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Property of Cook County Clerk's Office

LEASEHOLD MORTGAGE, SECURITY AGREEMENT,  
ASSIGNMENT OF RENTS AND FIXTURE FILING

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Dated: March 2, 2000

<u>Mortgagor:</u>  Michigan Place LLC c/o Shorebank Development Corporation 5100 West Harrison Chicago, Illinois 60649	<u>Mortgagee:</u>  Bank One, NA 200 South Wacker Drive Chicago, IL 60606
<u>Mortgaged Property:</u>  Common address: 3109-61 South Michigan Avenue, 3118-26 South Indiana Avenue, 3130 South Indiana Avenue, 3140-42 South Indiana Avenue and 3148-60 South Indiana Avenue, City of Chicago, Cook County, Illinois  P.I.N. Nos.: Please refer to Exhibit A attached hereto and made a part hereof.	
<u>Prepared by:</u> Creighton R. Meland, Jr. Baker & McKenzie One Prudential Plaza 130 East Randolph Drive Chicago, IL 60601	<u>When recorded, please return to:</u> Creighton R. Meland, Jr. Baker & McKenzie One Prudential Plaza 130 East Randolph Drive Chicago, IL 60601

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**LEASEHOLD MORTGAGE, SECURITY AGREEMENT,  
ASSIGNMENT OF RENTS AND FIXTURE FILING**

THIS LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND FIXTURE FILING, dated as of March 2, 2000 by Michigan Place LLC (the "Mortgagor") to Bank One, NA, a national banking association (the "Mortgagee").

**WITNESSETH:**

To secure the prompt and complete payment and performance of (a) all indebtedness of the Mortgagor to the Mortgagee now or hereafter existing, including without limitation the principal sum of Seven Million Seven Hundred Thousand Dollars (\$7,700,000), together with interest thereon at a variable rate, payable in accordance with the terms of a Construction Loan Note dated of even date herewith, the principal sum of Two Hundred Sixty Five Thousand Seven Hundred Thirty Five Dollars (\$265,735) together with interest thereon at a variable rate, payable in accordance with the terms of a Letter of Credit Note dated of even date herewith, and the principal sum of Three Million Five Hundred Thousand Dollars (\$3,500,000), together with interest thereon at a variable rate, payable in accordance with the terms of a Term Note dated of even date herewith, each issued by the Mortgagor to Mortgagee, the final payment on each Note being due no later than March 31, 2002, in accordance with the terms of the Loan Agreement referred to hereinbelow (such promissory notes, and all extensions, renewal and modifications thereof, and all notes issued in substitution or exchange therefor, being herein called the "Notes"), (b) the performance of the covenants herein contained and any monies expended by the Mortgagee in connection therewith, (c) the payment of all obligations and performance of all covenants of the Mortgagor under a certain Construction Loan Agreement of even date herewith by and between Mortgagor and Mortgagee (as amended, extended, modified or supplemented, the "Loan Agreement") and any other loan documents, agreements, instruments or certificates between the Mortgagor and the Mortgagee given in connection with or related to this Mortgage or the Notes, (d) the payment of all obligations and performance of all covenants of the Mortgagor to the Mortgagee under any loans, notes, instruments or agreements, whether now existing or hereafter created, and (e) any and all other indebtedness, obligations and liabilities of any kind of the Mortgagor to the Mortgagee now or hereafter existing, direct or indirect, absolute or contingent, joint and/or several, secured or unsecured, arising by operation of law or otherwise, and whether incurred by the Mortgagor as principal, surety, endorser, guarantor, accommodation party or otherwise, including, without limitation, all principal and all interest (including interest accruing subsequent to any petition filed by or against the Mortgagor under the U.S. Bankruptcy Code), indemnity and reimbursement obligations, charges, expenses, fees, attorneys' fees and disbursements and any other amount owing thereunder (all of the aforesaid indebtedness, obligations and liabilities of Mortgagor, being herein called the "Mortgage Indebtedness" and this Mortgage, the Notes and all of the other documents, agreements and instruments evidencing or securing the repayment of, or otherwise pertaining to, the Mortgage Indebtedness being herein collectively called the "Loan Documents"), Mortgagor does hereby MORTGAGE, WARRANT, GRANT and CONVEY unto Mortgagee, and its successors and assigns, the following described property (the "Mortgaged Premises"):

(A) all of the Mortgagor's right, title and interest, in, to and under, the leasehold estate (the "Leasehold") to the land situated in the City of Chicago, County of Cook and State of Illinois, legally described in Exhibit A hereto (the "Land") demised by that certain Ground Lease for Michigan Place, dated as of December 7, 1999 by and between Illinois Institute of Technology, an Illinois not-for-profit corporation as Lessor (the "Lessor") and the Mortgagor, as Lessee (as amended, extended, modified or supplemented from time to time, the "Ground Lease"), which Ground Lease was recorded with the Office of the Recorder of Deeds of Cook County, Illinois on February 29, 2000 as document no. 00147967 and which demises the Leasehold to Mortgagor for an initial term commencing December 7, 1999 and expiring December 31, 2098;

(B) all easements, rights-of-way, licenses and privileges, thereunto belonging or in anywise appertaining;

(C) all buildings and improvements now or hereafter situated upon the Land or any part thereof;

(D) all building materials and equipment, now or hereafter located on the Land and intended to be incorporated in said buildings and improvements;

(E) all minerals, royalties, gas rights, water, water rights, water stock, flowers, shrubs, lawn plants, crops, trees, timber and other emblements now or hereafter located on, under or above all or any part of the Land to the extent the same are owned by Mortgagor;

(F) all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion or reversions, remainder and remainders thereof; and also all the estate, right, title, interest, property, claim and demand whatsoever of Mortgagor, of, in and to the same and of, in and to every part and parcel thereof;

(G) all the rents, issues and profits thereof under present or future leases, or otherwise, which are hereby specifically assigned, transferred and set over to Mortgagor, and including, but not limited to, all cash or securities deposited under any such leases to secure performance by the tenants of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of such leases or applied to one or more of the installments of rent coming due thereunder;

(H) all right, title and interest of Mortgagor, if any, in and to the land lying in the bed of any street, road, avenue, alley or walkway, opened or proposed or vacated, or any strip or gore, in front of or adjoining the Land;

(I) Mortgagor's interest, if any, in all machinery, apparatus, equipment, fittings, fixtures, and articles of personal property of every kind and nature whatsoever, other than consumable goods, now or hereafter located in or upon the Land or any part thereof and used or useable in connection with any present or future operation of the Land or any building or buildings now or hereafter on the Land and now owned or hereafter acquired by Mortgagor (all of which is herein

called "Equipment"), including, but without limiting the generality of the foregoing, all lighting, heating, cooling, ventilating, air-conditioning, incinerating, refrigerating, plumbing, sprinkling, communicating and electrical systems, and the machinery, appliances, fixtures and Equipment pertaining thereto, it being understood and agreed that all Equipment is part and parcel of the Land and appropriated to the use of said real estate and, whether affixed or annexed or not, shall for the purposes of this Mortgage, unless Mortgagee shall otherwise elect, be deemed conclusively to be real estate and mortgaged hereby;

(J) any and all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Land as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street, (c) any loss of or damage to any building or other improvement on the Land, (d) any other injury to or decrease in the value of the Land or (e) any refund due on account of the payment of real estate taxes, assessments or other charges levied against or imposed upon the Land, to the extent of all amounts which may be secured by this Mortgage at the date of receipt of any such award or payment by Mortgagee, and of the reasonable counsel fees, costs and disbursements incurred by Mortgagee in connection with the collection of such award or payment, Mortgagor hereby agreeing to execute and deliver, from time to time, such further instruments as may be requested by Mortgagee to confirm such assignment to Mortgagee of any such award or payment;

(K) Mortgagor's interest in all contract rights of every kind and nature whatsoever, now or hereafter relating to or used or useable in connection with any present or future operation of the Land or any buildings on the Land;

(L) all products and proceeds and interests hereafter acquired of the foregoing;

(M) all rights and benefits of whatsoever nature derived or to be derived by Mortgagor under or by virtue of the Ground Lease, including, without limitation, the right to exercise options, to give consents, and to receive all monies payable to the tenant thereunder;

(N) the entire sublessor's interests under each sublease of all or any part of the Leasehold created by the Ground Lease, whether heretofore or hereafter entered into by Mortgagor or by any of its beneficiaries, the sub-reversions under each such sublease and all rights and benefits to be derived therefrom by Mortgagor or by any of its beneficiaries;

(O) all right, title and interest that Mortgagor may now have or may hereafter acquire in and to the fee simple estate in the Mortgaged Premises;

(P) all rights of the Mortgagor and its beneficiaries under Section 365(d) of Title 11 of the United States Code (11 USC § 365(d)) and any similar law whether now or hereafter existing, whereby a trustee of the landlord under the Ground Lease, in any case under Title 11 of the United States Code, may be required to promptly elect to assume or reject the Ground Lease; and

(Q) all rights and estates of the Mortgagor and its beneficiaries (including, without limitation, all rights to make any elections) under Section 365(h) of Title 11 of the United States

Code (11 USC § 365(h)) and any similar law whether now or hereafter existing, if the Ground Lease is rejected by any trustee of the landlord under the Ground Lease in any case under Title 11 of the United States Code.

TO HAVE AND TO HOLD the Mortgaged Premises, and each and every part thereof, unto Mortgagee and its successors and assigns forever. Any reference herein to the "Mortgaged Premises" shall, unless the context shall require otherwise, be deemed to include and apply to the above described land and said buildings, improvements, equipment, rents, issues, profits, leases, easements, tenements, hereditaments and appurtenances and all other rights, privileges and interests hereinabove described, whether now existing or hereafter acquired.

SUBJECT only to those matters set forth on Exhibit B hereto ("Permitted Encumbrances"):

AND Mortgagee does hereby covenant and warrant as follows:

1. Payment of Mortgage Indebtedness; Performance of Agreements. The Mortgagor shall pay the Mortgage Indebtedness according to the terms thereof, and will keep and perform all the covenants, promises and agreements in (a) the Notes and any instruments at any time heretofore or hereafter issued to evidence all or any portion of the Mortgage Indebtedness, (b) this Mortgage and (c) any and all other Loan Documents, all in the manner herein or therein set forth.
2. Covenants of Title. The Mortgagor has good and indefeasible title to the entire Mortgaged Premises in fee simple and with good right and full power to sell, lease, mortgage and convey the same, the Mortgaged Premises are free and clear of liens and encumbrances except Permitted Encumbrances, whether presently existing or which may hereafter be created in accordance with the terms hereof, and Mortgagor will warrant and defend the Mortgaged Premises against all lawful claims and demands whatsoever. The Mortgagee shall have the right, at its option and at such time or times as it, in its sole discretion, shall deem necessary, to take whatever action it may deem necessary to defend or uphold the lien of this Mortgage or otherwise enforce any of the rights of Mortgagee hereunder or any obligation secured hereby, including without limitation, the right to institute appropriate legal proceedings for such purposes.
3. Payment of Taxes, Assessments and Charges. The Mortgagor shall pay or cause to be paid when due all real estate taxes, special assessments, water and sewer charges or other governmental charges and impositions levied or assessed with respect to the Mortgaged Premises or any part thereof. Should Mortgagor fail to pay or cause to be paid such taxes, special assessments, water and sewer charges or other governmental charges or impositions, Mortgagee may, at its option, pay the same for the account of Mortgagor. Upon request of the Mortgagee, the Mortgagor shall immediately furnish to the Mortgagee all notices of amounts due and receipts evidencing payment.
4. Reserves. At anytime upon the request of the Mortgagee, to the extent the Mortgagor cannot provide assurances acceptable to Mortgagee that Lessor has or shall pay all required installments of taxes and assessments levied against the Mortgaged Premises, the Mortgagor



shall pay to the Mortgagee, monthly, at the times provided in the Construction Loan Note for the payment of installments of interest, installments of the taxes and assessments levied or to be levied upon the Mortgaged Premises, said installments to be substantially equal and to be in an amount equal to one-twelfth (1/12th) of the estimated tax bills (including special assessments, if any) and be maintained on a tax lien (calendar year) basis (and not on a "when bill issued and payable" basis). Said amounts paid to the Mortgagee hereunder need not be segregated nor kept in a separate fund, and no interest shall be payable thereon. Said amounts shall be held by the Mortgagee as additional security for the Mortgage Indebtedness and, except as provided in the following sentence, be applied to the payment of said taxes and assessments when the same become due and payable. Upon the occurrence of an Event of Default hereunder, the Mortgagee may, at its option, but without any obligation on its part so to do, apply said amounts upon said taxes and assessments or toward the payment of the Mortgage Indebtedness or any portion thereof, whether or not then due or payable.

Upon an assignment of this Mortgage, the Mortgagee shall have the right to pay over the balance of such deposits in its possession to the assignee and the Mortgagee shall thereupon be completely released from all liability with respect to such deposits and the Mortgagor or owner of the Mortgaged Premises shall look solely to the assignee or transferee in reference thereto. This provision shall apply to every transfer of such deposits to a new assignee. Upon full payment and satisfaction of the Mortgage Indebtedness or at any prior time upon the election of the Mortgagee, the balance of the unapplied deposits in its possession shall be paid over to the record owner of the Mortgaged Premises and no other party shall have any right or claim thereto in any event, provided that in the event of a foreclosure of the Mortgaged Premises, the purchaser at such foreclosure shall have the right to receive such unapplied deposits.

5. Payment of Other Obligations; No Secondary Liens. The Mortgagor shall also pay any and all other obligations, liabilities or debts which may become liens, security interests, or encumbrances upon or charges against the Mortgaged Premises for any repairs or improvements that are now completed or are in progress or which may hereafter be made thereon, or for any other goods, services, or utilities furnished to the Mortgaged Premises, and shall not permit any lien, security interest, encumbrance or charge of any kind securing the repayment of borrowed funds (including the deferred purchase price for any property) to accrue and remain outstanding against the Mortgaged Premises or any part thereof, or any improvements thereon other than Permitted Encumbrances, if any.

6. Maintenance and Repair; Compliance with Laws; Inspection. The Mortgagor will keep the Mortgaged Premises and all the improvements thereon in good order and repair, and Mortgagor expressly agrees that it will not do or permit waste on the Mortgaged Premises nor do any other act whereby the Mortgaged Premises will become less valuable or the lien hereof may be impaired. Nonpayment of taxes, and cancellation of insurance and alteration, removal or demolition of any buildings and improvements shall inter alia, constitute waste. Should Mortgagor fail to effect the necessary repairs, Mortgagee may at its option make such repairs for the account of Mortgagor. The Mortgagor will promptly comply, and cause the Mortgaged Premises and the occupants or users thereof to comply, with all present and future laws, ordinances, orders, rules and regulations and other requirements of the United States of America,

State of Illinois, County of Cook, City of Chicago or any other governmental authority affecting the Mortgaged Premises or any part thereof or the use or occupancy thereof and with all instruments and documents of record or otherwise affecting the Mortgaged Premises, or any part thereof, or the use or occupancy thereof. The Mortgagee, and any person authorized by Mortgagee, shall have the right to enter upon and inspect the Mortgaged Premises at all reasonable times.

7. Insurance.

(a) The Mortgagor shall keep the Land and buildings and other improvements on the Mortgaged Premises, or which may hereafter be erected thereon, constantly insured for the benefit of Mortgagee with such company or companies and in such amounts as more specifically described in Section 4.1(p) and (q) of the Loan Agreement.

(b) In the event of loss or damage, the proceeds of said property and builders' risk insurance on the buildings and improvements shall be paid to Mortgagee alone. No such loss or damage shall itself reduce the Mortgage Indebtedness. The Mortgagee is authorized to adjust and compromise such loss without the consent of Mortgagor, to collect, receive and receipt for such proceeds in the name of Mortgagee and Mortgagor and to endorse Mortgagor's name upon any check in payment thereof. Such proceeds shall be applied first toward reimbursement of all costs and expenses of Mortgagee in collecting said proceeds and then toward payment of the Mortgage Indebtedness or any portion thereof, whether or not then due or payable, or, subject to the terms of paragraph 7(d) below, to the repair or rebuilding of the Mortgaged Premises. No such application of proceeds by Mortgagee toward payment of the Mortgage Indebtedness shall reduce the amount of any installments required to be made on the Mortgage Indebtedness in accordance with its terms. If an Event of Default has occurred and is continuing, in order to effect payment of insurance proceeds to Mortgagee pursuant to Section 12.5(c) of the Ground Lease, Mortgagee may elect in writing to use insurance proceeds in accordance with Article 12 of the Ground Lease, but shall have no obligation to do so and failure to make such election shall in no way limit Mortgagee's rights hereunder or under applicable law. Mortgagee may also elect (or direct an agent or designee to elect) to be treated as a "Proceeds Trustee" as that term is defined in the Ground Lease but failure to make such election shall in no way limit Mortgagee's rights hereunder or under applicable law.

(c) In the event of a foreclosure of this Mortgage, the purchaser of the Mortgaged Premises shall succeed to all of the rights of Mortgagor under said insurance policies payable to Mortgagee, including any right to unearned premiums and the right to receive the proceeds of any insurance payable by reason of any loss theretofore or thereafter occurring.

(d) Upon the occurrence of any casualty loss, the Mortgagor shall give immediate written and oral notice thereof to the Mortgagee and to the insurer. Notwithstanding the provisions of paragraph 7(b) above, as long as no Event of Default shall have occurred hereunder or under the Loan Agreement, it is agreed and understood that any insurance proceeds in excess of Twenty Five Thousand Dollars (\$25,000.00) resulting from a loss on the Mortgaged Premises shall be held by the Mortgagee, as escrowee, or if the Mortgagee elects by a title insurance

company or escrow agent designated by the Mortgagee, for the purpose of paying, from time to time, for the cost of repairing, restoring or replacing the Mortgaged Premises, but only if all of the following conditions ("Disbursement Conditions") are met: (i) the Mortgagor shall have prepared the plans and specifications for the work and submitted them to the Mortgagee for its approval, and such approval has been obtained; (ii) each request for disbursement by the Mortgagor shall afford Mortgagee at least 15 days' prior written notice thereof and shall be accompanied by a certificate by the architect or engineer supervising the work stating, that all of the work completed has been done in compliance with the approved plans and specifications; (iii) sworn statements and lien waivers sufficient for the title company to issue an endorsement increasing the coverage under the title policy insuring this Mortgage by an amount equal to the funds being disbursed and insuring the first priority and validity of this Mortgage under the policy; (iv) in the case of the request for the final disbursement, the request shall be accompanied by a copy of any occupancy or other certificate required to render occupancy of the Mortgaged Premises lawful; (v) the casualty occurs prior to six (6) calendar months prior to the maturity date of the Notes (the "Maturity Date") unless the amount of the insured loss is less than 10% of the then outstanding principal balance of the Notes; (vi) the amount of insured loss is less than 50% of the then outstanding principal balance of the Notes; and (vii) the Mortgagor shall as soon as possible thereafter commence the rebuilding of the Mortgaged Premises pursuant to plans and specifications reasonably approved by the Mortgagee, and shall proceed to completion with diligence and without delay so that the same are completed as soon as practicable thereafter. If any such insurance proceeds shall, with respect to any casualty, aggregate in an amount of \$25,000 or less, and so long as no Event of Default shall have occurred hereunder or under the Loan Agreement, the Mortgagor shall have the right to receive such proceeds directly from the insurance company, subject to Mortgagor providing the Mortgagee with the same information described in the foregoing Disbursement Conditions.

If the insurance proceeds, less costs of collection and administration, are not sufficient to pay for the repair, in full, then the Mortgagor shall immediately deposit with the Mortgagee the additional funds needed to complete the same.

If Mortgagor does not have the right to use the insurance proceeds for rebuilding pursuant to this paragraph 7(d), then the Mortgagee shall have the right to apply the insurance proceeds (in the order and in the amounts that the Mortgagee in its sole discretion elects) to the payment of (a) all of the costs and expenses, if any, of taking possession of the Mortgaged Premises or otherwise enforcing its rights and remedies under the Loan Documents, including, without limitation, payment of attorneys' fees and fees of a receiver; (b) accrued and unpaid interest due on the Notes; and (c) the balance of the Mortgage Indebtedness. Any excess proceeds remaining after any reconstruction shall be paid to the Mortgagee to be applied by the Mortgagee, in its discretion, to the payment of the amounts described in the foregoing clauses (a), (b) or (c) immediately above, or to any parties entitled thereto, as their interests may appear. The Mortgagee shall be under no obligation to invest the insurance proceeds on behalf of or for the benefit of the Mortgagor.

(e) Mortgagor has received notice of and has agreed to Mortgagee's right to obtain "collateral protection insurance" as that term is defined in the Illinois Collateral Protection Act, 815 ILCS §180/1 et seq (the "Act") and in the event Mortgagee obtains such collateral protection



insurance it shall notify the Mortgagor thereof pursuant to notice substantially in the form required by the Act. For purposes of compliance with the Act, the Mortgagor hereby acknowledges Mortgagee's right pursuant to this Mortgage to obtain collateral protection insurance, as defined in the Act, as follows:

"Unless you provide us with evidence of the insurance coverage required by your agreement with us, we may purchase insurance at your expense to protect our interests in your collateral. This insurance may, but need not, protect your interests. The coverage that we purchase may not pay any claim that you make or any claim that is made against you in connection with the collateral. You may later cancel any insurance purchased by us, but only after providing us with evidence that you have obtained insurance as required by our agreement. If we purchase insurance for the collateral you will be responsible for the costs of that insurance, including interest and any other charges we may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to your total outstanding balance or obligation. The cost of the insurance may be more than the cost of insurance you may be able to obtain on your own."

For purposes of the preceding paragraph, "you", "your", and terms of like import refer to Mortgagor, "we", "us" and terms of like import refer to Mortgagee and "collateral" refers to the Premises and any other collateral in which a security interest has been granted by the Mortgagor to Mortgagee hereunder, or in any documents executed in connection with this Mortgage.

8. Eminent Domain. Notwithstanding any taking under the power of eminent domain, alteration of the grade of any street, or other injury to or decrease in value of the Mortgaged Premises by any public or quasi-public authority or corporation, Mortgagor shall continue to pay the Mortgage Indebtedness in accordance with the terms of the Notes, and any reduction in the principal sum resulting from the application by Mortgagee of such award or payment as hereinafter set forth shall be deemed to take effect only upon the receipt by Mortgagee of such award. The Mortgagor hereby assigns the entire proceeds of any award or payment to Mortgagee. The Mortgagee is authorized to commence, appear in and prosecute, in its own or in Mortgagor's name, any action or proceeding relating to any such taking, and to settle or compromise any claim in connection therewith. Such proceeds shall be applied first toward reimbursement of all costs and expenses of Mortgagee in collecting said proceeds and then toward payment of the Mortgage Indebtedness or any portion thereof, whether or not then due or payable, or Mortgagee at its option may apply said proceeds, or any part thereof, to the alteration, restoration or rebuilding of the Mortgaged Premises. No such application of proceeds by Mortgagee toward payment of the Mortgage Indebtedness shall reduce the amount of the payments required to be made on the Mortgage Indebtedness in accordance with its terms.

9. Reimbursement of Advances by Mortgagee. The Mortgagor shall pay to Mortgagee, upon demand, all sums expended by Mortgagee, or by a receiver appointed at the request of Mortgagee, unless such sums shall be paid out of the rents, income and profits from the Mortgaged Premises, (a) to pay insurance premiums, taxes, assessments, water and sewer

charges and other governmental charges and impositions with respect to the Mortgaged Premises, (b) to maintain, repair or improve the Mortgaged Premises, (c) to defend the lien of this Mortgage as a lien against the Mortgaged Premises subject only to the encumbrances hereinabove expressly set forth, (d) to discharge any lien or encumbrance affecting the Mortgaged Premises other than Permitted Encumbrances, (e) to cure any default of Mortgagor under any lease or other agreement covering the Mortgaged Premises, (f) to cure any default of Mortgagor hereunder or under any of the Loan Documents or (g) for or in connection with any other action taken by Mortgagee to preserve the security of this Mortgage or any other security for the Mortgage Indebtedness or to protect any of Mortgagee's rights hereunder. To the extent that Mortgagee pays any sum due under any provision of law or instrument or document creating any lien superior or equal in priority in whole or in part to the lien of this Mortgage, Mortgagee shall have and be entitled to a lien on the Mortgaged Premises equal in parity with that discharged, and Mortgagee shall be subrogated to all liens possessed, held or enjoyed by the holder of such lien, which shall remain in existence and benefit Mortgagee to secure the Notes and all obligations and liabilities secured hereby. All such expenditures as shall be made by Mortgagee or such receiver or pursuant to any other provision of this Mortgage or the other Loan Documents, including any reasonable attorneys' fees and disbursements incurred by Mortgagee or such receiver in connection with the foregoing, shall be payable upon demand and be secured by this Mortgage and shall bear interest at the overdue interest rate set forth in the Notes for Floating Rate Loans.

10. Change in Taxes. In the event any tax shall be due or become due and payable to the United States of America, the State of Illinois or any political subdivision thereof with respect to the execution and delivery or recordation of this Mortgage or any note or other instrument or agreement evidencing or securing repayment of the Mortgage Indebtedness or the interest of Mortgagee in the Mortgaged Premises, Mortgagor shall pay such tax at the time and in the manner required by applicable law and Mortgagor shall hold Mortgagee harmless and shall indemnify Mortgagee against any liability of any nature whatsoever as a result of the imposition of any such tax.

In the event of the passage after the date of this Mortgage of any law in the State of Illinois deducting from the value of real property for purposes of taxation any lien thereon, or changing in any way the laws now in force for the taxation of mortgages or debts secured thereby (including the interest thereon) for state or local purposes, or changing the manner of collection of any such taxes, and imposing a tax, either directly or indirectly, on this Mortgage, the Notes or any of the other Loan Documents, the holder of this Mortgage shall have the right to declare the entire unpaid amount of the Mortgage Indebtedness, together with accrued and unpaid interest thereon, to be due immediately and payable.

11. Events of Default. The occurrence of any of the following events, after the passage of any applicable cure or grace periods, shall be deemed an "Event of Default" hereunder and shall entitle Mortgagee to exercise its remedies hereunder and under the Notes and any of the other Loan Documents or as otherwise provided by law: (a) default in making payment, when due, of any principal of or interest on the Notes; (b) default in making payment, when due, of any other portion of the Mortgage Indebtedness; (c) the occurrence of an Event of Default under the Loan

Agreement; (d) default in the observance or performance of any other covenant, promise or agreement provided herein or in any of the other Loan Documents, and continuance thereof for thirty (30) days; (e) in the event of a Prohibited Transfer (defined below in Paragraph 18 hereof); and (f) in the event of a Guarantor Event of Default (defined in Paragraph 19 below).

12. Remedies upon Default. Immediately upon the occurrence of any Event of Default, Mortgagee shall have the option, in addition to and not in lieu of or substitution for all other rights and remedies provided in this Mortgage, the Loan Agreement or any other Loan Documents or provided by law or in equity, and is hereby authorized and empowered by Mortgagor, to do any or all of the following:

(a) Declare the entire unpaid amount of the Mortgage Indebtedness, together with accrued and unpaid interest thereon, and any and all charges payable by Mortgagor to Mortgagee pursuant to any of the Loan Documents, immediately due and payable and, at Mortgagee's option, (i) to bring suit therefor, or (ii) to bring suit for any delinquent payment of or upon the Mortgage Indebtedness, or (iii) to take any and all steps and institute any and all other proceedings that Mortgagee deems necessary to enforce payment of the Mortgage Indebtedness and performance of other obligations secured hereunder and to protect the lien of this Mortgage.

(b) Exercise any and all rights and remedies provided herein or in the Loan Documents or available at law or in equity, including without limitation the right to commence foreclosure proceedings against the Mortgaged Premises pursuant to the Illinois Mortgage Foreclosure Act, 735 ILCS §5/15-1101 et. seq. as from time to time amended (the "Act"), and to sell the Mortgaged Premises or to cause the same to be sold at public sale, and to convey the same to the purchaser, in accordance with said statutes or common law, in a single parcel or in several parcels at the option of the Mortgagee. The Mortgagor further agrees that the Mortgagee is authorized and empowered to retain out of the sale proceeds such moneys as are necessary to pay in full the Mortgage Indebtedness, the costs and charges of such sale, and also the attorneys' fees provided by statute, returning the surplus moneys (if any there should be) to the Mortgagor. Mortgagor hereby waives all errors, defects and imperfections in any proceeding instituted by Mortgagee under this Mortgage.

(c) 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 Mortgaged Premises pursuant to Section 15-1702 of the Act and other applicable law. Such appointment may be either before or after the sale, without notice, without regard to the solvency or insolvency of the Mortgagor at the time of application for such receiver and without regard to the then value of the Mortgaged Premises or whether the same shall then be occupied as a homestead or not and the Mortgagee or any holder of any note evidencing the Mortgage Indebtedness may be appointed such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Mortgaged Premises during the pendency of such foreclosure suit and, in the case of a sale and a deficiency during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when the Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management

and operation of the Mortgaged Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income from the Mortgaged Premises in whole or in part to: (i) the indebtedness secured hereby or by any decree foreclosing this Mortgage, 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 the foreclosure; or (ii) the deficiency in case of a sale and deficiency.

(d) In any case in which under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether before or after the whole principal sum secured hereby is declared to be immediately due, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, forthwith, upon demand of Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the Mortgaged Premises or any part thereof personally, or by its agent or attorneys, as for condition broken pursuant to Section 15-1701 of the Act and other applicable law. In such event Mortgagee in its discretion may, with or without process of law, enter upon and take and maintain possession of all or any part of said Mortgaged Premises, together with all documents, books, records, papers and accounts of Mortgagor or then owner of the Mortgaged Premises relating hereto, and may exclude Mortgagor, its agents or servants, wholly therefrom and may as attorney in fact or agent of Mortgagor, or in its own name as mortgagee and under the powers herein granted, hold, operate, manage and control the Mortgaged Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power and 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 avails, rents, issues, and profits of the Mortgaged Premises, including liens for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power: (i) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (ii) to elect to disaffirm any lease or sublease which is then subordinate to the lien hereof; (iii) 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 lessees 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 Mortgagor and all persons whose interests in the Mortgaged 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; (iv) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Mortgaged Premises as it may deem proper; (v) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; and (vi) to receive all of such avails, rents, issues and profits; 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 Mortgagor. 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. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from



any and all liability, loss or damage which it may or might incur under said leases or under or by reason of the assignment thereof, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases. Should Mortgagee incur any such liability, loss or damage, under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

(e) Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it by this Mortgage shall have full power to use and apply the avails, rents, issues and profits of the Mortgaged Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(i) to the payment of the operating expenses of said Mortgaged Premises, including cost of management and leasing thereof (which shall include reasonable compensation to Mortgagee, its agent or agents, and attorneys, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims of damages, if any, and premiums on insurance hereinabove authorized;

(ii) to the payment of taxes and special assessments now due or which may hereafter become due on the Mortgaged Premises; and of all rents due or which may become hereafter due under the underlying lease;

(iii) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Mortgaged Premises, including the cost from time to time of installing or replacing personal property such as appliances therein, and of placing the Mortgaged Premises in such condition as will, in the judgment of Mortgagee, make it readily rentable; and

(iv) to the payment of any Mortgage Indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

(f) In the event of any sale of the Mortgaged Premises by foreclosure apply the proceeds of any such sale to: (i) all expenses incurred for the collection of the Mortgage Indebtedness and the foreclosure of this Mortgage, including reasonable attorneys' fees and disbursements, or such attorneys' fees and disbursements as are permitted by law, (ii) all sums expended or incurred by Mortgagee directly or indirectly in carrying out the terms, covenants and agreements of the Notes, this Mortgage and the other Loan Documents, together with interest thereon as therein provided, (iii) all accrued and unpaid interest upon the Mortgage Indebtedness, (iv) fees, expenses and other sums (excluding principal) due in connection with the Mortgage Indebtedness, (v) the unpaid principal amount of the Mortgage Indebtedness, and (vi) the surplus, if any there be, unless a court of competent jurisdiction decrees otherwise, to Mortgagor.



13. Successors in Ownership. In the event ownership of the Mortgaged Premises or any part thereof becomes vested in a person or persons other than Mortgagor without the prior written approval of Mortgagee, Mortgagee may (but shall not be obligated to) deal with such successor or successors in interest with reference to this Mortgage and the other Loan Documents in the same manner as with Mortgagor, without in any manner discharging or otherwise affecting Mortgagor's liability hereunder or upon the Mortgage Indebtedness.

14. Security Agreement. All personal property located at or used in connection with the Mortgaged Premises shall be owned by the Mortgagor and shall not be subject to any lease or other transaction whereby the ownership or any beneficial interest in any of such personal property shall be held by any person or entity other than the Mortgagor. The Mortgagor shall not create or cause to be created any security interest in any such personal property other than the security interest created in favor of the Mortgagee. This Mortgage shall, as to any equipment and other personal property described herein and covered hereby, be deemed to grant a security interest therein pursuant to the Uniform Commercial Code. The Mortgagor agrees, upon request of the Mortgagee to furnish an inventory of personal property owned by the Mortgagor and subject to this Mortgage and, upon request of the Mortgagee, to execute any supplements to this Mortgage, any separate security agreement and financing statements to include specifically said inventory of personal property. Upon the occurrence and during the continuance of any of the events of default referred to in Paragraph 11 hereof, the Mortgagee shall have all of the rights and remedies herein provided or otherwise provided by law or by this Mortgage, including but not limited to the right to require the Mortgagor to assemble such personal property and make it available to the Mortgagee at a place to be designated by the Mortgagee which is reasonably convenient to both parties, the right to take possession of such personal property, with or without demand, and with or without process of law, and the right to sell and dispose of the same and distribute the proceeds according to law. The parties hereto agree that any requirement of reasonable notice shall be met if the Mortgagee sends such notice to the Mortgagor at least 5 days prior to the date of sale, disposition or other event giving rise to the required notice, and that the proceeds of any disposition of any such personal property may be applied by the Mortgagee first to the reasonable expenses in connection therewith, including reasonable attorneys fees and legal expenses incurred, and including the expenses of retaining, keeping and storing such personal property, and then to payment of the Mortgage Indebtedness.

15. Assignment of Leases and Rents. As of the date of this Mortgage, Mortgagor hereby assigns to Mortgagee all its right, title and interest in and to all written and oral leases, whether now in existence or which may hereafter come into existence during the term of this Mortgage, or any extension hereof, covering the Mortgaged Premises or any part thereof (but without an assumption by Mortgagee of liabilities of Mortgagor under any such leases by virtue of this assignment), and Mortgagor hereby assigns to Mortgagee the rents, issues and profits of the Mortgaged Premises. Until the occurrence of an Event of Default, Mortgagor shall have the right to receive and collect such rents, issues and profits. Upon the occurrence of an Event of Default, Mortgagee may elect upon written notice to Mortgagor to receive and collect said rents, issues and profits personally or through a receiver so long as any such Event of Default shall exist and during the pendency of any foreclosure proceedings and during any redemption period, and Mortgagor hereby consents to the appointment of a receiver if believed necessary or desirable by

Mortgagee to enforce its rights under this Paragraph 15. The collection of rents by Mortgagee shall in no way waive the right of Mortgagee to foreclose this Mortgage in the event of any Event of Default.

16. Waiver of Redemption Rights. Pursuant to Section 15-1601 of the Act, the Mortgagor hereby expressly waives any and all rights of redemption arising under Section 15-1603 of the Act, together with any and all other statutory rights of redemption on behalf of itself and on behalf of each and every person acquiring any interest or title in the Mortgaged Premises subsequent to the date of this Mortgage.

17. Inconsistent Provisions. In the event that any provision of this Mortgage shall be inconsistent with any provision of the Act, the provisions of the Act shall take precedence over the provisions of the Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act. If any provision of this Mortgage shall grant to the Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights and remedies that would otherwise be vested in the Mortgagee absent said provisions, the Mortgagee shall be vested with the rights and remedies granted in the Act to the full extent permitted by law.

18. Prohibition of Transfer and Further Encumbrances. It shall be an immediate Event of Default hereunder if, without the prior written consent of the Mortgagee any of the following shall occur (herein called a "Prohibited Transfer").

(a) If the Mortgagor shall create, effect or consent to or shall suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, lease, mortgage, security interest or other encumbrance or alienation of the Mortgaged Premises or any part thereof, or interest therein, or enter into any contract to do any of the foregoing, which contract is not expressly subject to the consent of Mortgagee; or

(b) If the Mortgagor shall create, effect or consent to, or shall suffer or permit, any sale, assignment, transfer, lien, pledge, lease, mortgage, security interest or other encumbrance or alienation of the beneficial interest in the Mortgagor; or enter into any contract to do any of the foregoing, which contract is not expressly subject to the consent of Mortgagee; or

(c) In each case whether any such conveyance, sale, assignment, transfer, lien, pledge, lease, mortgage, security interest, encumbrance or alienation is effected directly, indirectly, voluntarily or involuntarily, by operation of law or otherwise;

provided, that the foregoing provisions shall not apply (i) to the lien of this Mortgage or any other liens securing the Notes, (ii) to Permitted Encumbrances set forth on Exhibit B hereto, and (iii) the sales of Units and grant of partial releases of this Mortgage in respect thereto, or any other transaction permitted by the Loan Agreement.

The provisions hereof shall be operative with respect to, and shall be binding upon, any persons who, in accordance with the terms hereof or otherwise, shall acquire any part or interest in or encumbrance upon the Mortgaged Premises or a beneficial interest in Mortgagor. Mortgagor acknowledges and agrees, for itself and its successors, that the foregoing restrictions on sale, transfer, or conveyance are reasonable. Any violation of the terms hereof shall entitle Mortgagee to declare the whole outstanding principal balance of the Notes, together with interest accrued thereon and any other sums owing under the terms of this Mortgage or any other instrument related to the indebtedness hereby secured, immediately due and payable and to foreclose this Mortgage.

19. Guarantor Events of Default. The indebtedness evidenced by the Notes is jointly and severally guaranteed on a limited basis by each of Shorebank Development Corporation, Chicago, The Shorebank Corporation and Banc of America Community Development Corporation (the "Guarantors") and it is a proviso hereof that in case (a) any Guarantor shall be declared a bankrupt, or shall file a petition in voluntary bankruptcy under any Chapter of Title Eleven of the United States Code, or any other similar state or federal law, or (b) should any Guarantor file any declaration, answer or pleading admitting his insolvency or inability to pay his debts or liabilities, or (c) if a trustee or receiver is appointed for any Guarantor, or for the property or assets or estate thereof; or (d) should any Guarantor make an assignment for the benefit of creditors; (e) should any Guarantor fail to pay when due any principal or interest owing the Mortgagee or otherwise default in the performance of any other covenant or agreement with the Mortgagee, and any such default continues past the expiration of any grace period, or (f) should any Guarantor default under the terms of its Guaranty Agreement of even date, and such default continues past the expiration of any grace period therein set forth then upon the occurrence of any such event; or (g) or any Guarantor purports to revoke, repudiate or disavow its Guarantee or any of the Guarantees shall cease to be in full force and effect for any reason or the legality, validity, binding effect or enforceability thereof shall be challenged or denied in any proceeding or otherwise; then Mortgagee, may at its option, declare the entire indebtedness secured hereby to be immediately due, and/or may immediately avail itself of any right, recourse or remedy reserved in case of an Event of Default, or any remedy afforded by law as in such case may be provided.

20. Fees and Expenses of Mortgagee. In addition to the other amounts owing between the Mortgagor to the Mortgagee hereunder, Mortgagor agrees to promptly reimburse the Mortgagee for all fees, expenses and other charges incurred with respect to the Mortgage Indebtedness or Mortgaged Premises including, without limitation, title insurance and date downs, appraisals, escrows, surveys, inspections, trust documents, release deeds, environmental studies and reports, tax search fees and reasonable legal fees and disbursements.

21. Integration and Severability. This Mortgage embodies the entire agreement and understanding between Mortgagor and Mortgagee, and supersedes all prior agreements and understandings, relating to the subject matter hereof. If any provision hereof is in conflict with any statute or rule of law of the State of Illinois or is otherwise unenforceable for any reason whatsoever, then such provision shall be deemed null and void to the extent of such conflict or unenforceability and shall be deemed severable from but shall not invalidate any other provisions of this Mortgage.

22. Waiver. No waiver by Mortgagee of any right or remedy granted hereunder or failure to insist on strict performance by Mortgagor hereunder shall affect or extend to or act as a waiver of any other right or remedy of Mortgagee hereunder, nor affect the subsequent exercise of the same right or remedy by Mortgagee for any further or subsequent default by Mortgagor hereunder, and all such rights and remedies of Mortgagee hereunder are cumulative.

23. Marshalling and Homestead Rights. The Mortgagor hereby waives, in the event of foreclosure of this Mortgage or the enforcement by the Mortgagee of any other rights and remedies hereunder, any right otherwise available in respect to marshalling of assets which secure the Mortgage Indebtedness or to require Mortgagee to pursue its remedies against any other such assets. The Mortgagor hereby waives and releases all rights and benefits under and by virtue of the Homestead Exemption laws of the State of Illinois.

24. Release of Mortgage. (a) The Mortgagor shall have the right to receive partial releases of lien from time to time, subject to and in the manner set forth in Article VI of the Loan Agreement; and (b) if all of the principal of and interest on the Mortgage Indebtedness shall be paid and all other sums secured hereby or payable hereunder and under the Notes and the Loan Documents shall be paid, the Loan Documents have terminated in full and the Mortgagor shall comply with all the terms, conditions and requirements hereof, then this Mortgage shall be released by Mortgagee and thereupon it shall be of no further force and effect. Upon the written request of the Mortgagor, the Mortgagee, will, promptly execute and deliver such proper instruments of release and discharge as may reasonably be requested to evidence such defeasance, release and discharge.

25. Business Purpose Loan. The Mortgagor represents that the proceeds of the loan secured by this Mortgage have been and will be used for the purposes specified in 815 ILCS §205/4(1)(c) or any successor statute, and that the principal obligation secured hereby constitutes a business loan which comes within the purview of said statute.

26. Leasehold Mortgage Provisions.

(a) With respect to the Ground Lease, the Mortgagor hereby warrants, and represents as follows: (i) it is in full force and effect, unmodified by any writing or otherwise, (ii) all rent, additional rent and other charges reserved therein have been paid to the extent they are payable to the date hereof; (iii) the Mortgagor enjoys the quiet and peaceful possession of the property demised thereby; (iv) the Mortgagor is not in default under any of the terms thereof and there are no circumstances which, with the passage of time or the giving of notice, or both, would constitute a default or event of default thereunder; (v) to the best of Mortgagor's knowledge, (x) the landlord under the Ground Lease is not in default under any of the terms or provisions thereof that have not been waived or the violation thereof has not been consented to (y) the Ground Lease does not impose any term or condition that prohibits or imposes a limitation upon the grant and demise of this Mortgage, and (z) except as otherwise permitted by the Mortgagee, the Ground Lease does not preclude, limit, conflict with or interfere with the powers, rights and remedies granted to the Mortgagee hereunder; and (vii) the Mortgagor has, prior to its execution



hereof, delivered to the Mortgagee a true and correct duplicate original copy thereof, together with true and correct duplicate original copies of any and all amendments and modifications thereof.

(b) Further, with respect to the Ground Lease, the Mortgagor covenants and agrees as follows: (i) to promptly pay, without any allowance for grace periods, all rent, additional rent, taxes, assessments, water rents, sewer rents charges, impositions and other sums or charges required to be paid by the Mortgagor thereunder and shall promptly furnish Mortgagee with receipts therefor on request; (ii) to promptly and faithfully observe, perform and comply with all the terms, covenants, and provisions thereof on its part to be observed, performed and complied with, at the times set forth therein, without any allowance for grace periods, if any, (iii) not to do, permit, suffer or refrain from doing anything as a result of which, there could be a default under or breach of any of the terms thereof; (iv) not to cancel or terminate the Ground Lease; nor to suffer or permit such cancellation or termination, nor to modify, amend, or in any way alter or permit the alteration of any of the terms thereof, nor to surrender the property demised thereunder; (v) to give the Mortgagee immediate notice of any default by anyone thereunder and to promptly deliver to the Mortgagee copies of each notice of default and all other notices, communications, plans, specifications and other similar instruments received by or delivered to the Mortgagor in connection therewith; (vi) not to waive, excuse or discharge any of the obligations and agreements of the landlord thereunder; (vii) to furnish the Mortgagee such information and evidence as the Mortgagee may reasonably require concerning the Mortgagor's due observance, performance and compliance with the terms, covenants, and provisions thereof; and (viii) that any default of the Mortgagor thereunder shall constitute an Event of Default under this Mortgage.

(c) In the event of any default by the Mortgagor in the performance of any of its obligations under the Ground Lease, including, without limitation, any default in the payment of rent and other charges and impositions made payable by the Mortgagor thereunder, then, in each and every case, the Mortgagee may, at its option and without notice, cause the default or defaults to be remedied and otherwise exercise any and all of the rights of the Mortgagor thereunder in the name of and on behalf of the Mortgagor. The Mortgagor shall, on demand, reimburse the Mortgagee for all advances made and expenses incurred by the Mortgagee in curing any such default (including, without limitation, reasonable attorneys' fees and disbursements), together with interest thereon computed at the Overdue Rate provided for in the Notes for Floating Rate Loans from the date that an advance is made or expense is incurred, to and including the date the same is paid, and the amount of such advance shall become additional Mortgage Indebtedness.

(d) The Mortgagor shall give the Mortgagee notice of its intention to exercise or not exercise each and every option to extend the term of the Ground Lease or to purchase the Mortgaged Premises or any part thereof, at least 30 days, but not more than 90 days, prior to the expiration of the time to exercise such option under the terms thereof. If the Mortgagor intends to extend the term of the Ground Lease or to purchase any part of the Mortgaged Premises, it shall deliver to the Mortgagee, with the notice of that decision, a copy of the notice of extension or exercise delivered or to be delivered to the landlord thereunder. If the Mortgagor does not intend to extend the term of the Ground Lease or exercise any option to purchase, the Mortgagee



may, at its option and at any time prior to the expiration of the time to exercise such option, exercise the option to extend or purchase in the name and on behalf of the Mortgagor. In any event, the Mortgagor hereby appoints the Mortgagee its attorney-in-fact to execute and deliver, for and in the name of the Mortgagor, all instruments and agreements necessary under the Ground Lease or otherwise to cause any extension of the term hereof or the purchase of all or any part of the Mortgaged Premises. This power, being coupled with an interest, shall be irrevocable as long as the Mortgage Indebtedness remains unpaid. The Mortgagee shall have no liability to the Mortgagor or any other party for, failure to exercise, or for exercising any option.

(e) That the fee title and the Leasehold in the property demised by the Ground Lease shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in either the landlord thereunder, the Mortgagor, the Mortgagee, or a third-party, whether by purchase or otherwise. If the Mortgagor acquires the fee title or any other estate, title, or interest in the property demised by the Ground Lease, or any part thereof, the lien of this Mortgage shall automatically and without the necessity of the execution and/or delivery of any further instruments or documents, attach to, cover, and be a lien upon the acquired estate, title or interest, and same shall thereupon be and become a part of the Mortgaged Premises with the same force and effect as if specifically encumbered herein. Without limitation or derogation of the foregoing sentence, the Mortgagor nevertheless agrees to execute all instruments and documents that the Mortgagee may require to ratify, confirm and further evidence the Mortgagee's lien on the acquired estate, title or interest. Furthermore, the Mortgagor hereby appoints the Mortgagee its true and lawful attorney-in-fact to execute and deliver all such instruments and documents in the name and on behalf of the Mortgagor. This power, being coupled with an interest, shall be irrevocable as long as the Mortgage Indebtedness remains unpaid.

(f) If the Ground Lease is cancelled or terminated, and if the Mortgagee or its nominee shall acquire an interest in any new lease of the property demised thereby, the Mortgagor shall have no right, title or interest in or to the new lease or the leasehold estate created by the new lease.

(g) The Mortgagor shall use its best efforts to obtain and deliver to the Mortgagee within 20 days after written demand by the Mortgagee, an estoppel certificate from the Ground Lessor under the Ground Lease setting forth (i) the name of the tenant thereunder, (ii) that the Ground Lease has not been modified, or, if it has been modified, the date of each modification (together with copies of each such modification certified as true and correct by the Ground Lessor), (iii) the basic rent payable under the Ground Lease, (iv) the date to which all rental charges have been paid by Mortgagor under the Ground Lease, and (v) whether there are any alleged defaults of Mortgagor under the Ground Lease, and, if there are, setting forth the nature thereof in reasonable detail.

(h) Notwithstanding anything to the contrary contained herein, this Mortgage shall not constitute an assignment of the Ground Lease within the meaning of any provision hereof prohibiting its assignment and the Mortgagee shall have no liability or obligation thereunder by reason of its acceptance of this Mortgage. The Mortgagee shall be liable for the obligations of

the Mortgagor arising under the Ground Lease (i) for only the period of time that the Mortgagee is in possession of the Mortgaged Premises because of electing a remedy hereunder or (ii) has acquired, by foreclosure or otherwise, and is holding, all of the Mortgagor's right, title and interest therein.

(i) The rights conferred upon Mortgagee in this paragraph 26 shall be in addition to any rights conferred on Mortgagee under the Ground Lease. Any requirements of this Mortgage which, if complied with by Mortgagor, would constitute a default under the Ground Lease, shall be deemed suspended only to the extent necessary to avoid such a default under the Ground Lease, and with respect to any default under the Ground Lease of which Mortgagor is to be given notice by the lessor prior to exercising any remedy therefor, only after notice of such default has been so given.

27. Amount of Indebtedness. The aggregate amount of principal indebtedness at any time outstanding secured by this Mortgage, exclusive of sums advanced to remedy defaults and protect the security of this Mortgage, will not in the aggregate exceed an amount equal to Twenty Five Million Dollars (\$25,000,000.00). Under the Loan Agreement, Mortgagee has bound itself to make advances up to the principal amounts set forth in the Notes on the terms and conditions therein specified. Subject to the limitation set forth in the first sentence of this paragraph, all advances made and indebtedness arising and accruing under the Loan Agreement, from time to time, whether or not the total amount thereof may exceed the stated principal amount of the Notes, shall be secured hereby.

28. Further Instruments. The Mortgagor shall execute, acknowledge and deliver any and all such further conveyances, documents, mortgages and assurances, and do or cause to be done all such further acts, as Mortgagee may reasonably require to confirm and protect the lien of this Mortgage or otherwise to accomplish the purposes hereof forthwith upon the request of Mortgagee, whether in writing or otherwise.

29. Governing Law; Binding Effect. This Mortgage, made in the State of Illinois, shall be construed according to the laws thereof and shall be binding upon Mortgagor and its successors and assigns and any subsequent owners of the Mortgaged Premises, and all of the covenants herein contained shall run with the land, and this Mortgage and all of the covenants herein contained shall inure to the benefit of Mortgagee, its successors and assigns.

30. Fixture Filing. This Mortgage also constitutes a financing statement filed as a fixture filing under the Uniform Commercial Code with respect to goods which are or are to become fixtures relating to the Land and as to which Mortgagor is the debtor and record owner of the Land and Mortgagee is the secured party. It is to be recorded in the real estate records of the County in which the Land is located. The Mortgagor is the record owner of the Mortgaged Premises. The address of the Mortgagor (Debtor) and Mortgagee (Secured Party) are hereinafter set forth:

Address of Mortgagor: Michigan Place LLC

c/o Shorebank Development Corporation, Chicago  
5100 West Harrison  
Chicago, Illinois 60649

Address of Mortgagee: Bank One, NA  
200 South Wacker Drive  
Chicago, Illinois 60606

31. Notices. Unless expressly provided herein to the contrary, all notices hereunder shall be given and deemed made in accordance with Section 11.2 of the Loan Agreement, the provisions thereof being incorporated herein by this reference, mutatis mutandis, and which incorporated terms shall survive the termination of the Loan Agreement.

32. WAIVER OF JURY TRIAL. THE MORTGAGEE AND THE MORTGAGOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS MORTGAGE OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS MORTGAGE OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY OF THEM. NEITHER THE MORTGAGEE NOR THE MORTGAGOR SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY EITHER THE MORTGAGEE OR THE MORTGAGOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ALL OF THEM.

33. Construction Loan. This Mortgage secures obligations incurred for the construction of improvement on the Land and constitutes a "construction mortgage" within the meaning of Section 9-313(1) of the Illinois Uniform Commercial Code.

34. Revolving Credit. This Mortgage is given to secure a revolving credit loan and shall secure not only existing indebtedness hereby secured but also such future advances, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise, as are made within 20 years from the date hereof, to the same extent as if such future advances were made on the date of the execution of this Mortgage, although there may be no advance made at the time of execution of this Mortgage and although there may be no indebtedness secured hereby outstanding at the time any advance is made, as provided in the Illinois Banking Act, approved May 11, 1955, as amended. The lien of this Mortgage shall be valid as to all indebtedness secured hereby, including future advances, from the time of its filing for record in the office of the Recorder of Deeds of Cook County, Illinois. The total amount of indebtedness hereby secured may increase or decrease from time to time, but the total unpaid principal balance of indebtedness hereby secured (including disbursements which the Mortgagee may make under

this Mortgage, or any other document with respect to the loans evidenced by the Notes) at any time outstanding shall not exceed a maximum of \$25,000,000, plus interest thereon, any disbursements made for payment of taxes, special assessments or insurance on the Mortgaged Premises and interest on such disbursements (all such indebtedness being hereinafter referred to as the "maximum amount secured hereby"). This Mortgage shall be valid and have priority over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Mortgage Premises, to the extent of the maximum amount secured hereby.

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

MICHIGAN PLACE LLC,  
an Illinois limited liability company

By: Shorebank Development Corporation, Chicago,  
its managing member

By: [Signature]  
Its: [Signature]

# UNOFFICIAL COPY

00159028

STATE OF ILLINOIS)

) SS.

COUNTY OF COOK )

The foregoing instrument was acknowledged before me on this 2<sup>nd</sup> day of March, 2000, by Cindy M. Heller the duly appointed COO of Shorebank Development Corporation, Chicago, acting in its capacity as the managing member of Michigan Place LLC.

Karen Toth  
Notary Public  
Acting in Cook County  
My Commission Expires: 4-8-2001

Drafted by and when  
recorded return to:

Creighton R. Meland, Jr.  
Baker & McKenzie  
One Prudential Plaza  
130 East Randolph Drive  
Chicago, Illinois 60601  
(312) 861-8000



Property of Cook County Clerk's Office



EXHIBIT A

Legal Description

LOTS 10, 11, 13 TO 22, SOUTH 6 INCHES OF LOT 27, LOTS 29, 30, 31, 34 TO 39, 41 TO 50 ALSO LOTS 1, 2 AND 3 IN THE SUBDIVISION OF LOTS 23, 26 AND 27 (EXCEPT THE SOUTH 6 INCHES OF LOT 27), ALL IN BLOCK 1 IN CHARLES WALKER'S SUBDIVISION OF THAT PART NORTH OF THE SOUTH 60 ACRES OF THE WEST ½ OF THE NORTHWEST ¼ OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

AND ALSO

ALL THOSE PORTIONS OF THE ALLEY LYING BETWEEN THE LOTS HEREIN DESCRIBED WHICH ARE HERENAFTER VACATED BY THE CITY AND ACQUIRED BY LESSOR.

ADDRESS OF PROPERTY:

Vacant Land Bounded by Michigan Avenue on the West, 32<sup>nd</sup> Street on the South, Indiana Avenue on the East and Lots 7 and 12 in Block 1 in Charles Walker's Subdivision on the North.

PINs: 17-34-102-002	17-34-102-024
17-34-102-003	17-34-102-025
17-34-102-004	17-34-102-026
17-34-102-005	17-34-102-030
17-34-102-006	17-34-102-032
17-34-102-008	17-34-102-033
17-34-102-009	17-34-102-035
17-34-102-010	17-34-102-036
17-34-102-011	17-34-102-037
17-34-102-012	17-34-102-038
17-34-102-013	17-34-102-039
17-34-102-014	17-34-102-040
17-34-102-015	17-34-102-041
17-34-102-018	17-34-102-042
17-34-102-022	17-34-102-043
17-34-102-023	17-34-102-044

Exhibit B - Permitted Encumbrances

As used herein "Permitted Encumbrance" means liens for taxes or assessments or governmental charges or levies not yet delinquent, unfiled inchoate mechanics' and materialmen's liens for construction work in progress, or in either case which are being contested in good faith by appropriate proceedings for which enforcement and the sale or forfeiture of the Mortgaged Premises has been stayed and for which the Mortgagor has established adequate financial reserves in its books and records for which Mortgagor has notified Mortgagee and, upon Mortgagee's request Mortgagor deposits with Mortgagee or such other depository as Mortgagee shall designate, a deposit of cash (or securities and certificates of deposit acceptable to Mortgagee) in an amount of not less than One Hundred Twenty-Five Percent (125%) of the amount which, in Mortgagee's reasonable opinion, determined from time to time, shall be sufficient to pay in full such contested tax, assessment or lien and penalties, costs and interest that may become due thereon in the event of a final determination thereof adverse to Mortgagor or in the event Mortgagor fails to prosecute such contest as required hereby (or in lieu thereof, Mortgagor obtains an endorsement, in form and substance satisfactory to Mortgagee, in its sole discretion, to the lender's policy of title insurance insuring the lien of this Mortgage insuring over such tax, assessment or lien).

COOK COUNTY CLERK'S OFFICE