



Prepared by and Return to:

Kris E. Curran, Esq.
Ungaretti & Harris
3500 Three First National Plaza
Chicago, Illinois 60602

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MORTGAGE AND SECURITY AGREEMENT

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THIS MORTGAGE SECURITY AGREEMENT (hereinafter referred to as the "Mortgage") is made as of the 1st day of August, 2002, by KATLAW TRETAM & COMPANY, LLC, a Delaware limited liability company, whose address is set forth below, (hereinafter referred to as "Mortgagor"), in favor of LASALLE BANK NATIONAL ASSOCIATION, whose address is set forth below (hereinafter referred to as "Mortgagee").

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 and Terms: That certain Mortgage Note (the "Note") of even date herewith made by Mortgagor payable to the order of Mortgagee in the maximum principal amount of One Million and No/100ths Dollars (\$1,000,000.00). The Note bears interest at the Mortgagee's Prime Rate (as defined in the Note) in effect from time to time, except for such Interest Periods during which Mortgagor may elect to institute the LIBOR Rate (as defined in the Note), during which Interest Period(s) interest shall accrue at the LIBOR Rate established for such Interest Period(s) under the terms of the interest rate or rates specified in the Note. 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. 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 April 1, 2005 (hereinafter referred to as the "Maturity Date"); and

(b) Reimbursement Agreement: That certain Reimbursement and Security Agreement dated of even date herewith between Mortgagor and Mortgagee (the "Reimbursement Agreement"), pursuant to which Mortgagor has requested that Mortgagee

issue its irrevocable transferable direct pay letter of credit in the amount of Four Million Seven Hundred Sixty Nine Thousand Five Hundred Thirty Five Dollars (\$4,769,535.00) (the "Letter of Credit") as security for the payment of those certain \$4,700,000.00 Variable Rate Demand Industrial Development Revenue Bonds (the "Bonds") issued by Illinois Development Finance Authority (Katlaw Tretham & Company, LLC Project) Series 2002 ("Issuer") pursuant to a certain Indenture of Trust dated as of August 1, 2002 between Issuer and LaSalle Bank National Association, as Trustee ("Trustee"). The obligations of Mortgagor to Mortgagee under the Reimbursement Agreement, to the extent not performed and satisfied in full beforehand, shall mature and become due and payable in full on the Maturity Date.

(f) 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 (1) the Note and (2) the Reimbursement Agreement, together with any and all amounts due under the terms of this Mortgage or any of 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.

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):

(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: 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, including specifically, but without limitation, the existing masonry brick and concrete block single story light manufacturing structures located at 1950 and 1980 Hawthorne Avenue and 3215 West North Avenue, all in Melrose Park, Illinois and containing approximately 200,130 square feet of floor area, in the aggregate.

(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, including, without limitation any contracts for labor or materials, purchase orders, service contracts, and all rights, privileges, authority and benefits thereunder (but under no circumstances any liabilities, obligations or responsibilities thereunder).

(d) Default Rate: The lesser of: (i) the interest rate of Five Percent (5%) per annum in excess of the Prime Rate (as defined in the Note and Reimbursement Agreement), or (ii) the highest rate allowed to be charged or collected under applicable law.

(e) Equipment: Any and all equipment or machinery now or hereafter owned by Mortgagor, whether located upon the Real Estate or elsewhere, including, without limitation, any and all machinery and equipment purchased or to be purchased utilizing Bond revenues.

(e) Event of Default: The occurrences defined in Article 8 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) Impositions: All (i) general and special real estate and personal property taxes and other land taxes and assessments, and (ii) other taxes, assessments, fees and governmental charges levied, imposed or assessed upon or against Mortgagor in connection with the Mortgaged Property.

(i) 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, including, without limitation the Real Estate and Improvements and the Equipment 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).

(j) Legal Requirements: The terms, covenants, conditions and restrictions now or hereafter existing to which Mortgagor may be bound or to which the Mortgaged Property is subject under 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.

(l) Loan Documents: The Note, the Reimbursement Agreement, this Mortgage, the Assignment of Leases and Rents made by Mortgagor to Mortgagee of even date herewith, the Environmental Indemnity Agreement made by Mortgagor to Mortgagee 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.

(m) Mortgaged Property: The Real Estate, Buildings, Equipment, 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 anywise 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.

(n) Mortgagee: LaSalle Bank N.A., and its successors and assigns and the holders, from time to time, of the Note.

(o) Mortgagee's Address: 135 South LaSalle Street, Chicago, Illinois 60603, Attention: Richard J. Feller, Senior Vice President, Commercial Lending.

(p) Mortgagor: Katlaw Tretam & Company, LLC, a Delaware limited liability company.

(q) Mortgagor's Address: c/o Peerless Industries, Inc., 1980 Hawthorne Avenue, Melrose Park, Illinois 60160 Attention: President.

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

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

(t) 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 or purchasers 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.

(u) 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 and commonly known as 1950 and 1980 Hawthorne and 3215 West North Avenue, all in Melrose Park, Illinois.

(v) 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.

(w) Self Administered Amount. Any contract, lease, purchase, award or similar undertaking or agreement which involves less than \$100,000 in any single calendar year.

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 and the covenants and agreements of Mortgagor under the Note, the Reimbursement Agreement and the other Loan Documents, 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 by executing and delivering this Mortgage, 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 AND RENTS

4.1 Assignment of Rents, Leases 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.

Article 5

SECURITY AGREEMENT

5.1 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 Equipment, 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 Equipment, Personalty, Fixtures, Leases and Rents (hereinafter referred to as the "Collateral") to secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations.

5.2 Financing Statement: This Mortgage is intended to be a financing statement within the purview of the Uniform Commercial Code with respect to the Equipment, 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 agrees with Mortgagee that Mortgagee shall be and is hereby authorized by Mortgagor to prepare and file, without the necessity of a signature thereon by Mortgagor, any Financing Statements, in form, scope and substance satisfactory to Mortgagee, and any and all renewals or extensions of said Security Agreement or Financing Statements and such

additional Security Agreements or Financing Statements and such further assurances as Mortgagee may, from time to time, consider necessary 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.

{End of Article 5; Balance of this Page 8 intentionally Blank;
Article 6 commences on Page 9 immediately following}

Property of Cook County Clerk's Office

Article 6

REPRESENTATIONS AND WARRANTIES

Mortgagor hereby represents and warrants to Mortgagee that, to the best of Mortgagor's knowledge, as of the date hereof:

6.1 Organization, Authority, etc. Mortgagor (a) is duly organized, validly existing and in good standing under the laws of the state of Delaware and is qualified to do business and are in good standing in every jurisdiction in which the nature of its 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 its properties and to carry on their businesses as now being conducted; and (c) is in material compliance with all laws, regulations, ordinances and orders of public authorities applicable to them.

6.2 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) have been duly authorized by all requisite legal action required of Mortgagor; (iii) has received all necessary governmental approvals; (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.

6.3. 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, except for permits and approvals necessary for the completion of the Project (as hereinafter defined), which Borrower shall obtain in a timely manner as necessary to perform the Project work.

6.4 Zoning. The Mortgaged Property is duly and validly zoned as to permit the use, occupancy and operation of the Mortgaged Property for Mortgagor's business conducted therein, 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 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.

6.5 Utilities. All utility services necessary and sufficient for the full use, occupancy and operation of the Mortgaged Property have heretofore been installed in the rights of way adjacent to, and are currently servicing the Mortgaged Property.

6.6 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.

6.7 Condition of Mortgaged Property. The Buildings, are in good 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.

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

6.9 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.

6.10 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.

6.11 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.

6.12 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 7

COVENANTS

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

7.1 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, the Reimbursement Agreement, 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.

7.2 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.

7.3 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.

7.4 Repair. Mortgagor will keep the Mortgaged Property in good 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 reasonably 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 additions or alterations to the Mortgaged Property. Mortgagor hereby acknowledges and consents to Mortgagor's intended construction project which will, among other things, connect the 1950 Hawthorne Building with the 3215 W. North Avenue Building, all as more particularly described in Exhibit C attached hereto (the "Project").

7.5 Management, Leasing and Operation. Mortgagor or its affiliate Peerless Industries, Inc. shall self manage the Mortgaged Property or 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 high quality buildings. In the event Mortgagor or its affiliate Peerless Industries, Inc. shall not self manage the Mortgaged Property, 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, at Mortgagee's option, be subject to approval by Mortgagee, which shall not be unreasonably withheld.

7.6 Insurance. Mortgagor shall procure for, deliver to and maintain for the benefit of Mortgagee during the term of this Mortgage, all insurance required by Mortgagee including, without limitation, (a) during any period of construction on the Mortgaged Property, a so-called Builder's Risk-All-Risk fire and casualty insurance (completed value form) and, after completion of the Mortgaged Property a policy or policies insuring the Mortgaged Property against loss or damage by fire, explosion, windstorm, hail, tornado, all other perils insured against under "extended coverage" or "all risk" policies and such other hazards and such other or additional coverage as from time to time may be reasonably required by Mortgagee for One Hundred Percent (100%) of the full insurable value of the Mortgaged Property (but in no event less than the principal amount of the Note), including a replacement cost coverage endorsement without deduction for depreciation; (b) 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 an amount not less than \$5,000,000 for any one occurrence and not less than \$1,000,000 for property damage, with such risks insured and with such waiver of subrogation clauses and any other terms as may be reasonably required by Mortgagee; and (c) Worker's Compensation insurance in required statutory amounts. Mortgagor shall deliver to the Mortgagee the policies evidencing such insurance or duly signed certificates thereof (binders are unacceptable) 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. Notwithstanding anything herein to the contrary, all policies required of Mortgagor by Mortgagee shall be written in amounts and with companies 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 be maintained throughout the term of this Mortgage without cost to Mortgagee; and shall contain such provisions as Mortgagee reasonably 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.

7.7 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, except that if no Event of Default exists at the time of the casualty, Mortgagor shall be authorized to adjust and collect and receive any proceeds from a loss equal to or less than the Self Administered Amount. 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 in an amount in excess of \$500,000 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, 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), unless (a) at the time of the damage or destruction there exists no Event of Default, (b) the casualty does not result in any tenant (other than subtenant Henry Technologies Inc.) of the Mortgaged Property having the right to terminate its lease (or such tenant waives such right), (c) during the period of repair or replacement of the

Mortgaged Property there is no abatement of rents under any lease (or Mortgagor shall have rent loss insurance in effect covering any rents that may abate as a result of such damage or destruction), and (d) Mortgagor reasonably demonstrates to Mortgagee that it can, with the use of said insurance proceeds, timely undertake and complete the repair and restoration of the Mortgaged Property prior to the Maturity Date hereof. To the extent insurance proceeds are made available for restoration or repair of the Mortgaged Property as aforesaid, Mortgagor covenants it shall timely commence and complete the repair or restoration utilizing the said proceeds for that purpose in accordance with the provisions of Paragraph 7.8 below. 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 insufficient to pay such amount in full, then Mortgagee shall have the right and option to declare the entire balance of the Indebtedness remaining unpaid to be immediately due and payable, without liability of Mortgagor for any prepayment fee or penalty.

7.8 Application of Insurance Proceeds to Repair. In the event that the proceeds of such insurance are applied to repair or replacement of the Mortgaged Property, any such proceeds held by the Mortgagee for repairs or replacements shall be held by Mortgagee or, if Mortgagee elects, in its sole discretion, with a title insurance company or escrow agent designated by Mortgagee, upon such commercially reasonable 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 reasonable judgment to complete such repairs or rebuilding. 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.

7.9 Condemnation Proceeds. All Awards shall be paid to the Mortgagee (except that if no Event of Default exists at the time of the condemnation, Mortgagor shall be authorized to collect and receive any Award from a condemnation equal to or less than the Self Administered Amount) and, after deducting from said Awards all of its expenses in the collection and administration of said sums, Mortgagee shall have the right to apply the net Award 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), unless (a) at the time of the Award there exists no Event of Default, (b) the condemnation does not result in any tenant (other than subtenant Henry Technologies Inc.) of the Mortgaged Property having the right to terminate its lease (or such tenant waives such right), (c) during the period of repair or replacement of the Mortgaged Property there is no abatement of rents under any lease, and (d) Mortgagor reasonably demonstrates to Mortgagee that it can, with the use of said Award proceeds, timely undertake and complete the repair and restoration of the Mortgaged Property prior to the Maturity Date hereof. To the extent any Award

are made available for restoration or repair of the Mortgaged Property as aforesaid, Mortgagor covenants it shall timely commence and complete the repair or restoration utilizing the said proceeds for that purpose in accordance with the provisions of Paragraph 7.8 above. If Mortgagee apply such Award 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, Mortgagee shall have the right and option to declare the entire balance of the Indebtedness remaining unpaid to be immediately due and payable, without liability of Mortgagor for any prepayment fee or penalty. Mortgagor agrees to execute such further assignments of all Awards and claims, rights and proceedings in connection therewith as Mortgagee may request up to the maximum amount of the Obligations. 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.

7.10 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.

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

7.12 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, except to the extent attributable to the negligence of Mortgagee.

7.13 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), and all such books and records shall, upon five (5) days' prior written notice, be subject to inspection by the Mortgagee and its representatives.

7.14 Environmental Compliance. The Mortgagor shall comply or enforce compliance 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.

7.15 Deposits For Real Estate Taxes and Other Impositions. Upon written demand of Mortgagee given at any time after an Event of Default hereunder, Mortgagor shall pay to Mortgagee, 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. In addition, following an Event of Default hereunder, Mortgagor shall also pay to Mortgagee such additional amounts, to be determined by Mortgagee from time to time, as will provide a sufficient

fund prior to the due dates of the next installment of such Impositions for payment of such Impositions together with, at all times, a reserve equal to two (2) monthly deposits. Provided no Event of Default exists hereunder, amounts held by Mortgagee pursuant to this Paragraph shall be made available to Mortgagor in sufficient time to allow Mortgagor to satisfy Mortgagor's obligations under the Loan Documents to pay Impositions. Upon an Event of Default under this Mortgage, 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. At any time subsequent to the occurrence of an Event of Default (whether or not the same is subsequently cured), Mortgagee shall have the right and option, upon written notice to Mortgagor, to also require Mortgagor to make like deposits to provide a similar fund for the payment of premiums on the insurance policies herein required as the same become due.

7.16 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 (whether mechanics, judgment, tax, statutory, contractual or other) 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. 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 or bonded over or insured against to the reasonable satisfaction of Mortgagee within thirty (30) days of when asserted, made or filed.

7.17 Restrictions on Transfer and Financing. For the purpose of protecting Mortgagee's security, 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, which consent shall be in Mortgagee's sole discretion, shall be an Event of Default hereunder.

For the purpose of this paragraph 7.17 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 the grant of a security interest in, any ownership interest in Mortgagor.

provided, however, that one or more transfers of the membership interests in Mortgagor shall be permitted so long as after giving effect to such transfers Walter S. Snodell, his wife, descendants and one or more trusts for the primary benefit of any of them hold at least seventy five percent (75%) of the membership interests and equity of Mortgagor and control Mortgagor. For the purpose hereof, the terms "control" or "controlling" shall mean the possession of the power to direct, or cause the direction of, the management and policies of the Mortgagor by contract or voting of membership interests.

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 7.17 shall not constitute a consent to, or waiver of any right, remedy, or power of the Mortgagee upon a subsequent Event of Default under this paragraph 7.17.

7.18 Existence. Mortgagor will preserve and keep in full force and effect its legal existence, rights, franchises and trade names.

7.19 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 in violation of any applicable laws; (b) constitute a public or private nuisance; (c) make void, voidable or cancelable, or materially increase the premium of, any insurance then in force with respect thereto; or (d) alter the use and occupancy of the Mortgaged Property from that intended by the terms of the Loan Documents. 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.

7.20 Alterations. Except for the Project or any alteration costing less than the Self Administered Amount, 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. 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.

7.21 Replacement of Fixtures and Personality. Except in connection with the Project, and contracts or commitments in or less than the Self Administered Amount, 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 permitted under the Loan Documents.

7.22 Restoration Following Any Casualty. If any act or occurrence of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, 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.

7.23 Tax on the Indebtedness. In the event of the enactment, after the date of this Mortgage, of any law of any State 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 accelerate the Maturity Date of all of the Indebtedness secured hereby, whereupon the Indebtedness become due and payable within sixty (60) 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.

7.24. Compliance with Loan Document Terms. Mortgagee shall faithfully and timely comply with each and every of the covenants and agreements contained in the Loan Documents.

7.25. Peerless Lease/Debt Service Coverage. Mortgagor shall at all times keep in full force and effect a Lease or Leases of the Mortgaged Property with Peerless Industries, Inc. ("Peerless Lease"), which Peerless Lease shall be subordinate to this Mortgage in all respects. Mortgagor's revenues received from the Peerless Lease in each calendar year ending hereafter shall (together with contributions received by Mortgagor from its members in such calendar year) equal or exceed the sum of Mortgagor's cash expenses (excluding depreciation and amortization) related to such leases paid during such calendar year, distributions paid to its owners during such calendar year, and principal and interest paid pursuant to the Note or the Reimbursement Agreement during such calendar year. Notwithstanding the foregoing, it is acknowledged by Mortgagee's that upon Mortgagor's acquisition of title to the 3215 West North Avenue Building, the seller thereof will retain possession of a portion of that building under a sublease with Mortgagor ("Seller Lease") which shall be permitted by Mortgagee.

Article 8

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 Mortgagee and without any grace period unless otherwise expressly set forth herein.

8.1 Payment of Indebtedness. If Mortgagee shall fail, refuse or neglect to pay in full any installment or payment under the Note or under the Reimbursement Agreement, whether of principal, interest or any other amount, as and when the same shall become due and payable under the Note or Reimbursement Agreement, as the case may be, and such default is not cured within the grace or cure period, if any, allowed for curing same under the Note or Reimbursement Agreement, as applicable; or if Mortgagee shall fail, refuse or neglect to pay in full the entire amount owing under the Note on the applicable Maturity Date, or by acceleration, notice of prepayment or otherwise.

8.2. Performance of Obligations. If Mortgagee shall fail, refuse or neglect to perform and discharge fully any of the terms, covenants or conditions as and when required under this Mortgage and such failure, refusal or neglect shall either be incurable or, if curable, shall remain uncured (a) for a period of fifteen (15) days after any applicable payment date, in the case of monetary defaults other than monetary defaults under the Note and Reimbursement Agreement referred to in Section 8.1 above, or (b) for a period of thirty (30) days after written notice thereof from Mortgagee to Mortgagee in the case of any non-monetary defaults (unless, in either case, a shorter cure or grace period is specifically set forth with respect to any particular provision hereof); provided, however, that such cure period shall be extended to sixty (60) days following written notice if (i) the default is not reasonably susceptible of cure within thirty (30) days, (ii) Mortgagee commences to implement a cure of such default within the thirty (30) day period and (iii) Mortgagee diligently prosecutes such cure to completion within such extended period.

8.3 Event of Default Under the Other Loan Documents. If any "Event of Default" (as defined in the particular Loan Document) shall occur under the provisions of the Note, Reimbursement Agreement or any other Loan Document.

8.4 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.

8.5 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 Mortgagee fails to deposit with Mortgagee the deficiency upon written request.

8.6 False Representation. If any representation or warranty made by Mortgagor under or pursuant to the Loan Documents shall be false or misleading in any respect on or at any time after the date when made or if any inaccuracy shall exist in any of the financial statements, operating information or other information furnished to Mortgagee in connection with the Loan Documents.

8.7 Failure to Obtain Mortgagee's Consent to Transfer or Financing. If Mortgagor shall make any unpermitted transfer or financing in violation of Paragraphs 7.17 hereof.

8.8 Liens. If any liens (mechanics, judgment or otherwise) are recorded, filed or otherwise asserted against title to the Mortgaged Property or any part thereof and the same are not released or insured over or bonded against to the reasonable satisfaction of Lender within thirty (30) days of when recorded, filed or otherwise asserted.

8.9 Other Indebtedness. If Mortgagor shall default in the due and punctual performance of any covenants, conditions, warranties, representations or other obligations, including, without limitation, the repayment of indebtedness, under any documents or instruments evidencing or securing any other indebtedness owed by any of them to Mortgagee and shall fail to cure such default within the applicable cure or grace period, if any.

8.10 Related Indebtedness/Cross Default. If Peerless Industries, Inc., an Illinois corporation ("Peerless") shall default under any payment or other obligation to Mortgagor under the terms of that certain Revolving Credit Loan and Security Agreement of even date herewith (the "Peerless Loan Agreement") and shall fail to cure such default within the time period, if any, permitted for the curing of same under the Peerless Loan Agreement (a "Peerless Default"), then, at the sole option of Mortgagee and immediately upon notice to Mortgagor, such Peerless Default shall constitute an Event of Default hereunder.

Article 9

DEFAULT AND FORECLOSURE

9.1 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:

9.1.1 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.

9.1.2 Receiver. Apply at any time to a court having jurisdiction for the appointment of a receiver of the Mortgaged Property; 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.

9.1.3 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.

9.1.4 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 sale 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 then in effect. Nothing contained in this Section 9.1.4 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.

9.1.5. 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.

9.1.6 Sale of Collateral. Mortgagee, in addition to its other rights and remedies provided under this Mortgage, shall have all the rights and remedies available to a secured party under the Uniform Commercial Code as well as all other rights and remedies available at law or in equity. Mortgagor upon request by Mortgagee, will assemble the Collateral and make it available to Mortgagee, at a place Mortgagee designates to allow Mortgagee to take possession or dispose of the Collateral. Mortgagor agrees that ten (10) days' prior written notice of the time and place of the sale of the Collateral, sent to Mortgagor in the manner provided for the mailing

of notices herein, is reasonable notice to Mortgagor. The sale of the Collateral may be conducted by an employee or agent of Mortgagee and any Person, including both the Mortgagor and Mortgagee, shall be eligible to purchase any part or all of the Collateral at the sale. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Mortgagee shall include, but not be limited to, attorneys' and paralegals' fees and legal expenses incurred by Mortgagee, and shall be paid by Mortgagor.

9.1.7. 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.

9.2 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 9.1.3 hereof or appointment of a receiver pursuant to Paragraph 9.1.2 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.

9.3 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.

9.4 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, appraisal, 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 marshalled upon any foreclosure of the lien hereof.

9.5 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 Notes; and
- (c) to the payment of the balance of the Indebtedness.

9.6 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.

9.7 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 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.

9.8 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 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 10

MISCELLANEOUS

10.1 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 aggregate of the face amount of the Note and the face amount of the Letter of Credit issued pursuant to the Reimbursement Agreement.

10.2 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.

10.3 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.

10.4 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 personal or messenger delivery, by overnight courier service or if sent by first class U.S. mail, postage prepaid, return receipt requested, 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 Mortgagor, with a copy to Foley & Lardner, 70 West Madison Street, Suite 4300, Chicago, Illinois 60602, Attention William McMaster, Esq., and if to Mortgagee, with copy to Ungaretti & Harris, 3500 Three First National Plaza, Chicago, Illinois 60602, Attention: Raymond Fricke, Esq. Notice so sent shall be effective (a) one (1) business day after deposit with an nationally recognized overnight messenger service (such as Federal Express, Airborne Express or UPS), (b) four (4) days after deposit in the U.S. mail, if mailed as provided above, and (c) upon delivery to the appropriate address, if made by personal delivery or prepaid messenger, in each case, a notice so sent shall be effective whether or not receipt thereof by any of those means is acknowledged or is refused by the

addressee or any person at such address. Any party may designate a change of address by written notice to the other.

10.5 Mortgagee's Right to Perform the Obligations. If Mortgagor fails to make any payment or perform any act required by the Note, the Reimbursement Agreement or the other Loan Documents 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.

10.6 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.

10.7 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.

10.8 Subrogation. If the proceeds of the Note are utilized in whole or in part to pay off any existing lien against the Mortgaged Property 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.

10.9 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 Notes and secured by this Mortgage, regardless of whether the same may cause the Indebtedness secured hereby to exceed the face amount of the Notes, 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.

10.10 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 Notes 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 Notes 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 Notes (or, if the Notes have been paid in full, refunded to Mortgagor), and the provisions of the Notes 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.

10.11 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 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 10.11 shall in no way be construed to imply any consent by Mortgagee to any unpermitted transfer as set forth herein.

10.12 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 Notes, 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.

10.13 Applicable Law. THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS (WITHOUT GIVING EFFECT TO ILLINOIS' PRINCIPLES OF CONFLICTS OF LAW),

EXCEPT TO THE EXTENT THAT THE LAWS OF THE UNITED STATES OF AMERICA AND ANY RULES, REGULATIONS, OR ORDERS ISSUED OR PROMULGATED THEREUNDER, APPLICABLE TO THE AFFAIRS AND TRANSACTIONS ENTERED INTO BY ASSIGNEE, OTHERWISE PREEMPT ILLINOIS LAW; IN WHICH EVENT SUCH FEDERAL LAW SHALL CONTROL. MORTGAGOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY ILLINOIS OF FEDERAL COURT SITTING IN CHICAGO, ILLINOIS OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS.

10.14 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 Notes 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.

10.15 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.

10.16 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.

10.17 Release Upon Payment and Discharge of Mortgagor's Obligations: If Mortgagor shall fully pay all principal and interest on the Notes 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

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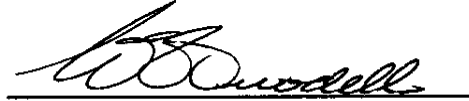
20977716

this 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.

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

KATLAW TRETAM & COMPANY, LLC,
a Delaware limited liability company

By:



Name: W. S. SNODELL

Title: MEMBER

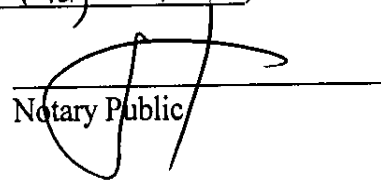
Property of Cook County Clerk's Office

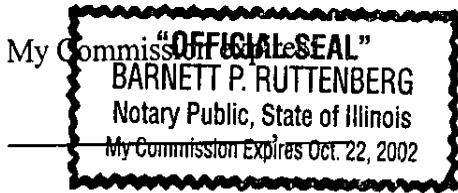
MORTGAGOR'S ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Bunnett Rutenbergy, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that, W.S. Swadell, the Member of KATLAW TRETAM & COMPANY, LLC, a Delaware limited liability, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer 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 corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 27 day of August, 2002.


Notary Public



This instrument was prepared by and after recording should be mailed to:

Kris E. Curran, Esq.
Coffield Ungaretti & Harris
3500 Three First National Plaza
Chicago, Illinois 60602

UNOFFICIAL COPY

20077716

EXHIBIT A

Legal Description

PARCEL 1:

THAT PART OF THE EAST 230 FEET OF THE WEST 414.10 FEET OF THE SOUTHEAST FRACTIONAL 1/4 NORTH OF THE INDIAN BOUNDARY LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE WEST 414.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33 WHICH IS 765.20 FEET NORTH OF THE NORTH LINE OF NORTH AVENUE AS DEDICATED; THENCE WEST AT RIGHT ANGLES TO SAID EAST LINE OF THE WEST 414.10 FEET, A DISTANCE OF 212 FEET; THENCE NORTH AT RIGHT ANGLES TO THE LAST DESCRIBED LINE 30 FEET; THENCE NORTHWESTERLY 170.95 FEET TO A POINT ON THE EAST LINE OF THE WEST 184.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33 WHICH IS 200 FEET NORTH OF THE SOUTH LINE OF THE LAND HEREWITH DESCRIBED EXTENDED WEST, THENCE NORTH ALONG THE EAST LINE OF THE AFORESAID WEST 184.10 FEET A DISTANCE OF 161.45 FEET; THENCE SOUTHEASTERLY A DISTANCE OF 202.38 FEET TO A POINT 205.41 FEET E/ST OF THE WEST LINE OF THE SOUTHEAST FRACTIONAL QUARTER OF SECTION 33 AFORESAID WHICH IS 160.20 FEET NORTH OF THE SOUTH LINE OF THE LAND HEREWITH DESCRIBED; THENCE EAST PARALLEL TO SAID SOUTH LINE 208.69 FEET; THENCE SOUTH 160.20 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF THE EAST 230 FEET OF THE WEST 414.10 FEET OF THE SOUTHEAST FRACTIONAL 1/4 NORTH OF THE INDIAN BOUNDARY LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE WEST 414.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33, WHICH IS 925.40 FEET NORTH OF THE NORTH LINE OF NORTH AVENUE AS DEDICATED; THENCE WEST AT RIGHT ANGLES TO SAID EAST LINE OF SAID WEST 414.10 FEET A DISTANCE OF 208.69 FEET; THENCE NORTHWESTERLY 202.38 FEET TO A POINT ON THE EAST LINE OF THE WEST 184.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33 WHICH IS 201.25 FEET NORTH OF THE SOUTH LINE OF THE LAND HEREWITH DESCRIBED EXTENDED WEST; THENCE NORTH ALONG THE EAST LINE OF THE AFORESAID WEST 184.10 FEET A DISTANCE OF 248.35 FEET; THENCE SOUTHEASTERLY 170.95 FEET TO A POINT ON THE EAST LINE OF THE WEST 202.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33 WHICH IS 279.60 FEET NORTH OF THE SOUTH LINE OF LAND HEREWITH DESCRIBED; THENCE SOUTH ALONG THE EAST LINE OF THE AFORESAID WEST 202.10 FEET A DISTANCE OF 30 FEET; THENCE EAST PARALLEL WITH THE SOUTH LINE OF THE LAND DESCRIBED 212 FEET; THENCE SOUTH 249.60 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THAT PART OF THE EAST 230 FEET OF THE WEST 414.10 FEET OF THE SOUTHEAST FRACTIONAL 1/4 NORTH OF THE INDIAN BOUNDARY LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE WEST 414.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33 WHICH IS 795.20 FEET NORTH OF THE NORTH LINE OF NORTH AVENUE AS DEDICATED; THENCE WEST AT RIGHT ANGLES TO SAID EAST LINE OF THE WEST 414.10 FEET A DISTANCE OF 212 FEET; THENCE NORTHWESTERLY 170.95 FEET TO A POINT ON THE EAST LINE OF THE WEST 184.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33, WHICH IS 170 FEET NORTH OF THE LAST DESCRIBED COURSE, FOR THE POINT OF BEGINNING OF THE TRACT OF LAND TO BE CONVEYED; THENCE SOUTHEASTERLY ON THE LAST DESCRIBED COURSE FOR A DISTANCE OF 113.7 FEET; THENCE WEST .7 FEET; THENCE NORTHWESTERLY PARALLEL TO THE FIRST DESCRIBED COURSE, TO ITS INTERSECTION WITH THE EAST LINE OF THE WEST 184.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL 1/4 OF SECTION 33; THENCE NORTH ALONG THE EAST LINE OF SAID WEST 184.10 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 4:

THAT PART OF THE EAST 230 FEET OF THE WEST 414.10 FEET OF THE SOUTHEAST FRACTIONAL QUARTER NORTH OF INDIAN BOUNDARY LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE EAST LINE OF THE WEST 414.10 FEET OF AFORESAID SOUTHEAST FRACTIONAL QUARTER OF SECTION 33 WHICH IS 435 FEET NORTH OF NORTH LINE OF NORTH AVENUE AS DEDICATED; THENCE WEST AT RIGHT ANGLES TO SAID EAST LINE OF SAID WEST 414.10 FEET A DISTANCE OF 230 FEET; THENCE NORTH AT RIGHT ANGLES 530.20 FEET; THENCE SOUTHEASTERLY 170.95 FEET TO A POINT ON THE EAST LINE OF THE WEST 202.10 FEET OF AFORESAID SOUTHEAST FRACTIONAL QUARTER OF SECTION 33 WHICH IS 360.20 FEET NORTH OF SOUTH LINE OF PREMISES HEREWITH DESCRIBED; THENCE SOUTH ALONG SAID LINE 30 FEET; THENCE EAST AT RIGHT ANGLES 212 FEET; THENCE SOUTH 300.20 FEET TO A POINT OF BEGINNING (EXCEPT THAT PART OF THE EAST 230 FEET OF THE WEST 414.10 FEET OF THE SOUTHEAST FRACTIONAL QUARTER NORTH OF THE INDIAN BOUNDARY LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE EAST LINE OF THE WEST 414.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL QUARTER OF SECTION 33, WHICH IS 795.20 FEET NORTH OF THE NORTH LINE OF NORTH AVENUE AS DEDICATED; THENCE WEST AT RIGHT ANGLES TO SAID EAST LINE OF THE WEST 414.10 FEET A DISTANCE OF 212 FEET; THENCE NORTHWESTERLY 170.95 FEET TO A POINT ON THE EAST LINE OF THE WEST 184.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL QUARTER OF SECTION 33, WHICH IS 170 FEET NORTH OF THE LAST DESCRIBED COURSE, FOR THE POINT OF BEGINNING OF THE TRACT LAND TO BE EXCEPTED; THENCE SOUTHEASTERLY ON THE LAST DESCRIBED COURSE FOR A DISTANCE OF 113.7 FEET; THENCE WEST 0.7 FEET; THENCE NORTHWESTERLY PARALLEL TO THE FIRST DESCRIBED COURSE, TO THE INTERSECTION WITH THE EAST LINE OF THE WEST 184.10 FEET OF THE AFORESAID SOUTHEAST FRACTIONAL QUARTER OF SECTION 33; THENCE NORTH ALONG THE EAST LINE OF SAID WEST 184.10 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 5:

THAT PART OF THE SOUTH 1/2 OF SECTION 33, TOWNSHIP 40 NORTH RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE A POINT 273.49 FEET WEST OF THE EAST LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 33 AND ON THE NORTH LINE OF NORTH AVENUE PER DOCUMENT 102988763; THENCE NORTH ALONG A LINE 90 DEGREES 30 MINUTES 56 SECONDS AS MEASURED COUNTER-CLOCKWISE FROM THE NORTH LINE OF NORTH AVENUE, 192.49 FEET TO THE SOUTH LINE OF THE NORTH 80 ACRES OF THE FOLLOWING DESCRIBED PROPERTY, TO-WIT: THE EAST 1/2 OF THE SOUTHWEST 1/4 AND THE WEST 10 ACRES FO THE FRACTIONAL SOUTHEAST 1/4 OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE INDIAN

BOUNDARY LINE; THENCE EAST ALONG THE SOUTH LINE OF SAID 80 ACRES, 61.01 FEET; SAID POINT BEING 334.39 FEET EAST OF THE EAST LINE OF CORNELL AVENUE PER DOCUMENT 12743095; THENCE NORTH PARALLEL WITH THE WEST LINE OF SAID 80 ACRES, 236.28 FEET; THENCE EASTERLY PARALLEL WITH THE SOUTH LINE OF SAID NORTH 80 ACRES, 379.49 FEET TO THE EAST LINE OF THE WEST 167.10 FEET OF SAID SOUTHEAST FRACTIONAL QUARTER; THENCE NORTH ALONG SAID EAST LINE, 4.35 FEET TO A POINT ON A LINE DRAWN AT RIGHT ANGLES TO A LINE 414.10 FEET EAST OF THE WEST LINE OF SAID SOUTHEAST FRACTIONAL QUARTER THROUGH A POINT 435.0 FEET NORTH OF THE NORTH LINE OF NORTH AVENUE PER DOCUMENT 10157500; THENCE EASTERLY ALONG SAID LINE DRAWN AT RIGHT ANGLES, 247.0 FEET TO A POINT ON A LINE 414.10 FEET EAST OF SAID SOUTHEAST FRACTIONAL QUARTER; THENCE SOUTHERLY AT RIGHT ANGLES, ALONG THE EAST LINE OF THE WEST 414.10 FEET OF SAID SOUTHEAST FRACTIONAL QUARTER, 435.0 FEET, TO THE NORTH LINE OF SAID NORTH AVENUE; THENCE WESTERLY ALONG THE NORTH LINE OF NORTH AVENUE, 687.27 FEET TO THE PLACE OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS

PARCEL 6:

EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 5 AS CREATED BY DEED DATED OCTOBER 31, 1979 AND RECORDED NOVEMBER 2, 1979 AS DOCUMENT 25228790 FROM LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST AGREEMENT DATED JUNE 1, 1957 AND KNOWN AS TRUST NUMBER 20014 AND TO LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST AGREEMENT DATED SEPTEMBER 27, 1979 AND KNOWN AS TRUST NUMBER 101763 OVER THE FOLLOWING DESCRIBED LAND: THAT PART OF THE EAST 1/2 OF THE SOUTHWEST 1/4, NORTH OF THE INDIAN BOUNDARY LINE, OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTH LINE OF SECTION 33 AFORESAID AND ON THE WEST LINE OF THE EAST 1/2 OF THE NORTH 80 ACRES OF THE FOLLOWING TRACT (THE EAST 1/2 OF THE SOUTHWEST 1/4 AND THE WEST 10 ACRES OF THE SOUTHEAST FRACTIONAL QUARTER NORTH OF THE INDIAN BOUNDARY LINE, OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN); THENCE NORTH ALONG SAID WEST LINE 298.62 FEET TO A POINT; THENCE EASTERLY ALONG A LINE FORMING AN ANGLE OF 90 DEGREES 21 MINUTES TO THE RIGHT WITH THE AFOREMENTIONED WEST LINE 33 FEET TO THE POINT OF BEGINNING OF EASEMENT HEREIN DESCRIBED (AND THE EASTERLY LINE OF CORNELL AVENUE AS PER DOCUMENT NO. 12743095); THENCE CONTINUE EASTERLY ALONG SAID LINE 374.37 FEET; THENCE NORTHERLY PARALLEL WITH THE EASTERLY LINE OF CORNELL AVENUE, AFORESAID, 25 FEET; THENCE WESTERLY ALONG A STRAIGHT LINE TO A POINT ON THE EASTERLY LINE OF CORNELL AVENUE 25 FEET NORTH OF THE POINT OF BEGINNING; THENCE SOUTHERLY ON THE EASTERLY LINE OF CORNELL AVENUE 25 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

PARCEL 7:

THE EAST 17.0 FEET OF THE WEST 184.10 FEET OF THE SOUTHEAST 1/4 OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN LYING NORTH OF A LINE DRAWN AT RIGHT ANGLES TO THE EAST LINE OF THE WEST 414.10 FEET AFORESAID SOUTHEAST 1/4 OF SECTION 33, WHICH IS 435.0 FEET NORTH OF THE NORTH LINE OF NORTH AVENUE AS DEDICATED, AND SOUTH OF A LINE DRAWN AT RIGHT ANGLES TO THE EAST LINE OF THE WEST 414.10 FEET OF AFORESAID SOUTHEAST 1/4 OF SECTION 33 WHICH IS 1415.0 FEET NORTH OF THE NORTH LINE OF NORTH AVENUE AS DEDICATED, IN COOK COUNTY, ILLINOIS.

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Permanent Index Numbers and Common Addresses for above described real estate:

PINS:

12-33-302-010-0000
12-33-302-011-0000
12-33-302-014-0000
12-33-302-015-0000
12-33-302-033-0000
12-33-400-017-0000
12-33-400-018-0000
12-33-400-031-0000
12-33-400-032-0000
12-33-400-086-0000
12-33-400-020-0000

COMMON ADDRESSES:

3215 W. North Avenue, Melrose Park, Illinois
1950 N. Hawthorne, Melrose Park, Illinois
1980 N. Hawthorne, Melrose Park, Illinois

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EXHIBIT B

PERMITTED EXCEPTIONS

{SEE FOLLOWING SIX (6) PAGES FROM
CHICAGO TITLE LOAN POLICY NO. 1401 007978648}

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CHICAGO TITLE INSURANCE COMPANY

LOAN POLICY (1992) SCHEDULE B

POLICY NO.: 1401 007978648 D1

BE 1.

1. TAXES FOR THE YEAR(S) 2001 AND 2002
2002 TAXES ARE NOT YET DUE OR PAYABLE.

1A. NOTE: 2001 FIRST INSTALLMENT WAS DUE MARCH 01, 2002
NOTE: 2001 FINAL INSTALLMENT NOT YET DUE OR PAYABLE

PERM TAX#	PCL	YEAR	1ST INST	STAT
12-33-302-010-0000	1 OF 10	2001	\$3,554.68	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART OF PARCEL 5				
12-33-302-011-0000	2 OF 10	2001	\$3,653.35	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART OF PARCEL 5				
12-33-302-014-0000	3 OF 10	2001	\$11,085.60	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART OF PARCEL 5				
12-33-302-015-0000	4 OF 10	2001	\$6,377.71	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART OF PARCEL 5				
12-33-302-033-0000	5 OF 10	2001	\$10,817.75	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART OF PARCEL 5				
12-33-400-017-0000	6 OF 10	2001	\$21,777.22	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PCLS 3&4				
12-33-400-018-0000	7 OF 10	2001	\$31,640.37	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PART OF PARCEL 5				
12-33-400-031-0000	8 OF 10	2001	\$18,227.99	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PARCEL 2				
12-33-400-032-0000	9 OF 10	2001	\$10,522.81	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION. PARCEL 1				
12-33-400-086-0000	10 OF 10	2001	\$44.43	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION AND OTHER PROPERTY. PART OF PARCEL 5				
12-33-400-020-0000	11 OF 11	2001	\$2,641.75	PAID
THIS TAX NUMBER AFFECTS PART OF PARCEL IN QUESTION AND OTHER PROPERTY. PARCEL 7.				

D 2. RESTRICTIONS CONTAINED IN DEED DATED AUGUST 28, 1951 AND RECORDED AUGUST 29, 1951 AS DOCUMENT 15158338, FROM CLEARING INDUSTRIAL DISTRICT TO CHICAGO AERIAL SURVEY COMPANY, RELATING TO THE USE OF THE LAND AND TO THE USE AND LOCATION OF BUILDINGS TO BE ERRECTED ON THE LAND.

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LOAN POLICY (1992)

SCHEDULE B (CONTINUED)

1401 007978648 D1

(AFFECTS PARCEL 2)

- E 3. COVENANTS AND RESTRICTIONS CONTAINED IN THE DEED FROM CLEARING INDUSTRIAL DISTRICT, INC., A CORPORATION OF DELAWARE, TO CHICAGO AERIAL INDUSTRIES, INCORPORATED, A CORPORATION OF ILLINOIS, DATED OCTOBER 24, 1958 AND RECORDED OCTOBER 30, 1958 AS DOCUMENT 17362953, RELATING TO THE MAINTENANCE OF STREETS AND SEWERS, AND USE OF THE LAND.

(AFFECTS PARCELS 1, 2 AND 3)

- G 4. A PERPETUAL, NON-EXCLUSIVE EASEMENT IN FAVOR OF MELROSE PARK SPRINKLER ASSOCIATION, A NON-PROFIT CORPORATION OF ILLINOIS, TO OPERATE, MAINTAIN AND PATROL A FIRE PROTECTION SPRINKLER SYSTEM, AND TO MAKE ALTERATIONS, IMPROVEMENTS, REPLACEMENTS AND REPAIRS WITH RESPECT TO SAID SPRINKLER SYSTEM.

(AFFECTS ALL)

- H 5. EASEMENT IN PERPETUITY TO LAY, CONSTRUCT, RE-CONSTRUCT, EXTEND, ENLARGE, REPLACE, REPAIR AND ALTER WATER PIPES AND WATER MAINS, TOGETHER WITH SUCH APPURTENANCES THERETO AS ARE NECESSARY OR CONVENIENT FOR THE ENJOYMENT OF THE RIGHT TO USE SUCH WATER PIPES OR WATER MAINS, IN, ALONG, OVER AND UNDER THE NORTHERLY 10 FEET OF THE LAND AS RESERVED IN WARRANTY DEED RECORDED JUNE 9, 1960 AS DOCUMENT 17877403.

(AFFECTS PARCEL 4)

- N 6. PROVISIONS AND AGREEMENTS CONTAINED IN WARRANTY DEED FROM CLEARING INDUSTRIAL DISTRICT, INC, CORPORATION DELAWARE, TO MELROSE PARK BUILDING CORPORATION, CORPORATION ILLINOIS, DATED MAY 1, 1960 AND RECORDED JUNE 9, 1960 AS DOCUMENT 17877403 RELATING TO MAINTENANCE OF PRIVATE STREETS AND WALKS AND SEWERS SYSTEMS ON THE LAND.

(AFFECTS PARCEL 4)

- O 7. RESTRICTION CONTAINED IN AGREEMENT DATED MAY 1, 1951 AND RECORDED MAY 3, 1951 AS DOCUMENT 15067944 BY CLEARING INDUSTRIAL DISTRICT, INC, A CORPORATION OF DELAWARE, RELATING TO USE, CHARACTER AND LOCATION OF BUILDINGS TO BE ERECTED ON THE LAND.

NOTE: SAID INSTRUMENT CONTAINS NO PROVISION FOR A FORFEITURE OF OR REVERSION OF TITLE IN CASE OF BREACH OF CONDITION

(AFFECTS PARCEL 4)

- K 8. ENCROACHMENT OF BLACKTOP LOCATED ON PARCEL 1 ONTO PROPERTY WEST AND ADJOINING BY APPROXIMATE 12 FEET, AS DISCLOSED BY SURVEY NOTED AT EXCEPTION H.

- L 9. ENCROACHMENT OF THE CHAIN LINK FENCE LOCATED MAINLY OF THE WEST LINE OF

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LOAN POLICY (1992) SCHEDULE B (CONTINUED)

1401 007978648 D1

PARCEL 1 OVER AND ONTO THE PROPERTY WEST AND ADJOINING BY AN UNDISCLOSED AMOUNT, AS DISCLOSED BY SURVEY DATED NOVEMBER 18, 1989 BY ROBERT G. SOWKA AND KNOWN AS ORDER NUMBER 893-1018.

- AH 10. COVENANTS AND RESTRICTIONS AS CONTAINED IN PARAGRAPH (E) IN DEED RECORDED AUGUST 5, 1952 AS DOCUMENT 15404238 AND RE-RECORDED JANUARY 22, 1953 AS DOCUMENT 15530982.

(BUT OMITTING ANY SUCH COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN)

NOTE: SAID INSTRUMENT CONTAINS NO PROVISION FOR A FORFEITURE OF OR REVERSION OF TITLE IN CASE OF BREACH OF CONDITION.

(AFFECTS PARCELS 5 AND 6)

- AI 11. EASEMENT OVER, UPON, UNDER AND ACROSS THE FOLLOWING DESCRIBED PROPERTY: THE WEST 179.10 FEET OF THE EAST 207.10 FEET OF THE SOUTH 32 FEET OF THE NORTH 80 ACRES OF THE FOLLOWING DESCRIBED TRACT: THE EAST 1/2 OF THE SOUTHWEST 1/4 AND THE WEST 10 ACRES OF THE SOUTHEAST FRACTIONAL QUARTER NORTH OF THE INDIAN BOUNDARY LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY ILLINOIS AND THE EAST 30 FEET OF THE WEST 167.10 FEET OF THAT PART OF THE SOUTHEAST FRACTIONAL QUARTER NORTH OF THE INDIAN BOUNDARY LINE OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE SOUTH LINE OF THE NORTH 2339.56 FEET OF SAID 1/4 SECTION (SAID SOUTH LINE BEING ALSO THE SOUTH LINE; AND SAID LINE EXTENDED EAST OF THE NORTH 80 ACRES OF THE FOLLOWING DESCRIBED TRACT: THE EAST 1/2 OF THE SOUTHWEST 1/4 AND THE WEST 10 ACRES OF THE SOUTHEAST FRACTIONAL QUARTER OF SECTION 33 AFORESAID) AND SOUTH OF A CURVED LINE CONVEX TO THE SOUTHEAST; RADIUS 284 FEET; SAID CURVED LINE PASSING THROUGH A POINT ON THE WEST LINE OF THE AFORESAID EAST 30 FEET WHICH IS 728.27 FEET NORTH OF THE SOUTH LINE OF THE DESCRIBED PARCEL OF LAND AND PASSING THROUGH A POINT ON THE EAST LINE THEREOF WHICH IS 785.79 FEET NORTH OF THE SAID SOUTH LINE FOR THE PURPOSE OF INSTALLATION, OPERATION, MAINTENANCE, RELOCATION, RENEWAL AND REMOVAL OF POLE STRUCTURES, POLES, ANCHORS, WIRES, ETC., FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRICITY, TOGETHER WITH THE RIGHT OF ACCESS THERETO ALONG WITH THE RIGHT TO TRIM OR REMOVE FROM TIME TO TIME SUCH TREES, BUSHES AND SAPLINGS AS MAY BE REQUIRED AS DISCLOSED BY GRANT TO THE COMMONWEALTH EDISON COMPANY RECORDED JULY 9, 1953 AS DOCUMENT 15664439.

(AFFECTS PARCELS 5 AND 6)

- AJ 12. A PERPETUAL, NON-EXCLUSIVE EASEMENT IN FAVOR OF MELROSE PARK SPRINKLER ASSOCIATION, A NON-PROFIT CORPORATION OF ILLINOIS TO OPERATE, MAINTAIN AND PATROL A FIRE PROTECTION SPRINKLER SYSTEM, AND TO MAKE ALTERATIONS, IMPROVEMENTS, REPLACEMENTS AND REPAIRS WITH RESPECT TO SAID SPRINKLER SYSTEM, AS SET FORTH IN INSTRUMENT RECORDED OCTOBER 24, 1974 AS DOCUMENT 22887786.

(AFFECTS PARCELS 5 AND 6)

- AK 13. PERPETUAL EASEMENT OVER THE SOUTH 25 FEET OF THE WEST 374.37 FEET OF THE LAND

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CHICAGO TITLE INSURANCE COMPANY

LOAN POLICY (1992)

SCHEDULE B (CONTINUED)

1401 007978648 D1

IN FAVOR OF A DOMINANT TENEMENT DESCRIBED AS FOLLOWS: THAT PART OF THE EAST 1/2 OF THE NORTH 80 ACRES OF THE FOLLOWING DESCRIBED TRACT; THE EAST 1/2 OF THE SOUTHWEST 1/4 AND THE WEST 10 ACRES OF THE SOUTHEAST FRACTIONAL QUARTER, NORTH OF THE INDIAN BOUNDARY LINE, OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, ALSO, THAT PART OF SAID SOUTH EAST 1/4 LYING EAST OF AND ADJOINING THE ABOVE DESCRIBED TRACT AND WEST OF THE EAST LINE OF THE WEST 167.10 FEET OF SAID SOUTHEAST FRACTIONAL QUARTER OF SECTION 33; BOUNDED AND DESCRIBED AS: COMMENCING AT A POINT 33 FEET EAST OF THE SOUTHWEST CORNER OF SAID DESCRIBED TRACT (BEING ON THE EAST LINE OF CORNELL AVENUE; AS PER DOCUMENT NUMBER 12743095); THENCE NORTH 0 DEGREES 21 MINUTES 00 SECONDS WEST ALONG THE EAST LINE OF CORNELL AVENUE 600.0 FEET; THENCE NORTH 89 DEGREES 39 MINUTES 00 SECONDS EAST ALONG A LINE FORMING A RIGHT ANGLE WITH THE EAST LINE OF CORNELL AVENUE 398.81 FEET; THENCE SOUTH 89 DEGREES 46 MINUTES 37 SECONDS EAST 50.0 FEET TO A POINT IN A LINE WHICH IS 0.50 FEET SOUTH OF AND PARALLEL WITH THE ABOVE DESCRIBED RIGHT ANGLE LINE; THENCE NORTHEASTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY, HAVING A RADIUS OF 284.0 FEET, BEING TANGENT TO SAID LINE WHICH IS 0.50 FEET SOUTH OF AND PARALLEL WITH THE ABOVE DESCRIBED RIGHT ANGLE LINE AND HAVING A CENTER 265.0 FEET WEST OF SAID EAST LINE OF THE WEST 167.10 FEET OF THE SOUTHEAST FRACTIONAL QUARTER, AN ARC DISTANCE 0 112.08 FEET TO THE BEGINNING OF LAND HEREIN DESCRIBED; THENCE CONTINUE ALONG SAID CURVED LINE AN ARC DISTANCE OF 229.63 FEET TO ITS INTERSECTION WITH THE EAST LINE OF THE WEST 167.10 FEET OF SAID SOUTHEAST FRACTIONAL QUARTER; THENCE SOUTH 0 DEGREES 21 MINUTES 50 SECONDS EAST ALONG SAID LINE 785.79 FEET TO THE SOUTH LINE OF THE FIRST DESCRIBED TRACT OF LAND EXTENDED EAST; THENCE NORTH 90 DEGREES WEST ALONG SAID SOUTH LINE 339.67 FEET TO A LINE 374.37 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF CORNELL AVENUE; THENCE NORTH 0 DEGREES 21 MINUTES 00 SECONDS WEST ALONG SAID LINE 380.42 FEET, MORE OR LESS TO THE SOUTH FACE OF EXISTING BRICK BUILDING; THENCE NORTH 89 DEGREES 39 MINUTES 38 SECONDS EAST ALONG THE SOUTH FACE OF SAID BUILDING AND ITS EASTERLY EXTENSION 183.64 FEET TO ITS INTERSECTION WITH A LINE 558.0 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF CORNELL AVENUE; THENCE NORTH 0 DEGREES 21 MINUTES 00 SECONDS WEST ALONG SAID LINE 243.22 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS. FOR PURPOSES OF INGRESS AND EGRESS AND INCIDENTAL PURPOSES AS CREATED BY DEED FROM LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST AGREEMENT DATED JUNE 1, 1957 AND KNOWN AS TRUST NUMBER 20014 TO LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST AGREEMENT DATED SEPTEMBER 27, 1979 AND 101763 RECORDED NOVEMBER 6, 1979 AS DOCUMENT 25228790 AND THE COVENANTS, CONDITIONS AND AGREEMENTS THEREIN CONTAINED. NOTE: SAID EASEMENT ALSO DISCLOSED BY PLAT OF EASEMENT RECORDED MARCH 15, 1976 AS DOCUMENT 23416451.

(AFFECTS PART OF PARCEL 5)

AN 14. (A) TERMS, PROVISIONS, AND CONDITIONS RELATING TO THE EASEMENT DESCRIBED AS PARCEL 6 CONTAINED IN THE INSTRUMENT CREATING SAID EASEMENT.

(B) RIGHTS OF THE ADJOINING OWNER OR OWNERS TO THE CONCURRENT USE OF SAID EASEMENT.

AN 15. EASEMENT OVER THE SOUTH 10 FEET OF THE LAND FOR THE CONSTRUCTION, MAINTENANCE

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LOAN POLICY (1992) SCHEDULE B (CONTINUED)

1401 007978648 D1

AND OPERATION OF A SEWER AND WATER MAIN BY THE VILLAGE OF MELROSE PARK, A MUNICIPAL CORPORATION OF ILLINOIS, SAID WATER MAIN TO BE 8 INCHES IN DIAMETER WITH ITS C/L LOCATED 3 FEET NORTH OF THE SOUTH LINE OF THE LAND, AND TO BE AT LEAST 5 FEET BELOW THE SURFACE: SAID SEWER TO BE 18 INCHES IN DIAMETER WITH ITS C/L LOCATED 10 FEET NORTH OF THE SOUTH LINE OF THE LAND AND THE BOTTOM OF SAID SEWER TO BE APPROXIMATELY 12 FEET BELOW THE SURFACE OF THE GROUND, AS CREATED BY GRANT DATED MAY 26, 1941 AND RECORDED OCTOBER 9, 1946 AS DOCUMENT 13911076.

(AFFECTS PART OF PARCEL 5)

- AO 16. COVENANTS AND RESTRICTIONS CONTAINED IN DEED FROM JOHN HEINECK AND KATHARIN A. HEINECK, HIS WIFE, TO PAUL M. BERGLIN, AND OTHERS, DATED FEBRUARY 13, 1946 AND RECORDED FEBRUARY 19, 1946 AS DOCUMENT 13722181 RELATING TO COST AND CONSTRUCTION OF BUILDINGS TO BE ERECTED ON THE LAND.

NOTE: SAID INSTRUMENT CONTAINS NO PROVISION FOR A FORFEITURE OF OR REVERSION OF TITLE IN CASE OF BREACH OF CONDITION.

(AFFECTS PART OF PARCEL 5)

- AP 17. COVENANTS AND RESTRICTIONS CONTAINED IN DEED DATED APRIL 9, 1963 AND RECORDED MAY 3, 1963 AS DOCUMENT 18786364 FROM CLEARING INDUSTRIAL DISTRICT INCORPORATED, TO HENRY REALTY COMPANY, A CORPORATION OF ILLINOIS, THAT NO BUILDING OR STRUCTURE EXCEPT FENCES OR DRIVEWAYS SHALL BE BUILT, ERECTED OR PLACED UPON PARCEL 1 WITHIN 20 FEET OF THE WEST AND SOUTH PROPERTY LINES AND 15 FEET OF THE NORTH PROPERTY LINE AND 10 FEET OF THE EAST PROPERTY LINE.
NOTE: SAID INSTRUMENT CONTAINS NO PROVISION FOR A FORFEITURE OF OR REVERSION OF TITLE IN CASE OF BREACH OF CONDITION.

(AFFECTS PARCEL 5)]

- AQ 18. COVENANTS AND RESTRICTIONS CONTAINED IN DEED DATED APRIL 9, 1963 AND RECORDED MAY 3, 1963 AS DOCUMENT 18786364 FROM CLEARING INDUSTRIAL DISTRICT INCORPORATED, TO HENRY REALTY COMPANY, A CORPORATION OF ILLINOIS, THAT NO BUILDING OR STRUCTURE EXCEPT FENCES OR DRIVEWAYS SHALL BE BUILT, ERECTED OR PLACED UPON PARCEL 1 WITHIN 20 FEET OF THE WEST AND SOUTH PROPERTY LINES AND 15 FEET OF THE NORTH PROPERTY LINE AND 10 FEET OF THE EAST PROPERTY LINE.

- AR 19. EASEMENT TO PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS OVER THE WEST 30 FEET OF THE EAST 40 FEET OF THE LAND FOR INSTALLING, MAINTAINING, RENEWING, REMOVING AND OPERATING EQUIPMENT NECESSARY FOR UTILITIES AS PER DECLARATION RECORDED AS DOCUMENT 12996466, AND UNDER WHICH INSTRUMENT GRANTORS AGREE TO PLACE NO BUILDING OR OBSTRUCTION ON DESCRIBED PROPERTY.

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LOAN POLICY (1992) SCHEDULE B (CONTINUED)

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(AFFECTS PART OF PARCEL 5)

- AS 20. BUILDING LOCATED MAINLY ON PARCEL 5 ENCROACHES ONTO THE SIDEWALK OF NORTH AVENUE OF APPROXIMATELY 6 INCHES AS SHOWN ON SURVEY MADE BY MICHAEL L. KRISCH OF GLEN D. KRISCH LAND SURVEYOR, INC., NUMBER 98113-2, DATED MARCH 20, 2002.
- AT 21. BUILDING LOCATED ON PARCEL 5 ENCROACHES OVER THE SOUTH 20 FOOT BUILDING LINE APPROXIMATELY 6 INCHES AND OVER THE WEST 20 FOOT BUILDING LINE, BY 20 FEET AS SHOWN ON SURVEY MADE BY MICHAEL L. KRISCH OF GLEN D. KRISCH LAND SURVEYOR, INC., NUMBER 98113-2, DATED MARCH 20, 2002.
- AU 22. ENCROACHMENT OF THE FENCE LOCATED MAINLY ON THE LAND ONTO THE PROPERTY NORTH AND ADJOINING BY AN UNDISCLOSED AMOUNT AND OF THE BLACKTOP ONTO THE PROPERTY NORTH AND ADJOINING BY APPROXIMATELY 0.70 FEET, AS SHOWN ON PLAT OF SURVEY MADE BY MICHAEL L. KRISCH OF GLEN D. KRISCH LAND SURVEYOR, INC., NUMBER 98113-2, DATED MARCH 20, 2002.
- AV 23. EASEMENT IN, UPON, UNDER AND ALONG THE NORTH SIDE OF THE PUBLIC HIGHWAY KNOWN AS NORTH AVENUE WHICH EXTENDS ALONG THE SOUTH SIDE OF THE LAND, TO INSTALL AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF MAINTAINING AND OPERATING A 24-INCH GAS MAIN AND ALL NECESSARY APPURTENANCES, AS CREATED BY GRANT TO PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS, A CORPORATION OF ILLINOIS, RECORDED MARCH 18, 1949 AS DOCUMENT 14515254.

(AFFECTS PART OF PARCEL 5)

- BD 24. EASEMENT IN FAVOR OF AT&T, AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO INSTALL, OPERATE AND MAINTAIN ALL EQUIPMENT NECESSARY FOR THE PURPOSE OF SERVING THE LAND AND OTHER PROPERTY, TOGETHER WITH THE RIGHT OF ACCESS TO SAID EQUIPMENT, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED/FILED AS DOCUMENT NO. 98011049, AFFECTING THE DESCRIBED IN EXHIBIT A OF THE LAND. (AFFECTS PARCELS 5 AND 6)
- BV 25. GRANT OF EASEMENT IN FAVOR OF CLEARING INDUSTRIAL DISTRICT, INC., AND ITS/THEIR RESPECTIVE SUCCESSORS AND ASSIGN, FOR THE MAINTENANCE AND OPERATION OF TRANSMISSION LINES FOR THE TRANSMISSION OF OF ELECTRICAL ENERGY FOR LIGHT OR POWER, TELEGRAPH AND TELEPHONE WIRES AND POLES, AND ANY AND ALL OTHER WIRES, PIPES, SEWERS, CONDUITS, TUNNELS, PASSAGeways, CONSTRUCTION, LOCATION AND MAINTENANCE OF SPRINKLER SYSTEMS, AND THE PROVISIONS RELATING THERETO CONTAINED IN THE GRANT RECORDED MARCH 31, 1959 AS DOCUMENT NO. 17494784.

(AFFECTS PARCEL 7)

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EXHIBIT C

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1. Construct building approximately 80 feet long by 20 feet wide connecting the building at 3215 North Avenue with the building at 1950 Hawthorne. The new structure will require a concrete footing and a concrete floor; furthermore, it will be constructed with metal walls and a flat roof. The new area will be heated, lighted and fitted with sprinklers. There will be two 3' fire exit doors in the center of the structure, exiting to the parking lots.
2. Build out portion of the property at 3215 North Avenue to accommodate shipping. The additional loading dock will be approximately 120' wide and 20 deep. There will be concrete ramp from the ground up to truck dock level, approximately 4 feet high. There will be 5 overhead dock doors opening to the outside.
3. Miscellaneous upgrades interior plan space at 3215 North Avenue. Bring the washrooms and locker rooms up to ADA standards. Paint some walls, replace some windows, caulking some windows and tuck-pointing brickwork.