

This Instrument Prepared by  
and after recording return to:  
Kris E. Curran, Esq.  
Ungaretti & Harris  
Three First National Plaza  
Chicago, Illinois 60602



0020179208

**MORTGAGE AND SECURITY AGREEMENT**

THIS MORTGAGE AND SECURITY AGREEMENT ("Mortgage") is made as of the 12th day of February, 2002 by POSCOE SEMINARY LLC, an Illinois limited liability company ("Mortgagor"), whose address is set forth below, in favor of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO ("Mortgagee"), whose address is set forth below.

**Article I**  
**TERMS OF THE INDEBTEDNESS**

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

(a) Note: That certain Promissory Note (the "Note") of even date herewith made by Mortgagor payable to the order of Mortgagee in the principal amount of Six Hundred Eighty Two Thousand Five Hundred Dollars (\$682,500.00).

(b) Interest Rate and Payments: Interest shall accrue under the Note at per annum rate of Six and Seventy Five Hundredths Percent (6.75%) ("Interest Rate") and installments of interest and of principal outstanding under the Note shall be due and payable in the amounts, at the times and otherwise as provided in the Note.

(c) Maturity Date: All of the unpaid principal balance outstanding under the Note and all unpaid interest accrued thereon shall become due and payable, if not sooner paid or if not sooner due by acceleration, notice of prepayment, or otherwise, on March 1, 2007 (hereinafter referred to as the "Maturity Date").

(d) Definition of the Indebtedness: The term "Indebtedness" shall mean the principal amount of, interest payable on, and all fees, amounts, payments, premiums, liabilities and monetary liabilities and obligations due or required to be paid by Mortgagor under the Note, this Mortgage or the other Loan Documents, or under any future advance note, or under any and all amendments, modifications, restatements, replacements, consolidations, substitutions, renewals, extensions and increases to the Note and other Loan Documents, whether heretofore or hereafter existing, and whether direct or indirect, absolute or contingent.

(e) Prepayment. The Indebtedness may be prepaid in whole or in part, subject to the payment of the "Prepayment Premium", if any, applicable to such prepayment as determined in

accordance with the provisions of the Note, but only upon not less than fifteen (15) days prior written notice and only upon an scheduled Payment Date (as defined in the Note).

**Article 2**  
**DEFINITIONS**

2.1. **Definitions:** The following terms shall have the following meanings (any other capitalized term used herein that is not expressly defined in this Article shall have the meaning defined elsewhere in this Mortgage or in the other Loan Documents):

(a) **Awards:** All awards and payments heretofore or hereafter made by any municipal, state or federal agency or authority to Mortgagor, including any awards or payments for any taking of the Mortgaged Property (as hereinafter defined) as a result of the exercise of the right of condemnation or eminent domain and any and all proceeds and payments heretofore or hereafter made by any insurance company as a result of any casualty or other event in connection with the Mortgaged Property.

(b) **Buildings:** The three story residential 3-flat apartment building, commonly known as 3345 North Seminary, Chicago, Illinois and any and all buildings, structures and improvements, and any and all additions, alterations, betterments or appurtenances thereto, now or at any time hereafter situated, placed or constructed upon the Real Estate or any part thereof.

(c) **Contracts:** Any and all contracts, documents or agreements pertaining to the ownership, use, occupancy, development, design, construction, financing, operation, management, alteration, repair, marketing, sale, lease or enjoyment of the Mortgaged Property, and all rights, privileges, authority and benefits thereunder (but under no circumstances any liabilities, obligations or responsibilities thereunder).

(d) **Default Rate:** The per annum rate of interest Five Percent (5%) in excess of the Interest Rate.

(e) **Event of Default:** The occurrences defined in Article 7 of this Mortgage.

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

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

(h) **Guarantor(s):** Jean-Pierre Deheeger and/or Daniel Levin, individually or collectively, as the context may require.

(i) Guaranty: That certain joint and several Guaranty of even date herewith made by Guarantors in favor of Mortgagor with respect to the Indebtedness.

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

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

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

(m) Loan Documents: This Mortgage, the Note, the Assignment of Leases, Rents and Profits and the Guaranty all of even date herewith, and any and all other documents now or hereafter evidencing or securing the payment of the Indebtedness or the observance or performance of the Obligations and any and all amendments, modifications, restatements, replacements, substitutions, renewals, extensions and increases thereto whether heretofore or hereafter entered into in connection with the Indebtedness.

(n) Mortgaged Property: The Real Estate, Buildings, Fixtures, Leases, Contracts, Rents, Awards and Personalty together with:

(i) any and all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances of the Real Estate and/or the Buildings belonging or

in any wise appertaining thereto and all right, title and interest of Mortgagor in and to any streets, ways, strips or gores of land adjoining the Real Estate or any part thereof; and

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

(iii) any and all other security and collateral of any nature whatsoever, now or hereafter given for the repayment of the Indebtedness or the performance and discharge of the Obligations.

(o) Mortgagee: American National Bank and Trust Company of Chicago, and its successors and assigns and the holders, from time to time, of the Note.

(p) Mortgagee's Address: 120 South LaSalle Street, 2nd Floor, Chicago, Illinois 60603, Attention: Andrew D. Holtz.

(q) Mortgagor: 3345 North Seminary LLC, an Illinois limited liability company.

(r) Mortgagor's Address: c/o Habitat Company, 350 West Hubbard, Suite 500, Chicago, Illinois 60610.

(s) Obligations: Any and all of the covenants, conditions, warranties, representations and other obligations (other than the obligation to repay the Indebtedness) of Mortgagor or others to Mortgagee under or as set forth in the Note, this Mortgage or the other Loan Documents and under the Legal Requirements.

(t) Permitted Exceptions: The encumbrances and title exceptions specifically described in Exhibit B attached hereto and made a part hereof.

(u) Personalty: All right, title and interest of Mortgagor in and to all furniture, furnishings, equipment, machinery, goods, inventory and all other tangible personal property and any intangibles of any kind or character as defined in and subject to the provisions of the Uniform Commercial Code now or hereafter located upon, within or about the Real Estate and Buildings, or used or useful in connection therewith, together with all existing or future accessories, replacements and substitutions thereto or therefor and the proceeds therefrom, including, but not limited to: (i) all furniture, furnishings and equipment furnished by Mortgagor to tenants of the Real Estate or the Buildings; (ii) all building materials and equipment intended to be incorporated in the improvements now or hereafter to be constructed on the Real Estate, whether or not yet incorporated in such improvements; (iii) all machinery, apparatus, systems, equipment or articles used in supplying heating, gas, electricity, ventilation, air-conditioning, water, light, power, refrigeration, fire protection, elevator service, telephone and other communication service, master antennas and cable television service, waste removal and all fire sprinklers, smoke detectors, alarm systems, security systems, electronic monitoring equipment and devices; (iv) all window or structural cleaning and maintenance equipment; (v) all indoor and outdoor furniture, including tables, chairs, planters, desks, sofas, shelves, lockers, cabinets, wall safes and other furnishings; (vi) all rugs, carpets and other floor coverings, draperies, drapery rods and brackets, awnings, window shades, venetian blinds and curtains; (vii) all lamps, chandeliers and other lighting fixtures; (viii) all recreational equipment and materials; (ix) all office furniture, equipment and supplies; (x) all kitchen equipment and appliances, including refrigerators, ovens, dishwashers, range hoods and exhaust systems and disposal units; (xi) all laundry equipment, including washers and dryers; (xii) all tractors, mowers, sweepers, snow removal equipment and other equipment used in maintenance

of interior and exterior portions of the Real Estate; and (xiii) all other maintenance supplies and inventories; provided the enumeration of any specific articles of personalty set forth above shall in no way exclude or be held to exclude any items or property not specifically enumerated, and any of the foregoing items that do not constitute personal property but constitute fixtures under applicable law shall be included in the definition of the term "Fixtures" as used herein.

(v) Real Estate: The real estate, legal title to which is owned in fee simple by Mortgagor and legally described on Exhibit A attached hereto and made a part hereof.

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

### Article 3 GRANT

3.1 Grant. To secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations, Mortgagor by these presents hereby Grants, Bargains, Sells, Assigns, Mortgages and Conveys unto Mortgagee the Mortgaged Property, subject to, but only to, the Permitted Exceptions, to have and to hold the Mortgaged Property unto Mortgagee, its successors and assigns forever and Mortgagor does hereby warrant that Mortgagor is well and lawfully seized of good, absolute and indefeasible fee simple absolute title to the Mortgaged Property, free and clear of all mortgages, liens, charges, security interests and encumbrances whatsoever, except only the Permitted Exceptions, and does hereby bind itself, its successors and assigns to warrant and forever defend fee simple absolute title to the Mortgaged Property unto the Mortgagee, and the quiet and peaceful enjoyment and possession thereof, against every person whomsoever claiming the same or any part thereof or interest therein.

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

### Article 4 ASSIGNMENT OF LEASES, RENTS AND PROFITS AND SECURITY AGREEMENT

4.1 Assignment of Leases, Rents and Profits. To further secure the full and timely payment of the Indebtedness; and the full and timely performance and discharge of the obligations, Mortgagor hereby sells, transfers and assigns to the Mortgagee, its successors and assigns, all of its interest in any and all Leases demising all or a portion of the Mortgaged Property secured by this Mortgage, together with the rents secured thereby, together with all of the Rents now due and which may hereafter become due under or by virtue of any of the Leases which may have been heretofore or may be hereafter made or agreed to by Mortgagor or the agents of Mortgagor or which may be made or agreed to by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute and present transfer and assignment of all such Rents and all avails thereunder, to Mortgagee; provided, however, the acceptance by Mortgagee of the foregoing assignment, with all of the rights, powers, privileges and authority so created, shall not, prior to entry upon and taking possession of the Mortgaged Property by

Mortgagee, be deemed or construed to constitute Mortgagee a "mortgagee in possession," nor thereafter or at any time or in any event obligate Mortgagee to appear in or defend any action or proceeding related to the Leases, the Rents or to the Mortgaged Property, to take any actions thereunder, to expend any money, incur any expenses, or perform or discharge any obligation, duty or liability under the Leases, or to assume any obligation or responsibility for any security deposits or other deposits delivered to Mortgagor by any lessee thereunder. Reference is hereby made to that certain Assignment of Leases, Rents and Profits of even date herewith executed by Mortgagor to Mortgagee, which sets forth in more detail the terms and conditions of said assignment, including, without limitation, the rights, remedies, powers and authority vested in Mortgagee by virtue of said assignment, which terms, conditions, rights, remedies, powers and authority are herein incorporated by this reference.

4.2 Security Interest: This Mortgage shall be construed as a mortgage on real property and it shall also constitute and serve as a "Security Agreement" on personal property within the meaning of, and shall constitute, until the grant of this Mortgage shall terminate as provided in paragraph 3.2 hereinabove, a security interest under the Uniform Commercial Code with respect to the Personalty, Fixtures, Leases and Rents. To this end, Mortgagor does Grant, Bargain, Convey, Assign, Transfer and Set Over unto Mortgagee a security interest in and to any and all of Mortgagor's right, title and interest in, to and under the Personalty, Fixtures, Leases and Rents and all of Mortgagor's Accounts (as defined in Section 6.26) (hereinafter referred to collectively as the "Collateral") to secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations.

4.3 Financing Statement: This Mortgage is intended to be a financing statement within the purview of the Uniform Commercial Code with respect to the Personalty and Fixtures. The addresses of the Mortgagor (Debtor) and Mortgagee (Secured Party) are as set forth herein. This Mortgage is to be filed for record in the real estate records of the county where the Real Estate is located. The Mortgagor is the record owner of the Real Estate. Notwithstanding the foregoing, Mortgagor hereby expressly authorizes and agrees with Mortgagee that Mortgagee shall have full power and authority, on behalf of Mortgagor and without the necessity of signature by Mortgagor, to prepare, file and record, as applicable, any and all Financing Statements, renewals or extensions of said Security Agreement or Financing Statements and such additional Security Agreements or Financing Statements (all in form, scope and substance satisfactory to Mortgagee), as Mortgagee may, from time to time, consider necessary or desirable to create, perfect and preserve Mortgagee's security interest herein granted and Mortgagee may cause such statements and assurances to be recorded and filed at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. In addition to the above, Mortgagor agrees to execute any such Financing Statements and other instruments related thereto as Mortgagee shall request.

## Article 5 REPRESENTATIONS AND WARRANTIES

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

5.1 Organization, Authority, etc. Mortgagor: (a) is duly organized, validly existing and in good standing under the laws of the state of its organization and are qualified to do business and are in good standing in every jurisdiction in which the nature of their businesses or properties makes such qualification necessary, including, but not limited to, under the laws of the State of Illinois; (b) has the right and authority to own their properties and to carry on its businesses as now being conducted; and (c) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to them.

5.2 Validity of Loan Documents. (a) The execution, delivery and performance by Mortgagor of the Loan Documents, and the borrowing evidenced by the Note: (i) is within the powers of Mortgagor; (ii) has been duly authorized by all requisite partnership, corporate, company or trust action; (iii) has received all necessary governmental approval; (iv) will not violate any of the Legal Requirements; and (b) the Note and the Loan Documents, when executed and delivered by Mortgagor will constitute the legal, valid and binding obligations of Mortgagor in accordance with their respective terms.

5.3. Permits and Approvals. All permits, certificates, approvals and licenses required for or in connection with the ownership, use, occupancy or enjoyment of the Mortgaged Property or in connection with the organization, existence and conduct of the businesses of Mortgagor, have been duly and validly issued and are and shall at all times hereafter be in full force and effect.

5.4 Zoning. The Mortgaged Property is duly and validly zoned as to permit the current use, occupancy and operation of the Mortgaged Property and such zoning is final and unconditional and in full force and effect, and no attacks are pending or threatened with respect thereto. The Mortgaged Property complies and will comply with the requirements, standards and limitations set forth in the applicable zoning ordinance and other applicable ordinances in all particulars, including, but not limited to, bulk, density, height, character, dimension, location and parking restrictions or provisions.

5.5 Utilities. All utility services necessary and sufficient for the full use, occupancy and operation of the Mortgaged Property are available to and currently servicing the Mortgaged Property without the necessity of any off-site improvements or further connection costs.

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

5.7 Condition of Mortgaged Property. The Buildings are in high quality physical order, repair and condition, are structurally sound and wind and water tight, and all plumbing, electrical, heating, ventilation, air conditioning, elevator and other mechanical systems and equipment are in good operating order, repair and condition.

5.8 Financial and Other Information. Neither this Mortgage nor any other document or statement furnished to Mortgagee by Mortgagor any other person on behalf of Mortgagor, contains or will contain any untrue statement of fact or omits or will omit to state a fact material to the submitted document or to the Mortgaged Property.

5.9 Brokerage Commissions and Other Fees. No brokerage fees or commissions or other fees are payable in connection with the loan to be disbursed by Mortgagee hereunder, except for the loan fee payable to Mortgagee, which fee shall be paid in full prior to or simultaneous with the closing of the loan secured hereby.

5.10 Other Agreements. (a) Mortgagor has heretofore given or caused to be given or shall hereafter give or cause to be given to Mortgagee true and correct copies (accompanied in each case by all related agreements and documents) of the partnership, company, corporate or trust agreements or articles or by-laws pursuant to which Mortgagor was formed and any amendments thereto; (b) such instruments (i) have been duly executed and delivered by the respective parties thereto, (ii) have not been amended, modified, or assigned (except as specified therein), (iii) are in full force and effect and

(iv) are legal, valid and binding obligations of the respective parties thereto in accordance with their respective terms; (c) Mortgagor is not a party to any agreement or instrument adversely affecting its respective present or proposed business, properties or assets, operation or condition, financial or otherwise; and (d) Mortgagor is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions set forth in any agreement or instrument to which it is a party or to which the Mortgaged Property is subject.

5.11 Taxes. Mortgagor has filed all federal, state, county and municipal income tax returns required to have been filed by it and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments received by it, and Mortgagor does not know of any basis for additional assessment in respect of such taxes.

5.12 Litigation. There is not now pending against or affecting Mortgagor or the Mortgaged Property nor, to the knowledge of Mortgagor, is there threatened, any action, suit or proceeding at law or in equity or by or before any administrative agency which if adversely determined would impair or affect the financial condition or operation of Mortgagor or the Mortgaged Property.

5.13 Survival of Representations and Warranties. Each and all of the representations and warranties contained herein shall survive the execution and delivery of the Loan Documents and the consummation of the loan called for therein, and shall continue in full force and effect until the Obligations and the Indebtedness shall have been satisfied and paid in full.

## Article 6 COVENANTS

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

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

6.2 Compliance with Laws. Mortgagor will promptly and faithfully comply with all present and future laws, ordinances, rules, regulations and requirements of every Governmental Authority and of every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, which may be applicable to it or to the Mortgaged Property, or any part thereof, or to the use, occupancy, possession, operation, maintenance, alteration, repair, reconstruction or disposition of the Mortgaged Property, or any part thereof or interest therein.

6.3 Payment of Impositions. Mortgagor will duly pay and discharge, or cause to be paid and discharged, the Impositions, such Impositions or installments thereof to be paid not later than the day any fine, penalty, interest or cost may be added thereto or imposed by law for the non-payment thereof.

6.4 Repair. Mortgagor will keep the Mortgaged Property in high quality and condition and make all repairs and replacements thereof and additions and improvements thereto as are necessary or appropriate under sound management practices or as Mortgagee shall require, and will prevent any act



or thing which might impair or diminish the value or usefulness of the Mortgaged Property. Notwithstanding anything herein contained to the contrary, Mortgagor will obtain the written consent of Mortgagee prior to making any material additions or alterations to the Mortgaged Property.

6.5 Management, Leasing and Operation. Mortgagor shall provide competent and responsible management for the Mortgaged Property, with individuals devoting such time and attention as is necessary and appropriate to develop and maintain the Mortgaged Property as a high quality building. Mortgagor shall employ management and leasing agents approved by Mortgagee and the terms and conditions of any management, leasing or other commission agreement or any change or replacement of any such agent or agreement shall be subject to approval by Mortgagee. Mortgagor covenants and agrees to hold all security deposits collected under any and all of the Leases in a segregated account. Mortgagor further covenants and agrees that it shall collect no Rents for more than one installment in advance and that all Rents generated by or derived from the Mortgaged Property shall be utilized solely for expenses directly attributable to the Mortgaged Property, including Mortgagor's liabilities and obligations with respect to the Indebtedness and the Impositions so that all of the foregoing are paid in full on or before the dates when due and so that no accounts payable with respect to the Mortgaged Property shall be allowed to remain unpaid for more than thirty (30) days, and none of the Rents generated by or derived from the Mortgaged Property shall be diverted by Mortgagor and utilized for any other purposes unless the foregoing covenants and conditions have been fully satisfied. Upon full satisfaction of the foregoing covenants and conditions, Mortgagor may utilize any surplus Rents.

6.6 Insurance. Mortgagor shall procure for, deliver to and maintain for the benefit of Mortgagee during the term of this Mortgage, an insurance required by Mortgagee including, without limitation, a policy or policies insuring the Mortgaged Property against loss or damage by fire, explosion, windstorm, hail, tornado, all other perils insured against under "all risk" policies and such other hazards and such other or additional coverage as from time to time may be required by Mortgagee for One Hundred Percent (100%) of the full insurable value of the Mortgaged Property, including a replacement cost coverage endorsement; comprehensive general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Mortgaged Property and affording protection in such amounts, with such risks insured and with such waiver of subrogation clauses and such other terms as may be required by Mortgagee. Mortgagor shall deliver to the Mortgagee the policies evidencing such insurance and any additional insurance which shall be taken out upon the Mortgaged Property and receipts evidencing the payment of all premiums, and that renewals of all such policies of insurance shall be delivered to Mortgagee at least thirty (30) days before any such insurance shall expire together with receipts evidencing the payment for such renewals. All policies required of Mortgagor by Mortgagee shall be with "Class X" companies rated A or A+ in the latest Best's Insurance reports and in form and content satisfactory to Mortgagee; shall be payable to the Mortgagee as its interest may appear pursuant to a standard non-contributory mortgagee clause attached thereto which shall be in all respects satisfactory to Mortgagee; shall provide for at least thirty (30) days' written notice to the Mortgagee prior to cancellation of such policies or any material change in the risk or coverages insured; shall provide that loss payments will be payable directly to Mortgagee alone; shall be maintained throughout the term of this Mortgage without cost to Mortgagee; shall be deposited with Mortgagee; and shall contain such provisions as Mortgagee deems necessary or desirable to protect its interest. Mortgagee shall have the right and option, but shall not be obligated, to make premium payments to prevent any cancellation, endorsement, alteration or reissuance and such payments shall be accepted by insurer to prevent the same. In the event of foreclosure of this Mortgage or other transfer of title to the Mortgaged Property in extinguishment in whole or in part of the Indebtedness, all right, title and interest of Mortgagor in and to such policies then in force concerning the Mortgaged Property and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or the

Mortgagee in the event of such transfer. If a blanket policy is issued, a certified copy of said policy shall be furnished, together with a certificate indicating that Mortgagee is the insured under said policy in the proper designated amount.

6.7 Adjustment of Losses with Insurer and Application of Proceeds of Insurance. Mortgagor hereby assigns to Mortgagee all proceeds from any insurance policies pertaining to the Mortgaged Property, and Mortgagee is hereby authorized and empowered, at its option, to make or file proofs of loss or damage and to adjust or compromise any loss, and to collect and receive the proceeds from any such policies. However, Mortgagee shall not be held responsible for any failure to collect any insurance proceeds regardless of the cause of failure. In the event the Mortgaged Property or any part thereof covered by such insurance is destroyed or damaged by fire, explosion, windstorm, hail or by any other casualty against which insurance shall have been required hereunder, then the Mortgagee shall have the right, at its option, after deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, to apply the net insurance proceeds in payment (without premium or penalty) of the Indebtedness (whether then matured or to mature in the future), either in whole or in part (in such order as Mortgagee shall deem proper), or to require the Mortgaged Property so destroyed or damaged to be repaired or replaced by the use of such proceeds. If Mortgagee does elect to apply such insurance proceeds in payment or reduction of the Indebtedness secured hereby, whether due or not, and if the same are of an amount equal to or greater than five percent (5%) of the insurable value of the Mortgaged Property and are insufficient to pay such amount in full, then Mortgagor shall have the right to prepay the entire balance of the Indebtedness remaining unpaid without liability for any prepayment fee or premium.

6.8 Application of Insurance Proceeds to Repair. Provided no Event of Default hereunder or under any of the other Loan Documents is then existing, or no event has occurred which, with the giving of notice or the passage of time, or both, may ripen into an Event of Default hereunder or under the other Loan Documents, and further provided that Mortgagee has elected to collect such proceeds and has not applied same to the Indebtedness, any such proceeds shall be held by the Mortgagee for repairs or replacements or, if Mortgagee elects, in its sole discretion, with a title insurance company or escrow agent designated by Mortgagee, upon such terms and conditions as Mortgagee may specify, without payment or allowance of interest thereon, and shall be paid out from time to time to Mortgagor (or, at the option of Mortgagee, jointly to Mortgagor and the persons furnishing labor and/or material incident to such restoration, repair or replacement or directly to such persons as the work progresses), upon such terms and conditions as Mortgagee may specify. As a condition precedent to the initial disbursement Mortgagor shall be required to simultaneously deposit with Mortgagee the amount, if any, which, when added to the net available insurance proceeds, is necessary and sufficient in Mortgagee's judgment to complete such repairs, rebuilding or other purposes as required by Mortgagee. If, upon completion of the work, any portion of the insurance proceeds has not been disbursed to Mortgagor (or one or more of the other aforesaid persons) incident thereto, Mortgagee may, at Mortgagee's option, disburse such balance to Mortgagor or apply such balance toward the payment of the Indebtedness without prepayment fee or penalty. In the event of an Event of Default hereunder, Mortgagee shall have the right, at its option, to apply the whole or any part of such insurance proceeds toward any of the Indebtedness, in such order and manner as Mortgagee may elect.

6.9 Condemnation Proceeds. At Mortgagee's option, all Awards shall be paid to the Mortgagee and, after deducting from said Awards all of its expenses in the collection and administration of said sums, Mortgagee shall have the right, at its option, to apply the net proceeds in payment (without premium or penalty) of the Indebtedness (whether then matured or to mature in the future), either in whole or in part (in such order as Mortgagee shall deem proper), or to require the Mortgaged Properties so affected by such condemnation to be repaired or restored by the use of such proceeds in the same

manner as provided in paragraphs 6.7 and 6.8. If such proceeds equal or exceed five percent (5%) of the insurable value of the Mortgaged Property, and if Mortgagee does elect to apply such proceeds in payment or reduction of the Indebtedness secured hereby, whether due or not, and if the same are insufficient to pay such amount in full, Mortgagor shall have the right to prepay the entire balance of the Indebtedness remaining unpaid without liability for any prepayment fee or premium. Mortgagee shall be entitled to all Awards, and is hereby authorized, at its option, to commence, appear in and prosecute, in its own name or in Mortgagor's name any such proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. Mortgagor hereby assigns and transfers to Mortgagee all Awards and the claims, rights and proceedings in connection therewith. Mortgagor agrees to execute such further assignments of all Awards and claims, rights and proceedings in connection therewith as Mortgagee may request. Mortgagee shall not be held responsible for any failure to collect any amount in connection with any such proceeding regardless of the cause of failure.

6.10 Performance of Agreements. Mortgagor will duly and punctually perform all covenants and agreements under any agreements to which it is respectively a party with respect to the Mortgaged Property or any part thereof.

6.11 Inspection. Mortgagor will permit Mortgagee or its representatives, at all reasonable times, to inspect the Mortgaged Property.

6.12 Hold Harmless. Mortgagor hereby agrees to protect, defend, indemnify and hold Mortgagee harmless of and from any liability, loss, cost, demand, action, proceeding or claim affecting the Mortgaged Property, or the value of the Note or the Loan Documents, and Mortgagor shall pay any and all costs and expenses incurred by Mortgagee as a result thereof, including any attorney's fees, upon demand.

6.13 Books and Records. Mortgagor will maintain full and complete books and records reflecting the results of its operations (in conjunction with its other operations as well as its operations of the Mortgaged Property) in accordance with generally accepted accounting principles, and all such books and records shall, upon five (5) days' prior written notice, be subject to inspection by the Mortgagee and its representatives.

6.14 Financial Statements. Mortgagor will cause to be delivered to the Mortgagee, (a) a certified rent roll for the Mortgaged Property as of each six (6) month anniversary of the date of disbursement of the Note, (b) within ninety (90) days after the close of each calendar year: (i) an annual operating statement, in form and substance satisfactory to Mortgagee and certified by Mortgagor, showing all income and expenses of Mortgagor with respect to the Mortgaged Property and (ii) complete executed copies of reports of examinations of Mortgagor's financial affairs, in form and substance satisfactory to Mortgagee, and (iii) updated personal financial statements of each Guarantor. In addition to the foregoing, at any time and from time to time Mortgagor shall deliver or cause to be delivered to Mortgagee such other financial or business data or information as Mortgagee shall request with respect to the Mortgaged Property or Mortgagor. Mortgagee shall have the right to inspect and make copies of Mortgagor's books, records and income tax returns for the purpose of verifying any reports or other information delivered in accordance with this paragraph 6.14.

6.15 Deposits For Impositions. Mortgagor shall pay to Mortgagee, on and subsequent to the date hereof and on each of the due dates of installments of principal and/or interest as set forth in the Note, an amount equal to one-twelfth (1/12) of Mortgagee's estimate of the next annual Impositions. Mortgagor shall also pay to Mortgagee such additional amounts, to be determined by Mortgagee from time to time, as will provide a sufficient fund at least thirty (30) days prior to the due dates of the next

installment of such Impositions for payment of such Impositions. Amounts held hereunder by Mortgagee shall not bear interest, may be commingled with Mortgagee's other funds and shall impose no obligation on Mortgagee to pay such Impositions except as otherwise provided herein. Provided no event has occurred which with the passage of time or the giving of notice or both would constitute an Event of Default hereunder, amounts held by Mortgagee pursuant to this Paragraph shall be released to Mortgagor upon submission of proof of payment thereof to Mortgagor or Mortgagor's servicing agent. Upon an Event of Default under this Mortgage, or an event which with the passage of time or the giving of notice would constitute an Event of Default hereunder, Mortgagee may, at its option, without being required so to do, apply any deposits on hand to any of the Indebtedness, in such order and manner as Mortgagee may elect. All deposits are hereby pledged as additional security for the Indebtedness, and shall be held by Mortgagee irrevocably to be applied for the purposes for which made as herein provided and shall not be subject to the direction or control of Mortgagor. If Mortgagee elects, Mortgagor shall provide, at its expense, a Tax Service Contract for the term of this Mortgage, issued by a tax reporting agency approved by Mortgagee. If Mortgagee does not so elect, Mortgagor shall reimburse Mortgagee for the cost of making annual tax searches throughout the term of this Mortgage.

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

6.17 Restrictions on Transfer and Financing. For the purpose of protecting Mortgagee's security and keeping the Mortgaged Property free from subordinate financing liens, Mortgagor agrees that any sale, conveyance, further encumbrance or other transfer of title to the Mortgaged Property, or any interest therein (whether voluntarily or by operation of law), without the Mortgagee's prior written consent, shall be an Event of Default hereunder.

For the purpose of this paragraph 6.17 and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Mortgagee's prior written consent, shall be deemed to be an unpermitted transfer of title to the Mortgaged Property and therefore an Event of Default hereunder:

(i) any sale, conveyance, assignment, or other transfer of, or the mortgage, pledge or grant of a security interest in, all or any part of the legal and/or equitable title to the Mortgaged Property or

(ii) any sale, conveyance, assignment or other transfer of, or the mortgage, pledge or grant of a security interest in, any membership interest of in Mortgagor; or

(iii) if Mortgagor shall modify, amend, terminate, dissolve or in any way alter its trust, corporate or partnership existence or fall from good standing or convey, transfer, distribute, lease or otherwise dispose of all or substantially all of its property, assets or business.

Any such sale, transfer, assignment, conveyance, lease, lien, pledge, mortgage, hypothecation or any other encumbrance or alienation or contract or agreement to do any of the foregoing shall be null

and void and of no force or effect, but the attempted making thereof shall, at the option of Mortgagee, constitute an Event of Default hereunder. Any consent by the Mortgagee, or any waiver of an Event of Default, under this paragraph 6.17 shall not constitute a consent to, or waiver of any right, remedy, or power of the Mortgagee with respect to any subsequent transaction prohibited under this paragraph 6.17.

It is expressly understood by Mortgagee that any consent by Mortgagor to a sale by Mortgagor of the Mortgaged Property, subject to the liens and security interests in favor of Mortgagee shall be in the sole and absolute discretion of Mortgagee.

6.18 Existence. Mortgagor will preserve and keep in full force and effect its partnership, corporate or trust existence, rights, franchises and trade names.

6.19 Use Restrictions. Mortgagor shall not use, maintain, operate or occupy, or allow the use, maintenance, operation or occupancy of, the Mortgaged Property in any manner which would: (a) be dangerous unless safeguarded as required by law; (b) constitute a public or private nuisance; (c) make void, voidable or cancellable, or increase the premium of, any insurance then in force with respect thereto; or (d) alter the current use and occupancy of the Mortgaged Property. Mortgagor will not operate the Mortgaged Property, or permit the same to be operated, as a cooperative or condominium building or buildings in which the tenants or occupants participate in the ownership, control or management of the Mortgaged Property, or any part thereof, as tenant stockholders or otherwise.

6.20 Alterations. Mortgagor shall not, without the prior written consent of Mortgagee, make or permit to be made any additions or material alterations to the Mortgaged Property, nor suffer or permit any tenants under the Leases to make any additions or material alterations thereto. Notwithstanding the foregoing, in instances where repairs, replacements, renewals, additions, betterments, improvements or alterations are required in and to the Mortgaged Property on an emergency basis to prevent loss, damage, waste or destruction thereof, Mortgagor shall proceed to construct same, or cause same to be constructed; provided, however, that in instances where such emergency measures are to be taken, Mortgagor shall promptly notify Mortgagee of the commencement of same and the measures to be taken which shall be subject to Mortgagee's approval.

6.21 Replacement of Fixtures and Personality. Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures or Personality to be removed at any time from the Real Estate or Buildings, except to the extent that such Fixtures or Personality are replaced by items of like or superior quality.

6.22 Restoration Following Any Casualty. If any act or occurrence of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtained or obtainable or condemnation for which the Award was obtained or not obtained), shall result in damage to or loss or destruction of the Mortgaged Property, Mortgagor shall give notice thereof to Mortgagee and shall promptly, at Mortgagor's sole cost and expense and regardless of whether any insurance proceeds or condemnation award, or any portion thereof, shall be sufficient or shall be made available by Mortgagee for such purpose, commence and continue diligently to complete the restoration, repair, replacement and rebuilding of the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction.

6.23 Tax on the Indebtedness. In the event of the enactment, after the date of this Mortgage, of any law of the State of Illinois deducting from the value of the Mortgaged Property for the purpose of taxation the amount of any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or

changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the Mortgaged Property, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or Mortgagee, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments or reimburse Mortgagee therefor; provided, however, that if, in the opinion of counsel for Mortgagee, (a) it may be unlawful to require Mortgagor to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then, and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare the existence of an Event of Default hereunder, and all of the Indebtedness secured hereby shall become due and payable within one hundred twenty (120) days from the giving of such notice. Notwithstanding the foregoing, it is understood and agreed that Mortgagor is not obligated to pay any portion of Mortgagee's federal or state income tax.

6.24 Covenants Regarding Leases. Mortgagor, as lessor under the Leases, shall perform and fulfill all terms, covenants, conditions or provisions in said Leases or any of them on its or his part to be performed or fulfilled at the times and in the manner in said Leases provided, shall enforce compliance by the tenants of all such Leases with the terms, provisions and restrictions contained therein on the part of the tenants to be kept, shall not suffer or permit to occur any breach or default under the provisions of any Assignment Leases, Rents and Profits of the premises given as additional security for the payment of the Indebtedness secured hereby, and shall fully protect, insure, preserve and cause continued performance or fulfillment of the terms, covenants or provisions in said Leases required to be performed or fulfilled by the lessee or any of the lessees therein and shall not without Mortgagee's prior agreement permit or approve an assignment by the lessee of the said Leases or a subletting of all or any part of the premises demised in the said Leases.

In the event the Mortgagor, as the lessor under said Leases shall neglect or refuse to perform, observe and keep (or enforce the performance, observance or keeping thereof by the tenants) all of the covenants, provisions and agreements contained in said Lease or Leases, the Mortgage may perform and comply with any such Lease covenants, agreements and provisions, in which event all costs and expenses incurred by the Mortgagee in complying with such covenants, agreements and provisions, shall become a part of the principal indebtedness secured by this Mortgage and recoverable as such in all respects.

6.25 Environmental Compliance. The Mortgagor shall comply with any and all Federal, State, or Local legislation, rules and regulations relating to environmental protection including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), and any such other legislation, rules and regulations as are in, or may come into, effect and apply to the Mortgagor, the Mortgagee, the transactions contemplated hereby or the Mortgaged Property or any occupancy users thereof, whether as lessees, tenants, licensees, or otherwise. The Mortgagor shall indemnify and hold Mortgagee harmless against any and all claims, costs or expenses relating to such environmental protection provisions.

6.26 Operating Accounts. The Mortgagor shall establish and at all times during the term of this Mortgage maintain, or cause its property manager to maintain, the operating accounts for the Mortgaged Property (hereinafter "Accounts") with Mortgagee. All rents received from the Mortgaged Property shall be deposited into said Accounts and all Mortgaged Property expenses shall be paid from funds on deposit therein. The Accounts are hereby pledged to Mortgagor as additional collateral for the Indebtedness secured hereby.

Article 7  
EVENTS OF DEFAULT

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

7.1 Payment of Indebtedness. If Mortgagor shall default in the due and punctual payment of all or any portion of any installment of the Indebtedness within five (5) days following the date upon which such payment is due and payable under the terms of the Note.

7.2 Performance of Obligation. If Mortgagor shall default in the due payment of any amount (other than an installment of the Indebtedness) due hereunder or under any other Loan Document or in the observance or performance of any of the Obligations as and when required and said default is incurable or, if curable, shall remain uncured for a period of fifteen (15) days after written notice from Mortgagee.

7.3 Bankruptcy, Receivership, Insolvency, etc. If voluntary or involuntary proceedings under the Federal Bankruptcy Code shall be commenced by or against Mortgagor or either Guarantor, or bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or other similar proceedings shall be instituted by or against Mortgagor or either Guarantor with respect to all or any part of any or all of Mortgagor's property under the Federal Bankruptcy Code or other law of the United States or of any state or other competent jurisdiction.

7.4 Foreclosure of Other Liens. If the holder of a junior or senior mortgage or other lien on the Mortgaged Property (without hereby implying Mortgagee's consent to any such junior or senior mortgage or other lien) declares a default or institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

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

7.6 Tax on Indebtedness or Mortgage. If any law is enacted which results in the declaration of an Event of Default pursuant to paragraph 6.23 of this Mortgage.

7.7 Failure to Obtain Mortgagee's Consent to Transfer or Financing. If Mortgagor shall make any unpermitted transfer or financing in violation of Paragraph 6.17 hereof.

7.8 Judgment, Levy or Attachment. If any final judgment for the payment of money in excess of Five Thousand Dollars (\$5,000.00) shall be rendered against Mortgagor, or if any writ, attachment, levy, citation, lien or distress warrant shall be issued against the Mortgaged Property or any part thereof or interest therein, and the same shall not be released or satisfied within thirty (30) days after rendered or issued.

7.9 Inability to Pay Impositions and Other Debts. If Mortgagor shall fail to pay any of the Impositions when due, or if Mortgagor shall suffer or permit any other accounts payable in connection with the Mortgaged Property to become past due, or if Mortgagor shall generally fail or be unable to pay

its debts as they come due, or shall admit in writing its inability to pay its debts as they become due, or shall make a general assignment for the benefit of creditors.

7.10. Default under Guaranty. If either Guarantor shall default in any obligation arising under the terms of the Guaranty.

## Article 8 DEFAULT AND FORECLOSURE

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

8.1.1 Acceleration. Declare the unpaid portion of the Indebtedness to be immediately due and payable, without further notice or demand (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

8.1.2 Receiver. Apply at any time to a court having jurisdiction for the appointment of a receiver of the Mortgaged Property, and of the Rents and Leases; and such appointment shall be made by the court as a matter of strict right to Mortgagee and without reference to the adequacy or inadequacy of the security or value of the Mortgaged Property, or to the solvency or insolvency of Mortgagor, and Mortgagor does hereby irrevocably consent to such appointment. The Rents shall be applied by the receiver to the payment of the Indebtedness, as provided in Section 8.5 hereof, or as otherwise ordered by the court.

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

8.1.4 Power of Sale. To the fullest extent permitted and pursuant to the procedures provided by applicable law, exercise such power of sale as may be provided by applicable law, and sell or offer for sale the Mortgaged Property in such portions, order and parcels as Mortgagee may determine, with or without having first taken possession of same, to the highest bidder at public auction. Such sales shall be made in accordance with the Legal Requirements therefor for the state in which the Mortgaged Property is located, including, to the extent there relevant, the Uniform Commercial Code there in effect. Nothing contained in this Section 8.1.4 shall be construed to limit in any way Mortgagee's rights to sell the Mortgaged Property by private sale if, and to the extent that, such private sale is permitted under the laws of the state where the Mortgaged Property is located or by public or private sale after entry of a judgment by any court of competent jurisdiction ordering same.

8.1.5. Full or Partial Foreclosure. Pursuant to the procedures provided by applicable law, institute and prosecute foreclosure proceedings with respect to the Mortgaged Property; or, if Mortgagee so elects, institute foreclosure procedures only with respect to a portion of the Indebtedness or to a portion of the Mortgaged Property (such partial proceeding being hereinafter referred to as a partial foreclosure). Mortgagor agrees that sale pursuant to a partial foreclosure, if so made, shall not in any manner affect the remainder of the secured Indebtedness, but as to such remainder this Mortgage and the lien thereof shall remain in full force and effect just as though no foreclosure sale had been made under the provisions of this Paragraph. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect at any time prior to a foreclosure sale pursuant to



such decree, to discontinue such partial foreclosure and to accelerate the entire secured Indebtedness by reason of any Event of Default upon which such partial foreclosure was predicated or by reason of any other Event of Default, and proceed with full foreclosure proceedings. It is further agreed that several foreclosure sales may be made pursuant to partial foreclosures without exhausting the right of full or partial foreclosure sale for any remainder of the secured Indebtedness, it being the purpose hereof to provide for a partial foreclosure sale of the secured Indebtedness without exhausting the power to foreclose and to sell the Mortgaged Property pursuant to any such partial foreclosure for any other part of the secured Indebtedness whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure.

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

8.2 Right and Authority of Receiver or Mortgagee in the Event of Default, Power of Attorney. Upon the occurrence of an Event of Default hereunder and entry upon the Mortgaged Property pursuant to Paragraph 8.1.3 hereof or appointment of a receiver pursuant to Paragraph 8.1.2 hereof, and under such terms and conditions as may be deemed prudent and reasonable, in the Mortgagee's or receiver's opinion under the circumstances, all at Mortgagor's expense, Mortgagee or said receiver, as the case may be, may do or permit any one or more of the following, successively or concurrently: (a) enter upon and take possession and control of the Mortgaged Property; (b) take and maintain possession of all documents, books, records, papers and accounts related to the Mortgaged Property; (c) exclude Mortgagor, its agents and employees, wholly from the Mortgaged Property; (d) manage and operate the Mortgaged Property; (e) preserve and maintain the Mortgaged Property; (f) make repairs and alterations to the Mortgaged Property; (g) complete any construction or repair of the improvements on the Mortgaged Property with such changes, additions or modifications to the plans and specifications or intended disposition and use of the improvements under construction on the Mortgaged Property as Mortgagee may deem appropriate or desirable to place the Mortgaged Property in such condition as will, in Mortgagee's sole judgment, make it or any part thereof readily marketable or rentable; (h) conduct a marketing or leasing program with respect to the Mortgaged Property, or employ a marketing or leasing agent or agents to do so, directed to the lease or sale of the Mortgaged Property, under such other terms and conditions as Mortgagee may in its sole discretion deem appropriate or desirable; (i) employ such contractors, subcontractors, materialmen, architects, engineers, consultants, managers, brokers, marketing agents or other employees, agents independent contractors or professionals, as Mortgagee may in its discretion deem appropriate or desirable, to implement and effectuate the rights and powers herein granted; (j) execute and deliver, in the name of Mortgagor as attorney-in-fact and agent of Mortgagor, or in its own name as Mortgagee or receiver, such documents and instruments as are necessary or appropriate to consummate authorized transactions; (k) enter such leases, whether of real or personal property, or tenancy agreements, under such terms and conditions as Mortgagee or receiver may in its sole discretion deem appropriate or desirable; (l) collect and receive the Rents from the Mortgaged Property; (m) eject tenants or repossess personal property, as provided by law, for breaches of the conditions of their leases or other agreements; (n) sue for unpaid rents, payments, income or proceeds in the name of Mortgagor or Mortgagee; (o) maintain actions in forcible detainer and actions in distress for rent; (p) compromise or give acquittance for rents, payments, income or proceeds that may become due; (q) delegate or assign any and all rights and powers given to Mortgagee by this Mortgage; and/or (r) do any acts which Mortgagee or receiver in its discretion deems appropriate or desirable to protect the security hereof and/or use such measures, legal or equitable, as it may in its discretion deem appropriate or desirable to implement and effectuate the provisions of this Mortgage. This Mortgage shall constitute a direction to and full authority to any lessee or other third-party who has heretofore dealt or may hereafter deal with Mortgagor or Mortgagee, at the request of Mortgagee, to pay all amounts owing under any lease or other agreement to the Mortgagee without

proof of the default relied upon. Any such lessee or third-party is hereby irrevocably authorized to rely upon and comply with (and shall be fully protected by Mortgagor in so doing) any request, notice or demand by the Mortgagee for the payment to the Mortgagee of any Rents or other sums which may be or thereafter become due under its lease or other agreement, or for the performance of any undertakings under any such lease or other agreement, and shall have no right or duty to inquire as to whether any default under this Mortgage or any of the other Loan Documents has actually occurred or is then existing, and Mortgagor hereby constitutes and appoints Mortgagee, its assignees, successors, transferees and nominees, as Mortgagor's true and lawful attorney-in-fact and agent, with full power of substitution in the Mortgaged Property, in Mortgagor's name and stead, to do or permit any one or more of the foregoing described rights, remedies, powers and authorities, successively and concurrently, and said power of attorney shall be deemed a power coupled with an interest and irrevocable.

8.3 Remedies Cumulative and Concurrent. The rights and remedies of Mortgagee as provided herein and in the Loan Documents shall be cumulative and concurrent and may be pursued separately, successively or together against Mortgagor or against other obligors or against the Mortgaged Property, or any one or more of them, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

8.4 Waiver of Redemption, Notice, Marshalling, etc. To the extent permitted by law, Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage or under any sale pursuant to any statute, order, decree or judgment of any court, on its own behalf, and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property or any portion thereof. Mortgagor further agrees, to the extent permitted by law, that if a default occurs hereunder, neither Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any homestead exemption, appraisement, reinstatement, valuation, stay, extension, moratorium or other laws now or hereafter in force, in order to prevent or hinder enforcement or foreclosure of this Mortgage, or absolute sale of the property hereby conveyed, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives and releases to the full extent that it may lawfully so do the benefit of such laws and any and all rights to have the assets comprised in the security intended to be created hereby marshaled upon any foreclosure of the lien hereof.

8.5 Application of Proceeds. The proceeds of any sale or all or any portion of the Mortgaged Property and the amounts generated by any holding, leasing, operation or other use of the Mortgaged Property shall be applied by Mortgagee in such order as Mortgagee may at its option elect, for the following purposes:

- (a) to the payment of all of the costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation, payment of attorneys' fees and fees of a receiver;
- (b) to the payment of accrued and unpaid interest due on the Note; and
- (c) to the payment of the balance of the Indebtedness.

8.6 No Conditions Precedent to Exercise of Remedies: Mortgagor shall not be relieved of any Obligation by reason of: (a) the failure of Mortgagee to comply with any request of Mortgagor to foreclose the lien of this Mortgage or to enforce any provision of the other Loan Documents; (b) the

release, regardless of consideration, of the Mortgaged Property or any portion thereof or the addition of any other property to the Mortgaged Property; (c) any agreement or stipulation extending, renewing, rearranging or in any other way modifying the terms of the Loan Documents without first having obtained the consent of, given notice to or paid any consideration to Mortgagor and in such event Mortgagor shall continue to be liable to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Mortgagee; or (d) by any other act or occurrence save and except the complete payment of the Indebtedness and the complete fulfillment of all of the Obligations.

8.7 Indemnity. Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, and to the extent provided by law and except for Mortgagee's willful misconduct or gross negligence, Mortgagor shall and does hereby agree to protect, indemnify, defend and hold Mortgagee harmless of and from any and all liability, loss, cost, expense or damage which it may or might incur in the exercise of its rights, remedies, powers and authority hereunder, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations, undertakings or liabilities. Should Mortgagee incur any such liability, loss, cost or damage of or in the defense of any claims or demands, the amount thereof, including costs, expenses and attorneys' fees, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand, with interest accruing at the Default Rate.

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

#### Article 9 MISCELLANEOUS

9.1 Future Advances. This Mortgage is given to secure payment of the Note, whether the entire amount thereof shall have been advanced to the Mortgagor at the date hereof, or at a later date, and to secure the payment and performance of all other liabilities and obligations of Mortgagor under the Note or the Loan Documents, and any other amount or amounts that may be added to the Indebtedness under the terms of this Mortgage, all of which Indebtedness being equally secured with and having the same priority as any amounts advanced at the date hereof. It is agreed that any future advances made by Mortgagee to or for the benefit of Mortgagor from time to time under this Mortgage or the Loan Documents shall be deemed to be obligatory, and the amount of any such advances and all interest accruing thereon, shall be equally secured by this Mortgage and have the same priority as all amounts, if any, advanced as of the date hereof and be subject to all of the terms and provisions of this Mortgage. The total amount of indebtedness that may be so secured may increase or decrease from time to time, but the total unpaid balance so secured at any one time, plus interest thereon, plus any disbursements made for the payment of taxes, levies, insurance or other liens, charges or encumbrances on the Mortgaged Property, plus interest on such disbursements at the Default Rate, shall not exceed Five Hundred Percent (500%) of the face amount of the Note.

9.2 Further Assurances. Mortgagor, upon the reasonable request of Mortgagee, will execute, acknowledge and deliver such further instruments (including, without limitation, a declaration

of no set-off) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of the Loan Documents.

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

9.4 Notice. All notices, demands, requests and other communications required under the Loan Documents shall be in writing and shall be deemed to have been properly given if delivered by messenger or if sent by U.S. first class mail, postage prepaid, addressed to the party for whom it is intended at the Mortgagor's Address or the Mortgagee's Address, as the case may be, and if to Mortgagee, with copy to Ungaretti & Harris, 3500 Three First National Plaza, Chicago, Illinois 60602, Attention: Thomas Egan, Esq. Notice will be deemed to have been given upon delivery if delivered by messenger or on the date of mailing if mailed. Any party may designate a change of address by written notice to the other.

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

9.6 Modification. The Loan Documents and the terms of each of them may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing signed by the party against which enforcement of the change, waiver, discharge or termination is asserted.

9.7 No Waiver. All options and rights of election herein provided for the benefit of the Mortgagee are continuing, and the failure to exercise any such option or right of election upon a particular default or breach or upon any subsequent default or breach shall not be construed as waiving the right to exercise such option or election at any later date. No exercise of the rights and powers herein granted and no delay or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

9.8 Subrogation. If the proceeds of the Note are utilized in whole or in part to pay off any existing lien against the Mortgaged Properties or any portion thereof, the Mortgagee shall be subrogated to any and all rights of the holder of any such lien, whether or not it is assigned to the Mortgagee, and said liens are hereby renewed, extended and carried forward in full force and effect for the benefit of Mortgagee.

9.9 Mortgagee's Costs and Expenses. Mortgagor further expressly covenants and agrees to pay Mortgagee all costs and expenses of every kind paid or incurred by Mortgagee in any way in connection with the Note, this Mortgage or other Loan Documents and the protection of the Mortgaged Property or the maintenance of the lien of this Mortgage and the security interests under the other Loan Documents, or otherwise in connection with the determination and exercise by Mortgagee of any of its rights or remedies under the Loan Documents upon the occurrence of any event which, with the passage of time or the giving of notice or both, could constitute a default or an event of default hereunder,

including any and all expenditures for documentary evidence, title insurance, minutes of foreclosure, or any abstract or opinion of title to the Mortgaged Property, and all similar fees, costs, charges and expenses, and including all attorneys' fees and stenographer's fees, paid or incurred by Mortgagee in any suit or legal proceeding, or in preparation or in anticipation of declaring a default or event of default or in preparation or in anticipation of such suit or proceeding, regardless of whether such suit or proceeding is actually instituted, including without limitation, any bankruptcy or insolvency proceeding, probate proceeding, or other proceeding in which Mortgagee may in its discretion intervene in order to protect its security, or appeal from any of the foregoing, or otherwise paid or incurred by Mortgagee in obtaining legal advice regarding its rights and remedies under the Loan Documents or in determining whether to declare a default or event of default hereunder. All such fees, costs, charges and expenses shall constitute so much additional indebtedness evidenced by the Note and secured by this Mortgage, regardless of whether the same may cause the Indebtedness secured hereby to exceed the face amount of the Note, and shall be immediately due and payable when incurred, with interest accruing thereon at the Default Rate, and shall be allowed in any decree of foreclosure hereof. No proceeding to foreclose this Mortgage, whether a decree of foreclosure shall have been entered therein or not, shall be dismissed, nor shall a release of this Mortgage be given until all such expenses, charges and costs of Mortgagee shall have been paid in full.

9.10 Usury. It is expressly stipulated and agreed to be the intent of the Mortgagor and Mortgagee to at all times comply with applicable law now or hereafter governing the interest payable on the Note or the Loan. If the applicable law is ever revised, repealed, or judicially interpreted so as to render usurious any amount called for under the Note (or under any other instrument evidencing or relating to any of the secured indebtedness) or contracted for, charged, taken, reserved or received with respect to the Loan, or if the Mortgagee's acceleration of the Note or any prepayment by Mortgagor results in Mortgagor having paid any interest in excess of that permitted by law, then it is Mortgagor's and Mortgagee's express intent that all excess amounts theretofore collected by Mortgagee be credited on the principal balance of the Note (or, if the Note has been paid in full, refunded to Mortgagor), and the provisions of the Note and this Mortgage and other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the then applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder.

9.11 Successors and Assigns; Covenants Running with the Land. The terms, provisions, covenants and conditions hereof and of the Loan Documents shall be binding upon Mortgagor, its heirs, devisees, representatives, successors and assigns, and shall inure to the benefit of the Mortgagee and its respective successors, substitutes and assigns, and shall constitute covenants running with the land. This subparagraph 9.11 shall in no way be construed to imply any consent by Mortgagee to any unpermitted transfer as set forth herein.

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

9.13 Applicable Law. The rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Illinois, except to the extent that Federal law must preempt the applicability of state usury or other laws.

9.14 Business Loan. Mortgagor acknowledges and agrees that (a) the Note, this Mortgage, and the other Loan Documents have been negotiated, executed and delivered in the State of Illinois; (b) the proceeds of the Note will be used for a "business purpose" as specified in 815 ILCS 205/4(1)(c)(1992), and that accordingly, the principal obligation secured hereby constitutes a business loan which comes within the purview of said paragraph; and (c) the Indebtedness and the Obligations secured hereby are an exempted transaction under the Truth-In-Lending Act, 15 U.S.C. §§1601, et seq.

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

9.16 Severability: The Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable Legal Requirements. If any provision of any of the Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances nor the other instruments referred to herein shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law. It is hereby expressly stipulated and agreed to be the intent of Mortgagor and Mortgagee to at all times comply with the usury, and all other, laws relating to the Loan Documents. If, at any time, the applicable Legal Requirements render usurious any amount called for in any Loan Document, then it is Mortgagor's and Mortgagee's express intent that such document be enforced to the greatest extent permitted by law, so as to comply with the then applicable law so as to permit the recovery of the fullest amount otherwise called for in such Loan Documents.

9.17 Release Upon Payment and Discharge of Mortgagor's Obligations: If Mortgagor shall fully pay all principal and interest on the Note and all other Indebtedness evidenced and secured hereby and perform and comply with all of the Obligations to be performed and complied with by Mortgagor, then this Mortgage shall be satisfied, and Mortgagee shall thereupon release his Mortgage and the lien thereof by proper instrument upon payment and discharge of all Indebtedness secured hereby and, if allowed by law, upon payment to Mortgagee of a reasonable fee for the preparation of such release.

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Signature page follows}

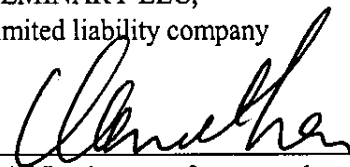
# UNOFFICIAL COPY

20179208

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

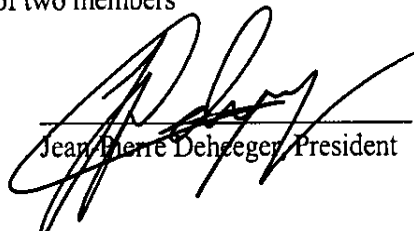
ROSCOE SEMINARY LLC,  
an Illinois limited liability company

By:

  
Daniel Levin, one of two members

By: Paris-Chicago Management Corp.,  
an Illinois Corporation,  
one of two members

By:

  
Jean Pierre Deheger, President

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

## MORTGAGOR'S ACKNOWLEDGMENT

20179208

(Signature of Daniel Levin)

STATE OF ILLINOIS )

COUNTY OF COOK )

I, Victoria M. Simpson, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Daniel Levin, one of the two members of ROSCOE SEMINARY LLC, an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such member, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11<sup>th</sup> day of February, 2002.

Victoria M. Simpson  
Notary Public



My Commission expires:

\_\_\_\_\_ , \_\_\_\_\_

Property of Cook County Clerk's Office





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20179208

## EXHIBIT A

### Legal Description

LOT 7 AND THE SOUTH 1/2 OF LOT 6 IN BLOCK 3 IN BAXTER'S SUBDIVISION OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 20, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ADDRESS: 3345 North Seminary, Chicago, Illinois

PIN: 14-20-416-006

Property of Cook County Clerk's Office

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## EXHIBIT B

### Permitted Exceptions

1. Real Estate taxes for the year 2001 (Second Installment only) and 2002 and subsequent years.

Property of Cook County Clerk's Office