



ASSIGNMENT OF RENTS AND LEASES

THIS ASSIGNMENT OF RENTS AND LEASES (this "Assignment"), is dated as of December 1, 2000 by DANIEL S. MAHRU ("Borrower"), to FIRST BANK, a having its principal office and place of business at 4565 West Harrison Street, Hillside, Illinois 60162, and its successors and assigns ("Lender").

PRELIMINARY STATEMENT

Lender intends to loan \$300,000.00 to Borrower, which will be evidenced by that certain Promissory Note dated December 1, 2000 (the "Note") executed by Borrower in favor of Lender in the aggregate principal amount set forth above and bearing interest and being payable as provided therein. The payment and performance of Borrower's obligations under the Note will be secured, in part, by that certain Mortgage dated the same date as the Note (the "Mortgage") between Borrower and Lender encumbering the real property described on Exhibit A hereto (the "Property").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower agrees as follows:

1. Definitions. Capitalized terms used herein shall have the respective meanings given them in the Mortgage, unless otherwise defined herein.

2. Assignment: Certain Rights of Borrower. To further secure the prompt payment and performance of each obligation secured by the Mortgage, Borrower hereby assigns, transfers, conveys and sets over to Lender all of Borrower's estate, right, title and interest in, to and under all leases, whether existing on the date hereof or hereafter entered into (including any extensions, modifications or amendments thereto) relating to the Property, including, without limitation, the leases described on Exhibit B hereto (the "Leases"), together with all rights, powers, privileges, options and other benefits of Borrower as the lessor under the Leases regarding the current tenants and any future tenants, and all the rents, revenues, profits and income from the Mortgaged Estate, including those now due, past due or to become due. Borrower irrevocably appoints Lender its true and lawful attorney-in-fact, at the option of Lender at any time and from time to time, to take possession and control of the Mortgaged Estate, pursuant to Borrower's rights as lessor under the Leases, and to demand, receive and enforce payment, to give receipts, releases and satisfaction and to sue, in the name of Borrower or

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Lender, for all of the rents, revenues, profits and income thereof. It is intended by Borrower and Lender that this Assignment constitutes in absolute assignment and not merely an assignment for additional security. The consideration received by Borrower to execute and deliver this Assignment and the liens and security interest created herein are legally sufficient and will provide a direct economic benefit to Borrower.

Notwithstanding the foregoing, however, so long as no Event of Default has occurred, Borrower shall have a revocable license to possess and control the Mortgaged Estate and collect and receive all rents, revenues, profits and income. Upon the occurrence of an Event of Default, such license shall be automatically revoked by Lender.

Upon the occurrence of any Event of Default, Lender may at any time without notice, either in person, by agent or by a court-appointed receiver, regardless of the adequacy of Lender's security, enter upon and take possession and control of the Mortgaged Estate, or any part thereof, to perform all acts necessary and appropriate to operate and maintain the Mortgaged Estate including, but not limited to, execute, cancel or modify the Leases, make repairs to the Mortgaged Estate, execute or terminate contracts providing for the management or maintenance of the Mortgaged Estate, all on such terms as are deemed best to protect the security of this Assignment, and in Lender's or Borrower's name, sue for or otherwise collect such rents, revenues, profits and income from the Mortgaged Estate as specified in this Assignment as the same become due and payable, including, but not limited to, rents then due and unpaid.

All rents collected shall immediately be held by Borrower as trustee for the benefit of Lender only. Borrower agrees that commencing upon the occurrence of such Event of Default, each tenant of the Mortgaged Estate shall make its rent payable to and pay such rent to Lender (or Lender's agents) or Lender's written demand therefor, delivered to such tenant personally, by mail, or by delivering such demand to each rental unit, without any liability or the part of said tenant to inquire further as to the existence of an Event of Default by Borrower.

In the event Lender elects to seek the appointment of a receiver for the property upon Borrower's breach of any covenant or agreement of Borrower in this Assignment, Borrower hereby expressly consents to the appointment of such receiver. Lender or the receiver shall be entitled to receive a reasonable fee for so managing the Mortgaged Estate.

All rents, revenues, profits and income collected subsequent to the occurrence of any Event of Default shall be applied at the discretion of, and in such order as determined by, Lender to the

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costs, if any, of taking possession and control of and managing the Mortgaged Estate and collecting such amounts, including, but not limited to, attorney's fees, receiver's fees, premium on receiver's bonds, costs of repairs to the Mortgaged Estate, premiums on insurance policies, taxes, assessments and other charges on the Mortgaged Estate, and the costs of discharging any obligation or liability of Borrower as lessor or landlord of the Mortgaged Estate and to the sums secured by this Assignment. Lender or the receiver shall have access to the books and records used in the operation and maintenance of the Mortgaged Estate and shall be liable to account only for those rents actually received.

Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Estate by reason of anything done or left undone by Lender hereunder.

If the rents, revenues, profits and income from the Mortgaged Estate are not sufficient to meet the costs, if any, of taking possession and control of and managing the Mortgaged Estate and collecting the same, any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by this Assignment. Such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof and shall bear interest from the date of disbursement at the default rate provided by the Note.

Any entering upon and taking possession and control of the Mortgaged Estate by Lender or the receiver and any application of rents, revenues, profits and income as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Lender under applicable law or provided therein.

Borrower hereby represents and agrees that it is and will be the sole owner of the entire landlord's interest (or tenant's interest in the case of Leases with respect to which Borrower is the tenant) in all existing Leases, subject to Permitted Encumbrances (as defined in the Mortgage), that Borrower has not executed any prior assignment of said Leases or rents, revenues, profits and income except those being subordinated hereto, that Borrower has not performed, and will not perform, any acts, or has not executed, and will not execute, any instrument that would prevent Lender from exercising its rights under this Assignment, and that at the time of execution of this Assignment there has been no anticipation or prepayment of any of the rents of the Mortgaged Estate for more than one (1) month prior to the due dates of such rents.

3. Certain Agreements of Borrower. Borrower hereby agrees as follows:

- (a) If any of the Leases provides for a security

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deposit paid by the tenant thereunder to Borrower, this Assignment shall transfer to the Lender all of Borrower's right, title and interest in and to such security deposits; provided that, Borrower shall have the right to retain such security deposits so long as no Event of Default shall have occurred; and provided further that Lender shall have no obligation to any such tenant with respect to such security deposits unless and until Lender comes into actual possession and accepts control of such security deposits by notice to such tenant;

(b) Borrower shall not terminate any Lease (except pursuant to the terms of such Lease upon a default by the tenant thereunder), or grant concessions or modify or amend any such Lease in any manner whatsoever, without the prior written consent of Lender;

(c) Borrower shall not collect any rent more than one (1) month in advance of the date on which it becomes due under the terms of each Lease;

(d) Borrower shall not discount any future accruing rent and, after the occurrence of an Event of Default, Borrower waives any right of setoff against any tenant under the Leases;

(e) Borrower shall not execute any further assignment of any rent or any interest therein or suffer or permit any such assignment to occur by operation of law;

(f) Except with the prior written consent of Lender, Borrower shall not request, consent to, agree to or accept a subordination of any Lease to any mortgage, deed of trust or other encumbrance, or any other lease, now or hereafter affecting the Mortgaged Estate of any part thereof, or suffer or permit conversion of any Lease to a sublease;

(g) Borrower shall faithfully perform and discharge all obligations of the lessor or landlord under the Leases, and shall give prompt written notice to Lender of any notice of Borrower's default received from the tenant or any other person and shall furnish Lender with a complete copy of said notice. Borrower shall appear in and defend, at no cost to Lender, any action or proceeding arising under or in any manner connected with the Leases. If requested by Lender, Borrower shall enforce any Lease and all remedies available to Borrower against the lessee in the case of default under such Lease by the tenant thereunder;

(h) Upon the request of Lender, Borrower shall promptly provide to Lender a true and correct copy of all

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existing leases or other occupancy agreements with respect to the Mortgaged Estate. All leases or other occupancy agreements with respect to the Mortgaged Estate in effect from time to time shall be deemed included in this Assignment as though originally listed herein, and the respective terms "Lease" and "Leases" as used herein shall include such leases or occupancy agreements and the term "lessee" used herein shall include the lessees or tenants thereunder; and

(i) Nothing herein shall be construed to constitute Lender as a "mortgagee in possession" in the absence of its taking of actual possession of the Mortgaged Estate pursuant to the powers granted herein, or to impose any liability or obligation on Lender under nor with respect to the Leases. Borrower shall indemnify and hold Lender harmless from and against any and all liabilities, losses and damages that Lender may incur under the Leases or by reason of this Assignment and of and from any and all claims and demands whatsoever that may be asserted against Lender by reason of any alleged obligations to be performed or discharged by Lender under the Leases or this Assignment. Should Lender incur any liability, loss or damage under the Leases or under or by reason of this Assignment, Borrower shall immediately upon demand reimburse Lender for the amount thereof together with all costs and expenses and reasonable attorneys' fees incurred by Lender. All of the foregoing sums shall bear interest until paid at the rate provided by the Note. Any rent collected by Lender may be applied by Lender in its discretion in satisfaction of any such liability, loss, damage, claim, demand, costs, expense or fees.

4. Event of Default. The following shall constitute an Event of Default hereunder;

(i) the occurrence of an Event of Default under the Note or the Mortgage;

(ii) if any time any representation or warranty made by Borrower in this Agreement shall be or become materially incorrect; or

(iii) the breach of any agreement by Borrower under this Assignment.

5. Additional Rights and Remedies of Lender. If an Event of Default occurs, Lender shall have the following rights and remedies, all of which are cumulative, in addition to all other rights and remedies provided under the Loan Documents, or any other agreement between Borrower and Lender, or otherwise available at law or in equity or by statute:

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(a) Lender shall be deemed to be the creditor of each tenant in respect of any assignment for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor-relief proceedings affecting the tenant (without obligation on the part of Lender, however, to file timely claims in such proceedings or otherwise pursue creditors rights therein); and

(b) Lender shall have the right to assign Borrower's right, title and interest under this Assignment in any of the Lease's to any subsequent holder of the Note or any participating interest therein or to any person acquiring title to the Mortgaged Estate or any part thereof through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Lender.

6. Additional Security. Lender may take or release other security for the payment of the indebtedness secured hereby, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction of such indebtedness, without prejudice to any of its rights under this Assignment.

7. Absolute Assignment; Release. The assignment made hereby is an absolute and unconditional assignment of rights only, and not a delegation of duties. The execution and delivery hereof shall not in any way impair or diminish the obligations of Borrower under the provisions of each and every Lease, nor shall any of the obligations contained in the Leases be imposed upon Lender. The assignment contained herein and all rights herein assigned to Lender shall cease and terminate as to all Leases:

(a) upon the payment and satisfaction of all Secured Obligations; or

(b) upon the release of the Mortgaged Estate subject to such Lease from the lien of the Mortgage covering such Mortgaged Estate pursuant to the provisions of such Mortgage.

It is expressly understood that no judgment or decree that may be entered on any debt secured or intended to be secured by this Assignment shall operate to abrogate or lessen the effect of this Assignment, but that the same shall continue in full force and effect as herein provided. The provisions of this Assignment shall also remain in full force and effect during the pendency of any proceedings for the foreclosure and/or sale of the Mortgaged Estate, or any part thereof, both before and after sale, until the issuance of a deed pursuant to a decree of foreclosure and/or sale, unless all indebtedness and obligations evidenced and

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secured hereby are fully satisfied pursuant to paragraph (a) of this Section.

In the event that this Assignment shall so terminate as to any Lease, Lender shall, upon the written request of Borrower, deliver to Borrower an instrument in recordable form releasing such Lease from this Assignment, and reassigning to Borrower the rights as to such Lease assigned hereby.

8. Effect on Rights Under Other Documents. Nothing contained in this Assignment and no act done or omitted by Lender pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by Lender of its rights and remedies under the Loan Documents, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Lender under the terms of the Loan Documents. The right of Lender to collect the indebtedness secured hereby and to enforce any other security therefor held by it may be exercised by Lender either prior to, simultaneous with, or subsequent to any action taken by it hereunder. This Assignment is intended to be supplementary to and not in substitution for or in derogation of any assignment of rents contained in the Mortgage or in any other document.

9. Further Assurances. Borrower hereby agrees that it shall, whenever and as often as it shall be requested to do so by Lender, execute, acknowledge and deliver, or cause to be executed, acknowledged, and delivered, any and all such further conveyances, approvals, consents, memoranda of the subject matter hereof, duplicate originals hereof, and any and all other documents and to do any and all other acts as may be necessary or appropriate to carry out the terms of this Assignment. This Assignment or a memorandum hereof may be recorded by Lender at any time.

10. No Waiver. A waiver by Lender of any of its rights hereunder or under the Leases or of a breach of any of the covenants and agreements contained herein to be performed by Borrower shall not be construed as a Waiver of such rights in any succeeding instance or of any succeeding breach of the same or other covenants, agreements, restrictions or conditions.

11. Marshalling. Notwithstanding the existence of any other security interest in the Mortgaged Estate held by Lender or by any other party, Lender shall have the right to determine the order in which any of the Mortgaged Estate or any part thereof shall be subjected to the remedies provided herein. Lender shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Lender and any party who now or hereafter acquires a security interest in any of the Mortgaged Estate and who has actual or

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constructive notice hereof hereby waives, to the extent permitted by law, any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

12. Notices. All notices, demands, requests, consents, approvals or communications required under this Assignment shall be in writing and shall be deemed to have been properly given if sent by hand delivery, overnight courier, or certified mail, postage prepaid, delivered to the parties at the following addresses:

If to Borrower: DANIEL S. MARHU
853 N. Elston Avenue
Chicago, IL 60622

If to Lender: FIRST BANK
4565 West Harrison Street
Hillside, IL 60162
Attn: James Duff

With a copy to: MORGAN, LANOFF, DENNISTON & JACKSON, LTD.
Two North LaSalle Street
Suite 1805
Chicago, Illinois 60602
Attn: Ronald T. Slewitzke

or to such other addresses as are designated by notice pursuant to this Section.

13. Counterparts. This Assignment may be executed in two or more counterparts and shall be deemed to have become effective when and only when one or more of such counterparts shall have been signed by or on behalf of each of the parties hereto, although it shall not be necessary that any signed counterpart be signed by or on behalf of each of the parties hereto, and all such counterparts shall be deemed to constitute but one and the same instrument.

14. Governing Laws; Severability. This Assignment shall be governed by and construed under the laws of the state where the Property is located. In case any of the provisions of this Assignment shall at any time be held by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect the remaining provisions of this Assignment, and this Assignment shall be construed and enforced as if all such illegal, invalid or unenforceable provisions had never been inserted herein.

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15. Modification. This Assignment shall not be modified without the prior written consent of the Lender. The Leases may not be modified in any respect without the prior written consents of Lender.


16. Lender. The term "Lender" shall mean First Bank and any successors and assigns.

17. Security Deposits. Lender has not received or been transferred any security deposits with respect to any Lease.

18. Waiver of Jury Trial. FOR AND IN CONSIDERATION OF LENDERS' ADVANCEMENT OF THE PRINCIPAL SUM OF UP TO THREE HUNDRED THOUSAND AND NO/100 (\$300,000.00) DOLLARS . THE BORROWER, BEING AN EXPERIENCED PARTICIPANT IN SOPHISTICATED REAL ESTATE VENTURES, AND HAVING CONSULTED WITH COUNSEL OF ITS CHOOSING, HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING (1) BROUGHT BY THE BORROWER, THE LENDER OR ANY OTHER PERSONS RELATING TO (A) THE LOAN OR (B) THE SECURITY DOCUMENTS OR (2) TO WHICH THE LENDER IS A PARTY. THE BORROWER HEREBY AGREES THAT THIS DOCUMENT CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY, AND THE BORROWER DOES HEREBY CONSTITUTE AND APPOINT THE LENDER ITS TRUE AND LAWFUL ATTORNEY IN FACT, WHICH APPOINTMENT IS COUPLED WITH INTEREST, AND THE BORROWER DOES HEREBY AUTHORIZE AND EMPOWER THE LENDER, IN THE NAME, PLACE, AND STEAD OF THE BORROWER, TO FILE THIS DOCUMENT WITH THE CLERK OR JUDGE OF ANY COURT OF COMPETENT JURISDICTION AS A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY. THE BORROWER ACKNOWLEDGES THAT ITS WAIVER OF TRIAL BY JURY HAS BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY BORROWER AS PART OF A BARGAINED FOR LOAN.

IN WITNESS WHEREOF, Borrower has executed this Assignment on the date set forth below in the acknowledgement attached hereto and effective as of the date first above written.

BORROWER:



DANIEL S. MAHRU

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ACKNOWLEDGEMENT

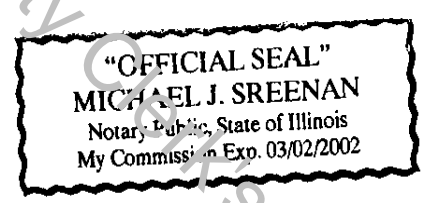
STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Michael J. Sreenan, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that DANIEL S. MAHRU, personally known to me to be the same persons whose names subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and official seal this 1st day of December, 2000.

Michael J. Sreenan
Notary Public

My commission expires: 3/2/02



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EXHIBIT A

LEGAL DESCRIPTION

FOR PROPERTY ADDRESS:

727 N. MILWAUKEE AVENUE
CHICAGO, ILLINOIS 60622

PARCEL 1: LOTS 1, 2 AND 3 IN BLOCK 2 IN RIDGELY'S ADDITION TO CHICAGO IN SECTION 8, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2: PARTY WALL RIGHTS FOR THE BENEFIT OF PARCEL 1 AFORESAID AS CREATED BY AGREEMENT DATED DECEMBER 20, 1907 AND RECORDED JANUARY 29, 1908 AS DOCUMENT 4154267 IN AN EXISTING PARTY WALL THE CENTER LINE OF WHICH RUNS FROM A POINT WHICH IS 1.72 FEET NORTHWESTERLY OF THE SOUTHEASTERLY CORNER OF LOT 4 IN BLOCK 2 IN RIDGELY'S SUBDIVISION AFORESAID TO A POINT, WHICH IS 1.86 FEET WEST OF THE MOST EASTERLY LINE OF LOT 4 IN BLOCK 2 IN RIDGELY'S ADDITION TO CHICAGO IN SECTION 8, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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