

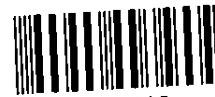
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Cook County Recorder 31.00

PREPARED BY:

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MAIL TO:

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REAL ESTATE MORTGAGE

THIS MORTGAGE, made this 8th day of May, 2000, between **ZARAH INTERNATIONAL INCORPORATED.**, 1549-59 Roosevelt Road, Chicago, Illinois 60607 (the "Mortgagor") and **THE NATIONAL REPUBLIC BANK OF CHICAGO**, (the "Mortgagee") at 201 West Harrison Street, Chicago, Illinois 60607.

WITNESSETH: that to secure the full, faithful and complete payment of a certain Secured Promissory Construction Note of even date, executed by **Zarah International Incorporated, d/b/a Citgo Gas** in the principal amount of **EIGHT HUNDRED FIFTY THOUSAND (\$850,000) DOLLARS** (the "Loan") having a maturity date of May 1, 2001, and delivered to Mortgagee, and to secure the performance and observance by Mortgagor, of all of the covenants, agreements, and conditions contained in said Secured Promissory Construction Note, in this Mortgage, and in all other instruments pertaining to the debts and obligations of Mortgagor to Mortgagee, including a certain Construction Loan Agreement of even date, and to secure the payment of any and all sums heretofore or hereafter loaned and advanced by Mortgagee to Mortgagor or its beneficiary, total indebtedness shall not exceed One Hundred Fifty (150%) Percent of the principal amount of the Note, the Mortgagor hereby mortgages, warrants and conveys to the Mortgagee, its successors and assigns:

LEGAL: LOTS 17 TO 24 (EXCEPT THE NORTH 42 FEET OF SAID LOTS CONVEYED TO THE CITY OF CHICAGO AND EXCEPT THE WEST 12 1/2 FEET OF LOT 24 TAKEN FOR ASHLAND AVENUE) IN BLOCK 4 IN SAMPSON AND GREENE'S SUBDIVISION OF BLOCK 2, 3, 4, 5, 6, 11, 12, 13 AND 14 IN SAMPSON AND GREENE'S ADDITION TO CHICAGO OF THE NORTHWEST 1/4 OF SECTION 20, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 17-20-100-046-0000

ADDRESS: 1549-59 Roosevelt Road, Chicago, Illinois 60607

BOX 333-CTI

TOGETHER with all buildings, improvements, tenements, hereditaments, easements, fixtures and appurtenances thereunto belonging or pertaining; all apparatus, equipment and appliances now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, ventilation and refrigeration; all machinery and other equipment of every nature and kind used or useful in connection with the maintenance and operation of the property and intended for the use of tenants or occupants; (all of the foregoing whether now on the property or hereafter erected, installed or placed thereon or therein, or whether physically attached thereto or not, are and shall be deemed a part of said real estate as between the parties hereto and all persons claiming by, through or under them, and a portion of the security for said indebtedness); the rents, issues and profits of the property (provided, however, that the Mortgagor shall be entitled to collect the rents, issues and profits until default hereunder); and also all the estate, right, title and interest of Mortgagor in and to the property; and

TO HAVE AND HOLD the property unto Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth, free from all rights and benefits under the Homestead Exemption Laws of the State of Illinois, which said rights and benefits Mortgagor does hereby expressly release and waive.

The Mortgagor covenants that it is lawfully seized and possessed of and has the right to sell and convey said property; that the same is free from all encumbrances except as hereinabove recited; and that it hereby binds itself and its successors in interest to warrant and defend the title aforesaid thereto and every part thereof against the claims of all persons whomsoever.

Mortgagor covenants and agrees:

1. To pay, when due, all sums secured hereby.
2. Not to abandon the property; to keep the property in good condition and repair and not to commit or suffer waste; to pay for and complete within a reasonable time any building at any time in the process of erection upon the property; to promptly repair, restore, or rebuild any building or improvement now or hereafter on the property which may become damaged or destroyed; to refrain from impairing or diminishing the value of the security; to make no material alterations of the property.
3. To comply with all requirements of federal, state and municipal laws and regulations, including those relating to all environmental laws governing the property and the use thereof, and to permit Mortgagee to inspect the property at all reasonable times.
4. That (a) during the period of Mortgagor's ownership or use of the property no substance has been, is or will be present, used, stored, deposited, treated, recycled or disposed of on, under, in or about the Property in a form, quantity or manner which if known to be present on, under or about the Property would require clean-up, removal or some other remedial action ("Hazardous Substance") under any federal, state or local laws, regulations, ordinances, codes or rules ("Environmental Laws"); (b) that Mortgagor has no knowledge, after due inquiry, of any prior use or existence of any Hazardous Substance on the Property by any prior owner of or person using the Property; (c) that, without limiting the generality of the foregoing, Mortgagor has no knowledge, after due inquiry, that the Property contains asbestos, polychlorinated biphenyl components (PCBs) or underground storage tanks; (d) that there are no conditions existing currently or likely to exist during the term of this Mortgage which would subject Mortgagor to any damages, penalties, injunctive relief or clean-up costs in any governmental or regulatory action or third-party claims relating to any Hazardous Substance; (e) that Mortgagor is not subject to any court or administrative proceeding, judgment, decree, order or citation relating to any Hazardous Substance; and (f) that Mortgagor in the past has been, at the present is, and in the future will remain in compliance with all Environmental Laws. Mortgagor shall indemnify and hold harmless Bank, its directors, officers, employees and agents from all loss, cost, including reasonable attorney's fees and legal expenses, liability and damage whatsoever directly or indirectly resulting from, arising out of, or based upon (i) the presence, use, storage, deposit, treatment, recycling or disposal, at any time, of any Hazardous Substance on, under, in or about the Property, or the transportation of any Hazardous Substance to or from the Property, (ii) the violation or alleged violation of any Environmental Law, permit, judgment or license relating to the presence, use, storage, deposit, treatment, recycling or disposal of any Hazardous Substance on, under, in or about the Property, or the transportation of any Hazardous Substance to or

from the Property, or (iii) the imposition of any governmental lien for the recovery of environmental or regulatory action or third-party claim instituted or threatened in connection with any Hazardous Substance on, in or about the Property.

5. To keep the property free from mechanics or other liens or claims for liens of any kind; to pay when due any indebtedness which may be secured by a lien or charge on the property, and, upon request, to exhibit to Mortgagee satisfactory evidence of the payment and discharge of such liens or claims.

6. To pay, when due, all general and special taxes, all special assessments, water charges, drainage charges, sewer service charges and other charges against the property, of any kind whatsoever, which may be levied, assessed, charged or imposed on the property, or any part thereof.

7. To exhibit to Mortgagee, at least annually and at any time upon request, official receipts showing full payment of all taxes, assessments and charges which Mortgageor is required to pay under law.

8. To execute an assignment of rents on said property of even date herewith.

9. To keep the property continuously insured, until the indebtedness secured hereby is fully paid (or in case of foreclosure until a sale pursuant to a judgment of foreclosure) against loss or damage under such types of hazard and liability insurance and in such forms, amounts and companies as may be approved or reasonably required from time to time by Mortgagee, all policies whether or not required by the terms of this mortgage, shall contain loss payable clauses in favor of the Mortgagee (or, in case of foreclosure sale, in favor of the owner of the certificate of sale); in the event of loss, Mortgageor shall immediately notify Mortgagee in writing and Mortgageor hereby authorizes and directs each and every insurance company concerned to make payments for such loss jointly to Mortgageor and Mortgagee, and the insurance proceeds, or any part thereof, may be applied by Mortgagee, at its option, either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged, and any application thereof to the indebtedness shall not relieve Mortgageor from making the payments herein required until the indebtedness is paid in full. Mortgagee may, from time to time, at its option, waive, and after any such waiver, reinstate, any or all provisions hereof requiring deposit of insurance policies, by notice to Mortgageor in writing.

10. To deliver to Mortgagee, all policies of insurance with evidence of premiums prepaid (renewal policies to be delivered not less than ten days prior to the respective dates of expiration), and all abstracts of title, title guarantee policies, Torrens certificates of title and other evidence of title to the property, all of which shall be held by Mortgagee without liability, and in the event of foreclosure of this mortgage or transfer of title to the property in extinguishment of said indebtedness, shall become the absolute property of Mortgagee.

11. If required by Mortgagee, to make monthly deposits with Mortgagee, in an interest bearing account, in addition to the payments required by the Note, of a sum equal to one-twelfth (1/12) of the yearly taxes and assessments which may be levied against the property, and (if so required) one-twelfth (1/12) of the yearly premiums for insurance on the property. The amount of such taxes, assessments and premiums, when unknown, shall be estimated by Mortgagee. Such deposits shall be used by Mortgagee to pay such taxes, assessments and premiums when due. Any insufficiency of such account to pay such taxes, assessments or premiums when due shall be paid by Mortgageor to Mortgagee on demand. Upon any default under this mortgage, Mortgagee may apply any funds in said account to any obligation then due under this mortgage. The enforceability of the covenants relating to taxes, assessments and insurance premiums herein otherwise provided, shall not be affected except insofar as the obligations thereunder have been actually met by compliance with this paragraph. Mortgagee may from time to time at its option waive, and after any such waiver reinstate, any or all provisions hereof requiring deposits for taxes, assessments or insurance premiums, by notice to Mortgageor in writing. While any such waiver is in effect, Mortgageor shall pay taxes, assessments and insurance premiums as herein elsewhere provided.

12. Any awards of damage resulting from condemnation proceedings or the taking or injury of the property for public use, less reasonable costs and associated attorneys' fees and expenses of Mortgageor, shall be paid to Mortgagee and the proceeds or any part thereof shall be applied by Mortgagee, at its option, after the

payment of all of its expenses, including costs and attorneys' fees, to the reduction of the indebtedness hereby secured.

13. In the event of default in performance of any of Mortgagor's covenants or agreements herein contained, Mortgagee may, but need not, make any payment or perform any act hereinbefore required of Mortgagor, in any form and manner deemed expedient and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or any other lien, encumbrance, suit, title or claim thereof, or redeem from any tax sale or forfeiture affecting the property or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other moneys advanced by Mortgagee to protect the property and the lien hereof shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon.

Mortgagee in making any payment hereby authorized relating to taxes or assessments shall be the sole judge of the legality and validity thereof and of the amount necessary to be paid in satisfaction thereof.

14. If (a) default be made in payment, when due, of any sum secured hereby, or in any of the other covenants or agreements herein contained to be performed by Mortgagor; or, (b) any proceedings be instituted or process issued (i) to enforce any other lien, charge, or encumbrance against the property, except for any such proceeding which Mortgagor is contesting in good faith or (ii) against Mortgagor under any bankruptcy or insolvency laws, or (iii) to place the property or any part thereof in the custody or control of any court through its receiver or other officer, and such proceedings are not dismissed or stayed on appeal or such process withdrawn within ten days after written notice to Mortgagor; or (c) in the event the Mortgagor shall convey title to any person or persons other than the Mortgagor, or if a beneficial interest in Mortgagor be sold or transferred without Mortgagee's prior written consent, or (d) Mortgagor makes any assignment for the benefit of creditors, or is declared a bankrupt, or, if by or with the consent or at the instance of Mortgagor, proceedings to extend the time of payment of the Note or to change the terms of this mortgage be instituted under any bankruptcy or insolvency law or; (e) Mortgagor breaches any term or covenant of this Construction Real Estate Mortgage or any other instrument executed by Mortgagor to evidence or secure the Loan, then,

I. All sums secured hereby shall, at the option of Mortgagee, become immediately due and payable without notice, with interest thereon, and

II. Mortgagee may immediately foreclose this mortgage. The Court in which any proceeding is pending for that purpose may, at one or at any time thereafter, either before or after sale, and without regard to the solvency or insolvency of any person liable for payment of the indebtedness secured hereby, and without regard to the then value of the property, appoint a receiver (the provisions for the appointment of a receiver and assignment of rents being an express condition upon which the loan hereby secured is made), for the benefit of Mortgagee, with power to collect the rents, issues and profits of the property, due and to become due during such foreclosure suit. The receiver, out of such rents, issues and profits when collected, may pay costs incurred in the management and operation of the property, prior and subordinate liens, if any, and taxes, assessments, water and other utilities and insurance, then due or thereafter accruing, and may make and pay for any necessary repairs to the property, and may pay all or any part of the indebtedness secured hereby or any deficiency decree, and Mortgagor hereby grants to Mortgagee the right, acting through itself, its agents or attorneys, either with or without process of law, forcibly or otherwise, to enter upon and take possession of the property, expel and remove any persons, goods or chattels, occupying or upon the same, and to collect or receive all the rents, issues and profits thereof, and to manage and control the same, and to lease the same or any part thereof from time to time, and after deducting all reasonable attorney's fees, and all expenses incurred in the protection, care, maintenance, management and operation of the property, apply the remaining net income upon the indebtedness secured hereby, or upon any deficiency decree entered by virtue of any sale held pursuant to a decree of foreclosure.

15. In any foreclosure of this Mortgage there shall be allowed and included in the decree for sale, to be paid out of the rents or proceeds of such sale:

- (a) All principal and interest remaining unpaid and secured hereby;
- (b) All other items advanced or paid by Mortgagee pursuant to this mortgage with interest;
- (c) All court costs, attorneys' fees, appraiser's fees, expenditures for documentary and expert evidence, court reporters, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, title guarantee policies, Torrens certificates and similar data with respect to title, as Mortgagee may deem necessary. All expenditures and expenses of the type mentioned in this subparagraph (c) shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon in connection with (i) any proceeding, including probate and bankruptcy proceedings, to which Mortgagor shall be a party, either as plaintiff, claimant, or defendant, by reason of this Mortgage or any indebtedness hereby secured; or (ii) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (iii) preparations for the defense of any threatened suit or proceeding which might affect the property or the security hereof, whether or not actually commenced. The proceeds of any foreclosure sale shall be distributed and applied to the items described in subparagraphs (a), (b), and (c) in order of priority inversely to the manner in which said subparagraphs are above listed and any surplus of the proceeds of such sale shall be paid to Mortgagor.

16. Mortgagor, on behalf of itself and each and every person claiming by, through or under Mortgagor, hereby waives any and all rights of redemption, statutory or otherwise, without prejudice to Mortgagee's right to any remedy, legal or equitable, which Mortgagee may pursue to enforce payment or to effect collection of all or any part of the indebtedness secured by this Mortgage, and without prejudice to Mortgagee's right to a deficiency judgment or any other appropriate relief in the event of foreclosure of this Mortgage.

17. No remedy or right of Mortgagee shall be exclusive of but shall be in addition to every other remedy of right now, or hereafter, existing at law or in equity. No delay in exercising, or omission to exercise, any remedy or right, accruing on any default shall impair any such remedy or right, or shall be construed to be a waiver of any such default, or acquiescence therein, nor shall it affect any subsequent default of the same or a 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.

18. Notwithstanding the provisions of Paragraph 10 hereof, Mortgagee is hereby authorized to elect to pay any insurance premiums on an installment basis.

19. Without affecting the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of any indebtedness secured hereby or for performance of any obligation contained herein, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee may, at any time and from time to time, either before or after the maturity of said note, and without notice or consent:

- (a) release any person liable for payment of all any part of the indebtedness or for performance of any obligation,
- (b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness, or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof,
- (c) exercise or refrain from exercising or waive any right Mortgagee may have,
- (d) accept additional security of any kind,

(e) release or otherwise deal with any property, real or personal, securing the indebtedness, including all or any part of the property mortgaged hereby.

Upon full payment of all sums secured hereby at the time and in the manner provided, then this conveyance shall be null and void and a reconveyance or release of the property shall be made by Mortgagee to Mortgagor.

20. Mortgagor hereby releases and waives all rights under and by virtue of the homestead exemption laws of the State of Illinois.

21. This Mortgage secures an obligation for the construction of an improvement on the land mortgaged herein and constitutes a "construction Mortgage" within the meaning of Section 9-313(1)(c) of the Illinois Uniform Commercial Code.

22. This Mortgage is made pursuant to a certain Construction Loan Agreement of even date, the terms and conditions of which are incorporated herein by reference.

23. Mortgagor will comply with each and every provision of said Construction Loan Agreement.

24. All provisions hereof shall inure to and bind the respective heirs, executors, administrators, successors, vendees and assigns of the parties hereto, and the word Mortgagor shall include all persons claiming under or through Mortgagor and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this mortgage. Whenever used, the singular number shall include the plural, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the Mortgagor has executed this instrument and the Mortgagee has accepted delivery of this instrument as of the date aforesaid.

ZARAH INTERNATIONAL INCORPORATED

By: [Signature]
Khizar F. Hayat, President

ATTEST:

[Signature]
Khizar F. Hayat, Secretary

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, a Notary Public, in and for said State, in the County aforesaid, **DO HEREBY CERTIFY** that Khizar F. Hayat, personally known to be the President and Secretary, of **Zarah International Incorporated, d/b/a Citgo Gas**, whose name is subscribed to the forgoing instrument as such officer of said corporation, appeared before me this day in person and severally acknowledged that he signed and delivered said instrument as his free and voluntary acts as such officers, and on behalf of and at the direction of said corporation by the authority of its Board of Directors, for the uses and purposes herein set forth.

GIVEN under my hand and official seal this 8th day of May, 2000.



[Signature]
Notary Public