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**JUNIOR MORTGAGE,
ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FINANCING STATEMENT**

This JUNIOR MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FINANCING STATEMENT is given as of March 1, 2002 (the "Mortgage") by **BETH-ANNE EXTENDED LIVING** (the "Mortgagor") to **LASALLE BANK NATIONAL ASSOCIATION**, a national banking association (the "Lender"), whose principal office is located at 135 South LaSalle Street, Suite 1225, Chicago, Illinois 60603.

WHEREAS, Pursuant to Section 721 of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), the Federal Housing Finance Board ("Board") is required to cause each Federal Home Loan Bank ("Bank") to establish an affordable housing program ("AHP") to assist members of each Bank to finance affordable housing for very low, low and moderate-income households;

WHEREAS, Lender is a member of and maintains an account with the Federal Home Loan Bank of Chicago ("Chicago Bank"). By application dated April 2, 2001, Lender submitted an application for an AHP subsidy in connection with the purchase, construction or rehabilitation of real property described on Exhibit A attached hereto and commonly known as 1143-1153 N. LaVergne, Chicago, Illinois (the "Real Property") by Bethel New Life, Inc. ("Sponsor"), with respect to Mortgagor's intention to rehabilitate the Real Property to provide 85 apartment units for very low income persons;

WHEREAS, pursuant to regulations (including, without limitation, those contained in 12 CFR Part 960) promulgated by the Board pursuant to FIRREA ("AHP Regulations"), members of each FHL Bank are required to provide for the recapture of any subsidized advances or other subsidized assistance in connection with unused or improperly used AHP subsidies;

**This Instrument was Prepared by
and After Recording Return to:**

Albert, Whitehead, P.C.
10 North Dearborn Street
Suite 600
Chicago, Illinois 60602

Address:

1143-1153 N. LaVergne,
Chicago, Illinois

Permanent Index Number:

16-04-404-08-0000

Box 430

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WHEREAS, in connection with the AHP grant, Bank entered into that certain Affordable Housing Program Subsidy Agreement ("Subsidy Agreement") dated July 5, 2001 with an attachment dated July 6, 2001, with Chicago Bank and Sponsor, for Project No. 01A0719 pursuant to which Bank and Sponsor agreed to be bound by AHP Regulations and perform certain monitoring functions with respect to the Subsidy (defined below);

WHEREAS, Mortgagor is a not-for-profit affiliate controlled by Sponsor and will own the Project (as the term Project is defined in the Regulatory Agreement described in Paragraph 21 hereof) upon closing of a Capital Advance Grant (the "HUD Grant") from the United States Department of Housing and Urban Development ("HUD"), which HUD Grant will provide certain funds for the acquisition, construction, and operation of the Project for the elderly under the HUD Section 202 Program;

WHEREAS, Lender is satisfied that the HUD Section 202 Program complies with the AHP Regulations and requirements;

WHEREAS, the parties desire to set forth those circumstances under which Lender shall be entitled to a recapture of Subsidy funds from either the Sponsor or the Owner in connection with its AHP grant to the Sponsor for the purchase and construction of the Property;

WHEREAS, this Mortgage secures to Lender: (a) the repayment of the Subsidy; (b) the payment of all other sums, advanced under paragraph 6 to protect the security of this Mortgage; and (c) the performance of covenants and agreements under this Mortgage, the Subsidy Agreement and the other Subsidy Documents (hereinafter defined);

NOW, THEREFORE, Mortgagor does hereby MORTGAGE, GRANT, AND CONVEY to Lender the Real Property;

TOGETHER WITH all the improvements now or hereafter erected on the Real Property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall be covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the "Property."

Mortgagor COVENANTS that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrance of record.

Mortgagor and Lender covenant and agree as follows:

1. Repayment of Subsidy. The parties acknowledge and agree that Lender has on even date herewith, disbursed the sum of \$500,000.00 ("Subsidy") to the Sponsor to be used in connection with the purchase, construction, or rehabilitation of the Beth-Anne Extended Living

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facility by the Mortgagor. The Subsidy is evidenced by that certain Note in the amount of Five Hundred Thousand Dollars (\$500,000) of even date herewith made by Sponsor to Lender (the "Note") which Note is secured by this Mortgage. The term during which the Sponsor and Project must comply with the AHP provisions of FIRREA (the "Retention Period") to qualify and maintain the Subsidy is the earlier of (i) 15 years from the date of completion of Project Construction and lease up, or (ii) January 14, 2019, at which time Mortgagor's obligations this Mortgage shall terminate, and Lender shall provide a release of this Mortgage.

2. Affordable Housing Program Requirements.

- a. Sponsor and Mortgagor agree, during the term of this agreement to manage and operate the Property as rental housing for very low, low, and/or moderate income households. For purposes of this Mortgage, very low income households shall mean households whose annual income is 50% or less of area median income, low income households shall mean households whose annual income is 60% or less of area median income, and moderate income households shall mean households whose annual income is 80% or less of area median income, as determined from time to time by the U.S. Department of Housing and Urban Development ("HUD") or as further provided in federal regulations. Sponsor and Mortgagor agree to make 85 of units affordable for and occupied by very low income households during the term of this Mortgage.
- b. Sponsor and Mortgagor shall provide to the Bank and Chicago Bank any information regarding the project and use of the AHP subsidy pursuant to the AHP Regulations as amended from time to time and as required by the Chicago Bank.
- c. Sponsor and Mortgagor shall at all times comply with all laws, rules and regulations (including, without limitation, AHP Regulations) and with the provisions contained in the Application and those provisions contained in the Subsidy Agreement as they relate to the construction, ownership, management and operation of the Property.
- d. If the Sponsor or Mortgagor, at any time during the Retention Period, default in their obligation to manage and operate the Property and provide compliance information as required pursuant to paragraph 2b. above, or otherwise fail to comply with the terms of this Agreement, and such default continues for a period of 60 days after notice to Sponsor and Mortgagor from Bank or such shorter period of time required to avoid a default by Bank under the Subsidy Agreement, it shall be an Event of Default of this Agreement and Sponsor (this is limited to Sponsor) shall immediately pay Bank that portion of the Subsidy which may be recaptured from Bank by Chicago Bank.
- e. Sponsor and the Mortgagor shall give written notice to Lender and the Chicago Bank within five days after any sale or refinancing of the Property during the

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Retention Period. In the event of any sale or refinancing of the Property during the Retention Period, an amount equal to the amount of the subsidy shall be repaid by the Sponsor (this is limited to Sponsor) to Lender for payment to the Chicago Bank, unless the Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income eligibility and affordability restrictions committed to in the Application and this Agreement for the duration of the Retention Period. Upon any foreclosure or deed in lieu of foreclosure resulting from any event of default under any mortgage on the Property securing the original financing for the acquisition and construction of the Property described in the Application, the income eligibility and affordability restrictions applicable to the Property shall terminate.

- f. The Sponsor (this is limited to Sponsor) shall fully and unconditionally indemnify, defend and hold harmless Lender from and against any judgments, losses, recapture, liabilities, damages (including consequential damages), costs, expenses of whatsoever kind or nature, including without limitation attorney's fees, expert witness fees, and any other professional fees and litigation expenses or other obligations incurred by the Lender that may arise in any manner out of actions or omissions which result from the Mortgagor's or the Sponsor's performance or failure to perform pursuant to the terms of this Agreement. The representations, warranties, obligations and indemnification of and by the Sponsor shall survive the Term of this Mortgage.

3. Charges; Liens. Mortgagor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Mortgage, and leasehold payments or ground rents, if any.

Except for the Senior Loan Documents (hereinafter defined), Mortgagor shall promptly discharge any lien which has priority over this Mortgage unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Mortgage. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Mortgage other than the Senior Loan Documents; or (d) in the case of mechanic's liens, posts a bond or other security sufficient to cause a title insurance to issue a clean policy to Lender while such lien is being contested, Lender may give Mortgagor a notice identifying the lien. Mortgagor shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

4. Hazard Insurance. Mortgagor shall keep all buildings and improvements now or hereafter situated on said Property insured against loss or damage by fire, lightning and such other risks and hazards as are insurable under the present and future forms of all-risk insurance policies, providing for payment by the insurance companies of moneys sufficient to pay the greater of either the cost of replacing or repairing the same or to pay in full the indebtedness

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secured hereby, all in companies satisfactory to the Lender, under insurance policies payable, in case of loss or damages, to Lender such rights to be evidenced by the standard mortgagee clause to be attached to each policy, and shall deliver all policies, including additional and renewal policies, to Lender, and in case of insurance about to expire, shall deliver renewal policies not less than ten (10) days prior to the respective dates of expiration. All policies of insurance shall contain a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without thirty (30) days' prior written notice to the Lender. If the policies of insurance referenced herein contain a co-insurance clause or provision, Mortgagor agrees to maintain insurance coverage which is at all times in compliance with said clause or provision.

Mortgagor shall furnish Lender with evidence satisfactory to Lender that flood insurance is in effect in the event that Mortgagor has failed previously to demonstrate to Lender that the Property is not located in an area designated by the Secretary of Housing and Urban Development as having special flood hazards.

A. Subject to the terms of the Senior Loan Documents, in case of loss by fire or other casualty, the Lender (or after entry of decree of foreclosure, purchaser at the sale, or the decree creditor, as the case may be) is hereby authorized either (i) to settle and adjust any claim under such insurance policies without consent of Mortgagor, or (ii) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. In either case Lender is authorized to collect and receipt for any such insurance money. Such proceeds, after deducting therefrom any expenses incurred in the collection thereof, shall, subject to the provisions of subparagraphs B and C hereof, be used to pay directly or reimburse Mortgagor for the cost of rebuilding or restoration of buildings and improvements on the Property.

B. The insurance proceeds to be applied to pay for the cost of rebuilding or restoration of the buildings and improvements on the Property, such funds will be made available for disbursement by Lender as set forth in subparagraph A above; provided, however, that (i) should any insurance company have, in the opinion of Lender, a defense against Mortgagor (but not against Lender) to any claim for payment due to damage or destruction of the Property or any part thereof by reason of fire or other casualty, submitted by Lender or any party on behalf of Lender, or should such company raise any defense against Lender (but not against Mortgagor) to such payment, or (ii) should the net proceeds of such insurance collected by Lender together with any funds deposited by Mortgagor with Lender be less than the estimated costs of the requisite work as determined by Lender, which estimate shall include a reasonable contingency then in either case Lender may, at its option, whether or not Lender has received funds from any insurance settlements, declare the unpaid balance of the debt secured hereby to be immediately due and payable, and Lender may then treat the same as in the case of any other default hereunder. In the event such proceeds are applied toward restoration or rebuilding, the buildings and improvements shall be so restored or rebuilt as to be of at least equal value and substantially the same character as prior to such damage or destruction. Such proceeds shall be made available, from time to time, upon the Lender being furnished with satisfactory evidence of the estimated cost of completion thereof and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments, including insurance against mechanic's liens and/or a performance bond or bonds in form satisfactory to Lender

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which shall be the sole or a dual co-obligee, and which bonds shall be written with such surety company or companies as may be satisfactory to Lender. All plans and specifications for such rebuilding or restoration shall be presented to and approved by Lender prior to the commencement of any such repair or rebuilding. Disbursement of such insurance proceeds shall not exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of said proceeds remaining in the hands of the Lender shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

C. In case of loss after foreclosure proceedings have been instituted, the proceeds of any such insurance policies, if not applied as aforesaid in rebuilding or restoring the building or improvement, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if he shall then be entitled to the same, or as the court may direct. In case of the foreclosure of this Mortgage, the court in its judgment may provide that the Lender's clause attached to each of said insurance policies may be canceled and that the judgment creditor may cause a new loss clause to be attached to each of said policies making the loss thereunder payable to said judgment creditor. In the event of foreclosure sale, Lender is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Lender may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

Nothing contained in this Mortgage shall create any responsibility or obligation on the Lender to collect any amount owing on any insurance policy; to rebuild, repair or replace any damaged or destroyed portion of the Property or any improvements thereon; or to perform any act hereunder.

5. Preservation and Maintenance of Property. Mortgagor shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit physical waste.

6. Protection of Lender's Rights in the Property. If Mortgagor fails to perform the covenants and agreements contained in this Mortgage, or there is a legal proceeding that may significantly adversely affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), the Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 6, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 6 shall become additional debt of Mortgagor secured by this Mortgage. Unless Mortgagor and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at Lender's "Prime Rate" plus two percent (2%) and shall be payable, with interest, upon notice from Lender to Mortgagor requesting payment. Notwithstanding anything to the contrary contained herein, the maximum aggregate indebtedness secured by this Mortgage shall not exceed \$750,000.

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7. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property and the books and records of the Property from time to time.

8. Condemnation. Subject to the terms of the Prior Loan Documents, the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Mortgagor. In the event of a partial taking of the Property, unless Mortgagor and Lender otherwise agree in writing, the sums secured by this Mortgage shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Mortgagor.

If the Property is abandoned by Mortgagor, or if, after notice by Lender to Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to Lender within thirty (30) days after the date of notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or the sums secured by this Mortgage, whether or not then due.

9. Extensions of Time; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by Lender to any successor in interest of any one obligated under the Note nor operate to release the liability of such person or such person's successor in interest. Lender shall not be required to commence proceedings against any successors in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original party obligated under the Note or such parties' successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

10. Successors and Assigns Bound; Joint and Several Liability. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Lender, Sponsor and Mortgagor, subject to the provisions of paragraph 15. Except as limited herein, the obligations of Mortgagor and the Sponsor hereunder are joint and several.

11. Loan Charges. If the loan secured by this Mortgage is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limits; and (b) any sums already collected from Mortgagor which exceeded permitted limits will be refunded to Mortgagor. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Mortgagor. If a refund reduces

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principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

12. Legislation Affecting Lender's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Mortgage unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Mortgage and may invoke any remedies permitted by paragraph 18. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 15.

13. Notices. All notices or other communications required or permitted hereunder shall be (i) in writing and shall be deemed to be given (A) when received, if delivered in person, (B) two business days after deposit in a regularly maintained receptacle of the United States mail as registered or certified mail, postage prepaid, return receipt requested, (C) one business day after deposit with a nationally recognized private overnight courier service, or (D) on the day on which the party to whom such notice is addressed refuses delivery by mail, personal delivery or by private courier service and (ii) addressed as follows:

If to the Bank:

LaSalle Bank, N.A.
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Community Development

If to the Sponsor:

Bethel New Life, Inc.
4950 West Thomas
Chicago, Illinois 60651

If to the Mortgagor:

Beth-Anne Extended Living
4950 West Thomas
Chicago, Illinois 60651

or to each such party at such other addresses as such party may designate in a written notice to the other parties.

14. Governing Law; Severability. This Mortgage shall be governed by federal law and the law of Illinois. In the event that any provision or clause in this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or Note which can be given without the conflicting provision. To this end, the provisions of this Mortgage and Note are declared to be severable.

15. Transfer of the Property. Mortgagor shall not sell or transfer all or any part of the Property or any interest in it without Lender's prior written consent, which consent shall not be unreasonably withheld or delayed. If all or any part of the Property or any interest in it is sold or transferred without Lender's prior written consent, Lender may, at its option, require immediate

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payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Mortgage.

If Lender exercises this option, Lender shall give Mortgagor notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is delivered or mailed within which Mortgagor must pay all sums secured by this Mortgage. If Mortgagor fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor.

16. Intentionally Omitted.

17. Hazardous Substances. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Mortgagor shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge. If Mortgagor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 17, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 17, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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ADDITIONAL COVENANTS. Mortgagor and Lender further covenant and agree as follows:

18. Acceleration; Remedies. Lender shall give notice as required in paragraph 13 above to Mortgagor prior to acceleration following Mortgagor's breach of any covenant or agreement in this Mortgage (including without limitation Mortgagor's covenants to manage and operate the Property and provide the compliance information as set forth in paragraph 2 above), Mortgagor's breach of any covenant or agreement in the Note and any defaults not cured within the applicable grace or cure periods under any Senior Loan Documents, any of which shall also be deemed to be a "Default" hereunder. The notice shall specify: (a) the default; (b) the action required to cure the Default; (c) a date, not less than thirty (30) days from the date the notice is given to Mortgagor, by which the Default must be cured provided, however, that if Mortgagor commences cure within such thirty (30) day period and shall thereafter continue diligently to effect such remedy, then said thirty (30) day period shall be extended to sixty (60) days upon written request from Mortgagor to Mortgagee delivered during such thirty (30) day period, (provided, however, that Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of the Loan Documents if Mortgagee's security becomes or is about to become materially jeopardized by any failure to cure a Default within such period); and (d) that failure to cure the Default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the Property. If the Default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums (or any portion thereof, consistent with the requirements, rules and regulations of the Chicago Bank) secured by this Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect all expenses reasonably incurred in pursuing the remedies provided in this Paragraph 18, including, but not limited to, reasonable attorneys' fees and cost of title evidence. Notwithstanding the foregoing, nothing in this Paragraph 18 shall be construed to (a) require Lender to provide Mortgagor with more than one notice of a Default or potential Default when the Default at issue is a breach of a covenant contained in any of the Senior Loan Documents. Further, Mortgagor shall not be deemed to be in Default hereunder in the event any tenant of the Property has an increase in income that would otherwise disqualify such tenant from initial occupancy of a dwelling unit in the Property provided Mortgagor takes such action as may be required to replace such tenant in accordance with the rules and regulations applicable under Section 42 of the Internal Revenue Code related to the low income housing tax credit.

19. Waiver of Right of Redemption and Lender in Possession. To the extent permitted by applicable law, Mortgagor hereby waives any and all rights of redemption and/or reinstatement Mortgagor may have in and to the Property. Upon acceleration under Paragraph 18 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Mortgage.

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20. Release. Upon payment of all sums secured by this Mortgage, Lender shall release this Mortgage without charge to Mortgagor. Mortgagor shall pay any recordation costs.

21. Subordinate Mortgage. This Mortgage is subject and subordinate to (a) a certain Mortgage, in favor of the United States of America acting by and through the Secretary of Housing and Urban Development, to secure an indebtedness in the amount of \$9,541,200 (the "Senior Mortgage") or to any mortgage loan which pays off and replaces the Senior Mortgage; (the Senior Mortgage, any replacement thereof, and all documents executed in connection therewith are referred to collectively herein as the "Senior Loan Documents"). The occurrence of a default under any of the Senior Loan Documents that is not cured within the applicable cure or grace periods shall constitute a Default under this Mortgage and any indebtedness which it secures.

22. Assignment of Rents and Leases. Subject to any superior assignment set forth in the Senior Loan Documents, Mortgagor hereby assigns to Lender all of Mortgagor's interest in all rents, issues and profits of the Property as security for the payment of the Note and other sums secured hereby. Mortgagor grants to Lender the right to enter the Property and to let the Property, or any part thereof, and to apply such rents, issues, profits and proceeds after payment of all charges and expenses, on account of the Note and other sums secured hereby. This assignment and grant shall continue in effect until the Note and other sums secured hereby are paid in full. Lender hereby agrees not to exercise the right to enter the Property for the purpose of collecting such rents, issues or profits and Mortgagor shall be entitled to collect and receive such rents, issues, profits and proceeds until the occurrence of a Default hereunder; provided that any rents, issues and profits collected and received by Mortgagor after the occurrence of a Default shall be deemed collected and received by Mortgagor in trust for Lender and Mortgagor shall account to Lender for the full amount of such receipts. Mortgagor agrees to apply such rents, issues and profits, whenever received, to payment of the amounts due under the Prior Loan Documents and under the Note and other sums secured hereby. The right of Mortgagor to collect and receive said rents, issues and profits in trust for Lender during the continuance of any Default by Mortgagor under the terms and provisions of this Mortgage may be revoked by Lender's giving written notice of such revocation to Mortgagor.

Mortgagor will, from time to time after notice and demand, execute and deliver to Lender, in form satisfactory to Lender, further agreements evidencing its willingness to comply and its compliance with the provisions of this Section. Mortgagor shall pay to Lender the expenses incurred by Lender in connection with the recording of any such agreement.

The assignment contained in this Section is given as collateral security and the execution and delivery hereof shall not in any way impair or diminish the obligations of the Mortgagor, nor shall this assignment impose any obligation on Lender to perform any provision of any contract pertaining to the Property or any responsibility for the non-performance thereof by Mortgagor or any other person. The assignment under this Section is given as a primary pledge and assignment of the rights described herein and such assignment shall not be deemed secondary to the security interest and Mortgage of Mortgagor in the Property. Lender shall have the right to exercise any

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rights under this Section before, together with, or after exercising any other rights under this Mortgage.

Mortgagor shall not, without Lender's prior written consent, (i) execute an assignment or pledge of any rents of the Property and/or any leases of the Property except as set forth in the Prior Loan Documents; (ii) accept any prepayment of any installment of any rents more than thirty (30) days before the due date of such installment; or (iii) make any lease of the Property other than residential leases and not more than two (2) commercial leases which shall be subject to the reasonable approval of Lender.

Mortgagor, at its sole cost and expense, shall (i) at all times promptly and faithfully abide by, discharge and perform all of the material covenants, conditions and agreements contained in all leases or occupancy agreements of the Property, on the part of the landlord thereunder to be kept and performed, following any applicable grace or cure period; (ii) use commercially reasonable efforts to enforce or secure the performance of all of the material covenants, conditions and agreements of such leases on the part of the lessee or occupant to be kept and performed; (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with such leases or occupancy agreements or the obligations, duties or liabilities of landlord or of the lessees thereunder; (iv) furnish Lender, within ten (10) days after a request by Lender to do so, a written statement containing the names of all lessees or occupants, terms of all leases or occupancy agreements of the Property, including the spaces occupied and the rentals payable thereunder; (v) exercise within five (5) days of any demand therefor by Lender any right to request from the lessee under any lease of the Property a certificate with respect to the status thereof; and (vi) not permit any leases of the Property to become subordinate to any lien on the Property without the prior written consent of Lender.

Nothing in this Mortgage or in any other documents relating to the loan secured hereby shall be construed to obligate Lender, expressly or by implication, to perform any of the covenants as landlord under any of the leases or occupancy agreements assigned to Lender or to pay any sum of money or damages therein provided to be paid by the landlord, each and all of which covenants and payments Mortgagor agrees to perform and pay. Unless waived by Lender, all leases of space in the Property shall have subordination provisions, in form and substance reasonably satisfactory to Lender, subordinating the interest of the tenants under such leases to this Mortgage, and all renewals, modifications, consolidations, replacements and extensions hereof. Until the indebtedness and other sums secured by this Mortgage are paid in full, Lender reserves the right to require that specific leases be made either superior to or inferior to the lien of this Mortgage.

In the event of the enforcement by Lender of the remedies provided for by law or by this Mortgage, the lessee or occupant under each lease or occupancy agreement of the Premises shall attorn to any person succeeding to the interest of Mortgagor as a result of such enforcement and shall recognize such successor in interest as landlord under such lease without change in the terms or other provisions thereof; provided, however, that said successor in interest shall not be bound by any payment of rent or additional rent for more than one month in advance, and shall not be bound by any amendment or modification to any lease made without the consent of Lender.

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or said successor in interest. Each lessee, upon request by said successor in interest, shall execute and deliver an instrument or instruments confirming such attornment.

Lender shall be entitled to cure any default of landlord, following any applicable grace or cure period, in any lease of the Property, and the cost to effect any curing of default (including reasonable attorneys' fees), together with interest thereon at the Default Rate shall be so much additional indebtedness secured hereby and shall be immediately due and payable without notice.

23. Security Agreement. In the event of a Default hereunder, Lender, pursuant to the appropriate provisions of the UCC, shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies with respect to the Real Property, in which event the default provisions of the UCC shall not apply. The parties agree that, in the event the Lender shall elect to proceed with respect to the personal property collateral securing the indebtedness separately from the real property, ten (10) business days notice of the sale of the personal property collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Lender shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Lender. Mortgagor agrees that, without the written consent of Lender, the Mortgagor will not remove or permit to be removed from the Property any of the personal property or fixtures securing the indebtedness except that so long as Mortgagor is not in Default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of such property which is obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Property, upon replacing the same or substituting for the same other property at least equal in value to the initial value to that disposed of and in such a manner so that said other property shall be subject to the security interest created hereby and so that the security interest of the Lender shall always be perfected and first in priority (subject to the Prior Loan Documents), it being expressly understood and agreed that all replacements, substitutions and additions to the Property securing the indebtedness shall be and become immediately subject to the security interest of this Mortgage and covered hereby. The Mortgagor shall, from time to time, on request of the Lender, deliver to the Lender in reasonable detail an inventory of the personal property securing the indebtedness. The Mortgagor covenants and represents that all personal property securing the indebtedness now is, and that all replacements thereof, substitutions therefor or additions thereto, unless the Lender otherwise consents, will be free and clear of liens, encumbrances or security interest of others, other than the Prior Loan Documents. This Mortgage also constitutes a Financing Statement for all Property which may constitute fixtures pursuant to the UCC.

24. Recitals. The Recitals set forth above are hereby incorporated and made a part of this Mortgage.

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BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in this Mortgage.

MORTGAGOR:

BETH-ANNE EXTENDED LIVING

By: *Steph M. Kelly*
Its: *Chief Operating Officer*

Attest: *Rub...*
Its: *CHIEF FINANCIAL OFFICER*

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Exhibit A

Legal Description

LOT 5 IN BETH-ANNE SUBDIVISION OF PART OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as 1143 LaVergne Avenue, Chicago, Illinois

P.I.N. # 16-04-404-008, Vol. 545

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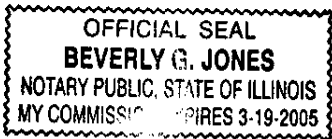
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State of Illinois)
County of Cook)

I, Beverly G. Jones, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Steven McCullough, ~~and~~ Chief operating officer of Beth-Anne Extended Living, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, and as the act of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 25th day of March, 2002.

Beverly G. Jones
Notary Public



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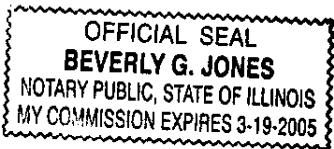
UNOFFICIAL COPY

State of Illinois)
County of Cook)

I, BEVERLY G. JONES, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that RICK BORENSTEIN ~~and~~ chief financial officer of Bethel New Life, Inc., personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that _____ signed, sealed and delivered the said instrument as _____ free and voluntary act, and as the act of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 25th day of March, 2002.

Beverly G. Jones
Notary Public



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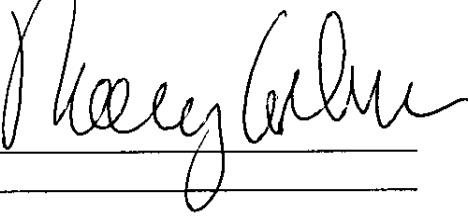
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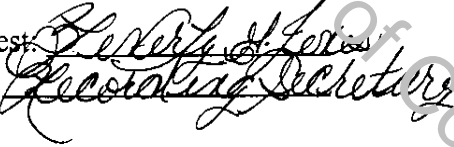
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JOINDER BY SPONSOR

The undersigned, Bethel New Life, Inc. having a substantial financial interest in the Real Property, hereby joins in this Mortgage and agrees that it shall be personally liable for all representations, warranties and covenants of this Mortgage, subject to any limitations set forth therein or in the attached Rider.

Bethel New Life, Inc.

By: 
Its: _____

Attest: 
Its: Recording Secretary

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Loan No. _____

RIDER TO LENDER'S MORTGAGE

For value received, the undersigned all agree that the following provisions shall be incorporated into that certain Junior Mortgage, Assignment of Rents and Leases Security Agreement and Financing Statement ("Mortgage") of even date executed by Beth-Anne Extended Living ("Borrower"), and joined by Bethel New Life, Inc. ("Sponsor") in favor of LaSalle Bank, N.A. ("Lender") to which Mortgage this Rider is attached, as well as the promissory note which said Mortgage secures (the "Note"). In addition, and to the extent that this Rider, and, consequently the Mortgage, affect the rights and responsibilities of the United States Department of Housing and Urban Development ("HUD") under the HUD Section 202 Supportive Housing for the Elderly program (12 U.S.C. § 1701q) ("Section 202 program"), HUD agrees to have a duly authorized official approve this document by execution on the signature line set forth below. To the extent that the provisions of this Rider are inconsistent with the provisions of the Note, Mortgage, or any other HUD capital advance documentation, including but not limited to Paragraph 21 of the HUD Capital Advance Program Regulatory Agreement ("HUD Regulatory Agreement"), required to be executed pursuant to the HUD Section 202 program, the provisions of this Rider shall prevail and shall supersede any such inconsistent provisions of the Note, Mortgage, or HUD capital advance documentation.

1. Transfer of the Property or a Beneficial Interest in Borrower. With respect to Paragraph 15 in this Mortgage, pertaining to the acceleration of payment in the event of the sale or transfer of all or any part of the Property, or any interest therein, such Paragraph is amended as follows:
 - a. Excluded from the provisions of this Paragraph shall be a transfer to HUD or to a transferee of HUD, provided that in the event of such transfer by Borrower (other than in the event of foreclosure), HUD or such transferee notifies Lender of its intent to acquire Borrower's interest in the subject Property, and HUD or such transferee expressly agrees to assume Borrower's obligations under the Loan documents, including compliance with the Affordable Housing Program ("AH") Covenants.
 - b. This Mortgage is subordinate to a first Mortgage made by Borrower in favor of the Secretary of HUD ("Secretary") recorded November 20, 2001 in Cook County, Illinois as Document No. 0011094485 securing a Capital Advance made by the Secretary pursuant to the Section 202 program, ("HUD Deed of Trust"), and to a HUD Regulatory Agreement and HUD Capital Advance Program Use Agreement ("HUD Use Agreement") between Mortgagor and the Secretary, with respect to the Property referred to herein.
 - c. During the period the HUD Deed of Trust, HUD Regulatory Agreement and HUD Use Agreement are in effect, except as otherwise provided in this Rider, no default under this Mortgage may be declared without prior written approval of the Secretary, as applicable including, but not limited to, Lender's rights in the event of Borrower's

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default set forth in Paragraph(s) 15 and 18 in this Mortgage pertaining to acceleration of payment in the event of Borrower's default of this Mortgage (which approval shall not be unreasonably withheld).

- d. In the event that during the Period the HUD Deed of Trust, HUD Regulatory Agreement and HUD Use Agreement are in effect, the Secretary acquires title to the Property by foreclosure, the lien of this Mortgage shall automatically terminate.
- e. In the event Borrower defaults under the HUD Deed of Trust, HUD Regulatory Agreement or HUD Use Agreement, HUD shall give written notice thereof to Lender at the following address: LaSalle Bank, N.A., 135 South LaSalle Street, Suite 1225, Chicago, Illinois 60603. The notice shall specify the nature of the violation and the agreement violated.
- f. This Mortgage shall not be modified during the Period the HUD Deed of Trust, HUD Regulatory Agreement, HUD Use Agreement are in effect without the prior written approval of the Secretary.
- g. During the period the HUD Deed of Trust, HUD Regulatory Agreement and HUD Use Agreement are in effect, in the event of any conflict between any provisions of this Mortgage and 12 U.S.C. § 1701q, HUD regulations, or the HUD Regulatory Agreement, shall be deemed amended to comply with said statute, HUD regulations and HUD Regulatory Agreement, except as follows:
 - (i) Notwithstanding any term or condition to the contrary in this Rider, Lender shall not declare a default hereunder, or foreclose this Mortgage, either by judicial action or under the power of sale herein granted, without the prior written approval of the Secretary (which approval shall not be unreasonably withheld) for so long as the HUD Capital Advance evidenced by a first Mortgage remains outstanding; **provided, however,** that in the event the Loan secured hereby is not used in compliance with the AHP Application or the AHP Covenants, due to an action or omission of Borrower, which Borrower has failed to cure, then Lender may, after then (10) days prior written notice to HUD and Borrower, declare all amounts due hereunder due and payable. In such event, and pursuant to Paragraph 5(c) of the HUD Regulatory Agreement by and between HUD and Borrower, dated November 1, 2001, recorded November 20, 2001 in Cook County, Illinois as Document No. 0011094486, HUD shall approve payments to be made by Borrower to Lender from Residual Receipts (as such term is defined in Paragraph 17(g) of the HUD Regulatory Agreement) of the Project, if and to the extent Residual Receipts are available as determined by the HUD Multifamily Hub or Multifamily Program Center Director. As used in Paragraph 17(g)(1)(ii) of the HUD Regulatory Agreement, the term "obligations" shall not include any non-HUD sources of financing.

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(ii) Borrower shall comply with the AHP Covenants and all other requirements of the Federal Home Loan Bank of Chicago and the Federal Housing Finance Board relating to the AHP, and shall also comply with the requirements of HUD with respect to the development and operation of the Project. Notwithstanding Borrower's compliance with the requirements of HUD, in the event that Borrower's acts or omissions result in noncompliance with the AHP Application or the AHP Covenants, then Borrower shall, to the extent possible, eliminate the circumstances of noncompliance by requesting a modification of the terms of the AHP Application pursuant to 12 C.F.R. §§ 960.7 or 960.9, as applicable. If the circumstances of any noncompliance by Borrower with the AHP Application or the AHP Covenants cannot be, or are not, eliminated by a modification or cured within a reasonable period of time, then the provisions hereof, including notice of noncompliance and repayment of the Loan secured by this Mortgage, shall apply. All capitalized terms used in this Paragraph 1g. and not defined in this Rider or the Note shall be as defined in the Federal Home Loan Bank of Chicago Subsidy Agreement by and among the Federal Home Loan Bank of Chicago, Lender and Borrower, dated July 5, 2001 with an attachment dated July 6, 2001.

h. Approval by the Secretary of a Transfer of Physical Assets ("TPA") of the Project referred to in the Note secured by this Mortgage shall constitute approval of the TPA by Lender, provided that prior written notice of the TPA is given to Lender and the transferee expressly assumes all of Borrower's obligations under the Loan documents and AHP Covenants.

2. Retention Agreement. Borrower agrees as follows:

(i) The Property's rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in the AHP Application for the duration of the retention period (as defined in the AHP Covenants).

(ii) Lender will be given notice of any transfer or refinancing of the Property occurring prior to the end of the retention period.

(iii) In the case of a transfer or refinancing of the Property prior to the end of the retention period, an amount equal to the Loan Amount shall be repaid to the Federal Home Loan Bank of Chicago, unless the Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the AHP Application for the duration of the retention period.

(iv) The income-eligibility and affordability restrictions applicable to the Property pursuant to the AHP Covenants terminate after any foreclosure.

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IN WITNESS WHEREOF, Borrower and Lender (and HUD by indicating its approval) have executed this Rider as follows:

SPONSOR:

BETHEL NEW LIFE, INC.

By: *Mary Helme*
Its: *President*

BORROWER:

BETH-ANNE EXTENDED LIVING

By: *Step Muller*
Its: *Chief Operating Officer*

Date: _____

LENDER:

LASALLE BANK NATIONAL ASSOCIATION

By: *Lehalda Luis Gay*
Its: *First Vice President*

Date: *March 14, 2002*

Approved:

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: *M. O. [Signature]*
Its: _____

Date: *3/15/02*

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