

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (hereinafter referred to as this "Mortgage") is made as of APRIL 16, 2002, from JOSEPH VARTANIAN ("Mortgagor"), with a mailing address at 2247 N. LINCOLN CHICAGO Illinois 60614, to Spalter Finance Co., ("Mortgagee"), with a mailing address at 8707 Skokie Blvd., Suite 202, Skokie, Illinois 60077;

WHEREAS, Mortgagor is justly and truly indebted to Mortgagee in the principal sum of SEVENTY FOUR THOUSAND FOUR HUNDRED SIXTY AND 24/100----- (\$74,460.24 )

Dollars evidenced by a certain Promissory Note of even date herewith in said principal sum executed by Mortgagor payable to the order of Mortgagee in installments as follows: TWO THOUSAND FIVE HUNDRED EIGHTEEN AND 20/100----- (\$2,518.20)  
Dollars on the 16TH day of MAY, 2002 and TWO THOUSAND FIVE HUNDRED EIGHTEEN AND 20/100----- (\$ 2,518.20 ) Dollars on the same day of each and every month thereafter for 34 successive months and final installment of TWO THOUSAND FIVE HUNDRED EIGHTEEN AND 35/100----- (\$ 2,518.35 )

Dollars on the 16TH day of APRIL, 2005, together with interest from date on the balance of the principal remaining from time to time unpaid at the rate of 13.26 % per annum. Interest shall be paid monthly concurrently with the installments of principal. All payments due under the Note shall be paid by Mortgagor to Mortgagee at its address set forth above.

NOW-THEREFORE, to secure payment of the Note when the same becomes due and payable (whether by lapse of time, acceleration or otherwise) including all renewals, extensions, modifications and refinancings therefor, and the payment of all other indebtedness, obligations and liabilities which this Mortgage secures pursuant to any of its terms, Mortgagor does hereby GRANT, MORTGAGE, CONVEY AND ASSIGN to Mortgagee, its successors and assigns, the following described real estate situated in the County of COOK, State of Illinois, to wit:

LOT 5 IN SMITH'S SUBDIVISION OF THE EAST 1/2 OF BLOCK 10 WITH LOT 21 IN THE WEST 1/2 OF BLOCK 10 IN CANAL TRUSTEE'S SUBDIVISION IN SECTION 33, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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3352/0091 49 001 Page 1 of 4  
2002-04-24 11:14:41  
Cook County Recorder 51.50  
Street Address: 2247 N. LINCOLN, CHICAGO, ILLINOIS 60614  
P.I.N. 14-33-109-027-0000  
Document prepared by: ROBERT D. GORDON, ESQ., 11 S. LASALLE ST., SUITE 2402, CHICAGO, ILLINOIS 60603 *lm*

TOGETHER WITH (1) all buildings, improvements, fixtures, appurtenances, easements and encumbrances thereto belonging; and together with all equipment and machinery now or hereafter therein or thereon used to supply heat, gas, air conditioning, electrical, sprinkler systems, plumbing, water, light, power, refrigeration and ventilation; elevators, escalators, communication and electronic monitoring equipment, tanks, pumps and together with any other fixtures, equipment, machinery or other personal property now or hereafter placed on the above described property which shall be employed in connection with the operation, use, occupancy or enjoyment thereof; (2) all right, title and interest of Mortgagor, including any after-acquired title or reversion, in and to the rights-of-way, roads, streets, avenues and alleys adjoining the Mortgaged premises; (3) all rents, issues, proceeds and profits accruing and to accrue from the Mortgaged Premises and all right, title and interest of Mortgagor in and to any and all leases approved by Mortgagee now or hereafter on or affecting the Mortgaged Premises, whether written or oral, and all other leases and agreements for the use thereof (collectively "Leases"), together with all security therefor and all monies payable thereunder, subject, however, to the conditional permission of Mortgagee given to Mortgagor to collect the rentals to be paid pursuant thereto, provided Mortgagor shall not be in default hereunder; and (4) all proceeds heretofore or hereafter payable to Mortgagor by reason of loss or damage by fire and such other hazards, casualties and contingencies insured pursuant to the insurance policies hereinafter described and awards and other compensation heretofore or hereafter payable to Mortgagor for any taking by condemnation or eminent domain proceedings of all or any part of the Mortgaged Premises or any easement or appurtenance thereof, including severance and consequential damage. (said real estate and all of the above collectively referred to herein as the "Mortgaged Premises")

TO HAVE AND TO HOLD the Mortgaged Premises unto Mortgagee, its successors and assigns forever (Mortgagor hereby RELEASING AND WAIVING all rights under and by virtue of the homestead exemption laws of the State of Illinois and all rights of homestead created by the Federal Bankruptcy Code) provided, however, that if and when Mortgagor shall pay the principal and accrued interest on the Note and all other indebtedness hereby secured shall be paid in full and shall perform all of the terms, covenants and agreements contained herein, then this Mortgage shall be released upon the written request and expense of Mortgagor.

Mortgagor covenants that Mortgagor is lawfully seized of the real estate hereby conveyed and has the right to mortgage, grant and convey the Mortgaged Premises, that the Mortgaged Premises are unencumbered and that Mortgagor will warrant and defend generally the title to the Mortgaged Premises against all claims and demands, subject to any declarations, easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Mortgagor's interest in the Mortgaged Premises.

**MORTGAGOR HEREBY FURTHER COVENANTS AND AGREES AS FOLLOWS:**

1. Mortgagor hereby agrees: (a) to pay when due all indebtedness secured by this Mortgage, all interest thereon and all other indebtedness, obligations and liabilities which this Mortgage secures; (b) not to commit or permit to exist any waste of the Mortgaged Premises and to keep the Mortgaged Premises in good condition and repair; (c) to keep the Mortgaged Premises free of any mortgage, trust deed, mechanic's lien, or other lien or encumbrance; (d) not to suffer or permit unlawful use or any nuisance to exist upon the Mortgaged Premises; (e) not to remove or demolish any part of the improvements of a structural nature which would adversely affect the value of the Mortgaged Premises; (f) not to abandon the Mortgaged premises; (g) to pay when due any indebtedness or liability which may be secured by a mortgage, lien, other encumbrance or charge on all or any part of the Mortgaged premises equal or senior in priority to this Mortgage; (h) to complete within a reasonable time any buildings or improvements now or at any time in the process of erection upon the Mortgaged Premises; (i) immediately after destruction or damage to all or any part of the Mortgaged Premises to commence and promptly complete the rebuilding or restoration of buildings, improvements and all other property now or hereafter on the Mortgaged Premises unless Mortgagee elects to apply the proceeds of insurance to the indebtedness secured by this Mortgage as hereinafter provided; (j) to comply with all laws, regulations, rulings, ordinances, orders and all other requirements imposed by any governmental or other competent authority and with all restrictions, covenants and conditions relating to the Mortgaged Premises or to the use of thereof; (k) not to make or permit, without first obtaining the written consent of the Mortgagee, the use of the Mortgaged Premises for any purpose other than that for which it was used on the date of this Mortgage or the removal, demolition or sale of any building, improvement, fixture, machinery or equipment now or hereafter upon the Mortgaged Premises; (l) to keep and maintain such books and records as required by Mortgagee and to permit Mortgagee reasonable access to and the rights of inspection of such books and records; (m) to furnish to the Mortgagee such information and data with respect to the financial condition, business affairs and operations of Mortgagor and the Mortgaged Premises as may be reasonably requested no more often than annually, unless otherwise agreed to (all such information and data to be prepared in accordance with generally accepted accounting principles consistently applied); (n) that no construction shall be commenced upon the Mortgaged

Premises unless the plans and specifications for such construction have been submitted to and approved in writing by Mortgagee to the end that such construction shall not, in the reasonable judgment of the Mortgagee, be in prejudice of the loan evidenced by the Note and this Mortgage; and (c) that if the Mortgaged Premises are now or hereafter located in an area which has been identified by the Secretary of Housing and Urban Development as a flood hazard area and in which flood insurance has been made available under the National Flood Insurance Act of 1968, as may be amended from time to time (the "Act"), the Mortgagor will keep the Mortgaged Premises covered for the term of the Note by flood insurance up to the maximum limit of coverage available under the Act.

2. Mortgagor shall keep the Mortgaged Premises continuously insured against loss or damage by fire, lightning, windstorm, malicious mischief, vandalism and extended coverage hazards, for full replacement value, and shall provide business interruption, boiler and machinery, flood and dramshop insurance if required by Mortgagee. All casualty policies shall contain a standard mortgagee clause naming Mortgagee as first Mortgagee and a loss payable endorsement in favor of Mortgagee. Mortgagor shall also provide a Comprehensive General Liability Property Damage and Workmen's Compensation Policy naming Mortgagee as an additional insured. All policies of insurance shall be written by insurers acceptable to Mortgagee and have such monetary limits as Mortgagee shall require.

3. In the event of any loss or damage sustained by casualty for which insurance policies are in effect, the Mortgagee is authorized to adjust, compromise and collect all claims thereunder without the consent of the Mortgagor and to execute and deliver on behalf of Mortgagor all necessary proofs of loss, receipts, vouchers, releases and such other documents as shall be required by the insurers to be executed. At the election of Mortgagee, the proceeds of any insurance may be applied to the reduction of the indebtedness secured by this Mortgage, whether or not then due, or may be applied to the cost of building or restoring of buildings and improvements on the Mortgaged Premises, or may be applied to both purposes in such proportion as the Mortgagee shall determine. That part of the Mortgaged Premises so damaged or destroyed shall be repaired or rebuilt, in accordance with plans and specifications therefor submitted to and approved by Mortgagee (which approval shall not be unreasonably withheld or delayed) and all life, safety and environmental regulations, laws, ordinances (including zoning), rules and regulations of governmental authorities having jurisdiction thereover, so as to be as similar, as is reasonably possible, to the condition which existed prior to such casualty.

4. Mortgagor shall pay all general real estate taxes, special taxes, special assessments, water and sewer charges and all other taxes and charges on the Mortgaged Premises before any charge for nonpayment attaches or accrues, and to furnish the Mortgagee, upon request, with the original or duplicate receipts therefor. If Mortgagor shall desire to contest any tax or special assessment, to avoid default under this Mortgage, Mortgagor shall pay such tax or assessment in full in the manner provided by law.

5. Subject to a written waiver by Mortgagee, the Mortgagor shall deposit with Mortgagee in Escrow on the day or days monthly payments are due on the Note an additional sum specified by Mortgagee and estimated to be equal to one-twelfth of (i) the yearly taxes and assessments against the real property securing the Note, and (ii) yearly hazard insurance premiums and (iii) yearly life insurance premiums if any. Until further notice, the monthly escrow deposit shall be \$ N/A. The Mortgagor agrees that no trust shall be deemed to exist by reason of mortgagor's making of the foregoing deposits, no interest shall be payable thereon and the deposits may be commingled with Mortgagee's funds. Mortgagee is hereby authorized to pay all taxes, assessments and insurance premiums without inquiry as to the accuracy or validity thereof. If the deposits made hereunder shall not be sufficient to pay the amounts billed for taxes, assessments and insurance premiums as they become due, the Mortgagor shall pay the deficiency to Mortgagee on demand. In the event the Mortgagor shall default in making the required deposits in Escrow, Mortgagee, at its option, may declare the entire unpaid balance of the Note immediately due and payable and apply the balance of the funds deposited to the unpaid balance of the Note.

6. In case of default hereunder, Mortgagee may, at its option, at any time make any payment or perform any act herein required by Mortgagor in any form and manner deemed expedient by Mortgagee, and Mortgagee may, at its option, make full or partial payments of principal or interest on prior encumbrances, if any, pay delinquent taxes and insurance premiums and purchase, discharge or settle any tax lien or any other prior lien or claim, redeem from any tax sale or forfeiture affecting the Mortgaged Premises or contest any tax or assessment. All monies paid or incurred by Mortgagee in connection therewith including costs and attorneys' fees and any other monies advanced by Mortgagee to protect the Mortgaged Premises shall be so much additional indebtedness secured hereby and shall be immediately due and payable by Mortgagor together with interest at the rate of 4% per month (the "Default Rate").

7. In the event that the Mortgaged Premises or any part thereof is taken by condemnation, Mortgagee is hereby empowered to collect and receive any awards resulting therefrom ("Awards"), which shall, at the election of Mortgagee, be applied to the payment of the Note or any other indebtedness secured hereby, or on account of rebuilding or restoring that part of Mortgaged Premises not so taken or damaged. If Mortgagee elects to permit the use of Awards for rebuilding or restoration of the Mortgaged Premises, the Mortgaged Premises shall be so rebuilt or restored in accordance with plans and specifications therefor submitted to and approved by Mortgagee (which approval shall not be unreasonably withheld or delayed) and applicable laws, so as to be as similar, as is reasonably possible, to the condition which existed prior to condemnation. In the event the Awards are insufficient to pay for all costs of rebuilding or restoration, Mortgagor shall deposit with Mortgagee an amount equal to such excess costs prior to any disbursement.

8. To further secure payment of the Note, all other indebtedness secured hereby and performance of all of the terms, covenants, conditions and agreements contained herein, Mortgagor hereby sells, assigns and transfers to Mortgagee all of his right, title and interest in and to all Leases and rentals, issues, proceeds and profits now due and which may hereafter become due pursuant thereto, it being the intention hereby to establish an absolute transfer and assignment thereof to Mortgagee. Mortgagor hereby irrevocably appoints Mortgagee its agent, in its name and stead (with or without taking possession of the Mortgaged Premises), to rent, lease or let all or any part of the Mortgaged premises to any party or parties, at such rental and upon such terms as Mortgagee shall, in its discretion, determine and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter and all presently due or which may hereafter become due pursuant to each and every Lease or any other tenancy existing or which hereafter exists on the Mortgaged Premises, with the same rights and powers and subject to the same rights and powers as Mortgagor would have. If no Event or Default under this Mortgage has occurred, Mortgagor shall have the right to collect all of the rents arising from Leases or renewals thereof. Upon an occurrence of an Event of Default, Mortgagee, at any time or times thereafter, without notice to Mortgagor may notify any and all of the tenants of the leases that the Leases have been assigned to Mortgagee and Mortgagee may direct said tenants thereafter to make all rentals and payments due from tenants under the Leases directly to Mortgagee and shall have the right to enforce the terms of the leases and obtain payment of and collect the rents, by legal proceedings or otherwise in the name of the Mortgagor. Mortgagor will at all times deliver to the Mortgagee duplicate originals or certified copies of all leases, agreements and documents relating to the Mortgaged Premises and shall permit access by the Mortgagee to its books and records, insurance policies and other papers for examination and making copies and extracts thereof.

9. Prior to execution of this Mortgage, Mortgagor shall obtain and deliver to Mortgagee a commitment for an ALTA Loan Policy in the full amount of the Note issued by a title company acceptable to Mortgagee. All objections contained in the loan commitment shall be approved by and acceptable to Mortgagee.

10. This Mortgage is given to and shall secure not only existing indebtedness, but also future advances, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise, as are made within twenty years from the date hereof, to the same extent as if 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, although there may be no indebtedness outstanding at the time any advance is made. The lien of this Mortgage shall be valid as to all such indebtedness and future advances from the time this Mortgage is filed for record in the office of the Recorder of Deeds or the Registrar of Title of the county where the Mortgaged Premises described herein are located. 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 shall not exceed \$ N/A of principal, plus interest thereon, and any disbursements by Mortgagee made for the payment of taxes, special assessments or insurance on the Mortgaged Premises, with interest on such disbursements, and all costs of collection, including reasonable attorneys' fees.

11. If Mortgagor shall transfer, convey, alienate, pledge, hypothecate or mortgage the Mortgaged Premises or any part thereof, or shall sell, transfer or assign the shares of stock of any corporate owner of the Mortgaged Premises, Mortgagee, at its option, may accelerate the maturity of the Note and declare it to be due and payable forthwith.

12. This Mortgage shall constitute a security agreement between Mortgagor and Mortgagee with respect to that portion of the Mortgaged Premises constituting property or interests in property, whether real or personal, including any and all sums deposited by Mortgagor and held by Mortgagee which are subject to the priority and perfection provisions of the Illinois Uniform Commercial Code. Therefore, to secure payment of the Note and all other indebtedness and obligations of Mortgagor hereunder, Mortgagor hereby grants to Mortgagee a security interest in the Mortgaged Premises and in all such deposits and agrees that, upon an Event of Default, Mortgagee shall have all of the rights and remedies of a secured party under the Illinois Uniform Commercial Code.

13. Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "moratorium laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but does hereby waive the benefit of such laws. MORTGAGOR EXPRESSLY WAIVES ANY AND ALL RIGHTS OF REDEMPTION UNDER ANY JUDGMENT OR DECREE OF FORECLOSURE OF THIS MORTGAGE, ON ITS OWN BEHALF, ON BEHALF OF THE BENEFICIARIES OF MORTGAGOR, ON BEHALF OF ALL PERSONS CLAIMING OR HAVING AN INTEREST (DIRECT OR INDIRECT) BY, THROUGH OR UNDER MORTGAGOR AND ON BEHALF OF EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE MORTGAGED PREMISES SUBSEQUENT TO THE DATE HEREOF, IT BEING THE INTENT OF MORTGAGOR HEREBY THAT ANY AND ALL SUCH RIGHTS OF REDEMPTION OF MORTGAGOR AND OF ALL OTHER PERSONS ARE AND SHALL BE DEEMED TO BE HEREBY WAIVED TO THE FULL EXTENT PERMITTED BY APPLICABLE LAWS.



MAILED TO:  
*Spalter*

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My Commission expires:

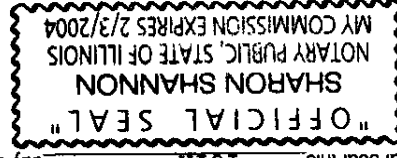
Notary Public

Given under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_  
free and voluntary act of the corporation, for the uses and purposes therein set forth.  
a \_\_\_\_\_  
corporation, and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the  
known to me to be the \_\_\_\_\_ and \_\_\_\_\_  
Secretary of \_\_\_\_\_  
in the State aforesaid, DO CERTIFY that before me this day personally appeared \_\_\_\_\_ and \_\_\_\_\_  
a Notary Public in and for the said County \_\_\_\_\_

CORPORATE ACKNOWLEDGMENT

STATE OF ILLINOIS  
COUNTY OF COOK

My Commission expires:



Notary Public

Given under my hand and notarial seal this \_\_\_\_\_ day of \_\_\_\_\_  
delivered the said instrument as \_\_\_\_\_ HIS \_\_\_\_\_ own free and voluntary act, for the uses and purposes therein set forth.  
known to me to be the same person(s) whose names \_\_\_\_\_ IS \_\_\_\_\_ subscribed to the foregoing instrument and acknowledged that \_\_\_\_\_ signed and  
in the State aforesaid, DO CERTIFY that before me this day personally appeared \_\_\_\_\_  
a Notary Public in and for the said County \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF ILLINOIS  
COUNTY OF COOK

ATTEST: \_\_\_\_\_ Secretary  
By: \_\_\_\_\_ its President  
\_\_\_\_\_ a corporation, Mortgagee  
\_\_\_\_\_ Mortgagee  
\_\_\_\_\_ Mortgagee  
JOSEPH VARTANIAN  
\_\_\_\_\_ signed and acknowledged that \_\_\_\_\_

IN WITNESS WHEREOF, Mortgagee has executed this Mortgage the day and year first above written.

Note or this Mortgage.  
claiming under or through Mortgage, and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the  
as Mortgage, then the term "Mortgage" as used herein shall mean all of such parties, jointly and severally. In addition, the term "Mortgage" shall include all persons  
Mortgage herein shall be binding upon any other parties claiming any interest in the Mortgaged Premises under Mortgage. If more than one party signs this instrument  
executors, administrators, successors, vendees and assigns of such parties, whether so expressed or not. In addition, all covenants, promises and agreements of  
and agreements contained in this Mortgage shall bind and inure to the benefit of the respective heirs,  
24. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises  
such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remaining provisions of this Mortgage.  
23. This Mortgage shall be construed in accordance with the laws of the State of Illinois. Whenever possible, each provision of this Mortgage shall  
be interpreted in such a manner as to be effective and valid pursuant to applicable law, provided, however, that if any part hereof shall be prohibited by or invalid thereunder,  
this Mortgage or to such other and different address as Mortgagee or Mortgagee may designate pursuant to a written notice sent in accordance with the provisions hereof.  
22. All communications provided for herein shall be in writing and shall be deemed to have been given when delivered personally or three (3) business days after mailing  
by United States certified mail, return receipt requested, first class mail, postage prepaid, addressed to the parties hereto at their addresses as shown at the beginning of  
lawful interest, pursuant to the terms of the Illinois Revised Statutes, Chapter 17, Paragraph 6404.  
21. Mortgagee represents and agrees that the proceeds of the Note will be used for business purposes and that Note and this Mortgage are exempt from limitations upon  
20. Mortgagee shall have the right to inspect the Mortgaged Premises at all reasonable times, and access thereto shall be permitted for that purpose.  
19. Mortgagee shall pay Mortgagee's costs and expenses, title charges, search fees, appraisal fees, recording fees, costs of survey, trust fees and attorneys' fees for  
negotiation, drafting, closing and protecting this Mortgage and loan documents and for advice in connection therewith.  
18. No consent or waiver, express or implied, by Mortgagee to or of any breach or default by Mortgagee in the performance by Mortgagee of any obligations contained  
herein shall be deemed a consent to or waiver by Mortgagee of such performance in any other instance or any other obligation hereunder. The failure of Mortgagee to  
exercise either or both of its remedies to accelerate the maturity of the indebtedness secured hereby and/or to foreclose the lien hereof following any Event of Default  
hereunder, or to exercise any other remedy granted to Mortgagee hereunder or under applicable law in any one or more instances, or the acceptance by Mortgagee of  
partial payments of such indebtedness shall neither constitute a waiver of any such Event of Default or of Mortgagee's remedies hereunder or under applicable law nor  
establish, extend or affect any grace period for payments due under the Note, but such remedies shall remain continuously in force. Acceleration of maturity, once claimed  
hereunder by Mortgagee, may at Mortgagee's option be rescinded by written acknowledgment to that effect by Mortgagee and shall not affect Mortgagee's right to  
accelerate maturity upon or after any future Event of Default.