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Doc#: 0611135254 Fee: \$58.00
Eugene "Gene" Moore RHSP Fee:\$10.00
Cook County Recorder of Deeds
Date: 04/21/2006 01:30 PM Pg: 1 of 18

ST5084388-Da-Tms (6 of 6)

Property of Cook County Clerk's Office

Mortgage and Security Agreement

Box 400-CTCC

This Instrument Prepared by and
Upon Recordation Return to:

Levun, Goodman & Cohen, LLP
500 Skokie Blvd., Suite 650
Northbrook, Illinois 60062

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MORTGAGE AND SECURITY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS THAT: this 31st day of March, 2006, 1102 W. Webster, LLC, an Illinois limited liability company ("Mortgagor"), for good and valuable consideration, received to Mortgagor's full satisfaction and to it or on its behalf paid by Hugh Haller and Alice M. Peacock Haller of 847 W. Bradley, Unit 2F, Chicago, Illinois 60613 ("Mortgagee"), does give, convey, transfer, grant, mortgage, assign and warrant unto the Mortgagee, the premises located in the City of Chicago, County of Cook, and State of Illinois, and more fully described as follows:

THE WEST 7.83 FEET OF LOT 10, AND THE EAST 16.17 FEET OF LOT 11 IN BLOCK 1 IN GOODE'S SUBDIVISION OF LOT 3 AND PART OF LOTS 1 AND 2 IN THE SOUTHWEST ¼ OF BLOCK 11 IN SHEFFIELD'S ADDITION TO CHICAGO, IN SECTION 32, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. 14-32-106-037-0000

COMMONLY KNOWN AS 1102 West Webster, Chicago, IL

TOGETHER with all rights, easements and reversionary interests therein now and/or hereafter created which are appurtenant to the premises;

TOGETHER with all and singular right, title and interest of Mortgagor, including any after acquired title or reversion, in and to all other ways, easements, streets, alleys, strips, gores, passages, water, water courses, riparian rights, rights, liberties and privileges thereof, if any, and in any way appertaining; and

TOGETHER with all buildings and improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration and repairs of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the property subject to this Mortgage and Security Agreement (the "Mortgage") immediately upon the delivery thereof to the premises, and all fixtures and articles of personal property now or hereafter owned by Mortgagor and attached to or contained in and used in connection with the premises including but not limited to all furniture, furnishings, apparatus, machinery, motors, elevators, fittings, radiators, awnings, shades, blinds, office equipment, restaurant equipment, carpeting and other furnishings, and all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air-conditioning and sprinkler equipment and fixtures and appurtenances thereto; and all renewals or replacements thereof, or articles in substitution therefore, and proceeds from the sale thereof whether or not the same are or shall be attached to said building or buildings in any manner; it being mutually agreed that all the aforesaid property owned by Mortgagor and placed by it on the premises shall, so far as permitted by law, be deemed to be fixtures and a part of the realty, security for the said indebtedness and covered by this Mortgage, and as to the balance of the property aforesaid, this Mortgage is hereby deemed to be as well a Security Agreement for the purpose of creating hereby a security interest in said property, securing the said indebtedness, for the benefit of Mortgagee; and

TOGETHER with all awards and other compensation, including any severance or consequential damages, heretofore or hereafter to be made to the present and all subsequent owners of the property subject to this Mortgage for any taking by eminent domain, either permanent or temporary, of all or any part of the premises or any easement or appurtenance thereof, including any change in grade of streets, which said awards and compensation are hereby assigned to Mortgagee, and Mortgagor hereby appoints Mortgagee its Attorney-in-Fact, coupled with an interest, and authorizes, directs and empowers such Attorney in the event Mortgagor is in default hereunder, at the option of the Attorney, on behalf of Mortgagor or Mortgagor's heirs, personal representatives, successors or assigns to adjust or compromise the claim for any such award and to collect and receive the proceeds thereof, to give proper receipts and acquittances therefore and, after deducting expenses of collection, to apply the net proceeds without penalty

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or premium as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby, notwithstanding the fact that the amount owing thereon may not then be due and payable or that the indebtedness is otherwise adequately secured, but if Mortgagor is not in default hereunder, Mortgagor shall have the right to adjust, compromise and settle such claim subject to the prior written approval of Mortgagee, which approval shall not be unreasonably withheld or delayed.

The property hereinabove mentioned is hereinafter referred to as the "Premises" to the extent that the same is realty, and as the "Collateral" to the extent that the same is personalty. The Premises and the Collateral are collectively referred to herein as the "Mortgaged Property," except where the Premises and Collateral are specifically referred to.

THE CONDITION OF THIS MORTGAGE IS SUCH THAT Whereas, Mortgagor has executed and delivered this Mortgage for the purpose of securing the performance of the covenants and agreements contained herein, and to secure the payment when due of the principal, interest and any late charges of a certain Note of even date herewith in the principal amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) (the "Note") payable according to its terms and maturing on the earlier of (a) the sale of a club/bar or other entertainment establishment owned directly or indirectly by both Michael Bloem and Andrew Daun (members of the Mortgagor), including, without limitation, "Witt" and "Sauce", or (b) March 1, 2007; all sums expended or advanced by Mortgagee pursuant to any term or provision of this Mortgage or any other document securing the Note; all unpaid advances of Mortgagee with respect to the Mortgaged Property for the payment of taxes, assessments, insurance premiums, or costs incurred in the protection of the Mortgaged Property as provided by law; and all future advances made hereunder.

AND WHEREAS, Mortgagor further covenants and agrees as follows:

1. To cause the prompt payment of the principal of and interest of the indebtedness evidenced by the Note at the time and in the manner herein and in the Note provided.

2. To keep the Mortgaged Property free from statutory liens of every kind; to pay, before delinquency and before any penalty for nonpayment attaches thereto, all taxes, assessments, water rents and charges, sewer rents and charges and other governmental or municipal or public dues, charges, fines or impositions which are or may be levied against the Mortgaged Property or any part thereof, except when payment for all such items has theretofore been made into escrow to the Mortgagee, to deliver to Mortgagee at least ten (10) days before delinquency, receipted bills evidencing payment of any items for which an escrow or reserve deposit has not been made; to pay in full under protest and in the manner provided by statute, any tax, assessment, rate, rental, charge, fine or imposition aforesaid which Mortgagor may desire to contest; and in the event of the passage after the date of this Mortgage of any law of the State of Illinois deducting from the value of land for the purposes of taxation the amount of any lien thereon, or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes, or the manner of the collection of any such taxes as to impose a tax upon or otherwise to affect this Mortgage, or upon the rendition by any court of competent jurisdiction of a decision that any undertaking by Mortgagor as in this Paragraph provided is legally inoperative, then in any such event, the indebtedness secured hereby, at the option of Mortgagee and upon five (5) days' prior written notice, shall become immediately due and payable; provided, however, said option and right shall be unavailing and the Note and this Mortgage shall remain in effect if Mortgagor lawfully may pay all such taxes, assessments and charges, including interest and penalties thereon, to or for Mortgagee and does in fact pay same when so payable. Any assessment which has been made payable in installments at the application of Mortgagor, fee owner or any lessee or sublessee of the Mortgaged Property shall, nevertheless, for the purposes of this Paragraph, be deemed due and payable in its entirety on the day the first installment becomes due or payable or a lien on any portion of the Mortgaged Property.

3. To keep the improvements now existing or hereafter erected on the Mortgaged Property insured as may be required from time to time by Mortgagee against loss or damage by, or abatement of rental income resulting from fire, flood (if the Mortgaged Property is now or hereafter designated as being within an area having special flood or mud slide hazards by the Secretary of Housing and Urban Affairs, or

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other similar governmental department or agency, and such insurance is available pursuant to such designation), perils included under extended coverage and such other hazards, casualties and contingencies including, but not limited to: fire and extended coverage in an amount not less than the full replacement cost, exclusive of excavations, foundations and footings, of the improvements located on the Premises; business interruption or rental value insurance insuring against any abatement of rent and/or other payments or failure to perform any other duties or obligations required pursuant to leases and rental contracts relating to the Premises, resulting from fire or other casualty, for a period of not less than twelve (12) months; flood insurance in an amount equal to the full replacement cost of the Mortgaged Property if the Mortgaged Property is in a special flood or mud slide hazard area as provided hereunder; comprehensive public liability insurance on an "occurrence basis" against claims for bodily injury, or property damage occurring on, in or about the Premises and the sidewalks and passageways, such insurance to afford immediate minimum protection to a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and not less than One Million Dollars (\$1,000,000) in the aggregate; and such other insurance, and in such amounts, as may from time to time be required by Mortgagee against the same or other hazards and risks insured against by persons operating like properties in the locality of the Premises; all such insurance to be in amounts and for such periods as reasonably may be required by Mortgagee and Mortgagor shall pay promptly when due any premiums on such insurance. The policies of property, flood insurance and business interruption or rental value insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Mortgagee in form satisfactory to Mortgagee. The policy of public liability insurance shall be the Commercial General Liability Form, Coverage A, B and C, and shall have attached thereto an endorsement naming Mortgagee as an additional insured as its interests may appear in form satisfactory to Mortgagee. All such policies shall include a replacement cost coverage endorsement, shall at all times be in an amount sufficient to prevent application of any co-insurance provisions, and shall be in a Special Form policy acceptable to Mortgagee and during any reconstruction or remodeling or fixturing shall be in the builder's risk form or shall contain a builder's risk endorsement during any period in which construction, reconstruction, remodeling or fixturing is in progress on the Premises. All such insurance shall be carried in companies having a Best's Key Rating Guide, Property-Casualty, rating of A or better and a size class rating of VII or larger, and shall be in form and in amounts satisfactory to Mortgagee. All policies of insurance as set forth above shall contain standard mortgagee clauses naming Mortgagee as "first mortgagee" as its interest may appear without contribution, pursuant to which the insurer agrees that any loss shall be payable in accordance with the terms of such policy notwithstanding any act of negligence of Mortgagor which might otherwise result in forfeiture of said insurance and further that the insurer waives all rights of set-off, counterclaim or deductions against Mortgagee. The original policies or copies thereof, certified by an authorized insurance agent, and renewals thereof, together with an original certificate of insurance for each such policy, shall be deposited with and held by Mortgagee, together with evidence of payment of the premium thereon, and have attached thereto a standard non-contributing mortgage clause (in favor of and entitling Mortgagee to collect any and all proceeds payable under all such insurance), as well as a standard waiver of subrogation endorsement, all to be in form and amounts acceptable to Mortgagee. The policies must provide that the insurer shall give to Mortgagee at least thirty (30) days' prior written notice prior to the expiration of each such policy, before materially amending (including but not limited to any reduction in the scope or limits of coverage) or terminating any such policy. Mortgagor shall not carry separate insurance, concurrent in kind or form and contributing, in the event of loss, with any insurance requirement hereunder. In the event of a change in ownership or of occupancy of the Premises, immediate notice thereof by mail shall be delivered to all insurers and, in the event of loss, Mortgagor will give immediate notice to Mortgagee. In addition, at least twenty (20) days prior to the expiration of each policy herein referenced, Mortgagor shall furnish Mortgagee with evidence satisfactory to Mortgagee of the payment of premium and the renewal or replacement of a policy continuing all insurance in force as provided herein. Mortgagor may provide any of the insurance required hereunder through blanket policies carried by Mortgagor covering more than one location.

4. That no building or other improvement on the Mortgaged Property shall be structurally or materially altered, removed or demolished, nor shall any fixtures or appliances on, in or about the said buildings or improvements be severed, removed, sold or mortgaged, without the written consent of Mortgagee and, in the event of the demolition or destruction in whole or in part of the Mortgaged Property, the same shall be restored promptly to the condition as existed prior to such demolition or destruction, free

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from any encumbrances thereon or reservation of title thereto; not to permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or any part thereof; to keep and maintain the Mortgaged Property and every part thereof with buildings, fixtures, machinery and appurtenances in good repair and condition; to effect such repairs as Mortgagee may reasonably require and from time to time make all needful and proper replacements so that said buildings, fixtures, machinery and appurtenances will, at all times, be in good condition, fit and proper for the respective purposes for which they were erected or installed; to comply with all statutes, orders, requirements or decrees relating to the Mortgaged Property by any Federal, state or Municipal authority; to observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including but not limited to zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions which are applicable to the Mortgaged Property, or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Mortgaged Property; to obtain and keep in full force and effect all necessary governmental and municipal approvals as may be necessary from time to time to comply with all environmental, ecological and other requirements relating to the Mortgaged Property with any and all conditions attached to the insurance and maintenance thereof being subject to prior written approval by Mortgagee; and to permit Mortgagee or its agents, at all reasonable times, to enter upon and inspect the Mortgaged Property.

5. That Mortgagor will not voluntarily create or permit to be created or filed against the Mortgaged Property, any encumbrance, mortgage lien or other lien or liens inferior or superior to the lien of this Mortgage, without the prior written consent of Mortgagee, which consent may be withheld for any reason or for no reason. Further, that Mortgagor will keep and maintain the same free from all claims of all persons supplying labor, materials or services which will enter into or otherwise contribute to the construction of any and all buildings now being erected or which hereafter may be erected on the Mortgaged Property notwithstanding by whom such labor or materials may have been contracted, or in the event of the filing of such a lien, Mortgagor will have said lien discharged or bonded off within thirty (30) days of such filing, and on the failure of Mortgagor to perform these covenants, or any part thereof, thereupon the principal and all arrears of interest shall, at the option of Mortgagee, or any holder of the Note secured by this Mortgage, become due and payable, anything contained herein to the contrary notwithstanding.

6. That if at any time the United States Government, or any other governmental subdivision shall require Internal Revenue or other documentary stamps or other charges hereon or on the Note secured by this Mortgage, then the said indebtedness secured hereby shall be and become due and payable at the election of Mortgagee thirty (30) days after the mailing of notice of such election to Mortgagor; provided, however, said election and the right to elect shall be unavailing and this Mortgage and the Note shall be and remain in effect, if Mortgagor lawfully may pay for such stamps or other charges to or for Mortgagee and does in fact pay, when payable, for all such stamps or other charges. Mortgagor further agrees to deliver to Mortgagee, at any time, upon demand, evidence as may be required by any government agency having jurisdiction in order to determine whether the obligation secured hereby is subject to or exempt from any such requirement.

7. To save Mortgagee harmless from all costs and expenses, including reasonable attorneys' fees, if and to the extent permitted by law, and costs of a title search, continuation of abstract and preparation of survey, incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body (excepting an action to foreclose or to collect the debt secured hereby) and incurred in connection with any extra judicial collection procedure, in and to which Mortgagee may be or become a part by reason thereof, including but not limited to condemnation, bankruptcy, probate and administration proceedings, as well as any other of the foregoing wherein proof of claims are by law required to be filed or in which it becomes necessary to defend or uphold the terms of and the lien created by this Mortgage, and all money paid or expended by Mortgagee in that regard, together with interest thereon from date of such payment at the rate set forth in said Note or at the legal rate, whichever is higher, shall be so much additional indebtedness secured hereby and shall be immediately upon demand due and payable by Mortgagor.

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8. That Mortgagor will give Mortgagee immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Mortgaged Property or any easement therein or appurtenance hereof, including change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings. Mortgagor further covenants and agrees to 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 and other compensation heretofore and hereafter to be made to Mortgagor (including the assignment of 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) for any taking, either permanent or temporary under any such proceeding.

9. That upon default by Mortgagor in performance of any of the terms, covenants or conditions herein or in the Note, or upon default of any other obligation due and owing by Mortgagor to Mortgagee, Mortgagee may, at its option and whether electing to declare the whole indebtedness due and payable or not, perform the same without waiver of any other remedy, and any amount paid or advanced by Mortgagee in connection therewith, or any other costs, charges or expenses incurred in the protection of the Mortgaged Property and the maintenance of this lien with interest thereon at the rate of thirty percent (30%) per annum (the "Default Rate") shall be repayable by Mortgagor upon demand, shall be a lien upon the Mortgaged Property prior to any right or title to interest in or claim thereon attaching or accruing subsequent to the lien of this Mortgage and shall be deemed to be included in and secured by this Mortgage.

10. Mortgagee, in making any payment herein, is hereby authorized, in the place and stead of Mortgagor, relating to taxes, assessments, water rents and charges, sewer rents and charges and other governmental or municipal charges, fines, impositions or liens asserted against the Mortgaged Property, to make such payments, 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; or relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim or charge, Mortgagee, acting reasonably, shall be the sole judge of the legality or validity of same, or otherwise relating to any purpose herein and hereby authorized, but not enumerated in this Paragraph, Mortgagee may do so whenever, in its judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument.

11. That upon any default by Mortgagor in the payment of the indebtedness secured hereby, or in the performance or observance of any other term, covenant or condition in the Note, or upon any default by Mortgagor in the performance or observance of any term, covenant or condition in this Mortgage, Assignment of Rents and Leases of even date herewith from Mortgagor to Mortgagee (the "Assignment of Rents"), or any other instrument securing the indebtedness evidenced by the Note, then, in any of said events, at the option of Mortgagee, the whole indebtedness secured hereby shall become immediately due and payable, anything hereinbefore or in the Note contained to the contrary notwithstanding and thereupon or at any time during the existence of any such default, Mortgagee may proceed to foreclose (including sale under power of sale hereunder) this Mortgage or otherwise pursue any other right or remedy herein or by law provided.

12. Upon any such default being made and after the period, if any, for curing such default has expired, Mortgagee, its legal representatives, successors and assigns are hereby **AUTHORIZED AND EMPOWERED** to exercise any right or remedy available under this Mortgage, at law and in equity, including, but not limited to, the right, if and to the extent permitted by law, to sell or cause to be sold at public auction the Mortgaged Property and to convey same by the execution and delivery to the purchaser at such sale of good and sufficient deeds of conveyance in law, pursuant to the statute in such case made and provided, and out of the proceeds of such sale to retain the moneys due under the terms of this Mortgage, the costs and charges of such sale and also the attorneys' fee, if and to the extent permitted by law, rendering the surplus moneys (if any) to Mortgagor.

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13. That Mortgagee in any suit to foreclose this Mortgage shall be entitled to the appointment of a receiver of the rents, issues and profits of the Mortgaged Property as a matter of right and without notice, with power to collect the rents, issues and profits of the Mortgaged Property due and becoming due during the pendency of such foreclosure suit to and including the date of confirmation of the sale under such foreclosure and during the redemption period, if any, after such confirmation, such rents and profits being hereby expressly assigned and pledged as additional security for the payment of the indebtedness secured by this Mortgage without regard to the value of the Mortgaged Property or the solvency of any person or persons liable for the payment of the mortgage indebtedness and regardless of whether Mortgagee has an adequate remedy at law. Mortgagor for Mortgagor and any subsequent owner hereby waives any and all defenses to the application for a receiver as above and hereby specifically consents to such appointment without notice but nothing herein contained is to be construed to deprive the holder of this Mortgage of any other right or remedy or privilege it may now have under the law to have a receiver appointed. The provision for the appointment of a receiver and the assignment of such rents, issues and profits is made an express condition upon which the loan hereby secured is made. The rights and remedies herein provided for shall be deemed to be cumulative and in addition to and not in limitation of those provided by law and if there were no receiver so appointed, Mortgagee itself may proceed to collect the rents, issues and profits from the Mortgaged Property. From any said rents, issues and profits collected by the receiver or by Mortgagee prior to a foreclosure sale shall be deducted the cost of collection thereof, including but not limited to real estate commissions, receiver's fee and the fees of his attorney, if any, and Mortgagee's attorney's fees, if permitted by law, and court costs; the remainder shall be applied against the indebtedness hereby secured. In the event the rental and other income is not adequate to pay all tax and other expenses of operation, Mortgagee may, but is not obligated to, advance to any receiver the amounts necessary to operate, maintain and repair, if necessary, the Mortgaged Property, and any such amounts so advanced, together with interest thereon at the rate in effect hereunder in the event of default from and after the date of advancement, shall be secured by this Mortgage and have the same priority of collection as the principal indebtedness secured hereby.

14. That in case of foreclosure of this Mortgage in any court of law or equity, whether or not any order or decree shall have been entered therein, and, to the extent permitted by law, a reasonable sum as aforesaid shall be allowed for reasonable attorneys' fees of the plaintiff in such proceeding, for stenographers' fees and for all moneys expended for documentary evidence and the cost of a complete abstract of title and title report for the purpose of such foreclosure, such sums to be secured by the lien hereunder; and, to the extent permitted by law, there shall be included in any judgment or decree foreclosing this Mortgage and there shall be paid out of said rents, issues and profits or out of the proceeds of any sale made in pursuance of any such judgment or decree: (a) all costs and expenses of such suit or suits, advertising, sale, and conveyance, including attorneys', solicitors' and stenographers' fees, if permitted by law, outlays for documentary evidence and the cost of said abstract examination of title and title report; (b) all moneys advanced by Mortgagee, if any, for the purpose authorized in this Mortgage with interest as herein provided; (c) all the accrued interest remaining unpaid on the Note; (d) all the said principal money remaining unpaid. The surplus of the proceeds, if any, shall be paid to Mortgagor on reasonable request, or as the court may direct.

15. That in case of any foreclosure sale of the Mortgaged Property, the same may be sold in one or more parcels at the option of Mortgagee.

16. That the failure of Mortgagee to exercise the option for acceleration of maturity and/or foreclosure (including sale under power of sale hereunder) following any default as aforesaid or to exercise any other option granted to Mortgagee hereunder in any one or more instances, or the acceptance by Mortgagee of partial payments hereunder shall not constitute a waiver of any such default, nor extend or affect the grace period, if any, but such option shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Mortgagee may, at the option of Mortgagee, be rescinded by written acknowledgment to that effect by Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity, or extend or affect the grace period, if any.

17. That should the proceeds of the loan made by Mortgagee to Mortgagor, the repayment of which is evidenced by the Note, or any part thereof, or any amount paid out or advanced by Mortgagee, to

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be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then Mortgagee shall be subrogated to such other liens or encumbrances and to any additional security held by the holder thereof and shall have the benefit of the priority of all of the same.

18. Mortgagee shall have the right to approve the management of the Mortgaged Property. It shall be a default hereunder if Mortgagee, at any time, and from time to time, notifies Mortgagor that the management of the Mortgaged Property is not satisfactory and Mortgagor does not promptly change the management or take such steps as are necessary to make it satisfactory to Mortgagee.

19. That Mortgagee, without notice and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens thereon, may release any part of the security described herein or any person liable for any indebtedness secured hereby, without in any way affecting the priority of the lien of this Mortgage to the full extent of the indebtedness remaining unpaid hereunder upon any part of the security not expressly released, and may agree with any party obligated on said indebtedness or having any interest in the security described herein to extend the time for payment of any part or all of the indebtedness secured hereby. Such agreement shall not, in any way, release or impair the lien hereof, but shall extend the lien hereof as against the title of all parties having any interest in said security which interest is subject to said lien.

20. In the event Mortgagee: (a) releases, as aforesaid, any part of the security described herein or any person liable for any indebtedness secured hereby, (b) grants an extension of time for any payments of the debt secured hereby, (c) takes other or additional security for the payment thereof, or (d) waives or fails to exercise any right granted herein or in the Note; and no such act or omission shall release Mortgagor, subsequent purchasers of the Mortgaged Property or any part thereof, or makers or sureties of this Mortgage or of the Note, under any covenant of this Mortgage or of the Note, or preclude Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made or any subsequent default.

21. That to the extent permitted by law with respect to the debt secured hereby or any renewals or extensions thereof, Mortgagor waives and renounces any and all homestead and exemption rights, as well as the benefit of all valuation and appraisal privileges, and also redemption and moratoriums under or by virtue of the constitution and laws of the State of Illinois, of any other state or of the United States, now existing or hereafter enacted. Also, Mortgagor hereby waives, in the event of foreclosure of this Mortgage, any right, legal, equitable or otherwise, with respect to marshalling of assets hereunder which could dictate the application of any proceeds from any Sheriff's Sale or other execution against the Mortgaged Property other than the application of any such proceeds to the Note; and Mortgagor hereby agrees and consents that any such proceeds may be applied at the sole and absolute discretion of the then holder of the Note to reduce the amounts due on the Note or under the terms of this Mortgage.

22. That this Mortgage is hereby deemed to be as well a Security Agreement for the purpose of creating hereby a security interest securing the indebtedness secured hereby in and to the Collateral. Without derogating any of the provisions of this Mortgage, Mortgagor by this Mortgage:

a. grants to Mortgagee a security interest in all of the Mortgagor's right, title and interest in and to all Collateral, including, but not limited to, the items referred to above, together with all additions, accessions and substitutions and all similar property hereafter acquired and used or obtained for use on, or in connection with the Mortgaged Property. The proceeds of said Collateral are intended to be secured hereby; however, such intent shall never constitute an express or implied consent on the part of the Mortgagee to the sale of any or all Collateral;

b. agrees that the security interest hereby granted by this Mortgage shall secure the payment of the indebtedness specifically described and shall also secure payment of any future debt or advancement owing by Mortgagor to Mortgagee with respect to the Mortgaged Property;

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c. agrees not to sell, convey, mortgage or grant a security interest in, or otherwise dispose of or encumber, any of the Collateral or any of the Mortgagee's right, title or interest therein without first securing Mortgagee's written consent; and Mortgagee may, at its sole option, require Mortgagor to apply the proceeds from the disposition of Collateral in reduction of the indebtedness secured hereby;

d. agrees that if Mortgagor's rights in the Collateral are voluntarily or involuntarily transferred, whether by sale, creation of a security interest, attachment, levy, garnishment or other judicial process, without the written consent of Mortgagee, such transfer constitutes a default by the Mortgagor under the terms of this Mortgage;

e. agrees that upon or after the occurrence of any event of default hereunder, Mortgagee may, with or without notice to Mortgagor, exercise its rights to declare all indebtedness secured by the security interest created hereby immediately due and payable, in which case Mortgagee shall have all rights and remedies granted by law and more particularly the Uniform Commercial Code as enacted in the State of Illinois, including, but not limited to, the right to take possession of the Collateral, and for this purpose may enter upon any premises on which any or all of the Collateral is situated without being deemed guilty of trespass and without liability for damages thereby occasioned, and take possession of and operate said Collateral or remove it therefrom. Mortgagee shall have the further right to take any action it deems necessary, appropriate or desirable, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition, and to sell at public or private sales or otherwise dispose of, lease or utilize the Collateral and any part thereof in any manner authorized or permitted by law and to apply the proceeds thereof toward payment of any costs and expenses, to the extent permitted by law, thereby incurred by Mortgagee and toward payment of Mortgagor's obligations including the Note and all other indebtedness described in this Mortgage, in such order and manner as Mortgagee may elect. To the extent permitted by law, Mortgagor expressly waives any notice of sale or other disposition of the Collateral and any other rights or remedies of a debtor or formalities prescribed by law relative to a sale or disposition of the Collateral or to exercise any other right or remedy existing after default hereunder; and to the extent any notice is required and cannot be waived Mortgagor agrees that if such notice is deposited for mailing, postage prepaid, certified mail or registered mail, to the Mortgagor at the address designated in the first page of this Mortgage at least fifteen (15) days before the time of sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirements for giving of said notice;

f. agrees, to the extent permitted by law and without limiting any rights and privileges herein granted to Mortgagee, that Mortgagee may dispose of any or all of the Collateral at the same time and place upon giving the same notice provided for in this Mortgage, and in the same manner as the non-judicial foreclosure sale provided under the terms and conditions of this Mortgage; and

g. authorizes Mortgagee to file, in the jurisdiction where this Mortgage will be given effect, financing statements including renewal or confirmation thereof, covering the Collateral; and at the request of Mortgagee, Mortgagor will join Mortgagee in executing one or more such financing statements including renewal or confirmation thereof, pursuant to the Uniform Commercial Code as enacted in the State of Illinois in a form satisfactory to Mortgagee, and will pay the cost of filing the same in all public offices at any time and from time to time wherever Mortgagee deems filing or recording of any financing statements including renewal or confirmation thereof or of this instrument to be desirable or necessary.

23. It shall be an event of default hereunder if Mortgagor or any guarantor of any part of the indebtedness evidenced by the Note or any other obligation of Mortgagor, shall file a voluntary petition in bankruptcy or be adjudicated a bankrupt or insolvent, or Mortgagor or any such guarantor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future Federal, state or other statute,

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law or regulation relating to bankruptcy, insolvency or other relief for debtors or protection for creditors, or Mortgagor seeking or consenting to or acquiescing in the appointment of any trustee, receiver or liquidator of Mortgagor or guarantor, as the case may be, or of all or any substantial part of the Mortgaged Property or any or all of the rents, revenues, issues, earnings, profits or income thereof or the making of any general assignment for the benefit of creditors, or the admission in writing of his inability to pay his debts generally as they become due, or the entry by a court of competent jurisdiction of any order, judgment or decree approving a petition filed against Mortgagor seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future Federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors or protection for creditors, or the appointment of any trustee, receiver, or liquidator of Mortgagor or guarantor, as the case may be, or of all or any substantial part of the Mortgaged Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof without the consent or acquiescence of Mortgagee.

24. That the Mortgaged Property being located in the State of Illinois, this Mortgage and the rights and indebtedness hereby secured shall, without regard to the place of contract or payment, be construed and enforced according to the laws of said state. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable.

25. Any notice of communication given under this Mortgage or under the Note shall be in writing and shall be given by personal delivery, by registered or certified mail, return receipt requested, postage prepaid, or by nationally recognized overnight express service, addressed as follows:

To Mortgagor: c/o Mark Wilcox, Esq., 414 North Orleans Street, Suite 602, Chicago, IL 60610

To Mortgagee: Hugh Haller and Alice Peacock-Haller, 847 W. Bradley, Unit 2F, Chicago, Illinois 60613

with a copy to: Vasili D. Russis, 500 Skokie Boulevard, Suite 650, Northbrook, Illinois 60062

or to such other address as either party may designate by notice given in accordance herewith. Any notice given in the manner set forth herein shall be deemed received as follows: (i) if personally delivered, on the date delivered; (ii) if mailed through the United States Postal Service by registered or certified mail, return receipt requested, postage prepaid, three (3) days after the date of deposit in the mail; (iii) if sent by nationally recognized overnight express service, one (1) day after deposit with such service.

26. That all the covenants hereof shall run with the land.

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27. Mortgagor shall not use or occupy or permit the Mortgaged Property to be occupied, nor do or permit anything to be done in or on the Mortgaged Property, in whole or in part which will cause or be apt to cause structural injury to the Mortgaged Property, or will constitute a public or private nuisance or will cause pollution of the air, water and/or ground, or will violate any applicable state or Federal environmental or other governmental regulation or hazardous waste legislation now or hereafter in force with respect to the Mortgaged Property. Mortgagor shall permit no waste, damage or injury to the Mortgaged Property, nor shall any toxic or hazardous waste, substance or material of any kind or nature, including without limitation, asbestos and radon, be stored at, disposed of or be located upon the Mortgaged Property. Mortgagor hereby makes the following representations, warranties, covenants, and agreement regarding Hazardous Materials (as hereinafter defined) after due and reasonable investigation:

a. No Hazardous Materials are located on the Mortgaged Property or were used in the construction of the improvements on the Premises or have been released into the environment, or deposited, discharged, placed, transported or disposed of at, on, under, over or near the Mortgaged Property. No portion of the Mortgaged Property is being used or, to the knowledge of Mortgagor, has been used at any previous time for the disposal, storage, treatment, processing, transportation or other handling of Hazardous Materials nor is the Mortgaged Property affected by any Hazardous Materials Contamination (as hereinafter defined).

b. No property adjoining or nearby the Mortgaged Property is being used, or has ever been used at any previous time, for the disposal, storage, treatment, processing, transportation or other handling of Hazardous Materials, nor is any other property adjoining the Mortgaged Property affected by Hazardous Materials Contamination.

c. No polychlorinated biphenyls ("PCB's") are located on or in the Mortgaged Property, in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils or any other device or form. No PCB's are located on or in the Mortgaged Property in the form of electrical transformers which Mortgagor is obligated to remove or responsible for removing. Mortgagor, at any time during the term hereof, shall, upon request of Mortgagee, at Mortgagor's sole cost and expense, request that the utility company then owning such electrical transformers have such electrical transformers tested for PCB's and provide Mortgagee with such reports and test results as Mortgagee deems necessary and appropriate. No underground or aboveground tanks were, are or will be located on or at the Premises.

d. No investigation, administrative order, consent order and agreement, litigation or settlement with respect to Hazardous Materials or Hazardous Materials Contamination is proposed, threatened, anticipated or in existence with respect to the Mortgaged Property. There is no condition on the Mortgaged Property that is in violation of any requirements of any Federal, state or local governmental entity having jurisdiction over the Mortgaged Property (collectively, "Governmental Authority") relating to Hazardous Materials, and Mortgagor has received no communication from or on behalf of any Governmental Authority that any such condition exists. The Mortgaged Property and its existing and prior uses comply and at all times have complied with any applicable requirements of all Governmental Authorities relating to environmental matters and Hazardous Materials. The Mortgaged Property is not currently on and, to Mortgagor's knowledge after diligent investigation and inquiry, has never been on any Federal or state "Superfund" or "Super lien" list.

e. Mortgagor shall keep and maintain the Premises in compliance with any and all requirements of any Governmental Authority laws and all other Federal, state and local laws, ordinances and regulations relating to industrial hygiene or to the environmental conditions on, under or about the Premises. Mortgagor shall not permit the use of Hazardous Materials at, to, from, in, under or about the Premises. Mortgagor shall institute and implement diligently a program designed to cause all its tenants and all of Mortgagor's and tenants' employees, agents, contractors and subcontractors and any other person lawfully occupying or present on the Premises to comply with all requirements of any Governmental Authority. Mortgagor shall enforce all rights and remedies available to it under the leases of the Premises, under applicable

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requirements of any Governmental Authority and under all other applicable laws, ordinances, rules, regulations and orders (including, but not limited to, under common law principles for liability resulting from nuisance, negligence, strict liability in tort and waste) which provide a cause of action or other basis for recovery of damages, for indemnification, for a declaration of a default under a lease, for the disclosure of information, or for injunctive relief, in the event of the use of Hazardous Materials or other activities which do or may result in any loss of value of, lost use of or other loss, damage or waste to the Premises. Mortgagor at all times shall comply with, and shall maintain and operate the Mortgaged Property in compliance with all requirements of any Governmental Authority in effect on the date of this Mortgage or hereafter enacted, promulgated or issued by any Federal, state or local statute, law, ordinance, code, regulation, rule, order or decree (whether by court or by any Governmental Authority) with respect to environmental protection, occupational safety and health, and similar laws, ordinances, restrictions, licenses and regulations, including without limitation, those cited or described in subsection (i), below.

f. Mortgagor shall (i) give notice to Mortgagee immediately upon Mortgagor's acquiring knowledge of the presence of any Hazardous Materials or wetlands on the Mortgaged Property or of any Hazardous Materials Contamination, with a full description thereof; (ii) promptly at Mortgagor's sole cost and expense, comply with all requirements of any Governmental Authority as to the removal, treatment or disposal of such Hazardous Materials or Hazardous Materials Contamination and provide Mortgagee with satisfactory evidence of such compliance; (iii) provide Mortgagee, within thirty (30) days after demand by Mortgagee, with a bond, letter of credit or similar financial assurance evidencing to Mortgagee's satisfaction that the necessary funds are available to pay the cost of removing, treating and disposing of such Hazardous Materials or Hazardous Materials Contamination, obtaining the necessary approvals or certificates with respect to wetlands and discharging any assessments that may be established against the Mortgaged Property, as a result thereof; (iv) Mortgagor shall immediately notify Mortgagee in writing of (a) any and all enforcement, cleanup, removal or other governmental or regulatory actions, or litigation (whether public or private) relating to the Premises instituted, completed or threatened pursuant to any requirements of any Governmental Authority or common law principles, and of any notices received by Mortgagor with respect to the foregoing; (b) Mortgagor's discovery of any claim made or threatened by any third party or governmental agency against Mortgagor or the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in (a) and (b) are hereinafter collectively referred to as "Hazardous Materials Claims"). Mortgagor shall immediately deliver to Mortgagee copies of all notices and legal documents relating to Hazardous Materials Claims. Mortgagee shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Mortgagor.

g. Mortgagor shall not cause or suffer any liens to be recorded against the Mortgaged Property as a consequence of, or in any way related to, the presence or disposal of Hazardous Materials in or about the Mortgaged Property, including any Federal, state or local so-called "Superfund" lien relating to such matters.

h. Mortgagor at all times shall defend, indemnify and hold harmless Mortgagee from and against any and all liabilities (including strict liability), suits, actions, causes of action, claims, demands, penalties, damages (including, without limitation, damages to property or individuals, interest, penalties, fines and monetary sanctions), losses, costs and expenses (including, without limitation attorneys' fees (to the extent permitted by law) and expenses, and remedial and clean-up costs) (collectively, "Liabilities") that may now or in the future be incurred or suffered by Mortgagee because of, resulting from, in connection with or arising in any manner whatsoever out of the breach of any warranty or covenant or the inaccuracy of any representation of Mortgagor contained or referred to in this paragraph or that may be asserted as a direct or indirect result of the presence on or under, or the handling, treatment, storage, transportation, removal, disposal, escape, seepage, leakage, spillage, discharge, emission or release on or from the Mortgaged Property of any Hazardous Materials or any Hazardous Materials Contamination,

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whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of Mortgagee.

Such Liabilities also shall include, without limitation: (i) injury to or death of any person; (ii) damage to or loss of the use of any property; (iii) the cost of any demolition and rebuilding of any improvements on the Mortgaged Property, repair or remediation and the preparation for and completion of any activity required by any Governmental Authority; (iv) any lawsuit brought or threatened, good faith settlement reached, or governmental order relating to the presence, disposal, release or threatened release of any Hazardous Materials, on, from or under the Mortgaged Property; and (v) the imposition and removal of any lien on the Mortgaged Property arising from the activity of Mortgagor or Mortgagor's predecessors in interest on the Mortgaged Property or from the existence of Hazardous Materials or Hazardous Materials Contamination upon the Mortgaged Property. Any amounts expended by Mortgagee in connection with any Liabilities, together with interest thereon at the rate in effect hereunder in the event of default from and after the date of advancement, shall be secured by this Mortgage and shall have the same priority of collection as the principal indebtedness secured hereby until Mortgagor reimburses Mortgagee pursuant to this indemnity. Notwithstanding the foregoing, this indemnity shall survive repayment of all indebtedness secured by this Mortgage, transfer of the Mortgaged Property by Mortgagor (including without limitation foreclosure sale of the Mortgaged Property or delivery of a deed in lieu of foreclosure) and assignment, assumption, modification, amendment, cancellation, release, termination or discharge of the Note, and shall not be subject to any anti-deficiency laws.

i. Mortgagor has obtained all certificates, permits, licenses, approvals and authorizations necessary for the lawful construction, occupancy, use and operation of the Premises for the purposes for which it is currently being used, including, but not limited to, any certificates, permits, licenses, approvals and authorizations required by any Federal, state, county, regional or local authority whose jurisdiction includes, in whole or in part, environmental protection or matters pertaining to health, safety and welfare. Mortgagor has no knowledge of, and has received no notice of, any litigation or other regulatory, administrative, judicial or legal proceedings which (i) challenge the issuance of any of the certificates, permits, licenses, approvals and authorizations obtained for the Premises or (ii) allege non-compliance by Mortgagor or the Premises with any law, regulation, rule or ordinance which has a material effect on the operation, occupancy, leasing or use of the Premises for the purposes for which it is currently being used.

j. No waste or waste waters have been, or are being, treated, stored or disposed of on the Premises, and no threatened damage to the environment (including, but not limited to, ambient air, surface water, groundwater, land surface and land subsurface) exists at the Premises.

k. No part of the Premises contains, is located within or abuts or is nearby any area designated by the Secretary of Housing and Urban Development or other similar agency as having special flood hazard risks, navigable water or other body of water, tidelands, wetlands or marshlands which is subject to special federal, state, county, regional or local authority regulation, control or protection.

l. Water used at the Premises is supplied and will continue to be supplied by the City of Chicago/Cook County Sanitary Department, a private/public utility company. Sewage from the Premises is and will continue to be disposed of by the City of Chicago/Cook County Sanitary Department, and the connection of the Premises to such sewage disposal system has been approved by all necessary parties and governmental authorities.

m. No emission of air contaminants or pollutants has emanated or is emanating from the Premises.

n. All surface water drains servicing the Premises have been constructed in accordance with all applicable laws and ordinances and have been properly connected to public or

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private storm or sanitary sewer lines which carry such water off the Premises, and such connection has been approved by all necessary parties and governmental authorities.

o. All garbage, trash and other solid waste from or relating to the Premises are and will be collected on a regular basis by an independent commercial waste disposal company.

p. The term "Hazardous Materials" shall mean (i) any "hazardous waste" as now or hereafter defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), as amended from time to time, or in regulations now or hereafter promulgated thereunder; (ii) any "hazardous substance" as now or hereafter defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended from time to time, or in regulations now or hereafter promulgated thereunder; (iii) any "toxic substance" as now or hereafter defined by the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., as amended from time to time, or in regulations now or hereafter promulgated thereunder; (iv) any "toxic pollutant" as now or hereafter defined by the Federal Water Pollution Prevention and Control Act, 33 U.S.C. Section 1251 et seq., as amended from time to time, or in regulations now or hereafter promulgated thereunder; (v) any "air pollutant" as now or hereafter defined by the Clean Air Act, 42 U.S.C. Section 7401 et seq., as amended from time to time, or in regulations now or hereafter promulgated thereunder; (vi) any "contaminant" now or hereafter defined by the Safe Drinking Water Act, 42 U.S.C. Section 300f, et seq., as amended from time to time, or in regulations now or hereafter promulgated thereunder; (vii) asbestos or any other "hazardous chemical" as now or hereafter defined by the Occupational Safety and Health Administration ("OSHA") pursuant to 29 U.S.C. Section 655 or in any other regulation or rule now or hereafter promulgated by OSHA; (viii) petroleum distillates; (ix) polychlorinated biphenyls in excess of 50 parts per million; (x) underground storage tanks, whether empty, filled or partially filled with any substance; (xi) any substance the presence of which on the Mortgaged Property is now or hereafter prohibited by any Governmental Authority; (xii) lead paint; (xiii) urea formaldehyde foam insulation; (xiv) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; and (xv) any other substance for which special handling or notification is now or hereafter required for its collection, storage, treatment, use or disposal or which is known to pose a hazard to the health and safety of the occupants of the Premises or of the property adjacent to the Premises.

q. The term "Hazardous Materials Contamination" shall mean the contamination (whether currently existing or hereafter occurring) of the Premises, Collateral, facilities, soil, groundwater, air or other elements on or of the Mortgaged Property by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Mortgage) emanating from the Mortgaged Property.

In the event that Mortgagor fails to remove any Hazardous Materials and/or cure any direct or indirect violation of any environmental laws, Mortgagee may, at Mortgagee's option, cause the Mortgaged Property to be remediated of any Hazardous Materials or otherwise brought into conformance as required by the Governmental Authority and any cost of same shall be added to the principal balance of the Note and shall bear interest thereafter until paid at the default interest rate set forth in the Note.

Mortgagor hereby grants to Mortgagee, subject to the rights of tenants, an irrevocable easement for ingress, egress and inspection for the purpose of entering upon the Mortgaged Property for making such inspections and tests as Mortgagee may deem necessary to determine whether there is compliance with all environmental laws and regulations, including those pertaining to wetlands.

Notwithstanding the foregoing, any information provided to Mortgagee under this Paragraph is to allow Mortgagee to protect Mortgagee's security interest in the Mortgaged Property and is not intended to create any obligations upon Mortgagee with respect to the operation or ownership of the Mortgaged

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Property. Any rights, authority or approvals granted to Mortgagee by Mortgagor or actions taken by Mortgagee under this paragraph are solely to protect Mortgagee's security interest in the Mortgaged Property and are not intended to create any obligations upon Mortgagee with respect to the operation or ownership of the Mortgaged Property.

28. MORTGAGOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN EVIDENCED BY THE NOTE, THE APPLICATION FOR THE LOAN EVIDENCED BY THE NOTE, THIS ASSIGNMENT, THE NOTE, THE SECURITY INSTRUMENT OR THE OTHER SECURITY DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS

29. Mortgagor hereby further expressly represents and warrants to Mortgagee that there has not been committed by Mortgagor or any other person involved with the Mortgaged Property any act or omission affording the federal government or any state or local government the right of forfeiture as against the Mortgaged Property or any part thereof or any monies paid in performance of its obligations under the Note or under any of the other documents evidencing the indebtedness, and Mortgagor hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture. In furtherance thereof, Mortgagor hereby indemnifies Mortgagee and agrees to defend and hold Mortgagee harmless from and against any loss, damage or injury by reason of the breach of the covenants and agreements or the warranties and representations set forth in the preceding sentence. Without limiting the generality of the foregoing, the filing of formal charges or the commencement of proceedings against Mortgagor, Mortgagee or all or any part of the Mortgaged Property under any federal or state law for which forfeiture of the Mortgaged Property or any part thereof or of any monies paid in performance of Mortgagor's obligations under the Note or this Mortgage is a potential result shall, at the election of the Mortgagee, constitute an event of default hereunder without notice or opportunity to cure. In the event of a forfeiture, the non-recourse provisions, if any, in the Note and in the Mortgage shall be deemed deleted and of no force and effect. In such event, Mortgagee shall have all rights against Mortgagor as provided herein, and at law and in equity.

30. The failure of Mortgagor (i) to pay, within ten (10) days following written notice from Mortgagee any monetary payment hereunder of any kind whatsoever but no notice shall be required for failure to pay required periodic principal and interest payments or (ii) to perform any other term, covenant or condition of the Note or this Mortgage except those defined as being immediate events of default, within thirty (30) days following written notice from Mortgagee, shall constitute an event of default hereunder and under the Note. If an event of default is defined herein as being an immediate event of default, no notice or cure period shall be required with respect thereto. Notwithstanding anything to the contrary set forth herein, if Mortgagee shall have provided to Mortgagor any such notice of default (whether as to monetary or nonmonetary default) one (1) time during any calendar year, then no further notice or cure period shall be required with respect to any subsequent defaults within the same calendar year, either monetary or nonmonetary, and such default shall be an immediate event of default, and if Mortgagee shall have provided to Mortgagor any such notice of default (whether as to monetary or non-monetary default) two (2) times during the term hereof, then no further notice or cure period shall be required with respect to any subsequent defaults, either monetary or non-monetary, under this Mortgage, and such subsequent default shall be an immediate event of default hereunder or under the Note.

In the event that Mortgagor fails to remove any Hazardous Materials and/or cure any direct or indirect violation of any environmental laws, Mortgagee may, at Mortgagee's option, cause the Mortgaged Property to be remediated of any Hazardous Materials or otherwise brought into conformance as required by the Governmental Authority and any cost of same shall be added to the principal balance of the Note and shall bear interest thereafter until paid at the default interest rate set forth in the Note.

31. This Mortgage is subordinate to that certain Mortgage dated March 31, 2006 made by Mortgagor in favor of Metropolitan Bank and recorded with the Cook County Recorder of Deeds as Document Number 061135254.

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PROVIDED, ALWAYS, NEVERTHELESS, that if Mortgagor shall pay all of the indebtedness evidenced by the Note and fully keep and perform all of the terms, covenants and conditions to be kept and performed in the Note, and Mortgagor shall fully keep and perform all of the terms, covenants and conditions by Mortgagee to be kept and performed herein, then this Mortgage shall be void and shall be released by Mortgagee, at the cost and expense of Mortgagor, and, in case of failure of Mortgagee to so release this Mortgage, all claim for statutory penalties and damages are hereby waived; otherwise this Mortgage is to be and shall remain in full force and effect.

IT IS SPECIFICALLY AGREED that time is of the essence of this Mortgage and that the waiver of the rights and options, or obligations secured hereby, shall not at any time thereafter be held to be abandonment of such rights. Notice of the exercise of any right or option granted to Mortgagee herein, or in the Note secured hereby, is not required to be given.

ALL OF THE COVENANTS, agreements and waivers herein contained are joint and several and shall also bind, and the benefits and advantages thereof shall also inure to, the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders.

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STREET ADDRESS: 1102 W. WEBSTER

CITY: CHICAGO

COUNTY: COOK

TAX NUMBER: 14-32-206-037-0000

LEGAL DESCRIPTION:

THE WEST 7.83 FEET OF LOT 10, AND THE EAST 16.17 FEET OF LOT 11 IN BLOCK 1 IN GOODE'S SUBDIVISION OF LOT 3 AND PART OF LOTS 1 AND 2 IN THE SOUTHWEST 1/4 OF BLOCK 11 IN SHEFFIELD'S ADDITION TO CHICAGO, IN SECTION 32, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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