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## MORTGAGE AND SECURITY AGREEMENT

29

By and Between

NORWEGIAN LUTHERAN BETHESDA HOME ASSOCIATION,  
doing business as  
BETHESDA HOME AND RETIREMENT CENTER,

Mortgagor,

and

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO,  
as Master Trustee,

Mortgagee

Dated as of November 1, 1999

This is a security agreement with respect to certain equipment,  
accounts and other property as well as a mortgage on real estate and other property.

This instrument was prepared by  
and upon recording return to:

Jones, Day, Reavis & Pogue  
77 West Wacker  
Chicago, Illinois 60601  
Attention: Mark J. Meyers

PIN #: 13-70-130-001-0000  
~~13-30-130-002-0000~~  
13-30-130-003-0000

**BOX 333-CT1**

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## MORTGAGE AND SECURITY AGREEMENT

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## EXHIBIT A — DESCRIPTION OF LAND

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This is a Mortgage and Security Agreement dated as of November 1, 1999 ("this Mortgage"), between Norwegian Lutheran Bethesda Home Association, doing business as Bethesda Home and Retirement Center (the "Mortgagor"), an Illinois not for profit corporation, as mortgagor, and American National Bank and Trust Company of Chicago, a national banking association duly established and existing under and by virtue of the laws of the United States of America, as master trustee under the Master Indenture hereinafter referred to (the "Master Trustee"), as mortgagee.

## WITNESSETH

WHEREAS, the Mortgagor has entered into a Master Trust Indenture dated as of November 1, 1999 (the "Master Indenture") with the Master Trustee. Pursuant to the Master Indenture, the Corporation, Bethesda Foundation (the "Foundation") and the other Members of the Obligated Group (as such terms are defined in the Master Indenture) are authorized to issue Direct Note Obligations from time to time, including without limitation the Direct Note Obligation, Series 1999A issued on the date hereof in the aggregate principal amount of \$3,880,000 and the Direct Note Obligation, Series 1999B issued on the date hereof in the aggregate principal amount of \$135,000 (together with any Direct Note Obligations hereinafter issued pursuant to the Master Indenture, the "Obligations"); and

WHEREAS, the Mortgagor is the owner in fee simple of the real estate described in *Exhibit A* hereto (the "Land"); and

WHEREAS, the Mortgagor wishes to mortgage and assign to the Master Trustee its interest in the Land described herein as security for the Obligations and the performance of the obligations of the Obligated Group under the Master Indenture and the Mortgagor hereunder; provided, however, that the maximum aggregate principal amount of Obligations that may be secured hereby is expressly limited to \$250,000,000;

NOW, THEREFORE, in consideration of the premises, the acceptance of the Obligations by the purchasers thereof and for other good and valuable consideration the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest payable on the Obligations and the performance of all the obligations of the Obligated Group contained in the Master Indenture and of the Mortgagor contained herein, the Mortgagor has executed and delivered this Mortgage and by these presents does assign, grant, mortgage, warrant, convey, transfer, pledge, set over and confirm unto the Master Trustee and its successors and assigns forever, and grant a security interest thereunto in, all of the Mortgagor's right, title and interest in, to and under any and all of the following described property (herein called the "Mortgaged Property"):

## GRANTING CLAUSES

### DIVISION I

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The Land described in *Exhibit A* hereto, together with the entire interest (whether now owned or hereafter acquired) in and to said real estate and in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed upon the Land, including all building materials, building equipment and fixtures of every kind and nature

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whatsoever on the Land or in any building, structure or improvement now standing or hereafter constructed or placed thereon, and the reversion or reversions, and remainder or remainders, in and to the Land, and together with the entire interest of the Mortgagor in and to all and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to the Land, belonging or in any way appertaining thereto, and all right, title and interest of the Mortgagor in, to and under any streets, ways or alleys adjoining said real estate or any part thereof including all bridges thereover and tunnels thereunder, including without limitation all claims or demands whatsoever of the Mortgagor either in law or in equity, in possession or expectancy of, in and to the Land, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or hereafter acquired by the Mortgagor and affixed to or attached to or placed on the Land shall be deemed to be, and shall be considered as, fixtures and appurtenances to said real estate of the Mortgagor, together with all rents, income, issues and profits therefrom (collectively, the "Mortgaged Land");

## DIVISION II

All of the machinery, equipment, furniture, spare parts and other personal property, including all present and future attachments and accessories thereto and replacements thereof, all as defined in Article 9 of the Uniform Commercial Code, as amended, of Illinois, located on the Land described in *Exhibit A* hereto or used or useful in connection with the Mortgaged Land and owned by the Mortgagor (the "Machinery and Equipment");

## DIVISION III

All judgments, awards of damages, settlements and other compensation heretofore or hereafter made resulting from condemnation proceedings or the taking of the property described in Division I or any part thereof or any building or other improvement now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including severance and consequential damage, and any award for change of grade of streets (collectively, "Condemnation Awards"); and

## DIVISION IV

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Any and all other property of every kind and nature from time to time hereafter owned by the Mortgagor, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Mortgagor or by anyone on its behalf to the Master Trustee, together with all proceeds, including insurance proceeds with respect to anything referred to in Division I through IV hereof;

Subject, however, to Permitted Encumbrances, as defined in the Master Indenture;

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To Have and To Hold all and singular, the Mortgaged Property, whether now owned or hereafter acquired, unto the Master Trustee, its successors and assigns forever; provided, however, that this Mortgage is upon the express condition that if the Mortgagor shall pay or cause to be paid all indebtedness secured hereby and shall keep, perform and observe all and singular the covenants and promises in the Obligations, in the Master Indenture and in this Mortgage expressed to be kept, performed and observed by the Mortgagor or the Obligated Group, then this Mortgage and the rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

The Mortgagor and the Master Trustee hereby further covenant and agree as follows:

## ARTICLE I

### DEFINITIONS

In addition to the words and terms elsewhere defined in this Mortgage, the following words and terms as used in this Mortgage shall have the following meanings unless the context or use indicates another or different meaning or intent:

"*Collateral*" has the meaning set forth in Section 3.20.

"*Condemnation Awards*" has the meaning set forth in Division III of the Granting Clauses.

"*Event of Default*" has the meaning set forth in Section 4.1.

"*Hazardous Materials*" has the meaning set forth in Article II(c).

"*indebtedness secured hereby*" means the Obligations and the other amounts payable under the Master Indenture and this Mortgage.

"*IRPTA*" has the meaning set forth in Section 3.12(b).

"*Land*" means the real estate described in *Exhibit A* hereto.

"*Machinery and Equipment*" has the meaning set forth in Division II of the Granting Clauses.

"*Master Trustee*" means American National Bank and Trust Company of Chicago, a national banking association duly established and existing under and by virtue of the laws of the United States.

"*Mortgage*" means this Mortgage and Security Agreement, as supplemented and amended from time to time.

"*Mortgaged Land*" has the meaning set forth in Division I of the Granting Clauses.

"*Mortgaged Property*" means the property described in Divisions I, II, III and IV of the Granting Clauses.



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"Obligations" has the meaning set forth in the Preliminary Statement.

"Released Property" has the meaning set forth in Section 5.2(b)(i)(A).

"State" means the State of Illinois.

"Substituted Property" has the meaning set forth in Section 5.2(b)(i)(B)(1).

"Tax and Insurance Deposits" has the meaning set forth in Section 3.9.

"Uniform Commercial Code" means the Illinois Uniform Commercial Code, 810 ILCS 5/1-101 *et seq.*

The other terms used in this Mortgage shall have the same meanings as set forth in the Master Indenture. All accounting terms not otherwise defined in the Master Indenture or herein shall have the meanings assigned to them in accordance with generally accepted accounting principles.

All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Mortgage as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

## ARTICLE I

### REPRESENTATIONS AND WARRANTIES

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The Mortgagor makes the following representations and warranties as the basis for its covenants herein:

(a) It is a not for profit corporation duly incorporated under the laws of the State, is in good standing and duly authorized to conduct its business in the State, is duly authorized and has full power under the laws of the State and all other applicable provisions of law and its articles of incorporation and by-laws to create, issue, enter into, execute and deliver this Mortgage and all action on its part necessary for the valid execution and delivery of this Mortgage has been duly and effectively taken.

(b) The execution and delivery of this Mortgage, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof do not and will not conflict with or result in a breach of any of the terms or conditions of any corporate restriction or of any agreement or instrument to which it is now a party, and do not and will not constitute a default under any of the foregoing, or result in the creation or imposition of any Lien, charge or encumbrance of any nature upon any of its Property except for Permitted Encumbrances. The Mortgagor has good and marketable fee simple title to the Land and is the lawful owner and is now lawfully seized and possessed of the Mortgaged Property (other than that not presently in existence), free and clear of all Liens, security interests, charges and encumbrances whatsoever except Permitted Encumbrances. The Mortgagor has full power and lawful authority to mortgage and grant a security

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interest in the Mortgaged Property to the Master Trustee and will preserve, warrant and defend the same unto the Master Trustee against the claims of all persons and parties. This Mortgage constitutes (i) a valid first mortgage lien upon the Land, including the fixtures, subject only to Permitted Encumbrances, (ii) a security interest in the Machinery and Equipment, which security interest is (a) perfected to the extent the same may be perfected by filing under the Uniform Commercial Code and (b) prior to any other security interest in such Machinery and Equipment, subject only to Permitted Encumbrances and (iii) a legal, valid and binding obligation of the Mortgagor, enforceable in accordance with its terms. The easements, rights-of-way, liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments on adjoining real estate which are Permitted Encumbrances, if any, now existing with respect to the Land do not and will not materially adversely affect the value of the Facilities or the Property currently affected thereby, or materially impair or materially interfere with the operation and usefulness thereof for the purpose for which they were acquired or are held by the Mortgagor.

(c) Except as previously disclosed in writing by the Mortgagor to the Master Trustee and except in accordance with applicable law, the Mortgagor has not, nor to the best of the Mortgagor's knowledge any lessee nor any previous owner, tenant, occupant or user of the Mortgaged Property, used, generated, released, discharged, stored or disposed of, or is using, generating, releasing, discharging, storing or disposing of, any Hazardous Materials (as defined below) on, under or in the Mortgaged Property, or transported, or is transporting, any Hazardous Materials to or from the Mortgaged Property and no Hazardous Materials are present on the Mortgaged Property, except in accordance with applicable law. The Mortgagor shall not, except in accordance with applicable law, cause, suffer to exist or permit the presence, use, generation, release, discharge, storage or disposal of any Hazardous Materials on, under or in, or the transportation of any Hazardous Materials to or from, the Mortgaged Property. The term "Hazardous Materials" shall include any flammable materials, explosives, radioactive materials, hazardous materials, petroleum, asbestos, polychlorinated biphenyls, hazardous waste, hazardous or toxic substances or related materials described in the Clean Water Act, 33 U.S.C. §1251 *et seq.* (33 U.S.C. §1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. §1371), the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903), the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 *et seq.* (42 U.S.C. §9601), the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.* (15 U.S.C. §2605), or under any other applicable federal, state or local environmental law, ordinance, rule or regulation.

(d) The Mortgaged Property and its intended use substantially and materially comply with applicable laws, governmental regulations and the terms of any enforcement action commenced by any federal, State, regional or local governmental agency, including, without limitation, all applicable federal, State and local laws pertaining to air and water quality, hazardous waste, waste disposal, underground storage tanks, and other environmental matters, including, but not limited to, the Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation and Recovery and Comprehensive Environmental Response, Compensation and Liability Acts, and the rules, regulations and ordinances of all applicable federal, State and local agencies and bureaus (collectively, the "Applicable Environmental Regulations"). The Mortgagor covenants that the Mortgaged Property and its use shall at all times substantially and materially comply with all Applicable Environmental Regulations.

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## ARTICLE III

### GENERAL COVENANTS AND AGREEMENTS

*Section 3.1. Master Indenture Covenants.* Each and all of the representations, warranties, terms, provisions, restrictions, covenants and agreements set forth in the Master Indenture, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, are incorporated herein by reference to the same extent as though each and all of said representations, warranties, terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Master Indenture were fully set out in an amendment or supplement to this Mortgage; and the Mortgagor hereby covenants and agrees well and truly to abide by, perform and be governed and restricted by each and all of the matters provided for by the Master Indenture and so incorporated herein to the same extent and with the same force and effect as if each and all of said representations, warranties, terms, provisions, restrictions, covenants and agreements so incorporated hereby by reference were set out and repeated herein at length. Without limiting the foregoing, the Mortgagor covenants and agrees to pay all taxes, assessments and governmental charges or levies imposed upon this Mortgage, the Obligations or any other indebtedness secured hereby and such amounts shall constitute so much additional indebtedness secured hereby.

*Section 3.2. Further Assurances; After-Acquired Property.* (a) The Mortgagor will execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such agreements supplemental hereto and all such further acts, deeds, conveyances, mortgages, assignments, instruments, transfers and assurances as the Master Trustee reasonably may require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Master Trustee all and singular the Mortgaged Property as now or hereafter constituted.

(b) All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions and replacements of the Mortgaged Property or any part thereof hereafter constructed or acquired by the Mortgagor, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien and security interest of this Mortgage as fully and completely and with the same effect as though now owned by the Mortgagor, but at any and all times the Mortgagor will execute and deliver to the Master Trustee all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Master Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Mortgage.

*Section 3.3. Payment of Principal, Premium, if any, and Interest.* The Mortgagor will duly and punctually pay the principal of, premium, if any, and interest on the Obligations secured hereby according to the terms thereof.

*Section 3.4. Maintenance of Lien; Recording.* (a) The Mortgagor will, at its own expense, take all necessary action to maintain and preserve the lien and security interest of this Mortgage so long as the Obligations are outstanding.

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(b) The Mortgagor will, forthwith after the execution and delivery of this Mortgage and thereafter from time to time, cause this Mortgage and the Master Indenture (including any amendments thereto and supplements thereof) and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect the lien and security interest hereof upon, and the title of the Mortgagor to, the Mortgaged Property, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments that may be requested by the Master Trustee for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Mortgagor will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal and State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and such instruments of further assurance.

*Section 3.5. Maintenance, Repair, Restoration, Liens.* The Mortgagor shall (a) pay, when due, any indebtedness that may be secured by a lien or charge on the Mortgaged Property (whether senior, of equal priority, or junior to the lien hereof) and, upon request, exhibit to the Master Trustee satisfactory evidence of the discharge of such lien; (b) complete, in accordance with the provisions of the Loan Agreement, any building(s) or other improvements now or at any time in the process of erection or rehabilitation upon the Mortgaged Property; (c) comply with all requirements of law, municipal ordinances, and restrictions and covenants of record with respect to the Mortgaged Property and the use thereof; (d) suffer or permit no unlawful use of, or nuisance to exist upon, the Mortgaged Property; and (e) cause the Mortgaged Property to be managed in a competent and professional manner.

*Section 3.6. Priority of Lien.* It is further made an express condition and covenant hereof, that while this Mortgage is in effect, the lien of this Mortgage shall extend to any and all improvements and fixtures owned by the Mortgagor, now or hereafter, on the Mortgaged Property, prior to any other lien thereon that may be claimed by any person, so that subsequently accruing claims for lien on the Mortgaged Property shall be junior to this Mortgage, except for Permitted Encumbrances.

*Section 3.7. Taxes.* The Mortgagor shall pay all general and special taxes, assessments, water charges, sewer charges and other fees and charges of every kind and nature whether or not assessed against the Mortgagor, if applicable to the Mortgaged Property or any interest therein or any obligation or agreement secured hereby in accordance with Section 406 of the Master Indenture; and the Mortgagor shall, upon written request, furnish to the Master Trustee duplicate receipts therefor.

*Section 3.8. Insurance Coverage.* The Mortgagor, at its own expense will insure, or will cause to be insured, including during any construction and thereafter, all of the buildings and improvements now or hereafter included within the Mortgaged Property, and each and every part and parcel thereof as required by the Master Indenture, and in any event including:

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- (a) During construction (if any), all-risks package of builder's risk insurance, including owner's, contractor's, and employer's liability insurance, workmen's compensation insurance, and physical damage insurance;
- (b) Flood insurance, where appropriate, but only if available; and
- (c) Other insurance of the types and in amounts not less than customarily carried by persons owning or operating like properties.

*Section 3.9. Deposits for Taxes and Insurance Premiums.* As long as there is no Event of Default outstanding under this Mortgage or the Master Indenture, or if an Event of Default has occurred but has been cured, the Mortgagor shall pay all taxes and insurance premiums in accordance with the Master Indenture. Upon the occurrence of an Event of Default or upon the occurrence of an event which, but for notice or the passage of time, would constitute an Event of Default of which the Master Trustee has actual knowledge, the Master Trustee may (and, upon the written direction of all Obligation holders, shall), upon five days written notice, require the Mortgagor to deposit with the Master Trustee on the first day of each and every month, commencing with the month following the month required by the Master Trustee, an amount equal to:

(i) If the Mortgaged Property is subject to real estate taxes, one-twelfth (1/12) of the real estate taxes next to become due upon the Mortgaged Property; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subsection (i), will result in a sufficient reserve to pay the taxes next becoming due one month prior to the date when such real estate taxes are due and payable; plus

(ii) One-twelfth (1/12) of the annual premiums on each policy of insurance upon the Mortgaged Property; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subsection (ii), will result in a sufficient reserve to pay the insurance premiums next becoming due one month prior to the date when such insurance premiums are, in fact, due and payable;

provided that the amount of such deposits (herein generally called "Tax and Insurance Deposits") shall be based upon the Master Trustee's reasonable estimate as to the amount of real estate taxes and insurance premiums next to be payable as provided by the Insurance Consultant; and all Tax and Insurance Deposits shall be held by the Master Trustee with an allowance of interest thereon, if such interest-bearing accounts are available to the Master Trustee at no additional cost or expense to the Master Trustee. Interest on such deposits, if any, shall be retained by the Master Trustee and applied against future payments for taxes and insurance paid by the Master Trustee.

The Master Trustee will, out of the Tax and Insurance Deposits, upon the presentation to the Master Trustee by the Mortgagor of the bills therefor, pay the insurance premiums and real estate taxes or will, upon the presentation of receipted bills therefor, reimburse the Mortgagor for such payments made by the Mortgagor. If the total Tax and Insurance Deposits on hand shall not be sufficient to pay all of the real estate taxes and insurance premiums when the same shall become due,

then the Mortgagor shall pay to the Master Trustee on demand any amount necessary to make up the deficiency and such amount shall constitute so much additional indebtedness secured hereby.

In the event of a default in any of the provisions contained herein or in the Obligations, the Master Trustee may, at its option, without being required so to do, apply any Tax and Insurance Deposits on hand in such manner as provided in Section 507 of the Master Indenture. When the indebtedness secured hereby has been fully paid, then any remaining Tax and Insurance Deposits shall be paid to the Mortgagor.

*Section 3.10. Proceeds of Insurance.* In case of loss covered by policies of insurance, the proceeds of any insurance shall be applied as provided in Section 410 of the Master Indenture.

*Section 3.11. Condemnation.* In case of any award or claim for damages for any of the Mortgaged Property taken or damaged under the power of eminent domain or by condemnation, including any payments made in lieu of or in settlement of a claim or threat of condemnation, the proceeds of any award or claim shall be applied as provided in Section 411 of the Master Indenture.

*Section 3.12. Hazardous Materials.* (a) The Mortgagor hereby indemnifies the Master Trustee and the owners of any Related Bonds, including such owners' officers, directors, affiliates, agents or employees ("Bondholder Indemnities"), and agrees to hold the Master Trustee and the Bondholder Indemnities harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, including reasonable attorneys fees and expenses incurred or suffered by, or asserted against, the Master Trustee or any Bondholder Indemnities for, with respect to, or as a direct or indirect result of, the presence on or under or the escape, seepage, leakage, spillage, discharge, emission, discharging, or release from, the Mortgaged Property of any Hazardous Materials (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other present or future Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any Hazardous Materials or the protection of the environment), regardless of whether or not caused by, or within the control of, the Mortgagor, unless resulting solely from the negligent acts or willful misconduct of the Master Trustee or the owners of any Related Bonds. The provisions of this Section 312(a) shall continue after the Obligated Group pays or causes to be paid the Obligations.

(b) The Mortgagor shall comply with the provisions of the Illinois Responsible Property Transfer Act of 1988, 765 ILCS 90/1 *et seq* ("IRPTA"). Irrespective of any such waiver, if an IRPTA disclosure statement is required pursuant to IRPTA, the Mortgagor shall insure that the IRPTA disclosure statement is recorded with the appropriate recorders of deeds and filed with the Illinois Environmental Protection Agency on or before the time required by Section 6 (765 ILCS 90/6) of IRPTA; evidence of such compliance shall be timely provided to the Master Trustee.

(c) The Mortgagor shall at all times and in all respects be in substantial and material compliance with all applicable Environmental Laws. Each Mortgagor's duty of compliance with applicable Environmental Laws includes, without limitation, the duty to undertake the following specific actions: (i) the Mortgagor will, at its own expense, procure, maintain in effect, and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals



required by all applicable Environmental Laws, including without limitation, permits required for the discharge of (appropriately treated) Hazardous Materials into the ambient air or any sanitary sewers serving any real property owned or leased by the Member and (ii) except as discharged into the ambient air or a sanitary sewer in compliance with all applicable Environmental Laws, and all Hazardous Materials to be treated and/or disposed of by the Member will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on site treatment or disposal in a sanitary landfill).

*Section 3.13. Stamp Tax.* If, by the laws of the United States of America, or of any state or municipality having jurisdiction over the Mortgagor or the Mortgaged Property, any tax is imposed or becomes due in respect of the issuance of the Obligations, the Mortgagor shall pay such tax in the manner required by such law.

*Section 3.14. Effect of Extensions of Time and Amendments.* If the payment of the indebtedness secured hereby, or any part thereof, be extended or varied, or if any part of the security therefor be released, all Persons now or at any time hereafter liable therefor, or interested in the Mortgaged Property, shall be held to assent to such extension, variation, or release; and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by the Master Trustee, notwithstanding any such extension, variation, or release. Any Person, firm, or corporation taking a junior mortgage or other lien upon the Mortgaged Property or any interest therein shall take the said lien subject to the rights of the Master Trustee to amend, modify, and supplement this Mortgage, the Obligations or the Loan Agreement and to extend the maturity of the indebtedness secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

*Section 3.15. Master Trustee's Performance of the Mortgagor's Obligation.* When any Event of Default has occurred and is continuing, the Master Trustee, either before or after acceleration of the indebtedness secured hereby or the foreclosure of the lien hereof and during any period of redemption may, but shall not be required to, make any payment or perform any act herein required of the Mortgagor in any form and manner deemed expedient to the Master Trustee; and the Master Trustee may, but shall not be required to, make full or partial payments of principal or interest on any prior encumbrances and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Mortgaged Property or contest any tax or assessment, and may, but shall not be required to, complete construction, rehabilitation, furnishing, and equipping of the improvements upon the Mortgaged Property and rent, operate and manage the Mortgaged Property and such improvements and pay operating costs and expenses, including without limitation management fees, of every kind and nature in connection therewith, so that the Mortgaged Property and improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees and other monies advanced by the Master Trustee to protect the Mortgaged Property and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Mortgaged Property and such improvements or to pay any such operating costs and expenses thereof or to keep the Mortgaged Property and improvements operational and usable for its intended purpose, shall be so much additional indebtedness secured hereby, and shall become immediately

due and payable without notice, and with interest thereon at the prime rate of the Master Trustee plus 3%. Inaction of the Master Trustee shall never be considered as a waiver of any right accruing to it on account of any default on the part of the Mortgagor. The Master Trustee, in making any payment hereby authorized (a) relating to taxes and assessments, may do so according to any bill, statement, or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof; (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction, rehabilitation, furnishing or equipping of the improvements or the rental, operation or management of the Mortgaged Property or the payment of operating costs and expenses thereof, may do so in such amounts and to such persons as the Master Trustee may deem appropriate.

*Section 3.16. Inspection of Mortgaged Property and Records.* The Master Trustee and any Bondholder shall have the right to inspect the Mortgaged Property and all books, records and documents relating thereto at all reasonable times, and access thereto shall be permitted for that purpose.

*Section 3.17. Restriction on Transfer.* It shall be an Event of Default hereunder if (i) the Mortgagor shall create, effect, consent to or suffer or permit any conveyance, sale, assignment, lease, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Mortgaged Land (but not including the Machinery and Equipment) or any part thereof or interest therein, other than Permitted Encumbrances and as permitted by Section 5.2 hereof or (ii) any action is brought to foreclose or enforce any lien with respect to the Mortgaged Land, provided that the commencement of any such action shall not constitute an Event of Default hereunder so long as the Mortgagor shall contest such action in accordance with Section 406 of the Master Indenture.

*Section 3.18. Mortgagor's Right of Possession.* So long as the Mortgagor is in full compliance with the terms and provisions of this Mortgage and the Obligated Group is in full compliance with the terms and provisions of the Master Indenture, the Mortgagor shall be suffered and permitted to possess, use and enjoy the properties and appurtenances constituting the Mortgaged Property.

*Section 3.19. Machinery and Equipment.*

The proceeds of any disposition of Machinery and Equipment will not be subject to the lien of this Mortgage.

The Mortgagor shall furnish the Master Trustee from time to time at the Master Trustee's reasonable request written statements and schedules further identifying and describing the Machinery and Equipment in such detail as the Master Trustee may reasonably require.

The Mortgagor shall only transfer any assets constituting Machinery and Equipment in accordance with the asset transfer tests of Section 417 of the Master Indenture.

*Section 3.20. Illinois Uniform Commercial Code.* This Mortgage constitutes a security agreement under the Uniform Commercial Code of Illinois with respect to any part of the Mortgaged Property which may or might now or hereafter be or be deemed to be personal property, fixtures or



property other than real estate (all for the purposes of this Section 3.20 called "Collateral"); all of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Mortgaged Property; and the following provisions of this Section 3.20 shall not limit the generality or applicability of any other provision of this Mortgage but shall be in addition thereto:

(a) The Mortgagor (being the Debtor as that term is used in the Uniform Commercial Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than Permitted Encumbrances.

(b) The Collateral is to be used by the Mortgagor solely for corporate purposes of the Mortgagor, being installed upon the Mortgaged Property for the Mortgagor's own use or as the equipment and furnishings furnished by the Mortgagor, as landlord, to tenants of the Mortgaged Property.

(c) The Collateral will be kept at the Land comprised within the Mortgaged Property, and will not be removed therefrom except in accordance with Section 3.19 hereof or with the consent of the Master Trustee (being the Secured Party as that term is used in the Uniform Commercial Code) which consent shall not be unreasonably withheld, and the Collateral may be affixed to such real estate but will not be affixed to any other real estate.

(d) No financing statement covering any of the Collateral or any proceeds thereof is on file in any public office (other than financing statements with respect to Permitted Encumbrances); and the Mortgagor will at its own cost and expense, upon demand, furnish to the Master Trustee such further information, execute and deliver to the Master Trustee such financing statements and other documents in form satisfactory to the Master Trustee, and do all such acts and things as the Master Trustee may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the indebtedness secured hereby, subject to no liens, charges or encumbrances other than Permitted Encumbrances. The Mortgagor will at its own cost and expense pay the cost of filing or recording such financing statements or other documents and this instrument in all public offices wherever filing or recording is deemed by the Master Trustee to be necessary or desirable.

(e) Upon any Event of Default hereunder and the continuance thereof, the Master Trustee at its option may, and if any Related Bonds have been accelerated, the Master Trustee shall promptly, declare the indebtedness secured hereby immediately due and payable, all as more fully set forth in Section 4.2 hereof, and thereupon the Master Trustee shall have the remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, with or without judicial process, enter without breach of the peace upon any place that the Collateral or any part thereof may be situated and remove the same therefrom (provided that if Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Uniform Commercial Code); and the Master Trustee shall be entitled to hold, maintain, preserve, and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral. The Master Trustee, without removal, may render the Collateral unusable and dispose of the Collateral on the Mortgaged Property.

The Master Trustee may require the Mortgagor to assemble the Collateral and make it available to the Master Trustee for its possession at a place to be designated by the Master Trustee. The Master Trustee will give the Mortgagor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by first class mail, postage prepaid, to the address of the Mortgagor shown in this Mortgage or in the Master Trustee's records at least ten (10) days before the time of the sale or disposition. The Master Trustee may buy at any public sale, and if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, the Master Trustee may buy at private sale. Any such sale may be held as part of and in conjunction with any foreclosure sale of the real estate comprised within the Mortgaged Property, the Collateral and real estate to be sold as one lot if the Master Trustee so elects. The net proceeds realized upon any such disposition, after deduction for the expenses or retaking, holding, preparing for sale, selling or the like and reasonable attorney's fees and legal expenses incurred by the Master Trustee, shall be applied against the indebtedness secured hereby. The Master Trustee will dispose of any surplus realized upon such disposition in accordance with the provisions of Section 507 and 801 of the Master Indenture.

(f) The remedies of the Master Trustee hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code shall not be construed as a waiver of any of the other remedies of the Master Trustee, including having the Collateral deemed part of the realty upon any foreclosure thereof so long as any part of the indebtedness secured hereby remains unsatisfied.

(g) The terms and provisions contained in this Section 3.20 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Uniform Commercial Code.

(h) This Mortgage is intended to be a financing statement within the purview of Section 9-402(6) of the Uniform Commercial Code with respect to the Collateral and the goods described at the beginning of this Mortgage, which goods are or are to become fixtures relating to the Mortgaged Property. The addresses of the Mortgagor (Debtor) and the Master Trustee (Secured Party) are set forth in Section 6.3 hereof. This Mortgage is to be filed for record with the Recorder of Deeds of the County or Counties where the Mortgaged Property is located.

*Section 3.21. Assignment of Leases, Rents, and Contracts.* The Mortgagor hereby bargains, sells, transfers, assigns, conveys, and delivers to the Master Trustee all of the Mortgagor's right, title, and interest in all rents, issues and profits of the Mortgaged Property, as further security for the payment of the indebtedness secured hereby. This assignment is absolute and is effective immediately. Notwithstanding the foregoing, until a notice is sent to the Mortgagor in writing that an Event of Default or an event that with notice or passage of time or both might become an Event of Default has occurred under the terms and conditions of this Mortgage (a "Notice"), the Mortgagor may receive, collect and enjoy the rents, income, and profits accruing from the Mortgaged Property.

If any Event of Default or event that with notice or passage of time or both might become an Event of Default occurs hereunder, at its option, the Master Trustee may after service of a Notice, receive and collect all such rents, income, and profits as they become due, from the Mortgaged Property and under any and all leases of all or any part of the Mortgaged Property ("Leases"). The Master Trustee shall thereafter continue to receive and collect all such rents, income, and profits, as long as such default(s) shall exist, and during the pendency of any foreclosure proceedings.

From and after the service of a Notice, the Master Trustee is hereby vested with full power to use all measures, legal and equitable, it may deem necessary or proper to enforce this assignment and to collect the rents, income, and profits assigned hereunder, including the right of the Master Trustee or its designee to enter upon the Mortgaged Property, or any part thereof, with or without process of law, take possession (to the extent permitted by law) of all or any part of the Mortgaged Property and all personal property, fixtures, documents, books, records, papers, and accounts of the Mortgagor relating thereto, and exclude the Mortgagor and its agents and servants wholly therefrom. The Mortgagor hereby grants full power and authority to the Master Trustee to exercise all rights, privileges, and powers herein granted at any and all times after service of a Notice, without further notice to the Mortgagor, with full power to use and apply all of the rents and other income herein assigned to the payment of the costs of managing and operating the Mortgaged Property and of the indebtedness secured hereby. The Master Trustee shall be under no obligation to exercise or prosecute any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any of the leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of the Mortgagor in the leases. This assignment shall not operate to place responsibility for the control, care, management, or repair of the Mortgaged Property, or parts thereof, upon the Master Trustee, nor shall it operate to make the Master Trustee liable for the performance of any of the terms and conditions of any of the leases, for any waste of the Mortgaged Property by any lessee under any of the leases or any other person, for any dangerous or defective condition of the Mortgaged Property, or for any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in loss, injury, or death to any lessee, licensee, employee, or stranger.

The assignment under this Section is given as a primary pledge and assignment of the rights described herein and such assignment shall not be deemed secondary to the security interest and mortgage of the Master Trustee in the Mortgaged Property. The Master Trustee shall have the right to exercise any rights under this Section before, together with, or after exercising any other rights under this Mortgage. Nothing herein shall be deemed to obligate the Master Trustee to perform or discharge any obligation, duty, or inability of the Mortgagor under this assignment, and the Mortgagor shall and does hereby indemnify and hold the Master Trustee harmless from any and all cost (including without limitation reasonable attorneys' fees and legal expenses), liability, loss, or damage which the Master Trustee may or might incur by reason of this assignment other than as a result of the Master Trustee's negligence or wilful misconduct; and any and all such cost, liability, loss, or damage incurred by the Master Trustee, including reasonable attorney's fees incurred by the Master Trustee in the defense of any claims or demands therefor (whether successful or not), shall be so much additional indebtedness secured hereby, and the Mortgagor shall reimburse the Master Trustee therefor on demand, together with interest at the prime rate of the Master Trustee plus 3%.

*Section 3.22. Protection of the Master Trustee as Mortgagee Hereunder.* In the course of performing any of its duties or obligations hereunder, the Master Trustee shall be entitled to all of

the protections provided to it under the Master Indenture the same as if such provisions were set forth herein, and such provisions are hereby incorporated by reference. In taking any action hereunder, including specifically but without limitation in enforcing the provisions of Sections 3.15 and 3.21 and Article IV hereof, the Master Trustee shall be entitled to receive the indemnity referred to in Section 601(K) of the Master Indenture and receipt thereof or waiver of its right to receive such indemnity shall be a condition precedent to the Master Trustee's duty to act hereunder.

#### ARTICLE IV

##### DEFAULTS AND REMEDIES THEREFOR

*Section 4.1. Event of Default Defined.* The Mortgagor acknowledges and agrees that each and all of the terms and provisions of Article V of the Master Indenture have been and are incorporated into this Mortgage by reference to the same extent as though fully set out herein and that the term "Event of Default" wherever used in this Mortgage shall mean (i) an Event of Default as defined in Article V of the Master Indenture, (ii) the failure of the Mortgagor to comply with any covenant, agreement or warranty contained in this Mortgage within 30 days after the Master Trustee shall have given written notice thereof to the Mortgagor and the Obligated Group Agent, provided that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, it shall be cured within the time specified in Section 502(b) of the Master Indenture or (iii) the abandonment of the Mortgaged Property or any portion thereof by the Mortgagor for three consecutive days.

*Section 4.2. Remedies.* When any Event of Default has occurred and is continuing, the Master Trustee may, in addition to the remedies hereinafter described, exercise any one or more or all, and in any order, of the remedies set forth in Article V of the Master Indenture, including without limitation the remedies provided therein with respect to real property; it being expressly understood that no remedy herein or in the Master Indenture conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

*Section 4.3. Possession by the Master Trustee.* When any Event of Default has occurred and is continuing, the Master Trustee shall, if applicable law permits, have the right to enter into and upon the Mortgaged Property and take possession thereof or to appoint an agent or trustee for the collection of the rents, issues and profits of the Mortgaged Property.

*Section 4.4. Foreclosure.* When any Event of Default has occurred and is continuing, the Master Trustee shall have the right to foreclose the lien hereof for the indebtedness secured hereby or any part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness secured hereby in the judgment of foreclosure, all costs and expenses that may be paid or incurred by or on behalf of the Master Trustee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs and costs (which may be estimated as to items to be expended after entry of the judgment) of procuring all such abstracts of title, title searches and examinations, title insurance policies, environmental studies and similar data and assurance with respect to title or property, as the Master Trustee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such judgment, the true conditions of the title to or the value of



the Mortgaged Property. All expenditures and expenses of the nature mentioned in this Section, and such other expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by the Master Trustee in any litigation or proceedings affecting this Mortgage, the Obligations or the Mortgaged Property, including probate, bankruptcy and appellate proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, shall be so much additional indebtedness secured hereby and shall be immediately due and payable by the Mortgagor.

*Section 4.5. Receiver.* Upon, or at any time after, the acceleration of any series of Related Bonds or the filing of a complaint to foreclose this Mortgage, a court of competent jurisdiction may, upon the application of the Master Trustee, appoint a receiver (at the Mortgagor's expense) of the Mortgaged Property. Such appointment may be made either before or after sale, without regard to solvency or insolvency of the Mortgagor at the time of application for such receiver, and without regard to the then value of the Mortgaged Property or whether the same shall be then occupied as a homestead or not; and the Master Trustee hereunder or any employee or agent thereof may be appointed as such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Mortgaged Property during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any further times when the Mortgagor, except for the intervention of such receiver, would be entitled to collection of such rents, issues and profits and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of said period. The court may, from time to time, authorize the receiver to apply the net income from the Mortgaged Property in his hands in payment in whole or in part of: (a) the indebtedness secured hereby or the indebtedness secured by a judgment foreclosing this Mortgage, or any tax, special assessment, or other lien that may be or become superior to the lien hereof or of such judgment, provided such application is made prior to the foreclosure sale; or (b) the deficiency in case of a sale and deficiency.

*Section 4.6. Application of Moneys.* The proceeds of any right given or action taken under the provisions of this Article by the Master Trustee shall be distributed and applied as provided in Section 507 of the Master Indenture.

*Section 4.7. Insurance Upon Foreclosure.* In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in rebuilding or restoring the buildings or improvements as herein provided, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In the event of foreclosure sale, the Master Trustee is hereby authorized, without the consent of the Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as the Master Trustee may deem advisable to cause the interest of such purchaser to be protected by any of the said insurance policies without credit or allowance to the Mortgagor for prepaid premiums thereon.

*Section 4.8. Rights Cumulative.* Each right, power, and remedy herein conferred upon the Master Trustee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in

such order as may be deemed expedient to the Master Trustee and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of the Master Trustee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

*Section 4.9. Successors and Assigns.* This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and their successors and permitted assigns (including, without limitation, each and every record owner from time to time of the Mortgaged Property or any other person having an interest therein), and shall inure to the benefit of the Master Trustee and its successors and assigns.

*Section 4.10. Waiver of Redemption, Reinstatement, Extension, Appraisal, Stay, Laws.* To the extent permitted by law, the Mortgagor will not during the continuance of any Event of Default hereunder insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction nor before or after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted by the United States of America or by the state to redeem the property so sold or any part thereof; and the Mortgagor hereby expressly waives all benefits or advantage of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Master Trustee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Mortgagor for itself and all who may claim through or under the Mortgagor waives any and all right to have the property and estates comprising the Mortgaged Property marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. In the event of any sale made under or by virtue of this Mortgage, the whole of the Mortgaged Property may be sold in one parcel as an entirety or in separate parcels at the same or different times, all as the Master Trustee may determine. The Mortgagor waives the right of redemption and, to the extent permitted by law, the right of reinstatement, under the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101.

## ARTICLE V

### SUPPLEMENTS AND AMENDMENTS TO THIS MORTGAGE; RELEASE AND SUBSTITUTION OF MORTGAGED LAND

*Section 5.1. Supplements and Amendments to this Mortgage.* The Mortgagor, with the consent of the Master Trustee, may from time to time enter into such supplements and amendments to this Mortgage as it may deem necessary or desirable to effectuate the purposes or intent hereof; provided, however, that no such amendment shall be effective if not adopted in accordance with the terms of the Master Indenture.



*Section 5.2. Conditions for Release.* So long as no Event of Default shall have occurred and be continuing under this Mortgage or under the Master Indenture, the Master Trustee shall release:

- (a) Machinery and Equipment in accordance with Section 3.19 hereof; and
- (b) Mortgaged Land
- (i) upon receipt by the Master Trustee of the following:
  - (A) A Written Request of the Obligated Group Agent for such release, describing the Mortgaged Land to be released (referred to in this Article V as the "Released Property");
  - (B) A certificate of the Obligated Group Agent to the Master Trustee certifying:
    - 1. The fair market value of the Released Property and of the Property (referred to in this Article V as the "Substituted Property") other than cash to be substituted for the Released Property pursuant to the terms hereof;
    - 2. The disposition to be made of the Released Property and the consideration (which may include cash) to be received for the Released Property and the fair market value of consideration (other than money);
    - 3. That the disposition of the Released Property and the substitution therefor of the Substituted Property will not materially adversely affect the operations of the Mortgagor's elderly housing or health care Facilities or any other Property of the Mortgagor;
    - 4. That the Substituted Property other than cash or investment securities is necessary or useful to the operation of the Mortgagor's elderly housing or health care Facilities;
    - 5. That the cash or the fair market value of the Substituted Property together with cash, if any, to be received is at least equal to the fair market value of the Released Property;
    - 6. That the execution and delivery of the release by the Master Trustee and the subjection of the Substituted Property to the lien of this Mortgage will not result in a default hereunder or under the Master Indenture;
    - 7. That all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted to effect such disposition or that no such permits or authorizations are required; and
    - 8. No default or Event of Default shall exist and be continuing hereunder.
  - (C) An appraisal of the fair market value of the Released Property by a member of the American Institute of Real Estate Appraisers (an "MAI Appraiser") if the Released Property is real

property, or by another expert acceptable to the Master Trustee if the Released Property is not real property; provided, however, that no such appraisal shall be required for the release of real or personal Released Property with an aggregate value of \$100,000 or less;

(D) An appraisal of the fair market value of the Substituted Property by an MAI Appraiser if the Substituted Property is real property, or by another expert acceptable to the Master Trustee if the Substituted Property is not real property; provided, however, that no such appraisal shall be required for the substitution of real or personal Substituted Property with an aggregate value of \$100,000 or less;

(E) A supplement to this Mortgage and to the Master Indenture (if necessary) and other documents reasonably requested by, and in form satisfactory to, the Master Trustee necessary to subject the Substituted Property to the lien of this Mortgage and, if the Substituted Property is real property, an endorsement to the existing ALTA mortgage loan policy or an additional mortgagee's loan insurance policy, evidencing that the Substituted Property is subject to the lien of this Mortgage subject only to Permitted Encumbrances;

(F) If the fair market value of the Released Property when added to the fair market value of other Property released pursuant to the provisions of this Article V within the same 12-month period is in excess of \$500,000, a certificate of a Consultant acceptable to the Master Trustee to the effect set forth in paragraph (B)(3) of this Section 5.2; and

(G) An opinion addressed to the Master Trustee from Independent Counsel satisfactory to the Master Trustee to the effect that:

1. The release of the Property requested by the Mortgagor is authorized hereunder;

2. The Substituted Property is subject to the lien of this Mortgage subject only to Permitted Encumbrances;

3. The execution and delivery of the requested release and the acceptance of the Substituted Property will not violate any provisions of this Mortgage or of the Master Indenture; all necessary action required to be taken by the Mortgagor and the Master Trustee to effect the release of the Released Property and the conveyance of the Substituted Property have been taken;

4. The supplemental amendment hereto, the supplemental indenture to the Master Indenture, if required, and all other documents required to effect the release of the Released Property and substitution therefor of the Substituted Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same in accordance with their respective terms (subject to customary exceptions for laws affecting creditors' rights and the applicability of equitable principles); and

5. To the knowledge of such Independent Counsel, all permits and authorizations of all federal, State and local governmental bodies and agencies have been granted, or that no such permits or authorizations are required; or

(ii) upon receipt by the Master Trustee of a written consent to the release of the Mortgaged Land of a majority in aggregate principal amount of the holders of the outstanding Obligations.

Notwithstanding anything to the contrary contained in this Article V, if the Mortgagor shall deliver to the Master Trustee an Officer's Certificate which states that, in the good faith and reasonable judgment of the signer, the Mortgaged Property described in such Certificate is obsolete or worn out, the Mortgagor may remove such items of equipment from its Facilities and sell, trade in, exchange or otherwise dispose of them (as a whole or in part) free of the lien of the Mortgage and without complying with Section 5.2 hereof, subject, in the case of Machinery and Equipment, to the provisions of Section 3.19 hereof, and subject, in the case of Mortgaged Property financed with the proceeds of the Series 1999 Bonds, to the provisions of Section 8.9 of the Loan Agreement.

The foregoing notwithstanding, upon defeasance of the Master Indenture and Obligations thereunder in full, this Mortgage shall be deemed released and the Master Trustee shall cooperate with the Mortgagee to take any and all action appropriate to evidence such release.

*Section 5.3. Disposition of Substituted Property.* The Mortgagor agrees that (i) the Master Trustee shall invest any cash delivered to it as Substituted Property in Qualified Investments pursuant to a Written Request of the Mortgagor, and any such cash and Qualified Investments shall be held by the Master Trustee in a separate trust account for the benefit and security of the outstanding Obligations; (ii) all income from Qualified Investments pursuant to this Section 5.3 shall be added to the funds held pursuant to this Section 5.3; (iii) funds from time to time on deposit with the Master Trustee pursuant to this Section 5.3 shall be used to make up any deficiencies in the amount available to pay when due the principal, interest and redemption premium on any Obligations, and to the extent funds are used to make up such deficiencies, the Mortgagor will make payment directly to the Master Trustee for deposit in such trust account in the amount of any such deficiencies forthwith; (iv) upon compliance with the terms and provisions of Section 5.2 hereof within three years of the date of initial deposit in such trust account of moneys constituting Substituted Property, such moneys may be released in return for other Substituted Property; and (v) at the end of such three-year period or upon Written Request of the Mortgagor and provided that no Event of Default shall have occurred and be continuing under the Master Indenture or this Mortgage, any funds held by the Master Trustee pursuant to this Section 5.3 shall be applied by the Master Trustee to redeem or purchase Obligations in accordance with Article III of the Master Indenture. Notwithstanding anything to the contrary, any moneys on deposit with the Master Trustee shall be invested in accordance with, and subject to the terms of, the Tax Exemption Agreement to the extent applicable.

## ARTICLE VI

### MISCELLANEOUS PROVISIONS

*Section 6.1. Mortgage for Benefit of Parties Hereto.* Nothing in this Mortgage, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto and the holders of the Obligations, any right, remedy or claim under or by reason of this Mortgage or any covenant, condition or stipulation hereof; and the covenants, stipulations and

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agreements in this Mortgage contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns and the holders of the Obligations.

*Section 6.2. Severability.* In case any one or more of the provisions contained in this Mortgage or in the Obligations shall be invalid, illegal or unenforceable in any respect the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

*Section 6.3. Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when personally delivered or mailed by registered or certified mail, postage prepaid, return receipt requested, with proper address as indicated below. The Mortgagor and the Master Trustee may, by written notice given by each to the other, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Mortgage. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Authority:

Illinois Health Facilities Authority  
Two Prudential Plaza  
180 N. Stetson Avenue  
Chicago, Illinois 60601  
Attention: Executive Director

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To the Mortgagor:

Norwegian Lutheran Bethesda Home Association  
2833 North Nordica Avenue  
Chicago, Illinois 60634  
Attention: Treasurer

To the Master Trustee:

American National Bank and Trust Company of Chicago  
120 South LaSalle Street  
Chicago, Illinois 60603  
Attention: Corporate Trust Department

*Section 6.4. Successors and Assigns.* Whenever in this Mortgage any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, promises and agreements in this Mortgage contained by or on behalf of the Mortgagor, or by or on behalf of the Master Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

*Section 6.5. Counterparts.* This Mortgage is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this

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Mortgage is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

*Section 6.6. Governing Law.* It is the intention of the parties hereto that this Mortgage and the rights and obligations of the parties hereunder and the Obligations and the rights and obligations of the parties thereunder, shall be governed by and construed and enforced in accordance with, the laws of the State of Illinois.

*Section 6.7. Immunity of Officers, Employees and Members of the Authority and the Mortgagor.* No recourse shall be had for the payment of the principal of or premium or interest on the Obligations or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Mortgage contained against any past, present or future officer, director, member, employee or agent of the Master Trustee, the Mortgagor or, respectively, of any successor public or private corporation thereto, as such, either directly or through the Master Trustee, the Mortgagor or, respectively, any successor public or private corporation thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Mortgage and the issuance of the Obligations.

*Section 6.8. Conflicts with Master Indenture.* In the event any of the terms or provisions hereof conflict with the Master Indenture, the Master Indenture shall control.

*Section 6.9. Joint and Several Liability.* The Members of the Obligated Group hereby agree and acknowledge the joint and several nature of the Obligations as a liability of the Members of the Obligated Group.

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IN WITNESS WHEREOF, the Mortgagor and the Master Trustee have caused this Mortgage to be executed in their respective corporate names and attested by their duly authorized officers, all as of the date first above written.

NORWEGIAN LUTHERAN BETHESDA HOME  
ASSOCIATION

By *Carol Sage Beecher*  
Chief Executive Officer

Attest:

By *Marionne J. Cole*  
Chief Financial Officer

AMERICAN NATIONAL BANK AND TRUST COMPANY OF  
CHICAGO, as Master Trustee

By *Pat Deen*  
Vice President

Attest:

By *Kimberly A. Tedin*  
Trust Officer

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State of Illinois )  
                          ) SS  
County of Cook    )

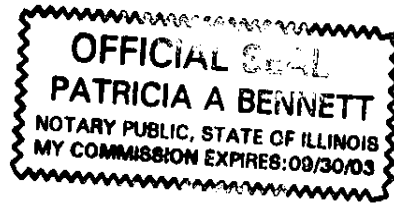
The foregoing instrument was acknowledged before me this 12th day of November, 1999, by Patricia Martirano and Kim Teshler, the Vice President and Trust Officer, respectively, of American National Bank and Trust Company of Chicago, on behalf of the Master Trustee under the Master Indenture.

*Patricia A Bennett*

Notary Public

My commission expires:

11/30/03

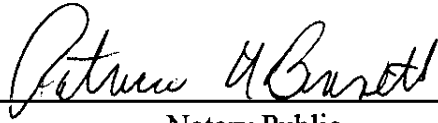


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State of Illinois     )  
                              ) SS  
County of Cook     )

The foregoing instrument was acknowledged before me this 12th day of November, 1999, by Carol Page Beecher and Marianne Colello, the Chief Executive Officer and Chief Financial Officer, respectively, of Bethesda Home and Retirement Center, an Illinois not for profit corporation, on behalf of the corporation.

  
\_\_\_\_\_  
Notary Public

My commission expires: 9/30/03



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## EXHIBIT A

### DESCRIPTION OF LAND

Lots 3, 4, 5, 11, 12 and 13 and the vacated alley lying south and adjoining said lots 3,4 and 5 and north of and adjoining said lots 11, 12, and 13 all in John J. Rutherford's Third Addition to Mont Clare, being a subdivision in the West half of the North West quarter of Section 30, Township 40 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

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