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Cook County Recorder 190.00

PREPARED BY
AND WHEN RECORDED MAIL TO:

Scott M. Lapins
Schwartz, Cooper, Greenberger
& Krauss, Chtd.
180 North LaSalle Street, Suite 2700
Chicago, Illinois 60601



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**MORTGAGE AND SECURITY AGREEMENT
WITH ASSIGNMENT OF RENTS AND FIXTURE FILING**

THIS MORTGAGE AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS AND FIXTURE FILING ("Mortgage") dated as of January 31, 2003 from ILLINOIS SELF STORAGE CENTERS III, L.P., an Illinois limited partnership (the "Mortgagor") with a mailing address of 800 Frontage Road, Northfield, Illinois 60093, Attention: Robert A. Soudan and for the benefit of BANK ONE, NA, a national banking association, with its principal office at 1 Bank One Plaza, Chicago, Illinois 60670 ("Mortgagee").

WITNESSETH THAT:

WHEREAS, Mortgagor is the owner of fee simple title to certain real estate located in Cook County, Illinois and legally described in Exhibit 'A' attached hereto (the "Property");

WHEREAS, Mortgagor has executed and delivered to Mortgagee a Promissory Note of even date herewith payable to Mortgagee in the principal amount of \$2,205,000.00 (said note and any and all extensions and renewals thereof, amendments thereto and substitutions or replacements therefor is referred to herein collectively as the "Note") pursuant to which Mortgagor promises to pay said principal sums (or so much thereof as may be outstanding at the maturity thereof) on July 31, 2003, unless the Maturity Date is extended to January 31, 2004 by Maker pursuant to the terms of the Note, together with interest on the balance of principal from time to time outstanding and unpaid thereon at the variable rate and at the times specified in the Note.

WHEREAS, this Mortgage, the Note and all other instruments and documents evidencing or securing the indebtedness evidenced by the Note are hereinafter collectively referred to as the "Loan Documents".

NOW, THEREFORE, to secure (i) the payment when and as due and payable of the principal of and interest on the Note; (ii) the payment of all other indebtedness which this Mortgage by its terms secures; (iii) the performance and observance of the covenants and agreements contained in this Mortgage, the Note and the other Loan Documents, including, without limitation, the obligations contained in an Environmental Indemnity Agreement of even date herewith from Mortgagor and Guarantors and (iv) any and all obligations, contingent or

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otherwise, whether now existing or hereafter arising, of Mortgagor to Mortgagee and/or its affiliates arising under or in connection with all of such indebtedness, obligations and liabilities identified in (i), (ii) and (iii) above being hereinafter referred to as the "indebtedness hereby secured", the Mortgagor does hereby GRANT, SELL, CONVEY, MORTGAGE AND ASSIGN unto the Mortgagee, its successors and assigns and does hereby grant to Mortgagee, its successors and assigns a security interest in all and singular the properties, rights, interests and privileges described in Granting Clauses I, II, III, IV, V, VI and VII below all of same being collectively referred to herein as the "Mortgaged Premises":

GRANTING CLAUSE I

That certain Real Estate lying and being in the County of Cook, and State of Illinois, more particularly described in Exhibit "A" attached hereto and made a part hereof.

GRANTING CLAUSE II

All right, title and interest of Mortgagor in all buildings and improvements of every kind and description heretofore or hereafter erected or placed on the property described in Granting Clause I and all materials intended for construction, reconstruction, alteration and repair of the buildings and improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the premises immediately upon the delivery thereof to the said real estate, and, all fixtures, machinery, apparatus, equipment, fittings and articles of personal property of every kind and nature whatsoever now or hereafter attached to or contained in or used in connection with said real estate and the buildings and improvements now or hereafter located thereon and the operation, maintenance and protection thereof, including but not limited to, all machinery, motors, fittings, radiators, awnings, shades, screens, all gas, coal, steam, electric, oil and other heating, cooking, power and lighting apparatus and fixtures, all fire prevention and extinguishing equipment and apparatus, all cooling and ventilating apparatus and systems, all plumbing, incinerating, sprinkler equipment and fixtures, all elevators and escalators, all communication and electronic monitoring equipment, all window and structural cleaning rigs and all other machinery and other equipment of every nature and fixtures and appurtenances thereto and all items of furniture, appliances, draperies, carpets, other furnishings, equipment and personal property used or useful in the operation, maintenance and protection of the said real estate and the buildings and improvements now or hereafter located thereon and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to said buildings or improvements in any manner; it being mutually agreed, intended and declared that all the aforesaid property shall, so far as permitted by law, be deemed to form a part and parcel of the real estate and for the purpose of this Mortgage to be real estate and covered by this Mortgage; and as to the balance of the property aforesaid, this Mortgage is hereby deemed to be as well a Security Agreement under the provisions of the Uniform Commercial Code of Illinois (as in effect from time to time, the "Code") for the purpose of creating hereby a security interest in said property, which is hereby granted by Mortgagor as debtor to Mortgagee as secured party, securing the indebtedness hereby secured. The addresses of Mortgagor (debtor) and Mortgagee (secured party) appear at the beginning hereof.

GRANTING CLAUSE III

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All right, title and interest of Mortgagor now owned or hereafter acquired in and to all and singular the estates, tenements, hereditaments, privileges, easements, licenses, franchises, appurtenances and royalties, mineral, oil and water rights belonging or in any wise appertaining to the property described in the preceding Granting Clause I and the buildings and improvements now or hereafter located hereon and the reversions, rents, issues, revenues and profits thereof, including all interest of Mortgagor in all rents, issues and profits of the aforementioned property and all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing (including all deposits of money as advance rent or for security) under any and all leases and renewals thereof or under any contracts or options for the sale of all or any part of said property (including during any period allowed by law for the redemption of said property after any foreclosure or other sale), together with the right, but not the obligation, to collect, receive and receipt for all such rents and other sums and apply them to the indebtedness hereby secured and to demand, sue for and recover the same when due or payable; provided that the assignments made hereby shall not impair or diminish the obligations of Mortgagor under the provisions of such leases or other agreements nor shall such obligations be imposed upon Mortgagee. By acceptance of this Mortgage, Mortgagee agrees that until an Event of Default (as hereinafter defined) shall occur giving Mortgagee the right to foreclose this Mortgage, Mortgagor may collect, receive (but not more than 30 days in advance) and enjoy such rents.

GRANTING CLAUSE IV

All judgments, awards of damages, settlements and other compensation hereafter made resulting from condemnation proceedings or the taking of the property described in Granting Clause I or any part thereof or any building or other improvements now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including severance and consequential damage, and any award for change of grade of streets (collectively "Condemnation Awards").

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GRANTING CLAUSE V

All property and rights, if any, which are by the express provisions of this instrument required to be subjected to the lien hereof and any additional property and rights that may from time to time hereafter by installation or writing of any kind, be subjected to the lien hereof.

GRANTING CLAUSE VI

All rights in and to common areas and access roads on adjacent properties heretofore or hereafter granted to Mortgagor and any after-acquired title or reversion in and to the beds of any ways, roads, streets, avenues and alleys adjoining the property described in Granting Clause I or any part thereof.

GRANTING CLAUSE VII

All of the Mortgagor's "general intangibles" (as defined in the Uniform Commercial Code) now owned or hereafter acquired and related to the Mortgaged Premises, including, without limitation, all right title and interest of the Mortgagor in and to: (i) all agreements, leases, licenses and contracts to which the Mortgagor is or may become a party relating to the Mortgaged Premises or improvements thereon; (ii) all obligations or indebtedness owing to the Mortgagor (other than accounts) or other rights to receive payments of money from whatever source arising relating to the Mortgaged Premises; (iii) all tax refunds and tax refund claims; (iv) all intellectual property; and (v) all choses in action and causes of action.

All of Mortgagor's "accounts" (as defined in the Uniform Commercial Code) now owned or hereafter created or acquired as relates to the Mortgaged Premises, including, without limitation, all of the following now owned or hereafter created or acquired by Mortgagor: (i) accounts receivable, contract rights, book debts, notes, drafts, and other obligations or indebtedness owing to the Mortgagor arising from the sale, lease or exchange of goods or other property and/or the performance of services, (ii) the Mortgagor's rights in, to and under all purchase orders for goods, services or other property, (iii) the Mortgagor's rights to any goods, services or other property represented by any of the foregoing, (iv) monies due to become due to the Mortgagor under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services including the right to payment of any interest or finance charges in respect thereto (whether or not yet earned by performance on the part of the Mortgagor), (v) uncertificated securities, and (vi) proceeds of any of the foregoing and all collateral security and guaranties of any kind given by any person or entity with respect to any of the foregoing. All warranties, guarantees, permits and licenses received by Mortgagor in respect to the Mortgaged Premises.

TO HAVE AND TO HOLD the Mortgaged Premises and the properties, rights and privileges hereby granted, bargained, sold, conveyed, mortgaged, pledged and assigned, and in which a security interest is granted, unto Mortgagee, its successors and assigns, forever; provided, however, that this instrument is upon the express condition that if the principal of and interest on the Note shall be paid in full and all other indebtedness hereby secured shall be fully paid and performed, then this instrument and the estate and rights hereby granted shall cease,

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determine and be void and this instrument shall be released by Mortgagee upon the written request and at the expense of Mortgagor, otherwise to remain in full force and effect.

Mortgagor hereby covenants and agrees with Mortgagee as follows:

1. Payment of the Indebtedness. The indebtedness hereby secured will be promptly paid as and when the same becomes due.

2. Representation of Title and Further Assurances. Mortgagor will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this instrument and, without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the Granting Clauses hereof or intended so to be. At the time of delivery of these presents, the Mortgagor is well seized of an indefeasible estate in fee simple in the portion of the Mortgaged Premises which constitutes real property subject only to the matters set forth in Exhibit "B" attached hereto and hereby made a part hereof (the "Permitted Exceptions"), and Mortgagor has good right, full power and lawful authority to convey, mortgage and create a security interest in the same, in the manner and form aforesaid; except as set forth in Exhibit "B" hereto, the same is free and clear of all liens, charges, easements, covenants, conditions, restrictions and encumbrances whatsoever, including the personal property and fixtures, security agreements, conditional sales contracts and anything of a similar nature, and the Mortgagor shall and will forever defend the title to the Mortgaged Premises against the claims of all persons whomsoever.

3. Intentionally Omitted.

4. Intentionally Omitted.

5. Intentionally Omitted.

6. Payment of Taxes. Mortgagor shall pay before any penalty attaches all general taxes and all special taxes, special assessments, water, drainage and sewer charges and all other charges, of any kind whatsoever, ordinary or extraordinary, which may be levied, assessed, imposed or charged on or against the Mortgaged Premises or any part thereof and which, if unpaid, might by law become a lien or charge upon the Mortgaged Premises or any part thereof, and shall exhibit to Mortgagee official receipts evidencing such payments, except that, unless and until foreclosure, distraint, sale or other similar proceedings shall have been commenced, no such charge or claim need be paid if being contested (except to the extent any full or partial payment shall be required by law), after notice to Mortgagee, by appropriate proceedings which shall operate to prevent the collection thereof or the sale or forfeiture of the Mortgaged Premises or any part thereof to satisfy the same, conducted in good faith and with due diligence and if Mortgagor shall have furnished such security, if any, as may be required in the proceedings or required by Mortgagee's title insurer to insure over the lien of such taxes.

7. Payment of Taxes on Note, Mortgage or Interest of Mortgagee. Mortgagor agrees that if any tax, assessment or imposition upon this Mortgage or the indebtedness hereby secured or the Note or the interest of Mortgagee in the Mortgaged Premises or upon Mortgagee by reason of any of the foregoing (including, without limitation, corporate privilege, franchise and excise

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taxes, but excepting therefrom any income tax on interest payments on the principal portion of the indebtedness hereby secured imposed by the United States or any State) is levied, assessed or charged, then, unless all such taxes are paid by Mortgagor to, for or on behalf of Mortgagee as they become due and payable (which Mortgagor agrees to do upon demand of Mortgagee, to the extent permitted by law), or Mortgagee is reimbursed for any such sum advanced by Mortgagee, all sums hereby secured shall become immediately due and payable, at the option of Mortgagee upon thirty (30) days' notice to Mortgagor, notwithstanding anything contained herein or in any law heretofore or hereafter enacted, including any provision thereof forbidding Mortgagor from making any such payment. Mortgagor agrees to provide to Mortgagee, upon request, official receipts showing payment of all taxes and charges which Mortgagor is required to pay hereunder. Mortgagor shall not be entitled to any credit against the indebtedness secured hereby by reason of the payment of any of the taxes, assessments or charges as above described.

8. Tax and Insurance Deposits. Mortgagor covenants and agrees to deposit with Mortgagee, at Mortgagee's request, commencing on the date of the first payment following such request and on the first day of each successive month thereafter, until the indebtedness secured by this Mortgage is fully paid, a sum equal to one-twelfth (1/12th) of the annual taxes and assessments (general and special) on the Mortgaged Premises (unless said taxes are based upon assessments which exclude improvements thereon now constructed or to be constructed, in which event the amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed). In addition, on the date of the first payment following Mortgagee's request, Mortgagor shall deposit an amount that, in Mortgagee's reasonable judgment, when added to the monthly deposits to be made by Mortgagor will result in sufficient funds to pay the next installment of taxes and assessments when due. If prior deposits are insufficient, Mortgagor shall deposit with Mortgagee an amount of money which, together with the aggregate of the monthly deposits made or to be made above as of one month prior to the date on which the total annual taxes and assessments for the current calendar year become due, shall be sufficient to pay in full the total annual taxes and assessments reasonably estimated by Mortgagee to become due and payable with respect to the Mortgaged Premises for the current calendar year. Such deposits are to be held in an interest bearing account pledged to Mortgagee and are to be used for the payment of taxes and assessments (general and special), respectively, on the Mortgaged Premises next due and payable when they become due. Mortgagee may, at its option, itself pay such taxes and assessments when the same become due and payable (upon submission of appropriate bills therefor from Mortgagor) or shall release sufficient funds to Mortgagor in a time and manner to allow for payment of such taxes and assessments prior to the due date. If the funds so deposited are insufficient to pay any such taxes and assessments (general or special) for any year when the same shall become due and payable, Mortgagor shall within fifteen (15) days after receipt of demand therefor, deposit additional funds as may be necessary to pay such taxes and assessments (general and special). If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) for any year, the excess shall be applied on the next due deposit or deposits. Said deposits need not be kept separate and apart from any other funds of Mortgagee.

9. Mortgagee's Interest In and Use of Deposits. Upon the occurrence of an Event of Default under this Mortgage, the Note or any other document securing the Note, the Mortgagee may at its option, without being required so to do, apply any monies at the time on deposit pursuant to Paragraph 8 hereof to the performance of any of Mortgagor's obligations hereunder

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or under the Note, in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor. Such deposits are hereby pledged as additional security for the indebtedness hereunder and shall be irrevocably applied by Mortgagee for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes and assessments any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment of which they were deposited, accompanied by the bills for such taxes and assessments. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party.

10. Recordation and Payment of Taxes and Expenses Incident Thereto. Mortgagor will cause this Mortgage, all mortgages supplemental hereto and any financing statement or other notices of a security interest required by Mortgagee at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law for the recording and filing or for the re-recording and re-filing of a mortgage, security interest, assignment or other lien or charge upon the Mortgaged Premises, or any part thereof, in order fully to preserve and protect the rights of Mortgagee hereunder, and, without limiting the foregoing, Mortgagor will pay or reimburse Mortgagee for the payment of any and all taxes, fees or other charges incurred in connection with any such recordation or re-recordation, including any documentary stamp tax or tax imposed upon the privilege of having this instrument or any instrument issued pursuant hereto recorded.

11. Insurance. Mortgagor, at its expense, shall obtain and deliver to Mortgagee policies of insurance providing the following:

(a) Policies of insurance evidencing bodily injury, death or property damage liability coverages in amounts not less than \$1,000,000.00 (combined single limit), and an excess/umbrella liability coverage in an amount not less than \$1,000,000.00 shall be in effect with respect to Mortgagor. Such policies must be written on an occurrence basis so as to provide blanket contractual liability, broad form property damage coverage, and coverage for products and completed operations.

(b) "Special Cause of Loss" insurance on the Improvements in an amount not less than the full insurable value on a replacement cost basis of the insured Improvements and personal property related thereto.

(c) If applicable, evidence of worker's compensation insurance coverage satisfactory to the Mortgagee.

(d) If the Real Estate, or any part thereof, lies within a "special flood hazard area" as designated on maps prepared by the Department of Housing and Urban Development, a National Flood Insurance Association standard flood insurance policy, plus insurance from a private insurance carrier if necessary, for the duration of the Loan in the amount of the full insurable value of the Improvements.

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(e) Such other insurance as Mortgagee may require, which may include, without limitation, errors and omissions insurance with respect to the contractors, architects and engineers, earthquake insurance, rent abatement and/or business loss.

All insurance policies shall (i) be issued by an insurance company having a rating of "A" VII or better by A.M. Best Co., in Best's Rating Guide (a "Qualified Insurer"), (ii) name Mortgagee as an additional insured on all liability insurance and as mortgagee and loss payee on all casualty insurance, (iii) provide that Mortgagee is to receive thirty (30) days written notice prior to non-renewal or cancellation, (iv) be evidenced by a certificate of insurance to be held by Mortgagee, and (v) be in form and amounts acceptable to Mortgagee.

(f) Blanket Coverage. Mortgagor shall not obtain (1) any umbrella or blanket liability or casualty policy unless, in each case, Mortgagee's interest is included therein as provided in this Agreement and such policy is issued by a Qualified Insurer, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in this Paragraph 11 to be furnished by Mortgagor. In the event Mortgagor obtains separate insurance or an umbrella or a blanket policy, Mortgagor shall notify Mortgagee of the same and shall cause certified copies of each policy to be delivered as required in this Paragraph 11. Any blanket insurance policy shall (a) specifically allocate to the Project, on an individual basis, the amount of coverage from time to time required hereunder or (b) be written on an occurrence basis for the coverages required hereunder with a limit per occurrence in an amount equal to the amount of coverage required hereunder and shall otherwise provide the same protection as would a separate policy insuring the Project, on an individual basis, in compliance with the provisions of this Paragraph 11.

(g) Named Insureds. All policies of liability insurance provided for or contemplated by this Paragraph 11, shall name Mortgagee and Mortgagor as additional insured, as their respective interests may appear, and in the case of property damage, flood and earthquake insurance, shall contain a standard non-contributing mortgagee clause in favor of Mortgagee providing, that the loss thereunder shall be payable to Mortgagee.

(h) Endorsements. All policies of insurance provided for in this Paragraph 11 shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Mortgagor, or anyone acting for Mortgagor, or of any tenant under any lease or other occupant, or failure to comply with the provisions of any policy which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Mortgagee is concerned;

(ii) the policy shall not be materially changed (other than to increase the coverage provided thereby) or cancelled without at least 30 days' written notice to Mortgagee (except only 10 days' written notice is required in the event of cancellation due to failure to pay premium) and any other party named therein as an insured;

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(iii) each policy shall provide that the issuers thereof shall give written notice to Mortgagee if the Policy has not been renewed thirty (30) days prior to its expiration; and

(iv) Mortgagee shall not be liable for any insurance premiums thereon or subject to any assessments thereunder.

(i) **Certifications.** Mortgagor shall furnish to Mortgagee, on or before thirty (30) days after the close of each of Mortgagor's fiscal years, a statement certified by Mortgagor or a duly authorized officer of Mortgagor of the amounts of insurance maintained in compliance herewith, and of the insurance company or companies which carry such insurance and, if requested by Mortgagee, verification of the compliance of such insurance with the requirements of this Article by an independent insurance broker or appraiser acceptable to Mortgagee.

(j) **Rights of Mortgagee.** If at any time Mortgagee is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Mortgagee shall have the right to obtain such insurance and all expenses incurred by Mortgagee in obtaining such insurance and keeping it in effect shall be paid by Mortgagor to Mortgagee upon demand and until paid shall be secured by this Agreement and shall bear interest at the Default Interest Rate until paid. Mortgagee shall deliver notice to Mortgagor that it has taken or will take such action.

In the event of foreclosure, Mortgagor authorizes and empowers Mortgagee to effect insurance upon the Mortgaged Premises in the amounts aforesaid, for a period covering the time of redemption from foreclosure sale provided by law, and if necessary therefor, to cancel any or all existing insurance policies.

12. Damage to and Destruction of the Improvements.

(a) **Notice.** In the case of any material damage to or destruction of any improvements which are or will be constructed on the Mortgaged Premises or any part thereof, Mortgagor shall promptly give notice thereof to Mortgagee generally describing the nature and extent of such damage or destruction. Material damage shall mean damages in excess of \$50,000.00.

(b) **Restoration.** Upon the occurrence of any damage to or destruction of any improvements on the Mortgaged Premises, provided Mortgagee permits the proceeds of insurance to be used for repairs, Mortgagor shall cause same to be restored, replaced or rebuilt as nearly as possible to their value, condition and character immediately prior to such damage or destruction. Such restoration, replacement or rebuilding shall be effected promptly and Mortgagor shall notify the Mortgagee if it appears that such restoration, replacement or rebuilding may unduly delay completion of such improvements. Any amounts required for repairs in excess of insurance proceeds shall be paid by Mortgagor.

(c) **Application of Insurance Proceeds.** Net insurance proceeds received by the Mortgagee under the provisions of this Mortgage or any instrument supplemental hereto or thereto or any policy or policies of insurance covering any improvements on the Mortgaged Premises or any part thereof shall be applied by the Mortgagee at its option as and for a prepayment on the Note (whether or not the same is then due or otherwise adequately secured) or shall be disbursed for restoration of such improvements (in which event the Mortgagee shall not

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be obligated to supervise restoration work nor shall the amount so released or used be deemed a payment of the indebtedness evidenced by the Note). If Mortgagee elects to permit the use of the insurance proceeds to restore such improvements it may do all necessary acts to accomplish that purpose including using funds deposited by Mortgagor with it for any purpose and advancing additional funds, all such additional funds to constitute part of the indebtedness secured by the Mortgage. If Mortgagee elects to make the insurance proceeds available to Mortgagor for the purpose of effecting such a restoration, or, following an Event of Default, elects to restore such improvements, any excess of insurance proceeds above the amount necessary to complete such restoration shall be applied as and for a prepayment on the Note. Notwithstanding the foregoing provisions Mortgagee agrees that net insurance proceeds shall be made available for the restoration of the portion of the Mortgaged Premises damaged or destroyed if written application for such use is made within thirty (30) days after receipt of such proceeds and the following conditions are satisfied: (i) there shall be no existing Event of Default or event that with the passage of time, giving of notice or both would become an Event of Default hereunder (and if such an event shall occur during restoration Mortgagee may, at its election and provided all applicable notice and cure or grace periods have expired without cure by Mortgagor, apply any insurance proceeds then remaining in its hands to the reduction of the indebtedness evidenced by the Note and the other indebtedness hereby secured), (ii) if the cost of repairs exceeds \$50,000.00, Mortgagor shall have submitted to Mortgagee plans and specifications for the restoration which shall be satisfactory to it in Mortgagee's reasonable judgment, (iii) Mortgagor shall have submitted to Mortgagee evidence satisfactory to Mortgagee (including, at Mortgagee's election, fixed price contracts with good and responsible contractors and materialmen covering all work and materials necessary to complete restoration), that the cost to complete restoration is not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, Mortgagor shall have deposited the amount of such deficiency with Mortgagee, and (iv) all repairs can, in Mortgagee's judgment, be completed prior to the maturity date of the Note. Any insurance proceeds to be released pursuant to the foregoing provisions shall be disbursed from time to time as restoration progresses to pay for restoration work completed and in place. Mortgagee may impose such further conditions upon the release of insurance proceeds (including the receipt of title insurance) as are customarily imposed by prudent construction lenders to insure the completion of the restoration work free and clear of all liens or claims for lien. All necessary and reasonable title insurance charges and other costs and expenses paid to or for the account of Mortgagee in connection with the release of such insurance proceeds shall constitute so much additional indebtedness secured by this Mortgage to be payable upon demand and if not paid upon demand shall bear interest at the Default Interest Rate (as defined in Section 39 hereof). Mortgagee may deduct any such costs and expenses from insurance proceeds at any time held by Mortgagee. No interest shall be payable to Mortgagor upon insurance proceeds held by Mortgagee.

(d) Adjustment of Loss. Mortgagee is hereby authorized and empowered, at its option, to adjust or compromise any loss of more than \$250,000.00 under any insurance policies covering or relating to the Mortgaged Premises and to collect and receive the proceeds from any such policy or policies. Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact for the purposes set forth in the preceding sentence. Each insurance company is hereby authorized and directed to make payment (i) of 100% of all such losses of more than said amount directly to Mortgagee alone and (ii) of 100% of all such losses of said amount or less directly to Mortgagor alone, and in no case to Mortgagor and Mortgagee jointly. After deducting from such

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insurance proceeds any expenses incurred by Mortgagee in the collection and settlement thereof, including without limitation reasonable attorneys' and adjusters' fees and charges, Mortgagee shall apply the net proceeds as provided in Section 12(c). Mortgagee shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure except for its gross negligence or willful misconduct.

13. Eminent Domain.

(a) Notice. Mortgagor covenants and agrees that Mortgagor will give Mortgagee immediate notice of the actual or threatened commencement of any proceedings under condemnation or eminent domain affecting all or any part of the Mortgaged Premises including any easement therein or appurtenance thereof or severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings.

(b) Assignment of Claim, Power of Attorney to Collect, Etc. Any and all awards heretofore or hereafter made or to be made to the present and all subsequent owners of the Mortgaged Premises by any governmental body for taking or affecting the whole or any part of said Mortgaged Premises, the improvements on the Mortgaged Premises or any easement therein or appurtenance thereto (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the award for payment thereof) are hereby assigned by Mortgagor to Mortgagee to the extent of the existing principal balance, interest thereon and other outstanding charges owed by Mortgagor to Mortgagee and Mortgagor hereby irrevocably constitutes and appoints Mortgagee its true and lawful attorney in fact with full power of substitution for it and in its name, place and stead to collect and receive the proceeds of any such award granted by virtue of any such taking and to give proper receipts and acquittances therefor. Mortgagee shall not settle any condemnation award with the condemning party without the consent of the Mortgagor. Mortgagor shall have the right to participate in any proceedings which determine the award to be granted.

(c) Effect of Condemnation and Application of Awards. In the event that any proceedings are commenced by any governmental body or other person to take or otherwise affect the Mortgaged Premises, the improvements thereon or any easement therein or appurtenance thereto, Mortgagee may, at its option, apply the proceeds of any award made in such proceedings as and for a prepayment on the indebtedness evidenced by the Note, notwithstanding the fact that said indebtedness may not then be due and payable or is otherwise adequately secured.

14. Construction, Repair, Waste, Etc. Mortgagor covenants and agrees (i) that no building or other improvement on the Mortgaged Premises and constituting a part thereof shall be materially altered, removed or demolished nor shall any fixtures or appliances on, in or about said buildings or improvements be severed, removed, sold or mortgaged, without the consent of Mortgagee; and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered hereby, the same will be replaced promptly by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from any security interest in or encumbrance thereon or

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reservation of title thereto; (ii) to permit, commit or suffer no waste, impairment or deterioration of the Mortgaged Premises or any part thereof; (iii) to keep and maintain said Mortgaged Premises and every part thereof in good and first class repair and condition (ordinary wear and tear excepted); (iv) to effect such repairs as Mortgagee may reasonably require and from time to time to make all needful and proper replacements and additions so that said buildings, fixtures, machinery and appurtenances will, at all times, be in good and first class condition, fit and proper for the respective purposes for which they were originally erected or installed; (v) to comply with all statutes, orders, requirements or decrees relating to said Mortgaged Premises by any Federal, State or Municipal authority; (vi) to observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, but not limited to, zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions which are applicable to the Mortgaged Premises or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Mortgaged Premises or any part hereof and not to initiate or acquiesce in any changes to or terminations of any of the foregoing or of zoning classifications affecting the use to which the Mortgaged Premises or any part thereof may be put without the prior written consent of Mortgagee; and (vii) to make no alterations in or improvements or additions to the Mortgaged Premises without Mortgagee's written permission except as contemplated herein or required by governmental authority.

15. Liens and Encumbrances. Mortgagor will not, without the prior written consent of Mortgagee, directly or indirectly, create or suffer to be created, or to remain, and will discharge or promptly cause to be discharged any mortgage, lien, encumbrance or charge on, pledge or conditional sale or other title retention agreement with respect to the Mortgaged Premises or any part thereof, whether superior or subordinate to the lien hereof, except for this instrument and the lien of all other documents given to secure the indebtedness hereby secured; provided, however, that Mortgagor may contest the validity of any construction lien, charge or encumbrance (other than the lien of this Mortgage or of any other document securing payment of the Note) upon giving Mortgagee timely notice of its intention to contest the same and either (a) maintaining with Mortgagee a deposit of cash or negotiable securities satisfactory to Mortgagee in an amount sufficient in the opinion of Mortgagee to pay and discharge or to assure compliance with the matter under contest in the event of a final determination thereof adversely to Mortgagor or (b) obtaining title insurance coverage over such lien on Mortgagee's title insurance policy by endorsements acceptable to Mortgagee. Mortgagor agrees to prosecute and contest such lien diligently and by appropriate legal proceedings which will prevent the enforcement of the matter under contest and will not impair the lien of this Mortgage or interfere with the normal conduct of business on the Mortgaged Premises. On final disposition of such contest, any cash or securities in Mortgagee's possession not required to pay or discharge or assure compliance with the matter contested shall be returned to Mortgagor without interest.

16. Right of Mortgagee to Perform Mortgagor's Covenants, Etc. If Mortgagor shall fail to make any payment or perform any act required to be made or performed hereunder, Mortgagee, without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter upon prior written notice to Mortgagor and failure of Mortgagor to make such payment or perform such act within any applicable cure period provided herein make such payment or perform such act for the account and at the expense of Mortgagor, and may enter upon the Mortgaged Premises or any part thereof for such purpose and take all

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such action thereon as, in the opinion of Mortgagee, may be necessary or appropriate therefor. All sums so paid by Mortgagee and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) so incurred, together with interest thereon from the date of payment or incurrence at the Default Interest Rate, shall constitute so much additional indebtedness hereby secured and shall be paid by Mortgagor to Mortgagee on demand. Mortgagee in making any payment authorized under this Section relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof.

17. After-Acquired Property. Any and all property hereafter acquired which is of the kind or nature herein provided and related to the premises described in Granting Clause I hereof, or intended to be and become subject to the lien hereof, shall ipso facto, and without any further conveyance, assignment or act on the part of Mortgagor, become and be subject to the lien of this Mortgage as fully and completely as though specifically described herein; but nevertheless Mortgagor shall from time to time, if requested by Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Mortgage all such property.

18. Inspection by Mortgagee. Mortgagee and its agents shall have the right to inspect the Mortgaged Premises at all reasonable times, and access thereto shall be permitted for that purpose.

19. Subrogation. Mortgagor acknowledges and agrees that Mortgagee shall be subrogated to any lien discharged out of the proceeds of the loan evidenced by the Note or out of any advance by Mortgagee hereunder, irrespective of whether or not any such lien may have been released of record.

20. Transfer of the Mortgaged Premises.

(a) In determining whether or not to make the loan secured hereby, Mortgagee has examined the credit-worthiness of Mortgagor, found it acceptable and relied and continues to rely upon same as the means of repayment of the loan. Mortgagor is well experienced in borrowing money and owning and operating property such as the Mortgaged Premises, was ably represented by a licensed attorney at law in the negotiation and documentation of the loan secured hereby and bargained at arm's length and without duress of any kind for all of the terms and conditions of the loan, including this provision. Mortgagor recognizes that Mortgagee is entitled to keep its loan portfolio at current interest rates by either making new loans at such rate or collecting assumption fees and/or increasing the interest rate on a loan, the security for which is purchased by a party other than the original Mortgagor. Mortgagor further recognizes that any secondary or junior financing placed upon the Mortgaged Premises, (a) may divert funds which would otherwise be used to pay the Note secured hereby, (b) could result in acceleration and foreclosure by any such junior encumbrancer which would force Mortgagee to take measures and incur expenses to protect its security, (c) would detract from the value of the Mortgaged Premises should Mortgagee come into possession thereof with the intention of selling same; and (d) impair Mortgagee's right to accept a deed in lieu of foreclosure as a foreclosure by

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Mortgagee would be necessary to clear the title to the Mortgaged Premises. Notwithstanding anything herein to the contrary, Mortgagee agrees that Mortgagor may (y) transfer general limited partnership interests for estate planning purposes, provided the Guarantors remain in control of Mortgagor, and (z) Mortgagor may convert its form of organization from a limited partnership to a limited liability company, provided the general partners of the limited partnership are the only members of the limited liability company.

(b) In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security, both of repayment by Mortgagor and in the value of the Mortgaged Premises; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) allowing Mortgagee to raise the interest rate and/or collect assumption fees; and (iv) keeping the Mortgaged Premises free of subordinate financing liens, Mortgagor agrees that if this Section be deemed a restraint on alienation, that it is a reasonable one, and Mortgagor shall not permit or suffer to occur any sale, assignment, conveyance, mortgage, lease, pledge, encumbrance or other transfer of, or the granting of any option in, or any contract for any of the foregoing (on an installment basis or otherwise) pertaining to:

- (i) the Mortgaged Premises, any part thereof, or any interest therein; or
- (ii) any general partnership in Mortgagor; or
- (iii) any stock of the corporate general partner of Mortgagor.

whether involuntary or by operation of law or otherwise, without the prior written consent of Mortgagee having been obtained to such sale, assignment, conveyance, mortgage, lease, option, pledge, encumbrance or other transfer. Mortgagor agrees that in the event the ownership of the Mortgaged Premises or the entity described in subparagraph (ii), any interest therein or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal in any way with such successor or successors in interest with reference to this Mortgage, the Note, and any other document evidencing the indebtedness secured hereby, without in any way vitiating or discharging Mortgagor's liability hereunder or under any other document evidencing the indebtedness secured hereby. No sale of the Mortgaged Premises, forbearance to any person with respect to this Mortgage, or extension to any person of the time for payment of the Note given by Mortgagee shall operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part, except to the extent specifically agreed in writing by Mortgagee. Without limitation of the foregoing, in any event in which the written consent of Mortgagee is required in this Section 20, Mortgagee may condition its consent upon any combination of (i) the payment of compensation to be determined by Mortgagee, (ii) the increase of the interest rate payable under the Note, (iii) the shortening of maturity of the Note, and (iv) other modifications of the terms of the Note or the other instruments evidencing the indebtedness secured hereby.

(c) Without limitation of the foregoing, (i) in any event in which Mortgagee's consent is requested in accordance with the terms of this Section 20, Mortgagor shall pay all expenses incurred by Mortgagee, including reasonable attorneys' fees, in connection with the processing of such request, and (ii) the consent of Mortgagee to any transfer of the Mortgaged

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Premises shall not operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part.

21. Events of Default. Any one or more of the following shall constitute an "Event of Default" hereunder:

(a) Default in making payment within ten (10) days of the date when due (whether by lapse of time, acceleration, or otherwise) of the principal of or interest on the Note (other than sums due on the maturity date of the Note, for which there shall be no grace period) or default in making payment on the date when due of any other indebtedness hereby secured within ten (10) days of a written notice that such payment is due (or such shorter period as may be expressly provided for herein);

(b) Any violation of Sections 11 or 20 hereof;

(c) The Mortgaged Premises is abandoned by the Mortgagor;

(d) Default in the observance or performance of any other covenant, condition, agreement or provisions hereof or of the Note or any additional collateral document which is not remedied within thirty (30) days after written notice thereof to Mortgagor by Mortgagee; provided, however, that if such default cannot be cured within thirty (30) days, then so long as Mortgagor promptly commences and diligently performs all actions necessary to cure such default, the period for effecting the cure thereof shall be extended for a period of thirty (30) additional days;

(e) Any representation or warranty made by the Mortgagor herein or in the Note, Certificate of Representations and Warranties or any other Loan Documents or in any statement or certificate furnished pursuant hereto or thereto proves untrue in any material respect as of the date of the issuance or making thereof;

(f) Mortgagor or any Guarantor becomes insolvent or admits in writing his or their inability to pay its or their debts as they mature or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for any of them or for the major part of the property of any of them;

(g) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy laws or laws for the relief of debtors are instituted by or against the Mortgagor or any Guarantor, and if instituted without the consent of the Mortgagor or Guarantor are not dismissed within sixty (60) days after such institution;

(h) Any judgment or judgments, writ or writs or warrant or warrants of attachment or any similar process or processes in an aggregate amount in excess of \$25,000.00 shall be entered or filed against Mortgagor or Guarantor, or against any of their respective property or assets and remains unsatisfied, unvacated, unbonded or unstayed for a period of thirty (30) days; or

(i) Any Event of Default shall occur under the Note or any other of the Loan Documents.

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22. Remedies. When any Event of Default has happened and is continuing (regardless of the pendency of any proceeding which has or might have the effect of preventing Mortgagor from complying with the terms of this instrument) and in addition to such other rights as may be available under applicable law, but subject at all times to any mandatory legal requirements:

(a) Acceleration. The Note and all unpaid indebtedness of Mortgagor hereby secured, including interest then accrued thereon, shall be accelerated and be forthwith due and payable without other notice or demand of any kind.

(b) Uniform Commercial Code. Mortgagee shall, with respect to any part of the Mortgaged Premises constituting property of the type in respect of which realization on a lien or security interest granted therein is governed by the Uniform Commercial Code, have all the rights, options and remedies of a secured party under the Uniform Commercial Code of Illinois, including without limitation, the right to the possession of any such property or any part thereof, and the right to enter with legal process any premises where any such property may be found. Any requirement of said Code for reasonable notification shall be met by mailing written notice to Mortgagor at its address above set forth at least ten (10) days prior to the sale or other event for which such notice is required. The expenses of retaking, selling and otherwise disposing of said property, including reasonable attorneys' fees and legal expenses incurred in connection therewith, shall constitute so much additional indebtedness hereby secured and shall be payable upon demand with interest at the Default Interest Rate. **MORTGAGOR HEREBY IRREVOCABLY AUTHORIZES MORTGAGEE TO FILE UNIFORM COMMERCIAL CODE FINANCING STATEMENTS AT ANY TIME AND FROM TIME TO TIME WITHOUT MORTGAGOR'S SIGNATURE.**

(c) Foreclosure. Mortgagee may proceed to protect and enforce the rights of Mortgagee hereunder (i) by any action at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law, or (ii) by the foreclosure of this Mortgage. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness hereby secured in the decree of sale, all expenditures and expenses authorized by the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as from time to time amended (the "Act") and all other expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree the true conditions of the title to or the value of the Mortgaged Premises. All expenditures and expenses of the nature mentioned in this paragraph, and such other reasonable expenses and fees as may be incurred in the protection of the Mortgaged Premises and rents and income therefrom and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Note or the Mortgaged Premises, including bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings

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or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional indebtedness hereby secured and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Interest Rate until paid.

(d) Foreclosure and Sale. The Mortgagee shall apply the proceeds of such sale, after deducting all costs, fees and expenses of the Mortgagee and the sale, including but not limited to attorneys' fees, to the payment of the Notes and other indebtedness hereby secured in such order as the Mortgagee shall determine and, if there are any proceeds remaining, the Mortgagee shall distribute them to the person legally entitled to receive them. The Mortgagor shall surrender possession of the Premises or portion thereof so sold to the purchasers thereof immediately and without demand. The Mortgagee may be the purchaser at any such foreclosure sale.

(e) Taking Possession, Collecting Rents, Etc. Upon demand by Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee may enter and take possession of the Mortgaged Premises or any part thereof personally, by its agent or attorneys or be placed in possession pursuant to court order as mortgagee in possession or receiver as provided by law, and Mortgagee, in its discretion, personally, by its agents or attorneys or pursuant to court order as mortgagee in possession or receiver as provided by law may enter upon and take and maintain possession of all or any part of the Mortgaged Premises, together with all documents, books, records, papers, and accounts of Mortgagor relating thereto, and may exclude Mortgagor and any agents and servants thereof wholly therefrom and may, on behalf of Mortgagor, or in its own name as Mortgagee and under the powers herein granted:

(i) hold, operate, manage and control all or any part of the Mortgaged Premises and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Mortgaged Premises, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(ii) cancel or terminate any lease or sublease of all or any part of the Mortgaged Premises for any cause or on any ground that would entitle Mortgagor to cancel the same;

(iii) elect to disaffirm any lease or sublease of all or any part of the Mortgaged Premises made subsequent to this Mortgage without Mortgagee's prior written consent;

(iv) extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Premises, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the loan evidenced by the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the Mortgaged Premises are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness hereby

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secured, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;

(v) make all necessary or proper repairs, decoration renewals, replacements, alterations, additions, betterments, and improvements in connection with the Mortgaged Premises as may seem judicious to Mortgagee, to insure and reinsure the Mortgaged Premises and all risks incidental to Mortgagee's possession, operation and management thereof, and to receive all rents, issues, deposits, profits, and avails therefrom; and

(vi) apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Mortgaged Premises, to the payment of taxes, premiums and other charges applicable to the Mortgaged Premises, or in reduction of the indebtedness hereby secured in such order and manner as Mortgagee shall select.

(vii) receive and collect the rents, issues, profits and revenues of the Premises personally or through a receiver so long as an Event of Default shall exist and during the pendency of any foreclosure proceedings and during any redemption period, and the Mortgagor agrees to consent to a receiver if this is believed necessary or desirable by the Mortgagee to enforce its rights under this subsection (e). The collection of rents, issues, profits or revenues of the Premises by the Mortgagee shall in no way waive the right of the Mortgagee to foreclose this Mortgage in the event of any said Event of Default.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Mortgaged Premises. The right to enter and take possession of the Mortgaged Premises and use any personal property therein, to manage, operate, conserve and improve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expenses (including any reasonable receivers' fees, counsel fees, costs and agents' compensation) incurred pursuant to the powers herein contained shall be secured hereby which expenses Mortgagor promise to pay upon demand together with interest at the rate applicable to the Note at the time such expenses are incurred. Mortgagee shall not be liable to account to Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by Mortgagee. Without taking possession of the Mortgaged Premises, Mortgagee may, in the event the Mortgaged Premises become vacant or are abandoned, take such steps as it deems appropriate to protect and secure the Mortgaged Premises (including hiring watchmen therefor) and all costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Interest Rate.

(viii) Indemnity. The Mortgagor hereby agrees to indemnify, defend, protect and hold harmless the Mortgagee and its employees, officers and agents from and against any and all liabilities, claims and obligations which may be incurred, asserted or imposed upon them or any of them as a result of or in connection with any use, operation, lease or consumption of any of the Premises, or any part thereof, or as a result of the Mortgagee seeking to obtain performance of any of the obligations due with respect to the Premises,

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except from such liabilities, claims or obligations as result from the gross negligence or intentional misconduct of the Mortgagee, its employees, officers or agents.

(f) Setoff. Mortgagor hereby grants to Mortgagee a security interest in, and Mortgagee is hereby authorized at any time and from time to time, without prior notice to Mortgagor (any such notice being expressly waived by the Mortgagor), to set off and apply, any and all accounts and deposits (general or special, time or demand, provisional or final) at any time held by Mortgagee, or any branch, subsidiary, or Affiliate of Mortgagee, and all other indebtedness at any time owing by Mortgagee or any branch, subsidiary, or affiliate of Mortgagee, to or for the credit or account of Mortgagor (including all accounts held jointly with another, but excluding any IRA or Keogh accounts, or any trust accounts for which a security interest would be prohibited by law), against any and all of the obligations of Mortgagor now or hereafter existing under the Loan Documents. Such security interest may be enforced, and such right of setoff may be exercised, by Mortgagee irrespective of (i) whether or not Mortgagee shall have made any demand under the Loan Documents and (ii) whether such obligations are contingent, matured, or unmatured. Mortgagee agrees promptly to notify Mortgagor after any such setoff and application, provided that the failure to give such notice shall not affect the validity or such setoff and application. The rights of Mortgagee under this paragraph are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Mortgagee may have.

23. Compliance with Illinois Mortgage Foreclosure Law.

(a) In the event that any provision in this Mortgage shall be inconsistent with any provision of the Act the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act.

(b) If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in Sections 22(c) or 25 of this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

24. Waiver of Right to Redeem - Waiver of Appraisement, Valuation, Marshalling, Etc. To the full extent permitted by law, Mortgagor hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Mortgaged Premises, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to any decree, judgment or order of any court of competent jurisdiction; or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to

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redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Mortgagor and on behalf of each and every person acquiring any interest in or title to the Mortgaged Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and of all other persons, are and shall be deemed to be hereby waived to the full extent permitted by applicable law. To the full extent permitted by law, Mortgagor hereby agrees that no action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid in an action at law upon the Note. Mortgagee shall be under no obligation to marshal any assets in favor of Mortgagor or any other party or against or in payment of any or all of the indebtedness secured hereby. To the extent that Mortgagor makes a payment or payments to Mortgagee or Mortgagee enforces its security interests or exercises its rights of set-off, and such payment or payments or the proceeds of such enforcement or set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set-aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

25. Costs and Expenses of Foreclosure. In any suit to foreclose the lien hereof there shall be allowed and included as additional indebtedness in the decree for sale all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographic charges, publication costs and costs (which may be estimated as to items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches and examination, guarantee policies and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute any foreclosure action or to evidence to the bidder at any sale pursuant thereto the true condition of the title to or the value of the Mortgaged Premises, and all of which expenditures shall become so much additional indebtedness hereby secured which Mortgagor agrees to pay and all of such shall be immediately due and payable with interest thereon from the date of expenditure until paid at the Default Interest Rate.

26. Insurance After Foreclosure. Wherever provision is made in the Mortgage or any other Loan Document for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure, all such rights and powers of the Mortgagee shall continue in the Mortgagee as judgment creditor or mortgagee until delivery of a sheriff's deed subsequent to the foreclosure sale. Upon delivery of the sheriff's deed, Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale.

27. Indemnity. To the fullest extent permitted by law, Mortgagor shall indemnify, save and keep Mortgagee harmless from any damage, claims or causes of action brought by third parties arising out of or related to the Mortgaged Premises or otherwise arising out of or related

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to Mortgagor's operations and management or other activities of or in connection with the Mortgaged Premises. Mortgagor hereby acknowledges that Mortgagee shall not be deemed to have assumed any responsibility or liability in respect to the Mortgaged Premises on account of any inspections thereof by Mortgagee or Mortgagee's receipt or review of information and materials furnished by Mortgagor.

28. Additional Assurances. Mortgagor shall execute and deliver or cause to be executed and delivered to Mortgagee now, and at any time or times hereafter, all documents, instruments, letters of direction, notices, authorizations, reports, acceptances, receipts, consents, waivers, affidavits and certificates as Mortgagee may reasonably request, in form satisfactory to Mortgagee, to perfect and maintain perfected the liens granted by Mortgagor to Mortgagee upon the Mortgaged Premises or other collateral securing the obligation of the Mortgagor pursuant to the terms of this Mortgage and the Loan Documents or in order to consummate fully all of the transactions contemplated hereunder; and in connection therewith, Mortgagor hereby irrevocably makes, constitutes and appoints Mortgagee and any of its officers, employees or agents, as its true and lawful attorney with power to sign the name of Mortgagor to any such document, instrument, letter of direction, notice, report, acceptance, receipt, consent, waiver, affidavit or certificate if Mortgagor has not complied with Mortgagee's request to execute such document within seven (7) days from date of written request.

29. Modification to Documents. Except as otherwise provided herein, Mortgagor shall not, without the prior written consent of Mortgagee, amend or modify the partnership agreement of Mortgagor, and the partners thereof shall not sell, assign, transfer, pledge, encumber or otherwise dispose of all or any portion of the general partnership interests therein.

30. Mortgagee Party to Suits. If Mortgagee shall be made a party to or shall intervene in any action or proceeding affecting the Mortgaged Premises or the title thereto or the interest of Mortgagee under this Mortgage (including probate and bankruptcy proceedings), or if Mortgagee employs an attorney to collect any or all of the indebtedness hereby secured or to enforce any of the terms hereof or realize hereupon or to protect the lien hereof, or if Mortgagee shall incur any costs or expenses in preparation for the commencement of any foreclosure proceeding or for the defense of any threatened suit or proceeding which might affect the Mortgaged Premises or the security hereof, whether or not any such foreclosure or other suit or proceeding shall be actually commenced, then in any such case, Mortgagor agrees to pay to Mortgagee, within five (5) days of demand, all reasonable costs, charges, expenses and attorneys' fees incurred by Mortgagee in any such case, and the same shall constitute so much additional indebtedness hereby secured payable upon demand with interest at the Default Interest Rate.

31. Information Concerning Mortgagor. So long as the obligations of Mortgagor remain unpaid, Mortgagor will promptly supply Mortgagee with such information concerning its affairs and property as Mortgagee may reasonably request from time to time hereafter; promptly notify Mortgagee of any condition or event which constitutes a breach or Event of Default of any term, condition, warranty, representation or provision of this Mortgage or any of the Loan Documents and of any material adverse change in the financial condition of Mortgagor or Guarantors.

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32. Protective Advances. All reasonable advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage (collectively "Protective Advances"), shall have the benefit of all of the following provisions:

(a) all advances by Mortgagee in accordance with the terms of this Mortgage to: (i) preserve or maintain, repair, restore or rebuild the improvements upon the Mortgaged Premises or; (ii) preserve the lien of this Mortgage or the priority thereof;

(b) payments by Mortgagee of: (i) when due installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (ii) when due installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the mortgaged real estate or any part thereof; or (iii) other obligations authorized by this Mortgage;

(c) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage; (ii) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of this Mortgage or arising from the interest of the Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

(e) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing;

(f) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

(g) expenses deductible from proceeds of sale; and

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (a) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the mortgaged real estate; (b) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (c) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the mortgaged real estate; (d) shared or common expense assessments payable to any association or corporation in which the owner of the mortgaged real estate is a

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member in any way affecting the mortgaged real estate; (e) pursuant to any lease or other agreement for occupancy of the mortgaged real estate.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the Default Interest Rate.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded.

All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with any provisions of law, apply to and be included in:

- (i) determination of the amount of indebtedness secured by this Mortgage at any time;
- (ii) the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court or any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose.
- (iii) determination of amounts deductible from sale proceeds;
- (iv) application of income in the hands of any receiver or Mortgagee in possession; and
- (v) computation of any deficiency judgment.

33. Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Premises or of any sale of property pursuant to Section 22(c) hereof shall be distributed in the following order of priority: First, on account of all costs and expenses incident to the foreclosure or other proceedings including all such items as are mentioned in Sections 23(b), 22(c) and 25 hereof; Second, to all other items which under the terms hereof constitute indebtedness hereby secured in addition to that evidenced by the Note with interest thereon as herein provided; Third, to all interest on the Note; Fourth, to all principal on the Note with any overplus of whomsoever shall be lawfully entitled to same.

34. Mortgagee's Remedies Cumulative - No Waiver. No remedy or right of Mortgagee shall be exclusive but shall be cumulative and in addition to every other remedy or right now or hereafter existing at law or in equity or by statute or provided for in the Loan Documents. No delay in the exercise or omission to exercise any remedy or right accruing on any default shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Mortgagee.

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35. Modifications Not To Affect Lien. Mortgagee, without notice to anyone, and without regard to the consideration, if any, paid therefor, or the presence of other liens on the Mortgaged Premises, may in its discretion release any part of the Mortgaged Premises or any person liable for any of the indebtedness hereby secured, may extend the time of payment of any of the indebtedness hereby secured and may grant waivers or other indulgences with respect hereto and thereto, without in any way affecting or impairing the liability of any party liable upon any of the indebtedness hereby secured or the priority of the lien of this Mortgage upon all of the Mortgaged Premises not expressly released, and may agree with Mortgagor to modifications to the terms and conditions contained herein or otherwise applicable to any of the indebtedness hereby secured (including modifications in the rates of interest applicable thereto).

36. Security Agreement. Mortgagor and Mortgagee agree that this Mortgage shall constitute a Security Agreement within the meaning of the Code with respect to (a) all sums at any time on deposit for the benefit of Mortgagor or held by the Mortgagee (whether deposited by or on behalf of Mortgagor or anyone else) pursuant to any of the provisions of this Mortgage or the other Loan Documents, (b) with respect to any personal property included in the granting clauses of this Mortgage, which personal property may not be deemed to be affixed to the Mortgaged Premises or may not constitute a "fixture" (within the meaning of Section 9-102(a)(41) of the Code), and (c) with respect to all of the property described in Exhibit "C" attached hereto and by this reference made a part hereof (which property is hereinafter referred to as "Personal Property"), and all replacements of, substitutions for, additions to, and the proceeds thereof, (all of said Personal Property and the replacements, substitutions and additions thereto and the proceeds thereof being sometimes hereinafter collectively referred to as "Collateral"), and that a security interest in and to the Collateral is hereby granted to the Mortgagee, and the Collateral and all of Mortgagor's right, title and interest therein are hereby assigned to Mortgagee, all to secure payment of the indebtedness hereby secured. All of the provisions contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Mortgaged Premises, and the following provisions of this Paragraph shall not limit the applicability of any other provision of this Mortgage but shall be in addition thereto:

(a) Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof, other liens and encumbrances benefiting Mortgagee and no other party, and liens and encumbrances, if any, expressly permitted by the other Loan Documents.

(b) The Collateral is to be used by Mortgagor solely for business purposes.

(c) The Collateral will be kept at the Real Estate, except for Obsolete Collateral (as hereinafter defined), and will not be removed therefrom without the consent of Mortgagee (being the Secured Party as that term is used in the Code). The Collateral may be affixed to the Real Estate but will not be affixed to any other real estate.

(d) The only persons having any interest in the Mortgaged Premises are Mortgagor, Mortgagee and holders of interests, if any, expressly permitted hereby.

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(e) No Financing Statement (other than Financing Statements showing Mortgagee as the sole secured party, or with respect to liens or encumbrances, if any, expressly permitted hereby) covering any of the Collateral or any proceeds thereof is on file in any public office except pursuant hereto; and Mortgagor, at its own cost and expense, upon demand, will furnish to Mortgagee such further information and will execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee and will do all such acts as Mortgagee may request at any time or from time to time or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the indebtedness hereby secured, subject to no other liens or encumbrances, other than liens or encumbrances benefiting Mortgagee and no other party and liens and encumbrances (if any) expressly permitted hereby; and Mortgagor will pay the cost of filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by Mortgagee to be desirable.

(f) Upon an Event of Default hereunder, Mortgagee shall have the remedies of a secured party under the Code, including, without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose, so far as Mortgagor can give authority therefor, with or without judicial process, may enter (if this can be done without breach of the peace) upon any place which the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code); and Mortgagee shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Mortgagor's right of redemption in satisfaction of Mortgagor's obligations, as provided in the Code. Mortgagee may render the Collateral unusable without removal and may dispose of the Collateral on the Premises. Mortgagee may require Mortgagor to assemble the Collateral and make it available to Mortgagee for its possession at a place to be designated by Mortgagee which is reasonably convenient to both parties. Mortgagee will give Mortgagor at least ten (10) days notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified United States mail or equivalent, postage prepaid, to the address of Mortgagor hereinafter set forth at least ten (10) days before the time of the sale or disposition. Mortgagee may buy any of the Collateral at any public sale. Mortgagee may buy any of the Collateral at private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations. Any such sale may be held in conjunction with any foreclosure sale of the Mortgaged Premises. If Mortgagee so elects, the Mortgaged Premises and the Collateral may be sold as one lot. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling and the reasonable attorneys' fees and legal expenses incurred by Mortgagee, shall be applied against the indebtedness hereby secured in such order or manner as Mortgagee shall select. Mortgagee will account to Mortgagor for any surplus realized on such disposition.

(g) The terms and provisions contained in this Paragraph 36, unless the context otherwise requires, shall have the meanings and be construed as provided in the Code.

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(h) This Mortgage is intended to be a financing statement within the purview of Section 9-502(b) of the Code with respect to the Collateral and the goods described herein, which goods are or may become fixtures relating to the Mortgaged Premises. The addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are herein below set forth. This Mortgage is to be filed for recording with the Recorder of Deeds of the county or counties where the Premises are located. Mortgagor is the record owner of the Real Estate.

(i) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all Leases between Mortgagor or its agents as lessor, and various tenants named therein, as lessee, including all extended terms and all extensions and renewals of the terms thereof, as well as any amendments to or replacement of said Leases, together with all of the right, title and interest of Mortgagor, as lessor thereunder.

(j) Mortgagor represents and warrants that:

(i) Mortgagor is the record owner of the Real Estate;

(ii) Mortgagor's chief executive office is located in the State of Illinois;

(iii) Mortgagor's state of formation is the State of Illinois;

(iv) Mortgagor's exact legal name is as set forth in the first paragraph of this Mortgage; and

(v) Mortgagor's organizational identification number is 36-3926110.

(k) Mortgagor agrees that:

(i) Mortgagee is authorized to file a financing statement describing the Collateral;

(ii) Where Collateral is in possession of a third party, Mortgagor will join with the Mortgagee in notifying the third party of the Mortgagee's interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Mortgagee;

(iii) Mortgagor will cooperate with the Mortgagee in obtaining control with respect to Collateral consisting of: deposit accounts, investment property, letter of credit rights and electronic chattel paper; and

(iv) Until the indebtedness secured hereby is paid in full, Mortgagor will not change the state where it is located or change its name without giving the Mortgagee at least 30 days' prior written notice in each instance.

37. Notices. All notices or other communications required or permitted hereunder shall be (a) in writing and shall be deemed to be given when either (i) delivered in person, (ii) three (3) business days after deposit in a regularly maintained receptacle of the United States mail as registered or certified mail, postage prepaid, (iii) when received if sent by private courier

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service, or (iv) on the day on which the party to whom such notice is addressed refuses delivery by mail or by private courier service and (b) addressed as follows:

To Mortgagee: Bank One, NA
200 South Wacker Drive
6th Floor
Chicago, Illinois 60606
Attention: Thomas F. Porzak

With copy to: Scott M. Lapins
Schwartz, Cooper, Greenberger,
& Krauss, Chtd.
180 North LaSalle Street
Suite 2700
Chicago, Illinois 60601
Fax: (312) 782-8416

To Mortgagor: Illinois Self Storage Centers III, L.P.
800 Frontage Road
Northfield, Illinois 60093
Attention: Robert A. Soudan
Fax: (847) 441-7732

With copy to: Sanford R. Gall
Bell, Boyd & Lloyd
Three First National Plaza
70 West Madison Street
Suite 3300
Chicago, Illinois 60602
Fax: (312) 827-8080

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

38. Partial Invalidity. All rights, powers and remedies provided herein are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Mortgage shall be held to be invalid or unenforceable, the validity and enforceability of the other terms of this Mortgage shall in no way be affected thereby.

39. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Mortgage contained by or on behalf of Mortgagor, or by or on behalf of Mortgagee, shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

40. Default Interest Rate. For purposes of this Mortgage, "Default Interest Rate" shall mean the Default Interest Rate as set forth in the Note.

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41. Headings. The headings in this instrument are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

42. Changes, Etc. This instrument and the provisions hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

43. Governing Law. This Mortgage shall be governed by and construed under the laws of the State of Illinois.

44. Future Advances. Mortgagee shall have the right, but not the obligation, to advance additional funds in excess of \$2,205,000 to Mortgagor; and any sum or sums which may be so loaned or advanced by Mortgagee to Mortgagor within ten (10) years from the date hereof, together with interest thereon at the rate agreed upon at the time of such loan or advance, shall be equally secured with and have the same priority as the original indebtedness and be subject to all the terms and provisions of this Mortgage. Subject to the preceding sentence, this Mortgage is further made to secure payment of all other amounts, with interest thereon, becoming due and payable to Mortgagee under the terms of the Note, this Mortgage, or any other instruments securing the Note; provided, however, that the indebtedness secured hereby shall in no event exceed \$4,410,000 plus interest and disbursements made for the payment of taxes, levies or insurance on the property covered by this Mortgage and provided further that it is understood and agreed that this future advance provision shall not be construed to obligate the Mortgagee to make any such additional loans or advances. Nothing herein shall obligate the Mortgagee to loan the Mortgagor at any one time a sum in excess of the face amount of the Note. It is further agreed that any additional note or notes executed and delivered under this future advance provision shall be included in the word "Note" wherever it appears in the context of this Mortgage.

45. JURY WAIVER. BORROWER AND BANK HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT, ANY OTHER LOAN DOCUMENT OR ANY RELATIONSHIP BETWEEN BANK AND BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER LOAN DOCUMENTS.

46. Variable Rate Mortgage. This Mortgage is a variable rate mortgage with changes in the rate of interest, said changes calculated pursuant to the formulas in the Note.

47. Counterpart. This Mortgage may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

48. Assignment. Mortgagee may sell, assign, negotiate, pledge or otherwise hypothecate all or a portion of this Mortgage or grant participations herein, or in any of its rights and security hereunder, including, without limitation, the Note, and all other Loan Documents

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provided in all events Mortgagee remains as the lead lender; and, in case of such assignment, Mortgagor will accord full recognition thereto and agree that all rights and remedies of Mortgagee in connection with the interest so assigned shall be enforceable against Mortgagor by such assignee with the same force and effect and to the same extent as the same would have been enforceable by Mortgagee but for such assignment. Mortgagor may not assign or hypothecate its rights under this Mortgage.

49. Affirmative Covenants. Mortgagor covenants and agrees that from the date hereof and so long as any of the Mortgagor's Obligations remain outstanding and unperformed, Mortgagor will furnish to Mortgagee (a) on or before April 15 of each calendar year (or, if proper extensions have been obtained, within thirty (30) days from the date of filing) certified copies of the Federal Income Tax Returns with all supporting schedules for the Mortgagor; and (b) within ninety (90) days of the end of each calendar year, year-end financial statements from Mortgagor on Mortgagee's form, certified to be true, complete and correct. In addition, within thirty (30) days after the end of each calendar month, Mortgagor shall provide Mortgagee a current certified rent roll, monthly operating statements, monthly cash flow report, monthly delinquency reports and a monthly schedule of delinquency of receipt and payments as of the last day of each month or for the month, as applicable, which shall be certified to be true and correct by an executive officer of Mortgagor.

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IN WITNESS WHEREOF, ^{Mortgagor} Assigner has executed this ^{Mortgage} Assignment the day and year first set forth above.

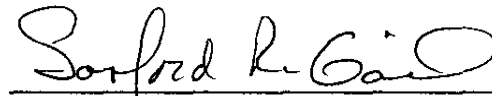
Borrower:

ILLINOIS SELF STORAGE CENTERS III, LP

By: 
Robert A. Soudan, as Trustee, General Partner

By: _____
Charles W. Sample, as Trustee, General Partner

LINCOLNWOOD-RIVER GROVE LOCKUP CORP.,
General Partner

By: 
Its Authorized Signatory

Property of Cook County Clerk's Office

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IN WITNESS WHEREOF, ^{Mortgagor} Assignor has executed this ^{Mortgage} Assignment the day and year first set forth above.

Borrower:

ILLINOIS SELF STORAGE CENTERS III, LP

By: _____
Robert A. Soudan, as Trustee, General Partner

By: Charles W. Sample
Charles W. Sample, as Trustee, General Partner

LINCOLNWOOD-RIVER GROVE LOCKUP CORP.,
General Partner

By: _____
Its Authorized Signatory

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STATE OF Illinois)
) SS.
COUNTY OF Cook)

On this 28th day of January, 2003, before me appeared Sanford R. Gail, to me personally known, who being by me duly sworn, did say that he is the Assistant Secretary of Lincolnwood-River Grove Lockup Corp, an Illinois corporation, General Partner of Illinois Self Storage Centers, an Illinois limited partnership and said instrument was signed on behalf of the aforementioned corporation by authority of its board of directors, and said Sanford R. Gail acknowledged said instrument to be the free act and deed of said corporation and limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Maureen E. Reid
Notary Public

My commission expires:

8-17-05

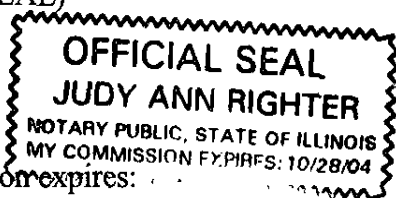


STATE OF (Illinois))
) SS.
COUNTY OF Cook)

I HEREBY CERTIFY that on this 27th day of January, 2003, before me personally appeared Robert J. Sadan, an individual, to me known to be the same person who signed the foregoing instrument as his free act and deed and for the use and purpose therein mentioned.

WITNESS my signature and official seal at _____ in the County of Cook and State of Illinois, the day and year last aforesaid.

(NOTARY SEAL)



My commission expires:

10.28.04

Judy Ann Righter
Notary Public

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STATE OF Illinois)
) SS.
COUNTY OF Cook)

I HEREBY CERTIFY that on this 27th day of January, 2003, before me personally appeared Charles W Sample, an individual, to me known to be the same person who signed the foregoing instrument as his free act and deed and for the use and purpose therein mentioned.

WITNESS my signature and official seal at Cook in the County of Cook and State of Illinois, the day and year last aforesaid.

(NOTARY SEAL)
OFFICIAL SEAL
JUDY ANN RICHTER
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 10/28/04
My commission expires:

10.28.04

[Signature]
Notary Public

Cook County Clerk's Office

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EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

THE NORTH 229 FEET OF THE EAST 460 FEET OF THE NORTHEAST ¼ OF THE SOUTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENT FOR THE BENEFIT OF PARCEL 1, AS CREATED BY INSTRUMENT MADE BY THE BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT 504, COUNTY OF COOK, STATE OF ILLINOIS (TRITON COLLEGE) TO CHICAGO TITLE AND TRUST COMPANY, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER TRUST AGREEMENT DATED MAY 7, 1985 AND KNOWN AS TRUST NUMBER 1086607, RECORDED SEPTEMBER 27, 1985 AS DOCUMENT 85208771, FOR PURPOSES OF SERVING THE LAND WITH SANITARY SEWER OVER AND UPON A 10 FOOT WIDE STRIP OF LAND BEING 5 FEET EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A ½ INCH IRON PIPE AT THE NORTHWEST CORNER OF THE NORTH 229 FEET OF THE EAST 460 FEET OF THE NORTHEAST ¼ OF THE SOUTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, AS MONUMENTED AND OCCUPIED, AND RECORDED IN THE COOK COUNTY RECORDER'S OFFICE MAY 21, 1985 AS DOCUMENT 85029125, THENCE EASTERLY ALONG THE NORTH LINE OF THE ABOVE DESCRIBED PROPERTY 20 FEET TO THE POINT OF BEGINNING; THENCE 90 DEGREES TO THE LEFT OF THE PROLONGATION OF THE LAST DESCRIBED COURSE, 4 FEET; THENCE 69 DEGREES, 48 MINUTES, 13 SECONDS TO THE RIGHT TO THE PROLONGATION OF THE LAST DESCRIBED COURSE, 49.75 FEET TO THE POINT OF TERMINUS IN SECTION 35, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

EASEMENT FOR THE BENEFIT OF PARCEL 1, AS CREATED BY INSTRUMENT MADE BY THE BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT 504, COUNTY OF COOK, STATE OF ILLINOIS (TRITON COLLEGE) TO CHICAGO TITLE AND TRUST COMPANY, A CORPORATION OF ILLINOIS, AS TRUSTEE UNDER TRUST AGREEMENT DATED MAY 7, 1985 AND KNOWN AS TRUST NUMBER 1086607, RECORDED SEPTEMBER 27, 1985 AS DOCUMENT 85208771, FOR PURPOSES OF SERVING THE LAND WITH A WATER MAIN OVER AND UPON THE SOUTH 10 FEET OF THE NORTH 91.5 FEET OF THE WEST 22 FEET OF THE EAST 482 FEET OF THE NORTHEAST ¼ OF THE SOUTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 35,

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TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN
COOK COUNTY, ILLINOIS.

PIN: 12-35-303-011-0000

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EXHIBIT "B"

PERMITTED EXCEPTIONS

1. General taxes due and payable in the current quarter and subsequent quarters in the year shown below and subsequent years, and special assessments that become a lien after the date hereof. Year: 2003.
2. Exceptions J and I as per Chicago Title Insurance Company's Commitment No. 1401 008079953 bearing an effective date of January 6, 2003.

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EXHIBIT "C"

PERSONAL PROPERTY

1. All personal property of every nature whatsoever now or hereafter owned by Mortgagor and on, or used in connection with the real estate legally described on Exhibit A hereto (the "Real Estate") or the improvements thereon, including all extensions, additions, improvements, betterments, renewals, substitutions and replacements thereof and all of the right, title and interest of Mortgagor in and to any such personal property together with the benefit of any deposits or payments now or hereafter made on such personal property by Mortgagor or on its behalf;

2. Any and all rents, revenues, issues, profits, proceeds, income, royalties, accounts including health-care insurance receivables, escrows, reserves, impounds, security deposits and other rights to monies now owned or hereafter acquired and arising from or out of the Real Estate and/or the businesses and operations conducted by Mortgagor thereon;

3. All fixtures and articles of personal property now or hereafter owned by Mortgagor and forming a part of or used in connection with the Real Estate or the improvements thereon, including, but without limitation, any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, bidets, boilers, bookcases, cabinets, carpets, coolers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, dynamos, elevators, engines, equipment, escalators, exercise equipment, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, sinks, sprinklers, stokers, stoves, toilets, ventilators, wall coverings, washers, windows, window coverings, wiring, and all renewals or replacements thereof or articles in substitution therefor;

4. All proceeds of the foregoing, including, without limitation, all judgments, awards of damages and settlements hereafter made resulting from condemnation proceeds or the taking of the Real Estate or improvements thereon or any portion thereof under the power of eminent domain, any proceeds of any policies of insurance, maintained with respect to the Real Estate or improvements thereon or proceeds of any sale, option or contract to sell the Real Estate or improvements thereon or any portion thereof;

5. Any and all other personal property of any kind, nature or description, whether tangible or intangible, (including without limitation, any and all goods, contract rights, franchises, licenses, permits, chattel paper (including electronic chattel paper), money, equipment, deposit accounts, documents, investment property, instruments, letter-of-credit rights, supporting obligations, and general intangibles including payment intangibles) of Mortgagor relating to or used in connection with the operation or maintenance of the Real Estate, whether now owned or hereafter acquired, or in which Mortgagor now has or shall hereafter acquire any right, title or interest whatsoever (whether by bill of sale, lease, conditional sales contract, or other title retention document or otherwise);

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6. Any and all additions and accessories to all of the foregoing and any and all proceeds (including proceeds of insurance, eminent domain or other governmental takings and tort claims), renewals, replacements and substitutions of all of the foregoing;

7. All of the books and records pertaining to the foregoing.

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