

Property of Cook County Office

SECOND JUNIOR MORTGAGE

This mortgage executed by M.G. International, LLC, an Illinois Limited Liability Company, having its registered office at 725 N. Addison, Villa Park, IL 60181, hereinafter referred to as "Mortgagor," which term includes mortgagor's successors, and assigns to 22nd Century Partners, LLC, an Illinois Limited Liability Company, having its registered office at 450 E. 12th Street, Lombard, IL 60148, hereinafter referred to as "Mortgagee."

For good and valuable consideration, and also in consideration of the aggregate sum of \$10,000,000.00 named in the promissory notes given to various individual lenders by Polo Builders, Inc., which is affiliates of Mortgagor, Mortgagor desires to grant mortgage to Mortgagee, its successors and assigns, on all of the certain tract of land of which Mortgagor is now the legal owner, and in actual possession, situated in the County of Cook, State of Illinois, described as follows:

THE EAST 25 FEET OF LOTS 3, ALL OF LOTS 4, 5 AND 6 AND LOT "A" (EXCEPT THE WEST 125 FEET) IN COUNTY CLERK'S DIVISION OF LOTS 12 AND 13 AND LOT 25 (EXCEPT THE WEST 550 FEET THEREOF) TOGETHER WITH ACCRETIONS THERETO IN SIMMONS AND GORDON'S ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, WHICH SURVEY IS ATTACHED TO THE DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT 0011054423, TOGETHER WITH AN UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS.

Permanent Index No.: 14-16-303-025-0000.

Address of the property: 4180 N. Marine Dr., Chicago, IL 60613.

Together with all structures and improvements now and afterwards on the land and the fixtures attached thereto, together with all and singular the tenements, hereditaments, easements, and appurtenances belonging or in any way appertaining, and the rents, issues, and profits, all the estate, right, title, interest, and all claims and demands in law and in equity, of mortgagor in and to the tract of land, and every part and parcel of it, and all fixtures and personal property now or afterwards attached to or used in connection with the premises here described, including by way of illustration, but not by way of

limitation, the following: all heating, refrigerating, ventilating, air-conditioning, sprinkling and vacuum cleaning plants and systems; all water and power systems; all plumbing and lighting fixtures; all incinerators, elevators, and storm windows; all plants trees and shrubs of every kind now growing or later planted on the premises.

This mortgage is given to secure (a) the payment of \$10,000,000.00 with interest as provided in the promissory notes which notes are incorporated herein by reference, that notes being payable with interest as mentioned therein with bi-monthly interest payments; (b) the performance of the other agreements in the note; (c) any future advances; (d) any extensions, renewals, modifications or substitutions of the Note and to secure the performance of Mortgagor's covenants and agreements.

Provided always, that if Mortgagor shall pay to Mortgagee, its successors, legal representatives, or assigns, the amount in the promissory notes mentioned above, with all interest due, and shall perform, comply with, and abide by each and every stipulation, agreement, condition, and covenant of the note and of this mortgage, and shall pay all taxes that may accrue on the property and all costs and expenses that Mortgagee, its successors or assigns may be put to in collecting the note, in the foreclosure of this mortgage or otherwise, including reasonable attorneys' fees, then this mortgage and the lien here created shall cease and be null and void, and a release of the mortgage shall be executed by Mortgagee.

Mortgagor and Mortgagee state and agree this is a Second Junior Mortgage upon the premises.

Mortgagor covenants and agrees that:

1. Mortgagor shall pay the principal and interest and other sums of money payable by virtue of the promissory notes and this mortgage, or either, promptly on the days respectively the same severally become due.

2. Mortgagor shall pay the taxes, assessments, levies, liabilities, obligations, and encumbrances of every nature on the described property, and if the same are not promptly paid, Mortgagee, its successors, legal representatives, or assigns may at any time pay the same without waiving or affecting the option to foreclose or any right under this mortgage, and every payment so made shall bear interest from the date of the mortgage at the rate of 20 percent per year.

3. Mortgagor shall pay all the costs, charges, and expenses, including attorneys' fees, reasonably incurred or paid at any time by Mortgagee, its successors, legal representatives or assigns, because of failure by Mortgagor to perform, comply with, and abide by each and every stipulation, agreement, condition and covenant of the promissory note and this mortgage, or either, and every such payment shall bear interest from date at the rate of 20 percent per year.

4. Mortgagor shall keep the buildings now or afterwards on the land insured in a sum equal to the highest insurable value, both fire and extended coverage, in a company or companies to be approved by Mortgagee, with standard and customary Mortgagee loss-payable clause indorsed on it, making such loss payable to Mortgagee, its successors, legal representatives, or assigns; and in the event Mortgagor fails to obtain insurance, then Mortgagee may obtain insurance and hold it as above

provided, without waiving or affecting the option to foreclose or any right under this mortgage, and the Mortgagor will repay to the Mortgagee on demand all premiums so paid by Mortgagee, with interest at the rate of 20 percent per year from the time of payment by Mortgagee; all premiums paid by Mortgagee shall be secured by this mortgage and shall be collectible in the same manner as the principal indebtedness; and should the Mortgagee by reason of the insurance receive any sum of money for damage, that amount may be retained and applied by Mortgagee toward payment of the debt secured by the mortgage, or it may be paid over either wholly or in part to the Mortgagor for the repair of the buildings or for the erection of new buildings in their place, or for any other purpose or purposes satisfactory to the Mortgagee; and if the Mortgagee receives and retains insurance money for damage to the buildings, the lien of the mortgage shall be affected only by a reduction by the amount of the insurance money so retained by the Mortgagee.

5. Mortgagor shall neither permit nor cause the removal, alteration, or demolition, without the consent of the Mortgagee, of any building on the premises; all buildings now or later situated on the premises shall be maintained by the Mortgagor in good and substantial repair; Mortgagor shall not permit, commit, nor cause waste, impairment, or deterioration of the property, or any part of it, except reasonable wear and tear; and, in the event of the failure of Mortgagor to keep the buildings on the premises and those to be erected on the premises, or improvements, in good repair, Mortgagee may make repairs as in its discretion it may deem necessary for the proper preservation of the buildings and the full amount of each and every payment shall be due and payable 14 days after demand, and shall be secured by the lien of this mortgage; and in addition, in the event of the occurrence of any of the preceding, the Mortgagee shall be entitled to immediately restrain the Mortgagor by injunction or other appropriate remedy.

6. Mortgagor shall perform, comply with, and abide by each of the stipulations, agreements, conditions, and covenants in the promissory notes.

7. Mortgagee may, at any time pending a suit on this mortgage, apply to the court for the appointment of a receiver, and the court shall then appoint a receiver of the premises, including all income, profits, issues, and revenues from whatever source derived, each and every one of which, it is expressly understood, is here mortgaged, as if specifically set forth and described. The receiver's appointment shall be made as a matter of absolute right to Mortgagee, and without reference to the adequacy or inadequacy of the value of the property mortgaged or to the solvency or insolvency of Mortgagor or the defendants. Rents, profits, income, issues, and revenues shall be applied by the receiver according to the lien of this mortgage and the practice of the court. In the event of any default on the part of Mortgagor, Mortgagor agrees to pay to Mortgagee on demand as a reasonable monthly rental for the premises an amount at least equivalent to one-twelfth of the aggregate of the twelve monthly installments then payable in the current year plus the actual amount of the annual taxes, assessments, water rates, and insurance premiums for that year not covered by the monthly payments.

8. If any of the sums of money are not promptly paid within 14 days next after becoming due and payable, or if each of the stipulations, agreements, conditions, and covenants of the promissory note and this mortgage, or either, are not fully performed, complied with, and abided



by, the aggregate sum mentioned in the promissory note shall become due and payable immediately or later at the option of Mortgagee, its successors, legal representatives, or assigns, as fully and completely as if the aggregate sum were originally stipulated to be paid on that day, despite anything in the promissory notes or herein to the contrary.

9. Mailing a written notice or demand addressed to the owner of record of the mortgaged premises or to the owner at the last address, actually furnished to Mortgagee, or if none, directed to the owner at the mortgaged premises, and mailed by the United States mail, postage prepaid, shall be sufficient notice and demand in any case arising under this instrument and required by the provisions of this mortgage or by law.

10. If foreclosure proceedings of any mortgage or lien of any kind superior or inferior to this mortgage are instituted, Mortgagee may at its option, immediately or afterwards, declare this mortgage and the indebtedness secured due and payable.

11. The Mortgagor, within 7 days after request of the Mortgagee, will furnish to the Mortgagee or to any other person, firm, or corporation as may be designated by the Mortgagee, a duly acknowledged written statement of the amount due on the mortgage and whether any offsets or defenses exist against the mortgage debt.

12. The whole of the principal amount and interest shall become due at the option of the Mortgagee, under any of the following conditions: after default in the payment of any principal or interest, or any installment, as provided in the notes for 14 days; after default in the payment of any tax, assessment, water charges, sewer service charge, or other governmental or other charge or rate levied or charge against the mortgage premises, for 21 days after notice and demand from the Mortgagee; after default subsequent to notice and demand from the Mortgagee either in assigning and delivering the insurance policies insuring the building against loss, or in reimbursing the Mortgagee for premiums paid on the insurance, as above provided; or after default on request of the Mortgagee in furnishing a statement of the amount due on the mortgage and whether off-sets or defenses exist against the mortgage debt, as above provided.

13. The Mortgagor warrants title to the premises and covenants with the Mortgagee that the Mortgagor is the true and lawful owner of the premises and has good right and full power to grant and mortgage them, and that the premises are free and clear of all encumbrances, except only restrictions and easements of record, taxes and assessments not yet due or delinquent, first mortgage lien in favor of Parkway Banks and Trust Company and such other matters as are indicated following the legal description of the premises expressly set forth; and Mortgagor further covenants that Mortgagor will warrant and defend against all lawful claims of all persons except as above provided.

14. In case of a foreclosure sale, the premises, or so much as may be affected by this mortgage, may be sold in one parcel.

15. The Mortgagor assigns to the Mortgagee the rents, issues, and profits of the premises as further security for the payment of the obligations secured by this mortgage, and grants to the Mortgagee the right to enter on the premises for the purpose of collecting the

payments, and to rent the premises or any part of them, and to apply the moneys received from the rental, after payment of all necessary charges and expenses, to the obligation secured by this mortgage, on default under any of the covenants, conditions, or agreements contained in this mortgage. The Mortgagor further promises and agrees, in the event of any such default, to pay to the Mortgagee, or to any receiver appointed to collect the rents, issues, and profits of the premises, a fair and reasonable occupational rent for the use and occupation of the premises or of such part as may be in the possession of the Mortgagor; and on default in payment of the rental, to vacate and surrender possession of the premises, or that portion occupied by the Mortgagor, to the Mortgagee or the receiver.

16. In the event any action or proceeding is commenced (except an action to foreclose this mortgage or to collect the obligation secured by it) in which it becomes necessary to defend or assert the lien of this mortgage, whether or not the mortgage is made or becomes a party to such action or proceeding, all expenses of the Mortgagee incurred in any action or proceeding to prosecute or defend the rights and lien created by this mortgage, including reasonable counsel fees, shall be paid by the Mortgagor, and if not so paid promptly on request, shall be added to the debt secured and become a lien on the mortgaged premises, and shall be deemed to be fully secured by this mortgage and to be prior and paramount to any right, title, or interest, or claim to or on the premises accruing or attaching subsequent to the lien of this mortgage, and shall bear interest at the rate provided for the obligation secured. This covenant shall not govern or affect any action or proceeding to foreclose this mortgage or to recover or to collect the debt secured by it, which action or proceeding shall be governed by the provisions of law and rules of court respecting the recovery of costs, disbursements, and allowances in foreclosure actions.

17. If all or any part of the premises shall be condemned and taken under the power of eminent domain, or if any award for any change or grade of streets affecting the premises shall be made, all damages and awards for the property so taken or damaged shall be paid to the holder of this mortgage, to the amount then unpaid on the indebtedness secured, without regard to whether or not the balance remaining unpaid on the indebtedness may then be due and payable; and the amount so paid shall be credited against the indebtedness and, if insufficient to pay the entire amount, may, at the option of the holder, be applied to the last maturing installments, and the balance of damages and awards, if any, shall be paid to the Mortgagor. The holder of this mortgage is given full power, right, and authority to receive and receipt for any and all damages and awards.

18. If the Mortgagor or any obligor on the secured note: (1) files a voluntary petition in bankruptcy under the Bankruptcy Code of the United States, or (2) is adjudicated a bankrupt under that act, or (3) is the subject of a petition filed in federal or state court for the appointment of a trustee or receiver in bankruptcy or insolvency, or (4) makes a general assignment for the benefit of creditors, then and on the occurrence of any of the conditions, at the option of the Mortgagee, the entire balance of the principal amount secured, together with all accrued interest, shall immediately become due and payable.

19. Mortgagor shall comply with all statutes, ordinances, and governmental requirements affecting the mortgaged premises, and if

Mortgagor neglects, or refuses to so comply and such failure or refusal continues for a period of 60 days then, at the option of the Mortgagee, the entire balance of the principal amount secured by this mortgage, together with all accrued interest, will immediately become due and payable.

20. The Mortgagee shall have the right to inspect the premises at all reasonable times and access thereof shall be permitted for that purpose.

21. Mortgagee shall release this mortgagee, and lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby and payment of a reasonable fee to Mortgagee for the execution of such release. Mortgagee shall release specific condominium unit and/or parking at the request of Mortgagor, so long as Mortgagor is not then in default and sufficient collateral to secure the outstanding debt is available to Mortgagee.

22. This mortgage is subordinate to an existing mortgage dated January 25, 2001 in favor of Parkway Bank and Trust Company securing an indebtedness of \$15,990,000.00.

Executed at Villa Park, Illinois on March 20th, 2003.

Mortgagor:
M.G. International, LLC
an Illinois Limited Liability Company

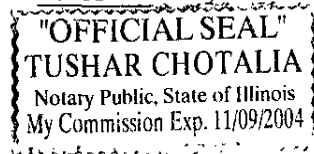
By: [Signature]
Manager

STATE OF ILLINOIS)
) SS.
COUNTY OF Cook)

I, the undersigned Notary Public, in and for said County, in the State aforesaid, do hereby certify that, Hasan Merchant, personally known to me to be the Manager of M.G. International, LLC, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he is the managing member of said LLC and caused the his signature, pursuant to authority given by the Operating Agreement of said LLC, at his free and voluntary act, and as the free and voluntary act and deed of said LLC, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 20th day of March, 2003.

[Signature]
NOTARY PUBLIC



& MAIL TO:

This instrument prepared by: Tushar R. Chotalia, 6753 N. Trumbull Ave., Lincolnwood, IL 60712. (847) 674-3616

