

# UNOFFICIAL COPY

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## MORTGAGE AND SECURITY AGREEMENT

This MORTGAGE AND SECURITY AGREEMENT ("Mortgage") is made December 1, 1993 between LASALLE NATIONAL TRUST, N.A., not personally, but as Trustee under a Trust Agreement dated February 29, 1984 and known as Trust 107732 ("Trust 107732"), FARCROFT APARTMENTS, an Illinois limited partnership ("FARCROFT"), (Trust 107732 and FARCROFT are hereinafter collectively referred to as "Mortgagor") and NBD BANK, an Illinois banking corporation, having an office at Orrington at Davis, Evanston, IL 60204-0552 (hereinafter referred to as "Mortgagee").

W I T N E S S :

DEPT-01 RECORDING \$79.00  
 T#0011 TRAM 8778 12/16/93 15:52:00  
 #5605 + \*-03-033680  
 COOK COUNTY RECORDER

WHEREAS, Trust 107732 is indebted to Mortgagee in the principal amount of \$2,190,000 together with interest thereon from and after the date hereof at the rates provided in that certain Mortgage Note of even date herewith in the principal amount of \$2,190,000 ("Mortgage Note") a copy of which is attached hereto and made a part hereof as Exhibit "1"; and

WHEREAS, FARCROFT has entered into certain Articles of Agreement for Deed dated February 27, 1984 for the purchase of the "Premises" (described below) or the entire beneficial interest of Trust 107732 from the beneficiary of Trust 107732; and

WHEREAS, the sole shareholder of the beneficiary of Trust 107732 is the sole shareholder of a general partner of FARCROFT; and

WHEREAS, the loan evidenced by the Mortgage Note will be of substantial economic benefit to FARCROFT, and FARCROFT to induce Mortgagee to make such loan has offered to mortgage, pledge, and hypothecate all of its rights, title, interest, and estates in the "Premises" (described below) and to subordinate all of its rights, title and interests pursuant to the aforesaid Articles of Agreement for Deed to the loan evidenced by the Mortgage Note. Mortgagee has accepted the offer of FARCROFT. FARCROFT has executed, acknowledged and delivered this Mortgage to secure the aforesaid Mortgage Note, and to subordinate its interests pursuant to said Articles of Agreement for Deed to the loan evidenced by said Mortgage Note; and

WHEREAS, as a condition of making the loan evidenced by the aforesaid Mortgage Note, Mortgagee has required that Mortgagor mortgage the "Premises" (as hereinafter defined) to the Mortgagee, and Mortgagor has executed, acknowledged, and delivered this Mortgage to secure the indebtedness evidenced by the aforesaid Mortgage Note.

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and (c) unless Mortgagor has paid the taxes in full under protest in accordance with any applicable law, that Mortgagor shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, a sum of money, bond, Letter of Credit or other security reasonably acceptable to Mortgagee which shall be sufficient in the reasonable judgment of the Mortgagee to pay in full such contested tax and assessment and all penalties and interest that might become due thereon, and shall keep said money on deposit or keep in effect said bond or Letter of Credit in an amount sufficient, in the reasonable judgment of the Mortgagee, to pay in full such contested tax and assessment; and all penalties and interest that might become due thereon, and shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional penalties and interest whenever, in the reasonable judgment of the Mortgagee, such increase is advisable. In case the Mortgagor, after demand is made upon it by Mortgagee, shall fail to prosecute such contest with reasonable diligence or shall fail to maintain sufficient funds on deposit as hereinabove provided, the Mortgagee may, at its option upon notice to Mortgagor, apply the monies and/or liquidate the securities deposited with Mortgagee, in payment of, or on account of, such taxes and assessments, or any portion thereof then unpaid, including the payment of all penalties and interest thereon. If the amount of the money and/or security so deposited shall be insufficient as aforesaid for the payment in full of such taxes and assessments, together with all penalties and interest thereon, the Mortgagor shall forthwith upon demand, either (i) deposit with the Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make such payment in full, or, (ii) in case the Mortgagee shall have applied funds on deposit on account of such taxes and assessments, restore said deposit to an amount reasonably satisfactory to Mortgagee. Provided Mortgagor is not then in default hereunder, the Mortgagee shall, upon the final disposition of such contest and upon Mortgagor's delivery to Mortgagee of an official bill for such taxes, apply the money so deposited in full payment of such taxes and assessments or that part thereof then unpaid, together with all penalties and interest due thereon and return on demand the balance of said deposit, if any, to Mortgagor.

(2) Deposit each month, on the date when the principal and interest payment under the Mortgage Note is due with the Mortgagee, an amount equal to 1/12th of the annual general real estate taxes for the Real Estate as reasonably estimated by Mortgagee, so that there shall be on deposit with the Mortgagee the estimated amount of unpaid general real estate taxes for the Real Estate as such general real estate taxes for the Real Estate become due, such that the balance of the funds deposited pursuant to this Paragraph shall approximate 2/12ths of said annual real estate taxes as determined by Mortgagee after the payment of the first and second installment of general real estate taxes on the premises as such installments become due. Mortgagee shall provide or pay the funds on deposit with it pursuant to this paragraph towards satisfaction of Mortgagor's obligations pursuant to Paragraph 1B.(1) above.

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G. FINANCIAL COVENANTS. (1) Mortgagor shall provide Mortgagee with leasing status reports in form and content acceptable to Mortgagee on or before each March 31 for the calendar year just immediately ended which leasing status reports shall indicate the name of each tenant, annual rent for each leased space, percentage rent, if any, amount of space being leased, and the lease expiration date.

(2) By March 31 of each year while any portion of the indebtedness evidenced by the Mortgage Note is outstanding, Mortgagor shall provide Mortgagee with personal financial statements in form and content acceptable to Mortgagee which include, without limitations, cash flow statements for all real estate investments on forms reasonably to be prescribed by Mortgagee for each of the persons who have guaranteed the repayment of the indebtedness evidenced by the Mortgage Note and secured hereby and performance of the Mortgage covenants contained herein.

(3) By March 31 for the calendar year just immediately ended, Mortgagor shall provide Mortgagee with an annual operating statement in form and content acceptable to Mortgagee (to be prepared in accordance with generally accepted accounting principles consistent with the previous years' operating statements) for the Premises, which annual operating statement will indicate the total rental income for the Premises and the annual expenses therefor.

(4) Prior to disbursement of loan proceeds, Mortgagor shall deliver to Mortgagee copies of all executed leases for the Premises each of which leases shall be in form and content acceptable to Mortgagee. After disbursement of loan proceeds, Mortgagor shall deliver to Mortgagee a copy of each executed lease immediately upon execution thereof each of which leases shall be in form and content acceptable to Mortgagee.

(5) Mortgagee shall be permitted to inspect the Premises, upon Mortgagee's request, at any reasonable time and Mortgagor shall permit Mortgagee to have access to the Premises for the purposes of such inspection.

(6) By April 30 of each year while any portion of the indebtedness evidenced by the Mortgage is outstanding, Mortgagor shall provide Mortgagee with the state and federal income tax returns acceptable to the Mortgagee for each of the beneficiary of Trust 107732, FARCROFT, and the persons who have guaranteed the repayment of the indebtedness evidenced by the Mortgage Note and secured hereby and performance of the Mortgage covenants contained herein.

(7) By March 31 of each year for the calendar year just immediately ended, Mortgagor shall provide Mortgagee with an annual corporate financial statement for each of PLANNED REALTY GROUP, INC. and PLANNED EQUITIES, INC. prepared by an independent

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certified public accountant acceptable to Mortgagee, which financial statement shall be in both form and content acceptable to Mortgagee.

(8) Mortgagor shall provide Mortgagee with all interim financial statements for each of PLANNED REALTY GROUP, INC. and PLANNED EQUITIES, INC. within five (5) days of their availability.

(9) All accounts relative to the Premises, including without limitations all security deposit accounts and operating accounts, shall be maintained on deposit with Mortgagee.

(10) After the date hereof, Mortgagor shall not permit management of the Premises to be transferred to any person or entity without the prior written approval of Mortgagee.

2. MORTGAGEE'S PERFORMANCE OF DEFAULTED ACTS. In case of default herein, Mortgagee may, but need not, at any time after the giving of any notice and the lapse of any time thereafter which may be required by Paragraph 11 hereof, and subject to the provisions of this Mortgage make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient by Mortgagee, and Mortgagee 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 other prior or junior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by Mortgagee to protect the Premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Mortgagor to Mortgagee without notice and with interest thereon at the Default Interest Rate as defined herein. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

3. EMINENT DOMAIN. So long as any portion of the principal balance evidenced by the Mortgage Note remains unpaid, any and all awards heretofore or hereafter made or to be made to the present and all subsequent owners of the Premises, by any governmental or other lawful authority for taking, by condemnation or eminent domain, of the whole or any part of the Premises or any improvement located thereon, or any easement therein or appurtenant 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 warrant for payment thereof), are hereby assigned by Mortgagor to Mortgagee, to the extent of the unpaid indebtedness evidenced by the Mortgage Note, which award Mortgagee is hereby authorized to give appropriate receipts and acquittances therefore, and, subject to the terms of Paragraph 19 hereof, Mortgagee shall apply the proceeds of such award as a credit upon any portion of the indebtedness secured

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hereby or, at its option, permit the same to be used to repair and restore the improvements in the same manner as set forth in Paragraph 19 hereof with regard to insurance proceeds received subsequent to a fire or other casualty to the Premises. Mortgagor shall give Mortgagee immediate notice of the actual or threatened commencement of any such proceedings under condemnation or eminent domain, affecting all or any part of the said Premises or any easement therein or appurtenance thereof, including 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. Mortgagor shall make, execute, and deliver to Mortgagee, at any time or times upon request, free, clear, and discharged of any encumbrances of any kind whatsoever, any and all further assignments and/or instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning all awards in accordance with and subject to the provisions hereof, and other compensation heretofore and hereafter to be made to Mortgagor for any taking, either permanent or temporary, under any such proceeding. Notwithstanding anything aforesaid to the contrary, Mortgagor shall have the sole authority to conduct the defense of any condemnation or eminent domain proceeding and (so long as the amount of any condemnation or eminent domain award exceeds the unpaid principal balance evidenced by the Mortgage Note) the sole authority to agree to and/or accept the amounts, terms, and conditions of any and all condemnation or eminent domain awards.

4. ACKNOWLEDGEMENT OF DEBT. Mortgagor shall furnish, from time to time, within thirty (30) days after Mortgagee's request, a written statement of the amount due upon this Mortgage and whether any alleged offsets or defenses exist against the indebtedness secured by this Mortgage.

5. INSPECTION OF BOOKS AND RECORDS. Mortgagor shall keep and maintain full and correct books and records showing in detail the income and expenses of the Premises and within ten (10) days after demand therefore to permit Mortgagee, at normal business hours, to examine such books and records and all supporting vouchers and data, at any time and from time to time, on request at Mortgagor's offices, hereinbefore identified or at such other location as may be mutually agreed upon.

6. ILLEGALITY OF TERMS HEREOF. Nothing herein or in the Mortgage Note contained nor any transaction related thereto shall be construed or shall so operate either presently or prospectively, (a) to require Mortgagor to pay interest at a rate greater than is now lawful in such case to contract for, but shall require payment of interest only to the extent of such lawful rate; or (b) to require Mortgagor to make any payment or do any act contrary to law, and if any clause and provision herein contained shall otherwise so operate to invalidate this Mortgage, in whole or in part, then such clause or clauses and provisions only shall be held for naught as though not herein contained and the remainder of this

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Mortgage shall remain operative and in full force and effect, and Mortgagee shall be given a reasonable time to correct any such error.

7. SUBROGATION. In the event the proceeds of the loan made by the Mortgagee to the Mortgagor, or any part thereof, or any amount paid out or advanced by the Mortgagee, be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Premises or any part thereof, then the Mortgagee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of same.

8. EXECUTION OF SECURITY AGREEMENT AND FINANCING STATEMENT.

That Mortgagor, within five (5) days after request by mail, shall execute, acknowledge, and deliver to Mortgagee a Security Agreement, Financing Statement, or other similar security instrument, in form satisfactory to the Mortgagee, and reasonably satisfactory to Mortgagor and conforming to the terms hereof covering all property of any kind whatsoever owned by the Mortgagor, which, in the sole opinion of Mortgagee, is essential to the operation of the Premises and concerning which there may be any doubt as to whether the title to same has been conveyed by or a security interest therein perfected by this Mortgage under the laws of the State of Illinois and will further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement or certificate, or other documents as Mortgagee may request in order to perfect, preserve, maintain, continue, and extend the security instrument. Mortgagor further agrees to pay Mortgagee, on demand, all costs and expenses incurred by Mortgagee in connection with the recording, filing, and refiling of any such document.

9. MORTGAGEE'S PAYMENT OF GOVERNMENTAL, MUNICIPAL, OR OTHER CHARGES OR LIENS.

Upon the occurrence of an Event of Default hereunder Mortgagee is hereby authorized subject to the terms and provisions of this Mortgage, to make or advance, in the place and stead of the Mortgagor, any payment relating to taxes, assessments, water rates, sewer rentals, and other governmental or municipal charges, fines, impositions, or liens asserted against the Premises and may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement, or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof, and the Mortgagee is further authorized to make or advance in the place and stead of the Mortgagor any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, or charge; or payment otherwise relating to any other purpose herein and hereby authorized but not enumerated in this Paragraph, and may do so whenever, in its reasonable judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, and, provided further, that in connection with any such advance,

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Mortgagee, in its option, may, and is hereby authorized to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Mortgagee's choosing.

All such advances and indebtedness authorized by this Paragraph shall be repayable by Mortgagor upon demand with interest at the Default Interest Rate.

10. BUSINESS LOAN. The Mortgagor represents and agrees, and the beneficiary of Trust 107732 by execution and delivery of the direction to Mortgagor to execute this Mortgage, warrants, represents and agrees that the proceeds of the Mortgage Note will be used for business purposes, and that the indebtedness evidenced by the Mortgage Note constitutes a business loan.

11. DEFAULT AND FORECLOSURE.

(a) Events of Default and Remedies. The following shall constitute an Event of Default under this Mortgage:

(i) any failure to provide the insurance specified in Paragraph 1C(1) and 1C(2) herein;

(ii) any default in the monthly principal and interest payments, which default or failure remains uncured for a period of five (5) days, or any default in the final principal and accrued interest payment under the Mortgage Note secured hereby; or

(iii) any default in the performance or observance of any other term, covenant, or condition in this Mortgage, or in any other instrument now or hereafter evidencing or securing said indebtedness which default continues for thirty (30) days; or

(iv) any default in the performance or observance of any term, covenant, or condition in any document or instrument evidencing or securing any indebtedness or obligation of any of Mortgagor, any beneficiary of Mortgagor, or any guarantor of the payment of the Mortgage Note secured hereby to Mortgagee; or

(v) if the Mortgagor, any beneficiary thereof, or any guarantor of the payment of the Mortgage Note secured hereby, shall file a petition in voluntary bankruptcy or under Chapter VII or Chapter XI of the Federal Bankruptcy Code or any similar law, state or federal, whether now or hereafter existing, which action is not dismissed within thirty (30) days; or

(vi) if the Mortgagor, any beneficiary thereof, or any guarantor of the payment of the Mortgage Note secured hereby, shall file an answer admitting

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insolvency or inability to pay their debts or fail to obtain a vacation or stay of involuntary proceedings within thirty (30) days after the filing thereof; or

(vii) if the Mortgagor, any beneficiary thereof, or any guarantor of the payment of the Mortgage Note secured hereby, shall be adjudicated a bankrupt, or a trustee or a receiver shall be appointed for the Mortgagor or its beneficiary which appointment is not relinquished within thirty (30) days for all or any portion of the Premises or its or their property in any involuntary proceeding; or

(viii) any Court shall have taken jurisdiction of all or any portion of the Premises or the property of the Mortgagor, any beneficiary thereof or any guarantor of the payment of the Mortgage Note secured hereby, in any involuntary proceeding for the reorganization, dissolution, liquidation, or winding up of the Mortgagor, any beneficiary thereof, or guarantor of the payment of the Mortgage Note secured hereby, and such trustees or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within the thirty (30) days after appointment; or

(ix) the Mortgagor, any beneficiary thereof, or any guarantor of the Mortgage Note secured hereby, shall make an assignment for the benefit of creditors, or shall admit in writing its or their insolvency or shall consent to the appointment of a receiver or trustee or liquidator of all or any portion of the Premises; or

(x) the untruth or falsity of any of the warranties contained herein, or the Collateral Assignment of Lease(s) and Rent(s) given to secure the payment of the Mortgage Note; or

(xi) any material adverse change in the financial condition of Mortgagor or any Guarantor of the Mortgage Note secured hereby as determined by the Mortgagee in its sole discretion.

Upon the occurrence of an Event of Default, the entire indebtedness secured hereby, including, but not limited to, principal and accrued interest shall, at the option of the Mortgagee and without demand or notice to Mortgagor, become immediately due and payable with interest accruing thereafter on the unpaid principal balance of the Mortgage Note at the Default Interest Rate, (as hereinafter defined) and, thereupon, or at any time after the occurrence of any such Event of Default, the Mortgagee may proceed to foreclose this Mortgage by judicial



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proceedings according to the statutes in such case provided, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

(b) Expense of Litigation. In any suit to foreclose the lien of this Mortgage or enforce any other remedy of the Mortgagee under this Mortgage, the Mortgage Note, or any other document given to secure the indebtedness represented by the Mortgage Note, there shall be allowed and included as additional indebtedness in the judgment or decree, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, survey costs, and cost (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 insurance policies, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree, the true condition of the title to or value of the Premises. All expenditures and expenses of the nature in this Paragraph mentioned, and such expenses and fees as may be incurred in the protection of said Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney affecting this Mortgage, the Mortgage Note or the Premises, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the Default Interest Rate.

(c) Mortgagee's Right of Possession in Case of Event of Default. In any case in which, under the provisions of this Mortgage, the Mortgagee has a right to institute foreclosure proceedings whether or not the entire principal sum secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof, or before or after sale thereunder, forthwith upon demand of Mortgagee, Mortgagor shall surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of the Premises or any part thereof, personally or by its agent or attorneys, as for condition broken, and Mortgagee, in its discretion, may enter upon and take and maintain possession of all or any part of said Premises, together with all documents, books, records, papers, and accounts of the Mortgagor or the then owner of the Premises relating thereto, and may exclude the Mortgagor, its agents or servants, wholly therefrom, and may, in its own name as Mortgagee and under the powers herein granted:

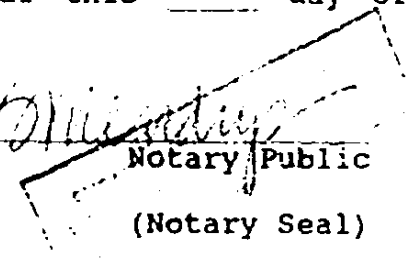
(i) hold, operate, manage and control the Premises and conduct the business, if any thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents,

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STATE OF ILLINOIS)  
  )SS  
COUNTY OF COOK     )

I, SUSAN E. MENDRYS, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that ROBERT J. BURFORD, President of PLANNED EQUITIES, INC., a Delaware corporation, General Partner of FARCROFT APARTMENTS, an Illinois limited partnership, and DAVID J. O'KEEFE ASSISTANT Secretary of PLANNED EQUITIES, INC., a Delaware corporation, General Partner of FARCROFT APARTMENTS, an Illinois limited partnership, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary of PLANNED EQUITIES, INC., a Delaware corporation, as the General Partner of FARCROFT APARTMENTS, an Illinois limited partnership, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said FARCROFT APARTMENTS, an Illinois limited partnership, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1ST day of DECEMBER, 1993.

A rectangular notary seal stamp with a dashed border. Inside the border, the name "Susan E. Mendrys" is written in cursive. Below the name, the words "Notary Public" are printed. At the bottom of the seal, the text "(Notary Seal)" is printed.

Cook County Clerk's Office

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## MORTGAGE NOTE

\$2,190,000.00

December 1, 1993

FOR VALUE RECEIVED, the undersigned, LASALLE NATIONAL TRUST, N.A., as Trustee under a Trust Agreement dated February 29, 1984 and known as Trust 107732 ("Trust 107732"), promises to pay to NBD BANK ("Bank"), an Illinois banking corporation, having an office at Orrington at Davis, Evanston, IL 60204-0552, the principal sum of TWO MILLION ONE HUNDRED AND NINETY THOUSAND (\$2,190,000) DOLLARS and interest at the times and at the interest rate specified below.

The Interest Rate payable hereunder shall be calculated on the outstanding principal balance on the basis of a 360 day year and paid for the actual number of days elapsed.

The Interest Rate is one (1.0%) per cent in excess of NBD's Prime Rate in effect from time to time. The Interest Rate shall change if and when NBD's Prime Rate changes, and any such change in the Interest Rate shall be effective as of the date of the respective change in the NBD Prime Rate. The term "NBD Prime Rate" as used herein shall mean at any time the Prime Rate of the Bank as announced from time to time in effect by the Bank. It is expressly agreed that the use of the term "NBD Prime Rate" is not intended to mean, nor does it imply that said rate of interest is a preferred rate of interest or one which is offered by the Bank to its most creditworthy customers.

Provided no Event of Default exists hereunder, Trust 107732 may, by written notice executed by Trust 107732 and delivered to the Bank together with a payment by Trust 107732 to the Bank of a conversion fee in the amount of one-half of one (0.50%) per cent of the then outstanding principal balance of this Mortgage Note, elect to convert the Interest Rate payable hereunder to the Interest Rate to be fixed at two and one-fourth (2.25%) per cent (225 basis points) in excess of the Bank's then current cost of funds as determined by the Bank. Such fixed Interest Rate shall be effective on the date of election. Trust 107732 may elect to convert the Interest Rate only once.

Trust 107732 shall pay to the Bank the principal balance due under this Mortgage Note and interest at the Interest Rate aforesaid in monthly instalments (including principal and interest) of \$19,005 commencing on January 1, 1994 and continuing on the first day of each month thereafter except that the final payment of all outstanding principal and accrued interest shall be payable, if not sooner paid, on December 1, 1998. In the event that the NBD Prime Rate exceeds 7.5% or Trust 107732 has elected to convert the Interest Rate to a fixed rate of interest as described above, the Bank shall adjust the amount of the monthly instalment payment so

EXHIBIT "1"

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as to continue the amortization of outstanding principal due hereunder at the applicable Interest Rate over a period of twenty (20) years beginning with the date hereof.

All payments on account of the indebtedness evidenced by the Mortgage Note shall be first applied to interest accrued on the principal balance due hereunder and the remainder, if any, to principal.

After maturity, whether by acceleration or otherwise, the Default Interest Rate on the outstanding principal balance shall be three (3.0%) per cent in excess of the applicable Interest Rate specified herein.

THIS IS A BALLOON NOTE AND ON THE MATURITY DATE (DECEMBER 1, 1998) A SUBSTANTIAL PORTION OF THE PRINCIPAL AMOUNT OF THIS MORTGAGE NOTE WILL REMAIN UNPAID AFTER THE APPLICATION OF THE ABOVE REQUIRED MONTHLY INSTALLMENTS.

The Bank may impose a late charge of five (5%) per cent of the amount of the monthly principal and interest installment due in any month in which payment of the monthly installment is received more than fifteen (15) days after its due date.

Payments of both principal and interest are to be made at such place as the legal holders of this Mortgage Note may from time to time appoint and in the absence of such appointment, at the office of the Bank noted above.

Provided that no Event of Default exists hereunder or no conditions exist which with the mere passage of time could become an Event of Default, Trust 107732 shall have the privilege on any monthly payment date to prepay the unpaid principal balance, in whole or in part, with accrued interest thereon to the date of payment upon giving thirty (30) days written notice to the holder hereof of Trust 107732's intentions to make such prepayment, without premium or penalty, provided, however, that if Trust 107732 has exercised its option to convert the Interest Rate to a fixed rate of interest as described above, Trust 107732 shall pay a premium on the principal prepaid in an amount equal to the Current Value of (i) the interest that would have accrued on the amount prepaid at the Interest Rate, minus (ii) the interest that would have accrued on the amount prepaid at the Treasury Rate. In both cases, interest will be calculated from the prepayment date to the maturity date hereunder (December 1, 1998). "Treasury Rate" shall mean the average yield to maturity expressed on a bond equivalent basis which two United States government securities dealers estimate to be the highest yield available for Equivalent Securities. "Equivalent" means that the Security is in an amount and has a maturity reasonably equal to the amount prepaid. "Securities" are United States Treasury Bonds, Notes, or Bills as appropriate. The Bank's determination of "Equivalent" and its

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selection of the dealers shall be final. "Current Value" means the value of the interest on the date of determination discounted at the Treasury Rate.

In addition to the monthly principal and interest payments specified above, Trust 107732 shall deposit with the Bank each month on the date when the principal and interest installment is due, an amount equal to 1/12th of the annual real estate taxes for the real estate legally described in the Mortgage described below, as reasonably estimated by the Bank on a "when issued and payable" basis, such that the balance of the funds deposited pursuant to this Paragraph shall approximate 2/12ths of said annual real estate taxes as determined by the Bank after the payment of installments of real estate taxes as such instalments become due.

The payment of this Mortgage Note is secured by (i) a Mortgage bearing even date herewith to the Bank on real estate commonly known as 1337 W. Fargo Avenue, Chicago, Cook County, Illinois (the "Mortgage"); (ii) a Collateral Assignment of Lease and Rents on said real estate; (iii) a Collateral Assignment of Beneficial Interest in Trust 107732; and (iv) a Guaranty executed by ROBERT J. BUFORD, PLANNED REALTY GROUP, INC., an Illinois corporation, and delivered by them to the Bank (the "Loan Documents"). Said Loan Documents, including each of their provisions, are incorporated herein as if fully set forth.

It shall be an Event of Default under this Mortgage Note if

(i) There shall be a failure to provide the insurance specified in the Mortgage; or if

(ii) There shall be a default in making any monthly principal and interest payment required hereunder which default continues for five (5) days or a default in making the final principal and accrued interest payment required hereunder; or if

(iii) There shall be a default in the performance or observance of any other term, covenant, or condition in this Mortgage Note, the Mortgage, any other Loan Documents, any other note or notes executed by Trust 107732 or guaranteed by any or both of the aforesaid Guarantors and owned by the Bank ("Other Note(s)") or any loan documents evidencing or securing the indebtedness evidenced by any such Other Note(s) which default continues for thirty (30) days following notice thereof to Trust 107732 (or such lesser time as any of the aforesaid documents may specify).

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In the Event of Default, the Bank shall have the right to

(i) Demand from Trust 107732 and the Guarantors of this Mortgage Note, the principal balance, unpaid interest, and other charges due under this Mortgage Note or any of the Other Note(s);

(ii) Foreclose the Mortgage and any other mortgage given to the Bank to secure any indebtedness of Trust 107732 or any of them to the Bank;

(iii) Pursue any other remedies available to it under the provisions of the Mortgage, other Loan Documents or any loan documents evidencing or securing any indebtedness evidenced by any of the Other Note(s).

The holder of this Mortgage Note may grant to Trust 107732, or any Guarantor of this Mortgage Note, any extension or extensions of time of payment hereof, in whole or in part; may grant a renewal or renewals of this Mortgage Note in whole or in part; may enter into a modification agreement or agreements with respect to the Mortgage or other Loan Documents which secure the payment of this Mortgage Note and may release a portion or portions of the real estate described in the Mortgage which secures the payment of this Mortgage Note, and no such extension, renewal, modification agreement or release shall in any way affect Trust 107732's or Guarantors' obligations and liability upon this Mortgage Note except to the extent that for any such releases, payments are made to reduce the principal amount of this Mortgage Note.

If this Mortgage Note is placed with an attorney for consultation or collection or is collected by legal proceedings because of the occurrence of an Event of Default, Trust 107732 agrees to pay all costs of such consultation or collection including reasonable attorney's fees.

The makers, endorsers, guarantors, sureties and all other parties liable for the payment of any sum due or to become due under the terms of this Mortgage Note severally waive presentment for payment, notice of dishonor and protest.

This Mortgage Note is executed by LASALLE NATIONAL TRUST, N.A., not individually, but as Trustee under a Trust Agreement dated February 29, 1984 and known as Trust 107732, and in the exercise of the power and authority conferred upon and vested in it as such Trustee and said LASALLE NATIONAL TRUST, N.A. hereby warrants that it possesses full power and authority to execute this instrument. No personal liability shall be asserted or be enforceable against LASALLE NATIONAL TRUST, N.A. all such liability, if any, being expressly waived by each holder hereof, and each original and successive holder of this Mortgage Note accepts the same upon the express condition that no duty shall rest

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upon LASALLE NATIONAL TRUST, N.A. to sequester the rents, issues, and profits arising from the property described in said Mortgage or the proceeds arising from the sale or other disposition thereof.

LASALLE NATIONAL TRUST, N.A., not individually, but as Trustee under a Trust Agreement dated February 29, 1984 and known as Trust 107732

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Title: \_\_\_\_\_

Property of Cook County Clerk's Office

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