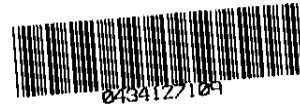


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PREPARED BY AND WHEN
RECORDED MAIL TO:
Stephen H. Malato, Esq.
Hinshaw & Culbertson LLP
222 N. LaSalle St., Suite 300
Chicago, Illinois 60601



Doc#: 0434127109
Eugene "Gene" Moore Fee: \$90.50
Cook County Recorder of Deeds
Date: 12/08/2004 03:49 PM Pg: 1 of 34

GEAM LOAN NO 5822

ADDRESS: 631-635 Chicago Avenue
Evanston, Illinois 60202

TAX NO.:

MORTGAGE, ASSIGNMENT OF RENTS AND LEASES SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT

THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT (this "Mortgage") is made this 1st day of December, 2004, between Southpoint Plaza II, LLC an Illinois limited liability company (hereinafter referred to as "Mortgagor"), whose address is c/o Management/Marketing Services 401 Huehl Road, Suite 1A, Northbrook, Illinois 60062 and First Colony Life Insurance Company, a Virginia corporation, (hereinafter referred to as "Mortgagee"), whose address is 707 East Main Street, Suite 1300-A, Richmond, Virginia 23219-3310.

Mortgagee is making a loan (the "Loan") in the principal amount of \$2,150,000.00 to be secured by that certain real property (the "Realty") described in Exhibit "A" attached hereto. The Loan, if not sooner paid, is due and payable in full on December 31, 2016 ("Maturity Date"). In consideration of the Loan, and the sum of One and No/100 Dollars (\$1.00) in hand paid by the Mortgagee, the receipt of which is hereby acknowledged, Mortgagor does hereby MORTGAGE, GRANT, BARGAIN, SELL AND CONVEY unto Mortgagee, its successors and assigns, forever, AND GRANT TO THE MORTGAGEE A SECURITY INTEREST IN, all of Mortgagor's estate, rights, title, claim, interest and demand, either in law or in equity, of, in and to the following property, whether the same be now owned or hereafter acquired ("Property"):

(a) The Realty and all rights to the land lying in alleys, streets and roads adjoining or abutting the Realty;

(b) All buildings, improvements and tenements now or hereafter located on the Realty;

(c) All fixtures and articles of property now or hereafter attached to, or used or adapted for use in the ownership, development, operation or maintenance of, the buildings, improvements and Realty (whether such items are leased, are owned or subject to any title retaining or security instrument, or are otherwise used or possessed), including without limitation all heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, generating, power, lighting, laundry, maintenance, incinerating, lifting, cleaning, fire prevention and extinguishing,

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security and access control, cooking, gas, electric and communication fixtures, equipment and apparatus, all engines, motors, conduits, pipes, pumps, tanks, ducts, compressors, boilers, water heaters and furnaces, all ranges, stoves, disposers, refrigerators and other appliances, all escalators and elevators, all baths and sinks, all cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash, all carpeting, under padding, floor covering, paneling and draperies, all furnishings of public spaces, halls and lobbies, and all shrubbery and plants; all of which items shall be deemed part of the real property and not severable wholly or in part without material injury to the freehold; provided, however, that personal property and trade fixtures owned or supplied by tenants of the Property with the right of removal at the termination of their tenancies shall not be included within the scope of this paragraph;

(d) All easements, all access, air and development rights, all minerals and oil, gas and other hydrocarbon substances, all royalties, all water, water rights and water stock, and all other rights, hereditaments, privileges, permits, licenses, franchises and appurtenances now or hereafter belonging or in any way appertaining to the Realty;

(e) All present and future contracts and policies of insurance which insure the Realty or any building, structures or improvements thereon, or any such fixtures or personal property, against casualties and theft, and all monies and proceeds and rights thereto which may be or become payable by virtue of any such insurance contracts or policies;

(f) All of the rents, revenues, issues, profits and income of the Property and all present and future leases and other agreements for the occupancy or use of all or any part of the Realty, including without limitation all cash or security deposits, advance rentals and deposits or payments of similar nature and all guaranties of tenants' or occupants' performances under such leases and agreements; SUBJECT, HOWEVER, to the assignment of rents and other property to Mortgagee herein contained;

(g) All general intangibles relating to the development or use of the Property, including without limitation all permits, licenses and franchises, all names under or by which the Property may at any time be operated or known, and all rights to carry on business under any such names or any variant thereof, and all trademarks, trade names, logos and good will in any way relating to the Property;

(h) All awards, compensation and settlements in lieu thereof made as a result of the taking by power of eminent domain of the whole or any part of the Property, including any awards for damages sustained to the Property for a temporary taking, change in grade of streets or taking of access;

(i) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Mortgagor in common with others, and all documents of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Property; and

(j) All products and proceeds of all of the foregoing;

TO SECURE THE FOLLOWING (collectively, the "Secured Obligations"):

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(1) Payment of the sum of \$2,150,000.00, with interest thereon, according to the terms and provisions of a promissory note of even date herewith, payable to Mortgagee, or order, and made by Mortgagor, and all modifications, extensions, renewals and replacements thereof (collectively the "Note");

(2) Payment of all sums advanced to protect the security of this Mortgage, together with interest thereon as herein provided;

(3) Payment of all other sums which are or which may become owing under the Loan Documents;

(4) Performance of all of Mortgagor's other obligations under the Loan Documents;
and

(5) Payment of the principal and interest on all other future loans or advances made by Mortgagee to Mortgagor when the promissory note evidencing the loan or advance specifically states that it is secured by this Mortgage, including all modifications, extensions, renewals, and replacements of any such future loan or advance.

However, the maximum amount secured by this Mortgage shall not exceed five hundred percent (500%) of the principal amount of the Loan.

As used herein, the term "Loan Documents" means the Note, this Mortgage, an Assignment of Leases and Rents (the terms of which shall control in the event of any conflict with the terms of Article 6 of this Mortgage) and Uniform Commercial Code Financing Statements executed in connection herewith, any loan agreements and any other instrument or document evidencing or securing the Loan or otherwise executed in connection therewith, together with all modifications, extensions, renewals and replacements thereof.

MORTGAGOR HEREBY REPRESENTS, WARRANTS, COVENANTS AND AGREES AS FOLLOWS:

1. TITLE AND USE

- 1.1. Warranty of Title. Mortgagor represents and warrants to Mortgagee that:
- a) except as may otherwise be expressly stated in this Mortgage, Mortgagor has good and marketable title in fee simple to the Realty and is the sole and absolute owner of all other Property;
 - b) the Property is free from liens, encumbrances, exceptions or other charges of any kind whatsoever other than non-delinquent installments of ad valorem property taxes and special assessments, the "Permitted Exceptions," if any, permitted under the policy of mortgagee's title insurance issued to Mortgagee in connection with this Mortgage and any other liens, encumbrances, exceptions or charges expressly permitted by the terms of this Mortgage, and no others, whether superior or inferior to this Mortgage, will be created or suffered to be created by Mortgagor

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during the life of this Mortgage without the prior written consent of Mortgagee;

- c) no default on the part of Mortgagor or, to the best of Mortgagor's knowledge, any other person exists under any of the Permitted Exceptions and as applicable all are in full force and effect and without modification;
- d) Mortgagor will comply with the terms of the Permitted Exceptions and will not modify the same without the Mortgagee's written consent; and
- e) Mortgagor has the right to grant, transfer, convey and assign the Property as herein provided and will forever warrant and defend the Property unto Mortgagee against all claims and demands of any other person whomsoever, subject only to said non-delinquent installments of taxes and assessments and Permitted Exceptions.

1.2. Hazardous Substances.

- a) Representations and Warranties. Mortgagor hereby represents and warrants to Mortgagee that:
 - (i) to the best of Mortgagor's knowledge, no asbestos has ever been used in the construction, repair or maintenance of any building, structure or other improvement now or heretofore located on the Property;
 - (ii) no Hazardous Substance (as defined below) is currently being generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or in the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws;
 - (iii) neither Mortgagor nor, to the best of Mortgagor's knowledge, any other person or entity has ever caused or permitted any Hazardous Substance to be generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or in the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws;
 - (iv) Mortgagor has not received any notice of, nor is Mortgagor aware of, any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances; and
 - (v) neither Mortgagor nor the Property is subject to any governmental or judicial claim, order, judgment or lien with respect to the clean-

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up of Hazardous Substances at or with respect to the Property. Mortgagor further represents and warrants to Mortgagee that the foregoing representations and warranties contained in this paragraph 1.2(a) are made after and are based upon inspection of the Property of Mortgagor and due inquiry by Mortgagor as to the prior uses of the Property.

- b) Definition. As used herein, the term “Hazardous Substance” means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean up, including without limitation any substance, waste or material which now or hereafter is:
- (i) designated as a “hazardous substance” under or pursuant to the Federal Water Pollution Control Act (33 U.S.C. §1251 et seq.);
 - (ii) defined as a “hazardous waste” under or pursuant to the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.);
 - (iii) defined as a “hazardous substance” in the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et seq.); or
 - (iv) Asbestos.

2. MORTGAGOR'S COVENANTS

2.1. Payment and Performance of Secured Obligations. Mortgagor will pay when due all sums which are now or which may become owing on the Note, and will pay and perform all other Secured Obligations, in accordance with their terms.

2.2. Payment of Taxes, Utilities, Liens and Charges.

- a) Taxes and Assessments. Except as the same may otherwise be paid under Article 3 relating to reserves, Mortgagor will pay when due directly to the payee thereof all taxes and assessments (including, without limitation, non-governmental levies or assessments such as maintenance charges, owner association dues or charges, or fees, levies or charges resulting from covenants, conditions or restrictions) levied, assessed or charged against or with respect to the Property or this Mortgage. Upon request, Mortgagor shall promptly furnish to Mortgagee all notices of amounts due under this subparagraph and all receipts evidencing such payments. However, Mortgagor may contest any such taxes or assessments by appropriate proceedings duly instituted and diligently prosecuted at Mortgagor's expense. Mortgagor shall not be obligated to pay such taxes or assessments while such contest is pending if the Property is not thereby subjected to imminent loss or forfeiture and, if Mortgagor has not

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provided evidence that it has deposited the entire amount assessed with the applicable governmental authority, it deposits the entire amount together with projected penalties and interest with the Mortgagee or provides other security satisfactory to the Mortgagee in its reasonable discretion.

- b) Utilities. Mortgagor will pay when due all utility charges and assessments for services furnished the Property.
- c) Liens and Charges. Mortgagor will pay when due the claims of all persons supplying labor or materials to or in connection with the Property. Without waiving the restrictions of paragraph 4.1, Mortgagor will promptly discharge any lien or other charge, whether superior or inferior to this Mortgage, which may be claimed against the Property. However, Mortgagor may contest any such liens and charges by appropriate proceedings duly instituted and diligently prosecuted at Mortgagor's expense. Mortgagor shall not be obligated to pay such liens or charges while such contest is pending if the Property is not thereby subjected to imminent loss or forfeiture and, if Mortgagor has not provided evidence that it has deposited the entire amount assessed with a title insurance company insuring over such lien or charge, it deposits the entire amount together with projected penalties and interest with the Mortgagee or provides other security satisfactory to the Mortgagee in its reasonable discretion.

2.3. Insurance.

- a) Coverage Required. Mortgagor will keep the following insurance coverage in effect with respect to the Property:
- (i) Insurance against loss by fire and the hazards now or hereafter embraced by the standard "all risk" form of insurance, in an amount equal at all times to the full insurable value of the improvements then located on the Property. All such insurance coverage shall contain a "replacement cost endorsement" satisfactory to Mortgagee.
 - (ii) Flood risk insurance in the maximum amount of insurance coverage available or the full replacement cost of the buildings on the Realty, whichever is less, if the Realty is now or hereafter designated as being located within a special flood hazard area under the Flood Disaster Protection Act of 1973 and if flood insurance is available.
 - (iii) Loss of rental value insurance and/or business interruption insurance, as follows: If all or any portion of the Property is rented or leased, loss of rental value insurance in an amount equal to six (6) months aggregate gross rents from the Property as is so

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occupied. If all or any portion of the Property is occupied by Mortgagor, business interruption insurance in an amount equal to six (6) months net income from such portion of the Property as is so occupied. The amount(s) of such coverage(s) shall be subject to adjustment, from time to time at Mortgagee's request, to reflect changes in the rental and/or income levels during the term of the Loan.

- (iv) Comprehensive public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Property (including coverage for elevators and escalators, if any, on the Property), with the coverage being in an amount of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single-limit liability coverage, or in such greater amount(s) as Mortgagee may reasonably require.
 - (v) Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator and escalator equipment, provided the improvements contain equipment of such nature, and insurance against loss of occupancy or use arising from breakdown of any of such items, in such amounts as Mortgagee may reasonably require.
 - (vi) Building ordinance coverage endorsement including contingent liability from operation of building laws, demolition cost and increased cost of construction, if, at any time, the Property constitutes a nonconforming but permitted use under applicable zoning or other governmental laws.
 - (vii) Insurance against such similar or other hazards, casualties, liabilities and contingencies, in such forms and amounts, as Mortgagee may from time to time reasonably require.
- b) Policies. Each insurance policy will be in form acceptable to Mortgagee, and will be issued by a company acceptable to Mortgagee, which company shall, among other things, be:
- (i) duly authorized to provide such insurance in the state in which the Property is located; and
 - (ii) rated "A" or better with a size rating of "V" or larger by A.M. Best Company in its most recent publication of ratings (provided, however, that if A.M. Best Company changes its designations, the basis for its ratings or ceases to provide ratings, Mortgagee shall be entitled to select replacement ratings in the exercise of its reasonable business judgment).

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Each hazard insurance policy will include a Form 438BFU or equivalent mortgagee endorsement in favor of and in form acceptable to Mortgagee, and each liability insurance policy will name Mortgagee as an additional insured. All required policies will provide for at least thirty (30) days written notice to Mortgagee prior to the effective date of any cancellation or material amendment, which term shall include any reduction in the scope or limits of coverage. Mortgagor shall furnish to Mortgagee the complete original of each required insurance policy, or a certified copy thereof together with a certificate of insurance setting forth the coverage, the limits of liability, the carrier, the policy number and the expiration date. As additional security for the Secured Obligations, Mortgagor hereby assigns to Mortgagee all required insurance policies, together with all proceeds thereof, rights thereto and all unearned premiums returnable upon cancellation.

- c) Payment; Renewals. Mortgagor shall promptly furnish to Mortgagee all renewal notices relating to insurance policies. Except as the same may otherwise be paid under Article 3 relating to reserves, Mortgagor will pay all premiums on insurance policies directly to the carrier. At least thirty (30) days prior to the expiration date of each such policy, Mortgagor shall furnish to Mortgagee a renewal policy in a form acceptable to Mortgagee, together with evidence that the renewal premium has been paid.
- d) Insurance Proceeds.
- (i) In the event of any loss, Mortgagor will give prompt written notice thereof to the insurance carrier and Mortgagee. Mortgagor hereby authorizes Mortgagee as Mortgagor's attorney-in-fact to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in Mortgagee's or Mortgagor's name, any action relating to any claim, and to collect and receive insurance proceeds; provided, however, that Mortgagee shall have no obligation to do so. So long as there is no default, Mortgagor and Mortgagee shall jointly adjust any loss; provided, however, that all proceeds shall nevertheless be payable to Mortgagee. If an event of default is not continuing, the preceding sentence shall apply except that the Mortgagee shall not be entitled to be the Mortgagor's attorney-in-fact and the Mortgagor shall be entitled to jointly participate with the Mortgagee in adjusting any loss and appearing in any proceeding.
 - (ii) Except as may otherwise be required by applicable law, Mortgagee shall apply any insurance proceeds received hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds and shall then apply the balance (the "Net Proceeds"), in

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its absolute discretion and without regard to the adequacy of its security, to:

- (A) The payment of indebtedness secured hereby, whether then due and payable or not. Any such application of proceeds to principal on the Note shall be without the imposition of any prepayment fee otherwise payable under the Note, but shall not extend or postpone the due dates of the installment payments under the Note, or change the amounts thereof; or
 - (B) The reimbursement of Mortgagor, under Mortgagee's prescribed disbursement control procedures, for the cost of restoration or repair of the Property. Mortgagee may, at its option, condition the reimbursement on Mortgagee's approval of the plans and specifications of the reconstruction, contractor's cost estimates, construction budget and schedule, architects' certificates, waivers of liens, sworn statements of mechanics and materialmen, and such other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as Mortgagee may reasonably require.
- (iii) Notwithstanding the provisions of paragraph 2.3(d)(ii) above, Mortgagee agrees that the Net Proceeds from a loss described in this paragraph 2.3(d) will be made available under clause (ii)(B) above to reimburse Mortgagor for the cost of restoration or repair of the Property, provided that each of the following conditions is satisfied:
- (A) No event of default has occurred and is continuing at the time the proceeds are received;
 - (B) The Net Proceeds are less than the indebtedness then secured by this Mortgage;
 - (C) The proceeds are received more than one (1) year prior to the maturity date of the Note;
 - (D) Mortgagor gives Mortgagee written notice within thirty (30) days after the proceeds are received that it intends to restore or repair the Property and requests that the Net Proceeds be made available therefore, and Mortgagor thereafter promptly commences the restoration or repair and completes the same with reasonable diligence in accordance with plans and specifications approved by Mortgagee, which approval shall not be unreasonably withheld;

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- (E) The Net Proceeds are sufficient, in Mortgagee's reasonable business judgment, to restore or repair the Property substantially to its condition prior to the damage or destruction or, if in Mortgagee's reasonable business judgment they are not, Mortgagor deposits with Mortgagee funds in an amount equal to the deficiency, which funds Mortgagee may, at its option, require be expended prior to use of the Net Proceeds; and
- (F) Mortgagee receives evidence reasonably satisfactory to Mortgagee that, upon completion of the restoration or repair, the Property can be operated substantially as it was before and will produce substantially as much income from tenant leases as it did before the damage or destruction.
- (iv) Except to the extent, if any, that insurance proceeds are applied to payment of the Secured Obligations, Mortgagor's obligation to restore, repair and maintain the Property as provided in paragraph 2.4 shall not be excused, regardless of whether insurance proceeds are available or insufficient.
- e) Transfer of Title If the Property is sold pursuant to Article 8, or if Mortgagee otherwise acquires title to the Property, Mortgagee shall have all of the right, title and interest of Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.
- 2.4. Preservation and Maintenance of Property; Right of Entry.
- a) Preservation and Maintenance by Mortgagor:
- (i) will not commit or suffer any waste or permit any impairment or deterioration of the Property,
- (ii) will not abandon the Property,
- (iii) will restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Mortgagee may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair,
- (iv) will keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon, in good condition and repair and shall replace fixtures, equipment, machinery and

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appliances of the Property when necessary to keep such items in good condition and repair; and

- (v) will generally operate and maintain the Property in a commercially reasonable manner.
- b) Alterations. No building or other improvement on the Realty will be structurally altered, removed or demolished, in whole or in part, without Mortgagee's prior written consent, nor will any fixture or chattel covered by this Mortgage and adapted to the use and enjoyment of the Property be removed at any time without like consent unless actually replaced by an article of equal suitability, owned by Mortgagor, free and clear of any lien or security interest except such as may be approved in writing by Mortgagee.
- c) Right of Entry. Mortgagee is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice, for the purpose of inspecting the Property and for the purpose of performing any of the acts it is authorized to perform hereunder.

2.5. Hazardous Substances.

- a) No Future Hazardous Substances. Mortgagor will not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process any Hazardous Substance, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws, nor shall Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant, subtenant or other user or occupier of the Property, a releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of any Hazardous Substance onto the Property or any other property or into any waters, except in compliance with all such laws.
- b) Notification; Clean Up. Mortgagor will immediately notify Mortgagee should Mortgagor:
 - (i) become aware of any Hazardous Substance or other environmental problem or liability with respect to the Property;
 - (ii) receive any notice of, or become aware of, any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances; or
 - (iii) become aware of any lien or action with respect to any of the foregoing. Mortgagor will, at its sole expense, take all actions as

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may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Property, including without limitation all removal, containment and remedial actions in accordance with all applicable laws and in all events in a manner satisfactory to Mortgagee, and shall further pay or cause to be paid all clean-up, administrative and enforcement costs of governmental agencies with respect to Hazardous Substances on or with respect to the Property if obligated to do so by contract or by law.

c) Verification. For the purposes of inspecting the Property to ascertain the accuracy of all representations and warranties in this Mortgage relating to Hazardous Substances, and the observance of all covenants contained in this paragraph 2.5:

- (i) Mortgagee is hereby authorized to enter and inspect the Property, including the interior of any structures, at reasonable times and after reasonable notice; and
- (ii) if and at any time Hazardous Substances are being handled on the Property, Mortgagor shall furnish Mortgagee with such information and documents as may be reasonably requested by Mortgagee to confirm that such Hazardous Substances are being handled in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws.

In the event that either Mortgagee had a reasonable belief that there is an environmental impairment to the Property, or Mortgagor is in default, or the Property is found to be environmentally impaired, Mortgagor shall reimburse Mortgagee upon demand for all costs and expenses, including without limitation attorneys' fees, incurred by Mortgagee in connection with any such entry and inspection and the obtaining of such information and documents.

2.6. Parking. If any part of the automobile parking areas included within the Property is taken by condemnation, or before said areas are otherwise reduced, Mortgagor will take all actions as are necessary to provide parking facilities in kind, size and location to comply with all governmental zoning and other regulations and all leases. Before making any contract for substitute parking facilities, Mortgagor will furnish to Mortgagee satisfactory assurance of completion thereof free of liens and in conformity with all government zoning and other regulations.

2.7. Use of Property. Mortgagor will comply with all laws, ordinances, regulations and requirements of any governmental body, and all other covenants, conditions and restrictions, applicable to the Property, and pay all fees and charges in connection therewith. Mortgagor shall not cause or permit the installation, operation or presence on the Realty of any underground storage tank or system used or to be used for the storage, handling or dispensing of petroleum or any other substance regulated under the Resource Conservation and Recovery Act

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(42 USC 6901 et seq.), as now or hereafter amended, or any state or local statute, ordinance, rule, regulation or other law now or hereafter in effect regulating underground storage tanks. Mortgagor shall not cause or permit all or any of the Realty to be used for a gasoline station, service station or other fueling facility which in whole or in part handles, sells or distributes gasoline, diesel fuel, gasohol or any other substance used in self-propelled motor vehicles. Unless required by applicable law or unless Mortgagee has otherwise agreed in writing, Mortgagor will not allow changes in the use for which all or any part of the Property was intended at the time this Mortgage was executed. Mortgagor will not initiate or acquiesce in a change in the zoning classification of the Property without Mortgagee's prior written consent.

2.8. Condemnation.

- a) Proceedings. Mortgagor will promptly notify Mortgagee of any action or proceeding relating to any condemnation or other taking (including without limitation change of grade), whether direct or indirect, of the Property or part thereof or interest therein, and Mortgagor will appear in and prosecute any such action or proceeding unless otherwise directed by Mortgagee in writing. Mortgagor authorizes Mortgagee, at Mortgagee's option, as attorney-in-fact for Mortgagor, to commence, appear in and prosecute, in Mortgagee's or Mortgagor's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking; provided, however, that Mortgagee shall have no obligation to do so. All awards, payments, damages, direct, consequential and otherwise, claims, and proceeds thereof, in connection with any such condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Mortgagee, and all proceeds of any such awards, payments, damages or claims shall be paid to Mortgagee.
- b) Application of Proceeds. Mortgagee shall apply any such proceeds in the manner and upon the terms and conditions set forth in paragraph 2.3(d)(ii) relating to the application of insurance proceeds, without regard to the provisions of paragraph 2.3(d)(iii).

2.9. Protection of Mortgagee's Security. Mortgagor will give notice to Mortgagee of and will, at its expense, appear in and defend any action or proceeding that might affect the Property or title thereto or the interests of Mortgagee therein or the rights or remedies of Mortgagee. If any such action or proceeding is commenced or if Mortgagee is made a party to any such action or proceeding by reason of this Mortgage, or if Mortgagor fails to perform any obligation on its part to be performed hereunder, then Mortgagee, in its own discretion, may make any appearances, disburse any sums, make any entries upon the Property and take any actions as may be necessary or desirable to protect or enforce the security of this Mortgage, to remedy Mortgagor's failure to perform its obligations (without, however, waiving any default by Mortgagor) or otherwise to protect Mortgagee's interests. Mortgagor agrees to pay all loss, damage, costs and expenses, including reasonable attorneys' fees, of Mortgagee thus incurred. This paragraph shall not be construed to require Mortgagee to incur any expenses, make any appearances or take any actions.

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2.10. Reimbursement of Mortgagee's Expenses. All amounts disbursed by Mortgagee pursuant to paragraph 2.9 or any other provision of this Mortgage, with interest thereon, shall be additional indebtedness of Mortgagor secured by this Mortgage. All such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the interest rate in effect on the Note from time to time, or at the maximum rate which may be collected from Mortgagor on such amounts by the payee thereof under applicable law if that is less.

2.11. Books and Records; Financial Statements. Mortgagor will keep and maintain at Mortgagor's address stated above or such other place as Mortgagee may approve in writing, books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination, inspection and copying at any reasonable time by Mortgagee. Mortgagor will furnish to Mortgagee, within twenty (20) days after Mortgagee's request therefore, the following documents, each certified to Mortgagee by Mortgagor as being true, correct and complete:

- a) a copy of all leases and other agreements for the occupancy or use of all or any part of the Property;
- b) a rent roll for the Property, showing the name of each tenant, and for each tenant, the suite occupied, the number of square feet rented, the lease expiration date, the rent payable, the date through which rent has been paid, the amount of any security deposit and the number and term of any renewal options;
- c) a copy of the most recent real and personal property tax statements for the Property;
- d) a copy of the most recent statements for the insurance coverage maintained under paragraph 2.3(a) of this Mortgage; and
- e) a statement of income and expenses of the Property for the most recently ended fiscal year of Mortgagor.

In addition, Mortgagor and any general partner therein and any guarantor of the Loan will furnish to Mortgagee, within twenty (20) days after Mortgagee's request therefore, a complete and current financial statement, in reasonable detail and certified as correct by Mortgagor. The documentation required pursuant to this paragraph 2.11 shall not be required to be furnished to Mortgagee more than once per year, unless the Mortgagee, in the exercise of reasonable business judgment, requires otherwise.

3. RESERVES

3.1. Deposits. If Mortgagee so requires, Mortgagor will, at the time of making each installment payment under the Note, deposit with Mortgagee a sum, as estimated by Mortgagee, equal to:

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- a) the rents under any ground lease;
- b) the taxes and special assessments next due on the Property; and
- c) the premiums that will next become due on insurance policies as may be required under this Mortgage,

less all sums already deposited therefore, divided by the number of months to elapse before two (2) months prior to the date when such rents, taxes, special assessments and premiums will become delinquent. Mortgagee may require Mortgagor to deposit with Mortgagee, in advance, such other sums for other taxes, assessments, premiums, charges and impositions in connection with Mortgagor or the Property as Mortgagee reasonably deems necessary to protect Mortgagee's interests (herein "Other Impositions"). Such sums for Other Impositions shall be deposited in a lump sum or in periodic installments, at Mortgagee's option. If requested by Mortgagee, Mortgagor will promptly deliver to Mortgagee all bills and notices with respect to any rents, taxes, assessments, premiums and Other Impositions. All sums deposited with Mortgagee under this paragraph 3.1 are hereby pledged as additional security for the Secured Obligations.

3.2. Application of Deposits. All such deposited sums shall be held by Mortgagee and applied in such order as Mortgagee elects to pay such rents, taxes, assessments, premiums and Other Impositions or, in the event of default hereunder, may be applied in whole or in part, to the Secured Obligations. The arrangement provided for in this Article 3 is solely for the added protection of Mortgagee and entails no responsibility on Mortgagee's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon any assignment of this Mortgage by Mortgagee, any funds on hand shall be turned over to the assignee and any responsibility of Mortgagee with respect thereto shall terminate. Each transfer of the Property shall automatically transfer to the grantee all rights of Mortgagor with respect to any funds accumulated hereunder. Upon payment in full of the Secured Obligations, Mortgagee shall promptly refund to Mortgagor the remaining balance of any deposits then held by Mortgagee.

3.3. Adjustments to Deposits. If the total deposits held by Mortgagee exceed the amount deemed necessary by Mortgagee to provide for the payment of such rents, taxes, assessments, premiums and Other Impositions as the same fall due, then such excess shall, provided no event of default then exists hereunder, be credited by Mortgagee on the next due installment or installments of such deposits. If at any time the total deposits held by Mortgagee are less than the amount deemed necessary by Mortgagee to provide for the payment thereof as the same fall due, then Mortgagor will deposit the deficiency with Mortgagee within thirty (30) days after written notice to Mortgagor stating the amount of the deficiency.

4. RESTRICTIONS ON TRANSFER OR ENCUMBRANCE

4.1. Restrictions on Transfer or Encumbrance of the Property.

- a) A "Transfer" is: any sale (by contract or otherwise), encumbrance, conveyance or other transfer of all or any interest in the Property; or any

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change in the ownership of any stock interest in a corporate Mortgagor, in the ownership of any membership interest or in the manager of a limited liability company Mortgagor, in the ownership of any general partnership interest in any general or limited partnership Mortgagor or in the ownership of any beneficial interest in any other Mortgagor which is not a natural person or persons (including without limitation a trust); or any change in the ownership of any stock, membership, general partnership or other beneficial interest in any corporation, limited liability company, partnership, trust or other entity, organization or association directly or indirectly owning an interest in Mortgagor, or a change in the manager of a limited liability company. A change in the ownership of a limited partnership interest in a limited partnership shall not be deemed a "Transfer".

- b) In the event of a Transfer without Mortgagee's prior written consent, Mortgagee may at its sole option declare the Transfer an event of default under this Mortgage and invoke any remedy or remedies provided for in paragraph 8.1 hereof, or may at its sole option consent to such Transfer. Mortgagee may condition its consent to a Transfer upon the payment of a fee to Mortgagee, or an increase in the rate of interest due under the Note, or the items in paragraph 4.1(d) below, or any combination of the foregoing. Neither of the foregoing options shall apply, however, in the case of a Transfer under any will, trust or applicable law of descent arising because of the death of an individual so long as Mortgagee is given prompt notice of the Transfer and the transferee. Mortgagee's consent to a Transfer or its waiver of an event of default by reason of a Transfer shall not constitute a consent or waiver of any right, remedy or power accruing to Mortgagee by reason of any subsequent Transfer.
- c) Mortgagee will give its written consent to Transfers of interest in Mortgagor or of interest in an entity with an ownership interest in Mortgagor to the transferor's spouse or lineal descendant or to an estate planning trust whose trustees and beneficiaries are the transferor or the transferor's spouse or lineal descendant if Mortgagor gives Mortgagee prior written notice accompanied by copies of the proposed Transfer documents and a \$1,500.00 transfer review fee.
- d) For any Transfer permitted under this Mortgage or requested by Mortgagor, Mortgagee may condition its consent upon: the Property having been and assurances that it shall continue to be well maintained and managed in a manner reasonably satisfactory to Mortgagee; Mortgagee's reasonable approval of the Transfer terms, documents and background materials; there being no uncured event of default under this Mortgage; Mortgagor furnishing an endorsement to Mortgagee's title insurance policy insuring the continued validity and priority of the lien of this Mortgage following the Transfer and such subordination agreements and other documents as may be required by Mortgagee or its title company

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to issue the endorsement. Unless Mortgagee in its sole discretion otherwise agrees in writing at that time, no Transfer shall release the transferor from any liability under the Loan Documents or the environmental Indemnity. By accepting a Transfer, the transferee assumes any and all liability of the transferor under the Loan Documents and the environmental Indemnity to the extent the transferor has any personal liability. At Mortgagee's request, the parties shall execute agreements, guaranties and indemnities in form and substance acceptable to Mortgagee. Regardless whether Mortgagee consents to a Transfer request, Mortgagor agrees to pay all of Mortgagee's out-of-pocket expenses incurred in connection with any Transfer request, including without limitation title fees and attorneys' fees and costs, and Mortgagee may condition its willingness to consider a Transfer request upon a deposit to pay for Mortgagee's expenses.

4.2. Loan Assumption Provision. Notwithstanding any provision of this Mortgage to the contrary, Mortgagee will consent to one sale of the Property and assumption by the purchaser of the indebtedness secured hereby, provided that:

- a) There are not defaults under this Mortgage or other Loan Documents;
- b) Mortgagee reviews and approves all elements relating to the sale and assumption including, but not limited to, the sale agreement, the buyers, and the credit records, the financial statements and tax returns of the buyers;
- c) The buyer evidences a history of property management of contracts for management of the Property with a property management firm satisfactory to Mortgagee;
- d) If the amount then due on the Note exceeds seventy-five percent (75%) of the sale price of the Property, Mortgagee reserves the right to require that the Loan be paid down to that level;
- e) Mortgagee is paid an assumption fee of the greater of \$5,000.00 or one percent (1.0%) of the outstanding Loan balance at the time of the assumption plus its legal and administrative expenses;
- f) Mortgagor furnishes to Mortgagee, at Mortgagor's expense, an endorsement to Mortgagee's title insurance policy insuring the continued validity, enforceability and priority of the Mortgage following the assumption. The form and content of the endorsement shall be satisfactory to Mortgagee. If required by the Mortgagee or the title Insurer, the Mortgagor shall furnish subordination agreements from tenants of the Property and other necessary parties in form and substance acceptable to the Mortgagee and the title insurer;

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- g) Mortgagee's approval of the assumption shall not release Mortgagor or Guarantor from any liability under the Note or the other Loan Documents unless Mortgagee specifically states at the time of the assumption;
- h) In the event the Loan was closed with a holdback for repairs to the Property, the Loan shall not be assumable until such repairs have been completed as agreed;
- i) The Mortgagee may, at its option, require tax reserves as referred to in paragraph 3.1 of this Mortgage, whether or not previously waived conditionally or otherwise, as a condition to its consent.

5. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT

5.1. Grant to Mortgagee. This Mortgage constitutes a security agreement pursuant to the Uniform Commercial Code with respect to:

- a) Any of the Property which, under applicable law, is not real property or effectively made part of the real property by the provisions of this Mortgage; and
- b) Any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Mortgagor as Debtor and Mortgagee as Secured Party and affecting property in any way connected with the use and enjoyment of the Property (any and all such other property constituting "Property" for purposes of this Mortgage);

and Mortgagor hereby grants Mortgagee a security interest in all property described in clauses (a) and (b) above as additional security for the Secured Obligations. Mortgagor and Mortgagee agree, however, that neither the foregoing grant of a security interest nor the filing of any such financing statement shall ever be construed as in any way derogating from the parties' hereby stated intention that everything used in connection with the production of income from the Property or adapted for use therein or which is described or reflected in this Mortgage is and at all times shall be regarded for all purposes as part of the real property.

5.2. Mortgagee's Rights and Remedies. With respect to Property subject to the foregoing security interest, Mortgagee has all of the rights and remedies

- (i) of a secured party under the Uniform Commercial Code,
- (ii) provided herein, including without limitation the right to cause such Property to be sold pursuant to order of court following foreclosure of this Mortgage, and
- (iii) provided by law.

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In exercising its remedies, Mortgagee may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way affecting the availability of Mortgagee's remedies. Upon demand by Mortgagee following an event of default hereunder, Mortgagor will assemble any items of personal property and make them available to Mortgagee at the Property, a place which is hereby deemed to be reasonably convenient to both parties. Mortgagee shall give Mortgagor at least ten (10) days' prior written notice of the time and place of any public sale or other disposition of such Property or of the time of or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law. All expenses incurred in realizing on such Property shall be borne by Mortgagor.

5.3. Fixture Filing. THIS MORTGAGE SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO ALL GOODS WHICH ARE OR ARE TO BECOME FIXTURES RELATED TO THE PROPERTY. FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE THE FOLLOWING INFORMATION IS FURNISHED:

- a) The name and address of the record owner of the real estate described in this instrument is: Southpoint Plaza II, LLC c/o Management/Marketing Services 401 Huehl Road, Suite 1A, Northbrook, Illinois 60062
- b) the name and address of the Debtor is: Southpoint Plaza II, LLC c/o Management/Marketing Services 401 Huehl Road, Suite 1A, Northbrook, Illinois 60062
- c) the name and address of the Secured Party is: First Colony Life Insurance Company 707 East Main Street, Suite 1300-A, Richmond, Virginia 23219-3310
- d) Information concerning the security interest evidenced by this instrument may be obtained from the Secured Party at its address above.
- e) This document covers goods which are or are to become fixtures.
- f) Proceeds and products of collateral are also covered.

**6. ASSIGNMENT OF LEASES AND RENTS;
LEASES OF PROPERTY; APPOINTMENT OF
RECEIVER: MORTGAGEE IN POSSESSION**

6.1. Mortgagor to Comply with Leases. Mortgagor will, at its own cost and expense:

- a) Faithfully abide by, perform and discharge each and every obligation, covenant and agreement under any leases or other agreements for the occupancy or use of the Property (collectively "Leases") to be performed

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- by the landlord thereunder to preserve all Leases in force free from any right of counterclaim, defense or set off;
- b) Enforce or secure the performance of each and every material obligation, covenant, condition and agreement of said Leases by the tenants thereunder to be performed;
 - c) Not borrow against, pledge or further assign any rentals due under said Leases;
 - d) Not permit the prepayment of any rents due under any of the Leases for more than one month in advance nor for more than the next accruing installment of rents, nor anticipate, discount, compromise, forgive or waive any such rents;
 - e) Not waive, excuse, condone or in any manner release or discharge any tenants of or from the obligations, covenants, conditions and agreements by said tenants to be performed under the Leases;
 - f) Not permit any tenant to assign or sublet its interest in any of the Leases unless required to do so by the terms of the Lease and then only if such assignment does not work to relieve the tenant of any liability for payment of and performance of its obligations under such Lease unless otherwise provided in the Lease;
 - g) Not terminate any Lease or accept a surrender thereof or a discharge of the tenant providing for a term (assuming that all renewal options, if any, are exercised) of more than five (5) years if such Lease demises five percent (5%) or more of the net rentable area of the building improvements at the Property without the written consent of the Mortgagee;
 - h) Not consent to a subordination of the interest of any tenant to any party other than Mortgagee and then only if specifically consented to by the Mortgagee; and
 - i) Not amend or modify any Lease providing for a term (assuming that all renewal options, if any, are exercised) of more than five (5) years nor shall Mortgagor terminate or accept a surrender in any single twelve (12) month period more than twenty-five percent (25%) of the aggregate total net rentable area without the written consent of the Mortgagee, or alter the obligations of the parties thereunder, and will not, without the Mortgagee's written consent, enter into, execute, modify, or extend any Lease now existing or hereafter made providing for a term (assuming that all renewal options, if any, are exercised) of more than five (5) years unless the leased premises is less than twenty-five percent (25%) of the net rentable area of the building improvements at the Property.

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6.2. Mortgagee's Right to Perform Under Leases. Should the Mortgagor fail to perform, comply with or discharge any obligations of Mortgagor under any lease or should the Mortgagee become aware of or be notified by any tenant under any lease of a failure on the part of Mortgagor to so perform, comply with or discharge its obligations under said lease, Mortgagee may, but shall not be obligated to, and without further demand upon the Mortgagor, and without waiving or releasing Mortgagor from any obligation in this Mortgage contained, remedy such failure, and the Mortgagor agrees to repay upon demand all sums incurred by the Mortgagee in remedying any such failure together with interest at the then rate in effect on the Note. All such sums, together with interest as aforesaid shall become so much additional indebtedness secured by this Mortgage, but no such advance shall be deemed to relieve the Mortgagor from any default hereunder.

6.3. Assignment of Leases and Rents. The Mortgagor does hereby sell, assign and transfer unto Mortgagee all of the leases, rents, income and profits now due and which may hereafter become due under or by virtue of the Leases including those, if any, described on Exhibit B attached hereto, whether written or verbal, or any agreement for the use or occupancy of the Property, it being the intention of this Mortgage to establish an absolute transfer and assignment of the Leases and all of the rents and profits from the Property unto the Mortgagee and the Mortgagor does hereby appoint irrevocably the Mortgagee its true and lawful attorney in its name and stead, which appointment is coupled with an interest, to collect all of said rents and profits; provided, Mortgagee grants the Mortgagor the privilege, revocable, to collect and retain such rents, income, and profits unless and until an event of default exists under this Mortgage. Upon an event of default and whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale of the Property or during any period of redemption the Mortgagee, and without regard to waste, adequacy of the security or solvency of the Mortgagor, may revoke the privilege granted Mortgagor hereunder to collect the rents, issues and profits of the Property, and may, at its option, without notice if no notice was required for the specific default and without further notice in those instances where notice is required and was previously provided:

- a) in person or by agent, with or without taking possession of or entering the Property, with or without bringing any action or proceeding, give, or require Mortgagor to give, notice to any or all tenants under any lease authorizing and directing the tenant to pay such rents and profits to Mortgagee; collect all of the rents, issues and profits; enforce the payment thereof and exercise all of the rights of the landlord under any lease and all of the rights of Mortgagee hereunder; may enter upon, take possession of manage and operate said Property, or any part thereof; may cancel, enforce or modify any leases, and fix or modify rents, and do any acts which the Mortgagee deems proper to protect the security hereof with or without taking possession of said Property; or
- b) apply for the appointment of a receiver in accordance with the statutes and law made and provided for, which receivership Mortgagor hereby consents to, who shall collect the rents, profits and all other income of any kind; manage the Property so as to prevent waste; execute leases within or

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beyond the period of receivership, and apply the rents, profits and income in the following order:

- (i) to payment of all reasonable fees of any receiver appointed hereunder,
- (ii) to application of tenant's security deposits as required by any applicable statutes;
- (iii) to payment when due of prior or current real estate taxes or special assessments with respect to the Property or, if the Mortgage so requires, to the periodic escrow for payment of the taxes or special assessments then due,
- (iv) to payment when due of premiums for insurance of the type required by the Mortgage or, if the Mortgage so requires, to the periodic escrow for the payment of premiums then due,
- (v) to payment of all expenses for normal maintenance of the Property,
- (vi) if received prior to a foreclosure sale to the Indebtedness Secured Hereby, provided, if the Property shall be foreclosed and sold pursuant to a foreclosure sale, then during the period of redemption from such foreclosure sale:
 - (A) If the Mortgagee is the purchaser at the foreclosure sale, the rents shall be paid to the Mortgagee to be applied to the extent of any deficiency remaining after the sale, the balance to be retained by the Mortgagee, and if the Property be redeemed by the Mortgagor or any other party entitled to redeem, to be applied as a credit against the redemption price provided, if the Property not be redeemed, any remaining excess rents to belong to the Mortgagee, whether or not a deficiency exists,
 - (B) If the Mortgagee is not the purchaser at the foreclosure sale, the rents shall be paid to the Mortgagee to be applied, to the extent of any deficiency remaining after the sale, and the balance, if any, to the Purchaser to be applied as a credit against the redemption price provided, if the Property shall not be redeemed any remaining excess rents shall be paid to the purchaser.

The entering upon and taking possession of the Property, the collection of such rents and profits and the application thereof as aforesaid shall not cure or waive any defaults under this Mortgage nor in any way operate to prevent the Mortgagee from pursuing any other remedy which it may now or hereafter have under the terms of this Mortgage nor shall it in any way be deemed to constitute the Mortgagee a mortgagee-in-possession. The rights and powers of the Mortgagee

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hereunder shall remain in full force and effect both prior to and after any foreclosure of the Mortgage and any sale pursuant thereto and until expiration of the period of redemption from said sale, regardless of whether a deficiency remains from said sale. The purchaser at any foreclosure sale, including the Mortgagee, shall have the right, at any time and without limitation as provided in applicable statutes, to advance money to any receiver appointed hereunder to pay any part or all of the items which the receiver would otherwise be authorized to pay if cash were available from the Property and the sum so advanced, with interest at the rate then in effect in the Note, or if the Note has been extinguished, at the highest rate set forth in the Note, shall be a part of the sum required to be paid to redeem from any foreclosure sale. The rights hereunder shall in no way be dependent upon and shall apply without regard to whether the Property are in danger of being lost, materially injured or damaged or whether the Property are adequate to discharge the Indebtedness Secured Hereby. The rights contained herein are in addition to and shall be cumulative with the rights given in any separate instrument, if any, assigning any leases, rents and profits of the Property and shall not amend or modify the rights in any such separate agreement.

6.4. Leases of the Property. Without the Mortgagee's written consent, the Mortgagor will not enter into, execute, modify, or extend any Lease now existing or hereafter made providing a term (assuming that all renewal options, if any, are exercised) of more than five (5) years unless the leased premises is less than twenty-five percent (25%) of the net rentable area of the building improvements at the Property. Mortgagor shall not surrender or terminate any Lease now existing or hereafter made providing a term (assuming that all renewal options, if any, are exercised) of more than five (5) years nor shall Mortgagor surrender or terminate in any single twelve-month period more than twenty-five percent (25%) of the aggregate total net rentable area without the written consent of the Mortgagee. Each lease of the Property, at the election of the Mortgagee, will be either superior or subordinate to the lien of the Mortgage, and each tenant shall execute an appropriate subordination or attornment agreement as required by the Mortgagee. Also, to the extent required by the Mortgagee, each tenant shall execute an estoppel certificate and acknowledge receipt of a notice of the assignment of its lease, all satisfactory in form and content to the Mortgagee.

7. EVENTS OF DEFAULT

7.1. Events of Default. Any one or more of the following is an event of default hereunder:

- a) Failure to make any payment when due under the Note, this Mortgage or any of the other Loan Documents, followed by the failure to make such payment within ten (10) days after written notice thereof given to Mortgagor by Mortgagee; provided, however, that Mortgagee shall not be obligated to give Mortgagor written notice prior to exercising its remedies with respect to such default if Mortgagee had previously given Mortgagor during that calendar year a notice of default for failure to make a payment of similar type.
- b) Failure to perform any other covenant, agreement or obligation under the Note, this Mortgage or any of the other Loan Documents, followed by the

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failure to cure such default within thirty (30) days after written notice thereof given to Mortgagor by Mortgagee (or if such cure cannot be completed within such thirty (30) day period through the exercise of diligence, the failure by Mortgagor to commence the required cure within such thirty (30) day period and thereafter to continue the cure with diligence and to complete the cure within ninety (90) days following Mortgagee's notice of default).

- c) Mortgagor or any trustee of Mortgagor files a petition in bankruptcy or for an arrangement, reorganization or any other form of debtor relief; or such a petition is filed against Mortgagor or any trustee of Mortgagor and the petition is not dismissed within forty-five (45) days after filing.
- d) A decree or order is entered for the appointment of a trustee, receiver or liquidator for Mortgagor or Mortgagor's property, and such decree or order is not vacated within forty-five (45) days after the date of entry.
- e) Mortgagor commences any proceeding for dissolution or liquidation; or any such proceeding is commenced against Mortgagor and the proceeding is not dismissed within forty-five (45) days after the date of commencement.
- f) Mortgagor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due.
- g) There is an attachment, execution or other judicial seizure of any portion of Mortgagor's assets and such seizure is not discharged within ten (10) days.
- h) Any representation or disclosure made to Mortgagee by Mortgagor or any guarantor of the Loan proves to be materially false or misleading when made, whether or not that representation or disclosure is contained herein.

8. REMEDIES

8.1. Acceleration Upon Default; Additional Remedies. In the event of default hereunder, Mortgagee may, at its option and without notice to or demand upon Mortgagor, take any one or more of the following actions:

- a) Declare any or all indebtedness secured by this Mortgage to be due and payable immediately.
- b) Bring a court action to enforce the provisions of this Mortgage or any of the indebtedness or obligations secured by this Mortgage.
- c) Bring a court action to foreclose this Mortgage.

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- d) Exercise any or all of the rights and remedies provided for herein in the event of default hereunder.
- e) Exercise any other right or remedy available under law or in equity.

8.2. Right to Foreclose. If an event of default shall occur hereunder, the Mortgagee may, either with or without entry or taking possession, proceed by suit or suits at law or in equity or by any other appropriate proceedings or remedy to enforce payment of the indebtedness secured by this Mortgage or the performance of any other term hereof or any other right and the Mortgagor hereby authorizes and fully empowers the Mortgagee to foreclose this Mortgage by judicial proceedings, either in one parcel or separate lots and parcels, all in accordance with and in the manner prescribed by law, and out of the proceeds arising from sale and foreclosure to retain the principal and interest due on the Note and the indebtedness secured by this Mortgage, together with all such sums of money as Mortgagee shall have expended or advanced pursuant to this Mortgage or pursuant to statute, together with interest thereon at the applicable rate of interest provided in the Note as referred to below, and all costs and expenses of such foreclosure, including lawful attorney's fees, with the balance, if any, to be paid to the persons entitled thereto by law. In any such proceeding the Mortgagee may apply all or any portion of the indebtedness secured by this Mortgage to the amount of the purchase price.

8.3. Receiver. If an event of default shall occur hereunder, the Mortgagee shall be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of the Mortgagor, or waste of the Property, or adequacy of the security of the Property, to apply for the appointment of a Receiver

- a) under applicable statutes or any successor or supplementary statute thereto who shall have all the rights, powers and remedies as provided by such statute and who shall apply the rents, issues and profits as provided by statute and thereafter to all expenses for maintenance of the Property and to the costs and expenses of the receivership, including reasonable attorneys fees and to the payment of the indebtedness secured by this Mortgage or
- b) pursuant to the Assignment of Leases and Rents, executed by the Mortgagor to the Mortgagee given contemporaneously with this Mortgage who shall in addition to the rights, powers and remedies as provided by statute have such rights, powers and remedies as provided in such Assignment of Leases and Rents and who shall apply the rents, issues and profits as provided therein.

8.4. Waiver of Order of Sale and Marshaling. Mortgagor waives all rights to direct the order in which any of the Property will be sold in the event of any sale under this Mortgage, and also any right to have any of the Property marshaled upon any sale.

8.5. Non-Waiver of Defaults. The entering upon and taking possession of the Property, the collection of Rents or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release

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thereof as herein provided, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

8.6. Expenses During Redemption Period. If this Mortgage is foreclosed and the Property sold at a foreclosure sale, the purchaser may during any redemption period allowed, make such repairs or alterations on the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the default rate of interest stated in the Note or the highest lawful rate if that is less shall be added to and become a part of the amount required to be paid for redemption from such sale to the extent allowed by applicable law.

8.7. Foreclosure Subject to Tenancies. Mortgagee shall have the right at its option to foreclose this Mortgage subject to the rights of any tenant or tenants of the Property.

8.8. Evasion of Prepayment Terms. If an event of default hereunder has occurred and is continuing, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby made at any time prior to foreclosure sale (including sale under power of sale) by Mortgagor, its successors or assigns or by anyone in behalf of Mortgagor, its successors or assigns, shall constitute an evasion of the prepayment terms of the Note and be deemed to be a voluntary prepayment thereunder and any such payment to the extent permitted by law, will, therefore, include the additional payment required under the prepayment privilege, if any, contained in the Note.

8.9. Remedies Cumulative. To the extent permitted by law, every right and remedy provided in this Mortgage is distinct and cumulative to all other rights or remedies under this Mortgage or afforded by law or equity or any other agreement between Mortgagee and Mortgagor, and may be exercised concurrently, independently or successively, in any order whatsoever. Mortgagee may exercise any of its rights and remedies at its option without regard to the adequacy of its security.

8.10. Mortgagee's Expenses. Mortgagor will pay all of Mortgagee's expenses incurred in any efforts to enforce any terms of this Mortgage, whether or not any suit is filed, including without limitation legal fees and disbursements, foreclosure costs and title charges. All such sums, with interest thereon, shall be additional indebtedness of Mortgagor secured by this Mortgage. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the default rate of interest stated in the Note, or the maximum rate which may be collected from Mortgagor under applicable law if that is less.

8.11. Right to Discontinue Proceedings. In the event Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under this Mortgage and shall thereafter elect to discontinue or abandon the same for any reason, Mortgagee shall have the unqualified right to do so and in such event Mortgagor and Mortgagee shall be restored to their former positions with respect to the indebtedness secured by this Mortgage. This Mortgage, the Property and all rights, remedies and recourse of the Mortgagee shall continue as if the same had not been invoked.

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8.12. Acknowledgment of Waiver of Hearing Before Sale. Mortgagor further understands that in the event of such default the Mortgagee may also elect its rights under the Uniform Commercial Code and take possession of the Personal Property (as defined in the Mortgage) and dispose of the same by sale or otherwise in one or more parcels provided that at least ten (10) days' prior notice of such disposition must be given, all as provided for by the Uniform Commercial Code, as hereafter amended or by any similar or replacement statute hereafter enacted. Mortgagor further understands that under the Constitution of the United States and the Constitution of the State of Illinois it may have the right to notice and hearing before the Personal Property may be sold and that the procedure for foreclosure by advertisement described above does not insure that notice will be given to the Mortgagor and neither said procedure for foreclosure by advertisement nor the Uniform Commercial Code requires any hearing or other judicial proceeding. MORTGAGOR HEREBY EXPRESSLY CONSENTS AND AGREES THAT THE PERSONAL PROPERTY MAY BE FORECLOSED BY ADVERTISEMENT AND THAT THE PERSONAL PROPERTY MAY BE DISPOSED OF PURSUANT TO THE UNIFORM COMMERCIAL CODE, ALL AS DESCRIBED ABOVE. MORTGAGOR ACKNOWLEDGES THAT IT IS REPRESENTED BY LEGAL COUNSEL; THAT BEFORE SIGNING THIS DOCUMENT THIS PARAGRAPH AND MORTGAGOR'S CONSTITUTIONAL RIGHTS WERE FULLY EXPLAINED BY SUCH COUNSEL AND THAT MORTGAGOR UNDERSTANDS THE NATURE AND EXTENT OF THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER.

9. GENERAL

9.1. Application of Payments. Except as applicable law or this Mortgage may otherwise provide, all payments received by Mortgagee under the Note or this Mortgage shall be applied by Mortgagee in the following order of priority:

- a) Mortgagee's expenses incurred in any efforts to enforce any terms of this Mortgage;
- b) amounts payable to Mortgagee by Mortgagor under Article 3 for reserves;
- c) interest and late charges payable on the Note;
- d) principal of the Note;
- e) interest payable on advances made to protect the security of this Mortgage;
- f) principal of such advances; and
- g) any other sums secured by this Mortgage in such order as Mortgagee, at its option, may determine;

provided, however, that Mortgagee may, at its option, apply any such payments received to interest on and principal of advances made to protect the security of this Mortgage prior to applying such payments to interest on or principal of the Note.

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9.2. Release of Mortgage. Upon payment of all sums secured by this Mortgage, this Mortgage and all assignments contained herein shall be void, and this Mortgage shall be released by the Mortgagee at the cost and expense of the Mortgagor, otherwise to remain in full force and effect.

9.3. Mortgagee's Powers. Without affecting the liability of any person for payment or performance of the Secured Obligations, Mortgagee, at its option, may extend the time for payment of the indebtedness secured hereby or any part thereof, reduce payment thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefore, modify the terms and time of payment of the indebtedness, release the lien of this Mortgage on any part of the Property, take or release other or additional security, release or cause to be released all or any part of the Property, or consent to the making of any map or plat of the Property, consent to the granting of any easement or creating any restriction on the Property, or join in any subordination or other agreement affecting this Mortgage or the lien or charge hereof. Mortgagor shall pay Mortgagee a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Mortgagee's option, for any such action if taken at Mortgagor's request.

9.4. Subrogation. Mortgagee shall be subrogated for further security to the lien, although released of record, of any and all encumbrances discharged, in whole or in part, by the proceeds of the Loan or any other indebtedness secured hereby.

9.5. No Violation of Usury Laws. Interest, fees and charges collected or to be collected in connection with the indebtedness secured hereby shall not exceed the maximum, if any, permitted by any applicable law. If any such law is interpreted so that said interest, fees and/or charges would exceed any such maximum and Mortgagor is entitled to the benefit of such law, then:

- a) such interest, fees and/or charges shall be reduced by the amount necessary to reduce the same to the permitted maximum; and
- b) any sums already paid to Mortgagee which exceeded the permitted maximum will be refunded.

Mortgagee may choose to make the refund either by treating the payments, to the extent of the excess, as prepayments of principal or by making a direct payment to the person(s) entitled thereto. No prepayment premium shall be assessed on prepayments under this paragraph. The provisions of this paragraph shall control over any inconsistent provision of this Mortgage or the Note or any other Loan Documents.

9.6. Additional Documents; Power of Attorney. Mortgagor, from time to time, will execute, acknowledge and deliver to Mortgagee upon request, and hereby irrevocably appoints Mortgagee its attorney-in-fact to execute, acknowledge, deliver and if appropriate file and record, such security agreements, assignments for security purposes, assignments absolute, financing statements, affidavits, certificates and other documents, in form and substance satisfactory to Mortgagee, as Mortgagee may request in order to perfect, preserve, continue, extend or maintain the assignments herein contained, the lien and security interest under this

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Mortgage, and the priority thereof. Mortgagor will pay to Mortgagee upon request therefore all costs and expenses incurred in connection with the preparation, execution, recording and filing of any such document.

9.7. Waiver of Statute of Limitations. To the full extent permitted by law,
Mortgagor

- a) hereby waives the right to assert any statute of limitations as a defense to the enforcement of the lien of this Mortgage or to any action brought to enforce the Note or any other obligation secured by this Mortgage;
- b) shall not, at any time, insist upon or plead or, in any manner whatsoever, claim, or take 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 appraisal of Property, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision 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 pursuant to any statute now or hereafter in force to redeem Property so sold, or any part thereof;
- c) hereby expressly waives any and all rights of redemption 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 Property subsequent to the date hereof, it being the intent of Mortgagor hereby that any and all 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;
- d) agrees that it will not, by invoking or utilizing any applicable law or laws, hinder, delay or impede any right, power or remedy herein or otherwise granted or delegated to Mortgagee but will suffer and permit the exercise of every such right, power and remedy as though no such law or laws has, have been or will have been made or enacted; and
- e) for itself and all who or which claim by, through or under Mortgagor, waives any and all right to have Property marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose the lien of this Mortgage may order Property sold as an entirety.

9.8. Forbearance by Mortgagee Not a Waiver. Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy, and no waiver by Mortgagee of any particular default by Mortgagor shall constitute a waiver of any other default or of any similar default in the future. Without limiting the generality of the foregoing, the acceptance by Mortgagee of payment of any sum secured by this Mortgage after the due date thereof shall not

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be a waiver of Mortgagee's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Mortgage, nor shall Mortgagee's receipt of any awards, proceeds or damages under paragraphs 2.3 and 2.8 hereof operate to cure or waive Mortgagor's default in payment of sums secured by this Mortgage.

9.9. Modifications and Waivers. This Mortgage cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

9.10. Notice. Except as applicable law may otherwise require, all notices and other communications shall be in writing and shall be deemed given when delivered by personal service or when mailed, by certified or registered mail, postage prepaid, addressed to the address set forth at the beginning of this Mortgage. Any party may at any time change its address for such purposes by delivering or mailing to the other parties hereto as aforesaid a notice of such change.

9.11. Governing Law; Severability; Captions. This Mortgage shall be governed by the laws of the State of Illinois. If any provision or clause of this Mortgage conflicts with applicable law, such conflicts shall not affect other provisions or clauses hereof which can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable. The captions and headings of the paragraphs and articles of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

9.12. Definitions. As used herein, the term "Mortgagor" means the Mortgagor herein named, together with any subsequent owner of the Property or any part thereof or interest therein, and the term "Mortgagee" means the Mortgagee herein named, together with any subsequent owner or holder of the Note or any interest therein, including pledgees, assignees and participants.

9.13. Successors and Assigns Bound; Joint and Several Liability; Agents. This Mortgage shall bind and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees, administrators, executors, successors and assigns, subject to the provisions of Article 4 hereof. All obligations of Mortgagor hereunder are joint and several. In exercising any rights hereunder or taking actions provided for herein, Mortgagee may act through its employees, agents or independent contractors as authorized by Mortgagee.

9.14. Number; Gender. This Mortgage shall be construed so that wherever applicable the use of the singular number shall include the plural number, and vice versa, and the use of any gender shall be applicable to all genders.

9.15. Time. Time is of the essence in connection with all obligations of Mortgagor herein.

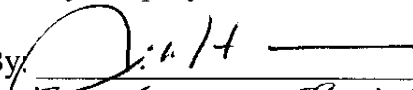
9.16. Limited Recourse. The Indebtedness secured by this Mortgage is a non-recourse obligation of Mortgagor. It is expressly understood that nothing herein or in other Loan

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Documents contained shall be construed as establishing any personal liability on Mortgagor, its agents or employees, to pay Indebtedness or to perform any of the conditions herein contained, all such personal liability being expressly waived by Mortgagee; Mortgagee's only recourse against Mortgagor being against Property and other property given as security for the payment of Indebtedness, in the manner herein, in other Loan Documents and by law provided. NOTWITHSTANDING THE FOREGOING, nothing contained herein or in other Loan Documents shall be deemed to have released Mortgagor or any other party from the limited liability imposed upon Mortgagor pursuant to the terms of the Note or the "Indemnity" (as such term is defined in Note).

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

Southpoint Plaza II, LLC, an Illinois limited liability company

By: 
RICK STRUSINER, its Manager

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State of Illinois)
) SS.
County of Cook *LLMC*)

The undersigned, a Notary Public in and for said County, in the State aforesaid, DOES HEREBY CERTIFY that *Rick Spasivich*, personally known to me to be a Manager of Southpoint Plaza II, LLC, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of the Manager on behalf of such limited liability company, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this *1st* day of *December*, 20*24*.

[Signature]
Notary Public

My commission expires:



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EXHIBIT "A"
TO
MORTGAGE

PROPERTY SCHEDULE

LEGAL DESCRIPTION:

The property which is the subject of this Mortgage is situated in the County of Cook, State of Illinois, and is legally described as follows:

Lot 1 of the Southport Consolidation of Lots 11 to 18, both inclusive, in Block 2 in Kedzie and Keeney's Addition to Evanston in the West Half of the Southeast Quarter of Section 19, Township 41 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois, Per Plat Recorded March 07, 1984 as Document No. 26996718.

PIN: 11-19-407-028-0000

Common Known As: 631-635 Chicago Avenue Evanston, Illinois 60202

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EXHIBIT "B" TO MORTGAGE

LEASES

Tenant
Bank One
JD Mills
Pak N. Mail
Dr. Gordon
Currency Exchange
BoRics
4 Eyes Optical
Hunan Spring
One Hour Cleaners
Walgreens
RNJS Video

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