Mortgage, is not paid when due and payable and such nonpayment continues for 5 days; or (b) any other of the covenants, agreements or conditions, hereinafter contained, required to be kept or performed or observed by Mortgagee in this Mortgage, are not observed or performed and such nonobservance or non-performance continues for 20 days after written notice to Mortgagee; or (c) any "default" shall have occurred under the Credit Agreements, or either of them, and any applicable cure or grace period shall have expired ("Credit Agreement Default"); or (d) any default or event of default not otherwise described in this Section 12, shall have occurred under or with respect to any of the Obligations, or under or with respect to any of the Loan Documents and any applicable cure or grace period shall have expired; or (e) Mortgagee shall file a petition in voluntary bankruptcy or insolvency or under any provision of the Federal Bankruptcy Act or any similar law, state or federal, whether

Default

11. Mortgagee in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of such lien or any claim for lien which may be asserted.

Mortgagee's Reliance on Tax Bills, Etc.

It on account of any default on the part of Mortgagee under this Mortgage, should the proceeds of the Obligations or any part thereof, or any amount paid out or advanced hereunder by Mortgagee, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any lien or encumbrance upon the premises or any part thereof on a party with or prior or superior to the lien hereof, then as additional security hereunder, the Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote, regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released or record by the holder thereof upon payment.

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13. When a Mortgage Default shall have occurred (whether listed in Section 12 hereof or described elsewhere in this Mortgage), Mortgagee shall have the right to accelerate the maturity of all of the Obligations and when the indebtedness secured hereby or any part thereof shall become due, whether by lapse of time, acceleration or otherwise, then Mortgagee shall have the right to foreclose the lien hereof or in any other action. In any suit to foreclose the lien hereof or in any other action to enforce any other remedy of Mortgagee under this Mortgage or with respect to any of the other Obligations, there shall be allowed and included as additional indebtedness in the decree for sale, judgment of foreclosure or other judgment or decree all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, paralegals' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title and value as Mortgagee may deem necessary either to prosecute such suit or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or the value of the premises. All expenditures and expenses of the nature in this Section

## Foreclosure; Expense of Litigation

now or hereafter existing, or an answer admitting insolvency or inability to pay its debts, or fail to obtain a vacation or stay of involuntary proceedings within sixty (60) days after commencement of such involuntary proceedings; or (f) Mortgagee shall be adjudicated a bankrupt, or a trustee or a receiver shall be appointed for the Mortgagee or for all of the property of Mortgagee or the major part thereof in any involuntary proceeding or any court shall have taken jurisdiction of the property of the Mortgagee or the major part thereof in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Mortgagee, and such trustee or receiver shall not be discharged within thirty (30) days or such jurisdiction shall not be relinquished or vacated or stayed on appeal or otherwise stayed within sixty (60) days after the same shall have first occurred; or (g) Mortgagee shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; or (h) the Lease or the leasehold estate created thereby shall, without Mortgagee's prior written consent, be assigned, subleased, or otherwise transferred pursuant to Article 8.1 of the Lease.

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14. The proceeds of any foreclosure sale of the premises (or the sale of property under the last unnumbered paragraph of Section 13 hereof) shall be distributed and applied in the following order of priority: first, on account of all reasonable costs and expenses incident to the foreclosure proceedings (or sale, as the case may be), including all such items as are mentioned in the preceding Section hereof; second, to the repayment of the obligations and all other items which under the terms hereof constitute secured indebtedness additional to that constituting the Obligations, with interest thereon as herein provided; and third, any surplus to Mortgagee, its successors or assigns, as that rights may appear.

Application of Proceeds of Foreclosure Sale

Mortgagee understands and agrees that in the event of a Mortgage Default, Mortgagee, to the extent this Mortgage constitutes a security agreement under the UCC, may exercise any and all rights and remedies of a secured party under the UCC including but not limited to the taking possession of any personal property covered by this Mortgage and disposing of the same by sale or otherwise; provided that at least five (5) days prior notice of such disposition must be given to the Mortgagee, all as provided for by the UCC, it being agreed that such five (5) days notice shall constitute fair and reasonable notice to Mortgagee of such disposition.

Upon any sale made under or by virtue of this Section or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Mortgagee may bid for and acquire the premises or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of Mortgagee secured by this Mortgage the sale price, after deducting therefrom the expenses of the sale and the cost of the action and any other sums which Mortgagee is required to pay or that Mortgagee is authorized to deduct under this Mortgage.

mentioned and such expenses and fees as may be incurred in the protection of the premises and the maintenance of the lien of this Mortgage, including but not limited to the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Obligations or the Premises, including bankruptcy proceedings, or in the preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagee, with interest thereon at the Default Rate, and shall be secured by this Mortgage.

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16. To further secure the Obligations, Mortgagor hereby sells, assigns and transfers unto Mortgagee all leases, lettings and agreements for use and occupancy, concessions and licenses for or with respect to the Premises and all the rents, issues and profits now due and which may hereafter become due (whether before or after foreclosure or during the period of

Assignment of Rents and Leases

15. Upon, or at any time after, the filing of a complaint to foreclose this mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice if permitted by law, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises, and Mortgagee hereunder may be appointed as such receiver. Such receiver shall have power: (a) to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, if any, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits; (b) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to leases to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed 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 Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption or from any judgment or decree of foreclosure, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and (c) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part: (x) the Obligations or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to any foreclosure sale; and (y) the deficiency in case of a sale and deficiency.

Appointment of Receiver

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Mortgagee shall from time to time reasonably require such further assurances and assignments in the premises as and to execute and deliver, at the request of Mortgagee, all Mortgagee all future leases upon all or any part of the premises and transfer to assign and transfer to

Nothing herein contained shall be construed as constituting Mortgagee in possession of the premises in the absence of the taking of actual possession of the premises by Mortgagee pursuant to section 17 hereof. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagee, except to the extent that such liability is due to the gross negligence or willful misconduct of Mortgagee.

Mortgagee agrees that no rent will hereafter be paid by any person in possession of any portion of the premises for more than one installment in advance, and Mortgagee further agrees that the payment of the rents to accrue for any portion of the premises will not be waived, released, reduced, discounted or otherwise discharged or compromised by Mortgagee. Mortgagee agrees that hereafter it will not assign any of the rents or profits of the premises, except to a purchaser or grantee of the premises permitted under the provisions of this Mortgage.

under or by virtue of, and to the extent payable pursuant to, any lease, whether written or verbal, or any letting of, or of any agreement for, the use or occupancy of the premises or any part thereof, which may have been heretofore or may be hereafter made or agreed to or which may be made or agreed to by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all such leases, lettings and agreements and all the avals thereunder to Mortgagee. Mortgagee hereby irrevocably appoints Mortgagee its true and lawful attorney in its name and stead (with or without taking possession of the premises as provided in section 17 hereof) to any rent, lease or let all or any portion of the premises to any party or parties at such rental and upon such terms as Mortgagee shall, in its discretion, determine, and to collect all of said avals, rents, issues and profits arising from or accruing at any time hereafter, and all now due or that may hereafter become due under each and every of the leases, lettings and agreements, written or verbal, or other tenancy existing, or which may hereafter exist on the premises, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as Mortgagee would have upon taking possession pursuant to the provisions of section 17 hereof.

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17. In any case in which under the provisions of this Mortgage, Mortgagee shall, forthwith, upon demand by Mortgagee, surrender possession of the premises or any part thereof, personally or by its agent or attorneys. In such event, Mortgagee in its discretion may, in accordance with law, enter upon and take and maintain possession of all or any part of the premises together with all documents, books, records, papers and accounts of Mortgagee or the then owner of the premises relating thereto and may exclude Mortgagee its agents or servants wholly therefrom and may, as attorney in fact, as agent for Mortgagee or in its own name as Mortgagee, and under the powers herein granted, hold, operate, manage and control the premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avals, rents, issues, and profits of the premises, including actions for the recovery of rent, actions in forbade detainer and actions in distress for rent, and with

Mortgagee's Right of Possession in Case of Default

Mortgagee covenants and agrees that if Mortgagee, as lessor therein, shall fail to perform and fulfill any material term, covenant, condition or provision in any lease or leases entered into by Mortgagee or to which the premises is subject, on its part to be performed or fulfilled, at the times and in the manner in such lease or leases provided, or if Mortgagee shall suffer or permit to occur any material breach or default under the provisions of any such lease or leases, then, and in any event, such material breach or default shall, constitute a Mortgage Default.

Although it is the intention of the parties that the assignment contained in this Section 16 shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this Section until a Mortgage Default occurs and Mortgagee shall retain such rights and powers until such time. The rights of Mortgagee under this Section 16 shall continue and remain in full force and effect both before and after commencement of any foreclosure sale in connection with the foreclosure of this Mortgage, and until expiration of the period of redemption from any such foreclosure sale, whether or not any deficiency from the unpaid balance of the indebtedness secured hereby exists after such foreclosure sale.

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18. Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it by Section 16 and Section

Application of Income Received by Mortgagee

Mortgagee shall be deemed to have constituted and appointed Mortgagee its true and lawful attorney-in-fact with full power of substitution either in the name of Mortgagee or in the name of Mortgagee, to exercise any of the powers granted to Mortgagee pursuant to this Section 17. Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagee shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which Mortgagee may or might incur by reason of its performance of any action authorized under this Section 17 and of and from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements of Mortgagee, except to the extent that such liability, loss, damage, or claim is due to the gross negligence or willful misconduct of Mortgagee.

Full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagee to cancel the same; (b) to elect to disaffirm any lease or sublease which is then subordinate to the lien hereof; (c) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to leases to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder 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 Mortgagee and all persons whose interests in the premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the premises as to it may seem judicious; (e) to insure and reimburse the same and all risks incidental to Mortgagee's possession, operation and management thereof; and (f) to receive all of such avails, rents, issues and profits; Mortgagee hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagee.

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(a) the casualty occurs more than 180 days prior to the maturity of the indebtedness secured hereby;

satisfied;

In the event that each of the following conditions precedent ("Conditions to Restoration") is

collection of such proceeds (the "Net Condemnation Proceeds").  
attorneys' fees and expenses, incurred in connection with the  
for all costs and expenses, including but not limited to  
any such proceeds shall be first applied to reimburse Mortgagee  
obligated) to participate in the collection of such proceeds and  
condemnation. Mortgagee shall be entitled (but shall not be  
taken or damaged by the power of eminent domain or by  
for damages for any of the premises (or any interest therein)  
into Mortgagee the entire proceeds of any award or any claim  
Mortgagee hereby assigns, transfers and sets over  
20.

## Condemnation

19. Mortgagee shall have the right to inspect the  
premises at all reasonable times and access thereto shall be  
permitted for that purpose.

## Mortgagee's Right of Inspection

foreclosure sale,  
hereby or any deficiency which may result from any  
(d) to the payment of any indebtedness secured

the judgment of Mortgagee, makes it readily rentable;  
placing the premises in such condition as which, in  
betterments, and improvements to the premises and of  
renovals, replacements, alterations, additions,  
(c) to the payment of all repairs, decorating,

assessments now due or which may hereafter become due  
on the premises;  
(b) to the payment of taxes and special

the premises, including but not limited to the cost of  
the management and leasing thereof, established claims  
for damages, if any, and premiums on insurance  
hereinafter authorized;

17 hereof, shall have full power to use and apply the avals,  
rents, issues and profits of the premises to the payment of or  
on account of the following, in such order as Mortgagee may  
determine:

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In the event that any of the conditions to Restoration is not satisfied, Mortgagee may (i) retain the Net Condemnation Proceeds in payment or reduction of the indebtedness secured hereby in such order as Mortgagee shall determine, whether due or not, or (ii) hold the Net Condemnation Proceeds and permit the same to be used to reimburse Mortgagee for the cost of the rebuilding or restoration of buildings or improvements on the premises, in accordance with plans and specifications to be submitted to and approved by Mortgagee. Mortgagee shall not unreasonably withhold its approval of plans and specifications so submitted, so long as such plans and specifications provide for restoration of the premises to substantially the same condition that existed prior to the casualty. If the Net Condemnation Proceeds are to be used to reimburse Mortgagee for rebuilding or restoration, the Net Condemnation Proceeds shall be paid out in the same manner as is provided in Section 5 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagee shall pay such cost in excess of the amount of the Net Condemnation Proceeds before it receives any reimbursement.

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Mortgagee shall be entitled to hold the Net Condemnation Proceeds, and Mortgagee shall be obligated to apply such Net Condemnation Proceeds exclusively to the cost of rebuilding or restoring the buildings or improvements on the premises in accordance with plans and specifications to be submitted to and approved by Mortgagee as hereinafter provided.

(e) permanent access to the premises is unimpeded and is sufficient to permit the quality and quantity of use of the premises that existed prior to the condemnation,

(d) no material portion of the premises or the buildings or improvements thereon is taken and, in Mortgagee's judgment, the premises are in full compliance with all applicable laws and regulations and can continue to be used as an integrated whole for substantially the same purposes and to the same extent as the premises were used prior to the condemnation;

(c) no default exists hereunder;

(b) the Net Condemnation Proceeds are equal to or less than (i) TWENTY-EIGHT THOUSAND AND NO/100 DOLLARS (\$28,000.00) with respect to the premises described on Exhibit A hereto, or (ii) EIGHTEEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$18,500.00) with respect to the premises described on Exhibit B hereto;

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23. No action for the enforcement of the lien hereof shall be subject to any defense which would not be good and available to the party interposing the same in an action at law upon the obligations. Mortgagee shall be entitled to enforce payment and performance of any indebtedness secured hereby and to exercise all rights and powers under this Mortgage or under hereafter in force, notwithstanding that some or all of the said indebtedness secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given hereby to Mortgagee or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time, and as often as it may be deemed expedient by Mortgagee, and Mortgagee may pursue inconsistent remedies. No waiver of

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Waiver of Defense, Remedies Not Exclusive; Time is of the Essence.

22. Any notice which either party hereto may desire or be required to give to the other party shall be in writing and shall be given as provided in the Credit Agreements, or at such other address and place as any party hereto may by notice in writing designate to the others as the addressee or place for service of notice.

Giving of Notice

21. If Mortgagor shall fully pay all principal and interest on the indebtedness secured hereby and fully comply with, satisfy and discharge all of the other terms and provisions hereof and all other obligations to be paid, performed and complied with by Mortgagor, then Mortgagee shall execute and deliver to Mortgagor a release of this Mortgage in recordable form.

Release upon Payment and Discharge of Mortgagor's Obligations

Mortgagor or any other party entitled thereto by court order, out of the award. Any surplus which may remain out of said Net Condemnation Proceeds after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the indebtedness secured hereby or be paid to Mortgagor or any other party entitled thereto by court order.

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(b) that to the best of Mortgagor's knowledge, based solely on investigations conducted by Mortgagor in connection with Mortgagor's acquisition of the premises, the existing use and condition of the premises do not violate any building, health, fire, use, or similar statute, ordinance, law,

(a) that as of the date hereof and thereafter, Mortgagor has good and marketable fee simple title to the premises, subject only to the permitted exceptions;

25. To induce Mortgagor to make the Loan to Mortgagor in accordance with the terms of the Credit Agreements and to disburse the proceeds of the indebtedness secured by this Mortgage, Mortgagor hereby represents to Mortgagor as follows:

Representations of Mortgagor

24. To the fullest extent permitted under applicable law, Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Mortgage Reform Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the premises marshalled upon any foreclosure of the Lien hereof and agrees that any court having jurisdiction to foreclose such Lien may order the premises sold as an entirety. Mortgagor hereby waives and any all rights of redemption from rate under any order or decree of foreclosure of this Mortgage on its behalf and on behalf of each and every person acquiring any interest in or title to the premises subsequent to the date of this Mortgage. The foregoing waiver of the right of redemption is made pursuant to Ill. Rev. Stat. Ch. 110, § 15-1601(b).

Waiver of Statutory Rights

any Mortgage Default shall be implied from any omission by the Mortgagor to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any such default other than the default specified in the express waiver and that only for the time and to the extent therein stated. No acceptance of any payment of any one or more delinquent installments which does not include interest at the default rate from the date of delinquency, together with any required late charge, shall constitute a waiver of the right of Mortgagor at any time thereafter to demand and collect payment of interest at such default rate or of late charges, if any. Time is of the essence of this Mortgage and each of the covenants and provisions hereof.

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(f) that (i) no condemnation or relocation of any portion of the Premises, (ii) no condemnation or relocation of any roadways abutting the Premises, and (iii) no denial of access to the Premises from any point of access to the Premises, has commenced which could have a material adverse effect on the

(e) that Mortgagor has not entered into any leases or other arrangements for occupancy of space within the Premises other than leases previously disclosed to Mortgagee in writing;

(d) that the execution, delivery and performance of this Mortgage, the Term Note, the Revolving Credit Note, the Credit Agreements, and the other Loan Documents and the payment, performance, satisfaction or discharge of the other obligations have not constituted (and will not, upon the giving of notice or lapse of time or both, constitute) a material breach or default under any other agreement to which Mortgagor is a party or may be bound or affected, or a violation of any law or court order which may affect the Premises, any part thereof, any interest therein, or the use thereof;

(c) that no litigation or proceedings are pending or threatened, against Mortgagor (i) which will or could affect the validity or priority of the lien of the Mortgage, (ii) which has or will have a material adverse effect on the ability of Mortgagor to perform Mortgagor's obligations pursuant to and as contemplated by the terms and provisions of this Mortgage or to pay, perform, satisfy or discharge the other obligations, or (iii) which, to the best of Mortgagor's knowledge, based solely on investigations conducted by Mortgagor in connection with Mortgagor's acquisition of the Premises, has or will have a material adverse effect on the operation or condition of the Premises or any part thereof;

such violation which has not been heretofore corrected, except for such violations as would not, in the aggregate, have a material adverse effect on Mortgagor's financial condition, operations or business; that the existing use and condition of the Premises do not violate any zoning statute, ordinance, law, regulation or code, nor has Mortgagor received notice of any such violation which has not been heretofore corrected; that the Premises are in conformance in all material respects with current zoning requirements, and that the Premises are not a nonconforming or special use that would in any way prohibit continued use of the Premises as currently operated; and the Premises as mortgaged to Mortgagee shall include all rights to all off-site facilities, if any, necessary to ensure compliance with all laws and to afford adequate utility service to the Premises.

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(l) that the financial statements of Mortgagee delivered to Mortgagee in connection with Mortgagee's Credit application fairly present the financial condition of Mortgagee. No material adverse change has occurred in the

(k) that no default, or event which with the giving hereunder, under the Credit Agreements, under any of the Loan Documents, or under any other agreement or instrument to which Mortgagee is a party or an obligor,

(j) that no information, certification, or report submitted to Mortgagee by Mortgagee in connection with the Loan or Mortgagee's request or application therefor contains any material misstatement of fact or omits to state a material fact or any fact necessary to make the same not misleading.

(i) that, to the best of Mortgagee's knowledge, the Premises have adequate water, gas and electrical supply, storm and sanitary sewerage facilities, other required public utilities, fire and police protection, and means of access between each of the parcels and public highways, and Mortgagee does not know of any fact or condition which would result in the termination or impairment of any of the foregoing; that none of the foregoing will be materially delayed or impeded by virtue of any requirements under any applicable environmental protection or control laws, rules or regulations; and that the Premises comply in all material respects with all applicable environmental protection or control laws, rules and regulations.

(h) that, to the best of Mortgagee's knowledge, all consents, licenses and permits and all other authorizations or approvals required to operate the Premises have been obtained, and all laws, rules and regulations of the state in which the Premises are located or any subdivision thereof relating to the operation of the Premises have been complied with; and

(g) that Mortgagee has not received any notice from any insurance company of any defects or inadequacies in the Premises which would materially adversely affect the insurability of the Premises or which would materially increase the cost of insuring the Premises beyond that which is customarily charged for similar property in the vicinity of the Premises used for a similar purpose; and that Mortgagee has no notice or knowledge of any structural defect in the Premises;

use, occupancy or enjoyment of the Premises; and that to the best of Mortgagee's knowledge, none of the foregoing is contemplated by any governmental authority which could have a material adverse effect on the use, occupancy or enjoyment of the Premises;

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30. Mortgagor agrees that the obligations: (a) constitute a business loan which comes within the purview of subparagraph (1)(c) of Section 4 of "An Act in relation to the rate of interest and other charges in connection with sales on credit and the lending of money," approved May 24, 1879, as amended (111, Rev. Stats, 1905 ed., ch. 17, sec. 6404(1)(c));

Business Loan Recital

29. The captions and headings of various paragraphs of this Mortgage are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Captions

28. The word "Mortgagor" when used herein shall include: (a) the original Mortgagor named in the preambles hereof; (b) said original Mortgagor's successors and assigns; and (c) all owners from time to time of the Premises. The word "Mortgagee" when used herein shall include all successors and assigns of the Mortgagee identified in the preambles hereof.

Definitions of "Mortgagor," and "Mortgagee"

27. This Mortgage and all provisions hereof shall be binding upon Mortgagor and all persons claiming under or through Mortgagor and shall inure to the benefit of Mortgagee and its successors and assigns.

Binding on Successors and Assigns

26. "Default Rate" as used herein shall mean Rate after Maturity as defined in Article 2.1.10 of the Credit Agreement.

Default Rate

(n) Mortgagor agrees that all representations and warranties in this Mortgage will be true in all material respects throughout the term of the Term Note, the Revolving Credit Note, and the Letter of Credit Facility.  
(m) neither Mortgagor nor any previous owner of the Premises nor any third party has used, generated, stored, or disposed of any "Hazardous Substances" (as that term is defined in that certain Environmental Indemnity of even date herewith, given by Fluid Management to Mortgagee) on the Premises.

financial condition of Mortgagor since the date thereof.

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33. Mortgagor and Mortgagee intend and believe that each provision in this Mortgage complies with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Mortgage are found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decisions, or public policy, and if such court should declare such portion, provision or provisions of this Mortgage to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent both of Mortgagor and Mortgagee that such portion, provision or provisions shall be given force to the fullest possible extent that it or they are legal, valid and enforceable, that the remainder of this Mortgage shall be construed as if such illegal, invalid, unlawful, void or

Partial Invalidity

32. Mortgagor, upon request by Mortgagee from time to time, shall execute, acknowledge and deliver to Mortgagee, a security agreement, financing statement or other similar security instruments, in form reasonably satisfactory to Mortgagee, covering all property of any kind whatsoever which Mortgagee may hereafter acquire, which in the opinion of Mortgagee is essential to the operation of the premises and which constitutes goods within the meaning of the UCC, and Mortgagor will further execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any financing statement, affidavit, continuation statement or certificate or other document as Mortgagee may reasonably request in order to perfect, preserve, maintain, continue and extend the security interest under and the priority of this Mortgage and such security instruments. Mortgagor further agrees to pay to Mortgagee on demand all costs and expenses incurred by Mortgagee in connection with the preparation, execution, recording, filing and re-filing of any such document.

Etc.

Execution of Separate Security Agreement, Financing Statements,

31. Mortgagor shall pay all title insurance premiums, escrow charges, filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage and all federal, state, county and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and the obligations.

Filing and Recording Fees

and (b) are exempted transactions under the Truth-in-Lending Act, 15 U.S.C. Sec. 1601 et seq.

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36. So long as any of the obligations remain unpaid, unperformed, unsatisfied, or discharged, if Mortgagor shall, without Mortgagor's prior written consent, transfer, convey, assign, alien, lease, pledge, hypothecate or mortgage the premises or any portion thereof or any interest therein, either voluntarily or involuntarily, or enter into a contract to do any of the foregoing, then, and in any such event, such action or occurrence shall constitute a Mortgage Default. Further, so long as any of the obligations remain unpaid, unperformed, unsatisfied, or discharged, if any of the general partners of Mortgagor shall, without Mortgagor's prior written consent,

Maintenance of Mortgagor's Interest

35. At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all expenses and advances due to or incurred by Mortgagor in connection with the indebtedness to be secured hereby and which are to be reimbursed by Mortgagor under the terms of this Mortgage or the Credit Agreements; provided, however, that in no event shall the total amount of loan proceeds disbursed plus such additional amount exceed 200% of the aggregate original principal amount of the Term Note and the Revolving Credit Note.

Mortgagee's Lien for Service Charge and Expenses

34. The Term Note, the Revolving Credit Note, and the Credit Agreements, and all provisions thereof are incorporated herein by express reference. All advances and indebtedness arising and accruing under the Credit Agreements from time to time shall be secured hereby to the full extent of the amount stated to be secured hereby and according to law, and the occurrence of any Credit Agreement Default (defined in Section 12 hereinafter) shall constitute a Mortgage Default under this Mortgage entitling Mortgagee to all of the rights and remedies conferred upon Mortgagee by the terms of this Mortgage. Except as otherwise specifically provided herein, in the event of any conflict or inconsistency between the terms and provisions of this Mortgage and those of the Credit Agreements or any other Loan Document, the terms and provisions of the Credit Agreements shall in each instance govern and control to the extent of such conflict or inconsistency.

Credit Agreements

unforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of Mortgagor and Mortgagee under the remainder of this Mortgage shall continue in full force and effect.



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39. This Mortgage also secures all future advances and revolving credit granted under the Credit Agreements made within twenty (20) years from the date hereof, which future advances and revolving credit shall have the same priority as if all such future advances and revolving credit were made on the date of execution hereof. Nothing in this section 39 or in any other provision of this Mortgage shall be deemed either (a) an obligation on the part of Mortgagee to make any future advances other than in accordance with the terms and provisions of the Credit Agreements, or (b) an agreement on the part of Mortgagee to increase the amount of the Credit or the aggregate principal amount of the Term Note and the Revolving Credit Note to any amount in excess of \$16,062,000.00. It is acknowledged that a portion of the Credit takes the form of the Letter of Credit Facility, pursuant to which Mortgagee has agreed to issue certain letters of credit (the "Letters of Credit") at the request of Fluid Management, that the issuance of the Letters of Credit constitutes the creation and establishment of a present obligation on the part of Mortgagee for purposes of

Revolving Credit; Future Advances

38. No right of offset or claim that Mortgagee now has or may have in the future against Mortgagee shall relieve Mortgagee from paying any amounts due under or with respect to the obligations or from performing any other duties contained herein or secured hereby.

No Offsets

37. This Mortgage, the Term Note, the Revolving Credit Note, and the other Loan Documents shall be construed, interpreted and governed by the internal laws of the state of Illinois (without giving effect to Illinois choice of law principles). Nothing herein shall be deemed to limit any rights, powers or privileges which the Mortgagee may have by reason of its being a national banking association pursuant to any law of the United States of America or any rule, regulation or order of any department or agency thereof and nothing herein shall be deemed to make unlawful any transaction or conduct by the Lender which is lawful pursuant to, or which is permitted by, any of the foregoing.

Applicable Law

Mortgage Default. Any such event, such action or occurrence shall constitute a transfer, convey, assign, alien, lease, pledge, hypothecate or mortgage their interests in Mortgagee or any portion thereof or any interest therein, either voluntarily or involuntarily, or enter into a contract to do any of the foregoing, then, and in

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GIVEN under my hand and Notarial Seal this 17th day of November, 1988.

I, Karen Wiedonski, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Mitchell H. Salway's general partner of BETHESDA INVESTORS LIMITED PARTNERSHIP, an Illinois limited partnership, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of such President, for the uses and purposes therein set forth.

\* President of Fluid Management, Inc., a Managing

My Commission Expires: 1-27-89

Karen Wiedonski  
NOTARY PUBLIC

STATE OF ILLINOIS )  
                          ) SS  
                          ) COUNTY OF COOK

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HARRY BRUSHNICK  
REGISTRAR OF TITLES

Submitted by

Address

Proposed

District

Area

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Amount

Number

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