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Cook County Recorder 73.00

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Property of Cook County Clerk's Office

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COMBINATION MORTGAGE, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT

THIS INSTRUMENT made as of the 23 day of November, 1999, between SIGMUND PETROVICH (hereinafter referred to as "Mortgagor"), whose address is 2459 West Peterson Avenue, Chicago, Illinois 60659, party of the first part, and LUTHERAN BROTHERHOOD, a Minnesota corporation (hereinafter referred to as "Mortgagee"), whose address is 625 Fourth Avenue South, Minneapolis, Minnesota 55415, Attention: Investment Division, party of the second part.

WHEREAS, Mortgagor is the owner of certain real property located in the City of Oak Lawn, County of Cook, State of Illinois, legally described on Exhibit "A" attached hereto and hereby made a part hereof (hereinafter referred to as "Premises"), which Premises are subject to certain Permitted Encumbrances enumerated on said Exhibit "A" (hereinafter referred to as "Permitted Encumbrances"); and

WHEREAS, there have been constructed upon, under and on the Premises certain buildings, structures and other improvements (hereinafter referred to as "Improvements"), which are owned by Mortgagor; and

WHEREAS, Mortgagor is justly indebted to Mortgagee in the principal amount of SEVEN HUNDRED TWENTY-FIVE THOUSAND AND NO/100 (\$725,000.00) DOLLARS, as evidenced by one (1) Promissory Note in said amount, made by Mortgagor, payable to the order of Mortgagee, and dated of even date herewith (hereinafter referred to as "Note"); and

WHEREAS, said principal amount, together with interest thereon at the rate of eight and three tenths (8.3%) percent per annum, is payable in accordance with the terms of said Note, with the entire unpaid principal balance and any unpaid, accrued interest thereon maturing and being due and payable in full not later than December 1, 2014; and

WHEREAS, there are now, or may in the future be, located on, within or about the Premises and Improvements certain items of furniture, fixtures, equipment, furnishings, machinery and personal property, owned by Mortgagor, and now or hereafter attached or affixed to or installed or located within, and used or usable in connection with the maintenance and operation of, the Premises and the Improvements, whether attached or detached, including, but not limited to, any and all such refrigerators, stoves, dishwashers,

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washers, dryers, water heaters, air conditioners, smoke detectors, fire extinguishers, alarm and security systems and other items used to operate the Premises as an apartment building; furniture; appliances; carpeting; floor coverings; draperies; furnishings; fences; partitions; dynamos; doors; windows; millwork; overhead doors; screens; storm windows and doors; locks; hardware; shades; awnings; motors; engines; boilers; tanks; water heaters; pumps; furnaces; heat registers; radiators; thermostats; plumbing; sinks; water closets; basins; faucets; elevators; conveyors; switchboards; cleaning, call, vacuum and sprinkler systems; fire extinguishing apparatus and equipment; water tanks; lighting, heating, ventilating, air conditioning and air cooling units and equipment; incinerating, communicating and refrigerating equipment; water, gas and electric supply fixtures, machinery, ducts, piping, wiring, conduits, outlets, appurtenances and equipment; burglar alarm and security systems; electronic intercommunication system; maintenance and cleaning equipment and supplies; parking lot lighting; and trees, bushes and shrubs, whether or not permanently affixed to the real estate, together with all appurtenances, extensions, additions, improvements, betterments, renewals, accessions, replacements, proceeds, products and substitutions thereto, therefor and thereof, but expressly excluding all equipment, trade fixtures, inventory and personal property owned by any tenant and used in operating the business being conducted in the Improvements by a tenant, as opposed to being owned by Mortgagor and used in the maintenance and operation of the Premises and Improvements themselves (hereinafter collectively referred to as "Property").

NOW, THEREFORE, in consideration of ONE AND NO/100 (\$1.00) DOLLAR and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged; in consideration of the loan evidenced by the Note; and to secure the payment of principal, interest, late payment charges and reinvestment charges evidenced or provided for by the Note, the payment by Mortgagor to Mortgagee as herein provided of all sums advanced by Mortgagee pursuant to any term hereof, with interest thereon, and the performance and observance of all of the covenants and agreements herein contained and contained in the Note, all of the terms of which are hereby incorporated herein and made a part hereof by reference as if fully set forth herein, Mortgagor does hereby grant, bargain, sell, convey, warrant, mortgage, assign, pledge and confirm unto Mortgagee, its successors and assigns, forever, all of Mortgagor's right, title and interest in and to the Premises, including all rights, easements, privileges and appurtenances thereunto belonging or in anywise appertaining, the Improvements, the Property and all rents, issues, income and profits therefrom, including, but not limited to, Mortgagor's interest in, to and under any leases thereof and all right to collect any and all rents from tenants of the Premises and Improvements; and all other rights, interests and property herein assigned by Mortgagor to Mortgagee or in which a security interest is herein granted by Mortgagor to Mortgagee (all of which property shall be hereinafter collectively referred to as the "Mortgaged Property"). To have and to hold the Mortgaged Property, together with all privileges, hereditaments and appurtenances thereunto now or hereafter belonging, or in anywise appertaining, and the proceeds and products of all Improvements and Property, unto Mortgagee, its successors and assigns, forever; provided, nevertheless, that these presents are upon the express condition that, if Mortgagor shall pay or cause to be paid in full the Note, and if Mortgagor shall strictly observe and perform all of the terms, covenants and conditions herein and therein set forth, then this Combination Mortgage, Security Agreement and Fixture Financing Statement (hereinafter referred to as "Mortgage"), and the estate, right and interest of Mortgagee in and to the Mortgaged Property created hereby, shall cease and be and become void and of no force and effect and shall be satisfied and released by Mortgagee at Mortgagor's expense, otherwise to remain in full force and effect.

Mortgagor and Mortgagee further agree as follows:

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ARTICLE I GENERAL COVENANTS AND WARRANTIES

Section 1.1. Mortgagor shall duly, punctually and fully pay each and every installment of principal and interest on the Note and all other indebtedness secured hereby, as and when the same shall become due, and shall duly, punctually and fully do and perform all things on its part to be done or performed under the Note, under the Mortgage and under any other instrument which refers to or secures the Note. Time is of the essence hereof.

Section 1.2. Mortgagor represents and warrants to Mortgagee, as follows:

(a) Mortgagor is the lawful owner of and has good and marketable fee simple absolute title to the Mortgaged Property; Mortgagor has good right and lawful authority to grant, bargain, sell, convey, warrant, mortgage, assign, pledge and confirm the same as provided herein; and the Mortgaged Property is free and clear of all mortgages, liens, pledges, security interests, charges and encumbrances, excepting only Permitted Encumbrances. Mortgagor warrants and will defend the title to the Mortgaged Property against all claims and demands whatsoever, except those made under Permitted Encumbrances.

(b) There is no provision in any indenture, contract or agreement, to which Mortgagor is a party or by which it is bound, or any law, statute, ordinance, governmental rule, regulation or restriction, or any order of any court or administrative agency, to which Mortgagor is subject or by which Mortgagor is bound, which prohibits the execution and delivery by Mortgagor of this Mortgage, the Note or any other instrument which refers to or secures the Note (hereinafter referred to as "Other Loan Documents"), or the performance or observance by Mortgagor of any of the terms, covenants or conditions of this Mortgage, the Note or any such other instruments.

(c) Execution and delivery of this Mortgage, the Note and all Other Loan Documents have been duly and validly authorized, and the Note, this Mortgage and the Other Loan Documents have been duly and validly executed and delivered by and on behalf of Mortgagor and are valid, binding and enforceable obligations of Mortgagor in accordance with their terms.

(d) There are no actions, suits or proceedings pending or, to the knowledge of Mortgagor, threatened against Mortgagor or the Mortgaged Property in any court or before any federal, state, municipal or other governmental agency, which, if decided adversely to any of them, would have a materially adverse effect upon this Mortgage, upon the Mortgaged Property or upon the value thereof, including, but not limited to, notices, demands for payment or compensation for injury or damage to persons, the environment or natural resources, actions, suits, proceedings, or damage settlements relating to Hazardous Substances (as that term is hereinafter defined), and Mortgagor is not in default with respect to any order of any court or governmental agency.

(e) The financial statements of Mortgagor, any person or entity executing the Environmental Indemnity Agreement or Indemnification Agreement in connection herewith (hereinafter individually and collectively referred to as the "Indemnitor"), any Partner (as defined in Section 1.12(c)) of Mortgagor or Indemnitor, and the Mortgaged Property, heretofore furnished to Mortgagee, fairly present the financial condition of Mortgagor on the dates thereof and the results of operations of Mortgagor and the Mortgaged Property for the period or periods indicated therein, all in conformity with generally accepted accounting principles consistently followed. There has

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been no material adverse change in the condition, financial or otherwise, of Mortgagor, Indemnitor or any Partner since the latest financial statement so furnished.

(f) Mortgagor is not in default in the payment of the principal of or interest on any indebtedness for borrowed money and is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been incurred or is secured, and no event has occurred under the provisions of any such instrument or agreement which, with or without the lapse of time or the giving of notice, or both, constitutes or would constitute a default or an event of default thereunder.

(g) The Premises are neither agricultural property, property in agricultural use, nor the homestead of Mortgagor, but rather are the site of an apartment building and appurtenances thereto.

(h) All applicable building, zoning, occupational safety and health, energy and environmental laws, ordinances and regulations affecting the Mortgaged Property permit the use and occupancy thereof for its intended purposes and have been complied with, and Mortgagor has obtained the necessary consents, permits and licenses to operate the Improvements for their intended purposes.

(i) To the best of Mortgagor's knowledge after due inquiry, and except (a) as disclosed in Phase I Environmental Site Assessment dated September 30, 1999, prepared by EMG, Project No. 62911, and (b) minute quantities used in the ordinary course of cleaning and maintaining the Mortgaged Property and disposed of in accordance with all applicable Environmental Regulations (as that term is hereinafter defined), (i) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, wastes, materials, or substances, as defined in or governed by the provisions of the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980, and/or the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. 6901 et seq. and 42 U.S.C. 9601 et seq.), as amended, or any other federal, state or local hazardous substance, hazardous waste or environmental laws, statutes, codes, ordinances, regulations, directives, requirements or rules (hereinafter collectively referred to as "Environmental Regulations"), and also including urea-formaldehyde, polychlorinated biphenyls, dioxin, asbestos, asbestos containing materials, nuclear fuel or waste, and petroleum, including, but not limited to, crude oil or any fraction thereof, natural gas, natural gas liquids, gasoline and synthetic gas or any other waste, substance, pollutant or contaminant which would subject the owner of the Premises to any damages, penalties or liabilities under any applicable Environmental Regulation (herein collectively referred to as "Hazardous Substances") have ever been placed, located, produced, generated, created, stored, treated, transported, incorporated, discharged, emitted, spilled, released, deposited, disposed of or allowed to escape in, upon, under, over or from the Mortgaged Property; (ii) no threat exists of a spill, discharge, release or emission of a Hazardous Substance upon or from the Mortgaged Property into the environment; (iii) the Premises have not ever been used as or for a mine, a landfill, a dump or other disposal facility, industrial or manufacturing purposes, or a gasoline service station; (iv) no underground storage tank is now located in the Premises or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists or has ever existed in, upon, under, over or from the Mortgaged Property; (vi) no notice of any violation or alleged violation in, upon, under, over or from the Mortgaged Property of any Environmental Regulation has been issued or given by any governmental entity or agency responsible for administering or enforcing the same; (vii) no person, party or private or governmental agency or

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entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (viii) there are not now, nor have there ever been, any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances in, upon, under, over or from the Mortgaged Property; (ix) there is no investigation or report involving the Mortgaged Property by any governmental entity or agency which in any way relates to Hazardous Substances; (x) the Mortgaged Property is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list, schedule, log, inventory or record of Hazardous Substance sites maintained by any federal, state or local governmental agency; and (xi) the Mortgaged Property is subject to no lien or claim for lien in favor of any governmental entity or agency as a result of any presence, release or threatened release of any Hazardous Substances in, on, under, over or from the Mortgaged Property.

(j) To the best of Mortgagor's knowledge after due inquiry, and except as disclosed in Property Condition Survey Checklist dated October 22, 1999, prepared by EMG, Project No. 64395, the Mortgaged Property is in full compliance with the provisions of the Americans with Disabilities Act of 1991 and of all other applicable federal, state and local statutes, laws, ordinances, codes, regulations, rules and requirements relating to the accessibility thereof for disabled, handicapped and physically challenged persons (hereinafter referred to as "Accessibility Regulations").

Section 1.3. Mortgagor covenants and agrees with Mortgagee, so long as any amount secured hereby shall remain unpaid, to give to Mortgagee prompt notice in writing of any condition or event which constitutes an event of default under Section 3.1 hereof, or which, after notice or lapse of time, or both, would constitute such an event of default.

Section 1.4. The loan secured hereby has been made pursuant to a commitment letter from Mortgagee to Mortgagor, dated September 30, 1999 and amended October 11, 1999 (hereinafter referred to as "Commitment"). The terms of the Commitment have survived the closing of said loan, and the terms of the Commitment are hereby incorporated herein by reference and made a part hereof, to the extent not directly inconsistent herewith, and to the same extent as if fully set forth herein. Any default by Mortgagor under the terms of the Commitment shall be an event of default hereunder.

Section 1.5. Mortgagor shall procure, do, execute, acknowledge and deliver each and every further act, deed, conveyance, transfer, document and assurance necessary or proper for the carrying out more effectively of the purposes of this Mortgage and, without limiting the foregoing, for granting, bargaining, selling, conveying, warranting, mortgaging, assigning, pledging and confirming unto Mortgagee all of the Mortgaged Property, or property intended so to be, whether now owned or hereafter acquired by Mortgagor, including, without limitation, the preparation, execution and filing of any documents and costs associated therewith, such as financing statements and continuation statements, deemed advisable by Mortgagee for perfecting and maintaining its lien on the Mortgaged Property. This Mortgage shall further constitute and be deemed to be a Security Agreement under the Illinois Uniform Commercial Code, now in force and as hereafter amended, and Mortgagor hereby grants to Mortgagee a first and only, present and continuing security interest in any Property, leases, rents, issues, income, profits, instruments, general intangibles, accounts, contract rights and claims included within or related to the Mortgaged Property, and in all deposits made pursuant to Section 1.7 hereof and all insurance policies and unearned premiums prepaid thereon, insurance proceeds, and awards, payments or consideration for the taking of the Mortgaged Property, or any portion thereof, by condemnation or exercise of the power of eminent domain, or from any sale in lieu or in

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anticipation thereof, assigned by Mortgagor to Mortgagee hereunder, to the extent that a security interest may be granted therein under the terms of the Illinois Uniform Commercial Code. Mortgagor agrees to supply Mortgagee with an inventory of all such property in a form acceptable to Mortgagee, at any time, from time to time, upon receipt of a written request therefor from Mortgagee.

Section 1.6. Mortgagor shall not commit or permit waste upon the Mortgaged Property and shall cause the Mortgaged Property and every part thereof, including, but not limited to, parking areas, Improvements and all ingress and egress easements, if any, to be continually maintained, preserved and kept in safe and good repair, working order and condition, and will comply with all present and future laws, statutes, ordinances, rules and regulations of any governmental authority having or claiming jurisdiction with reference to the Mortgaged Property and the manner of leasing, using, operating or maintaining the same (hereinafter collectively referred to as "Governmental Requirements"), as now existing or as hereafter amended, if applicable, and with all private covenants and restrictions, if any, affecting the title to the Mortgaged Property, or any part thereof (hereinafter collectively referred to as "Private Restrictions"), and will not commit, suffer or permit any violation thereof, and will from time to time make all necessary and proper restorations, rebuildings, repairs, renewals, replacements, additions and betterments to the Mortgaged Property, whether required as the result of casualty or otherwise, and whether or not insurance or condemnation proceeds are made available or are sufficient therefor, in a good and workmanlike manner, so that the value and efficient use thereof shall be fully preserved and maintained, and so that all Governmental Requirements and Private Restrictions shall be complied with. Mortgagor shall forthwith give Mortgagee written notice, if it receives notice of any violation of any Governmental Requirements or Private Restrictions, or if any material damage or destruction occurs to the Mortgaged Property. Mortgagor agrees not to make any use of the Mortgaged Property, other than as an apartment building and appurtenances thereto; not to demolish or remove the Improvements, or make additions to or structural alterations of the Improvements, without the prior written consent of Mortgagee; not to remove from the Premises or Improvements any of the Property, unless immediately replaced with like property of at least equal value; and not to add any new Improvements or Property, unless all of such replacements and additions shall be free of any vendor's lien, title reservation or other security interest prior hereto, excepting only Permitted Encumbrances. All such replacements and additions shall be subject to the lien hereof and the security interest created hereby, which shall be prior to all other liens and security interests thereon and therein, excepting Permitted Encumbrances. Mortgagee or its agents may enter upon the Mortgaged Property at all reasonable times to inspect the same and for the purpose of protecting its security and preserving its rights hereunder, but shall not be liable to any person, party or entity for failure to do so. Mortgagor covenants and agrees not to commence construction of any tenant finish improvements (other than tenant finish improvements which do not adversely affect the market value of the Improvements and do not exceed a cost of \$20,000), new buildings or Improvements, upon the Mortgaged Property or any additions to existing Improvements, without the prior written consent of Mortgagee; to promptly complete with due diligence any buildings, Improvements and additions for which Mortgagee's consent is obtained hereunder; to be and clear of all liens, charges and encumbrances, except the lien hereof and Permitted Encumbrances; and to keep and perform each and every term, condition and covenant of any and all leases upon the Mortgaged Property or any portion thereof (hereinafter referred to as "Leases") to be by Mortgagor kept and performed, so as to keep the Leases at all times in full force and effect, and agrees not to anticipate or collect rents more than one (1) month in advance under any Lease without, in each instance, the prior written consent of Mortgagee. Mortgagee shall not be liable to either Mortgagor or the tenants for the performance of any of the terms, covenants and conditions of the Leases. Mortgagor shall not by any act or omission diminish or impair the value of the Mortgaged Property and likewise shall not in any way weaken, diminish or impair the security hereof. Mortgagor shall not seek, petition for, make, consent to or acquiesce in any change in the Governmental Requirements and Private Restrictions relating to the uses of the Mortgaged Property,

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including, but not limited to, zoning and building codes and ordinances, without Mortgagee's prior written consent.

Section 1.7. Mortgagor shall, at least ten (10) days before any penalty or interest attaches thereto because of delinquency in payment, pay and discharge, or cause to be paid and discharged, all taxes, assessments, levies and governmental charges imposed upon or against the Mortgaged Property or upon or against the Note or the indebtedness secured hereby or upon or against the interest of Mortgagee in the Mortgaged Property or in the Note or the indebtedness secured hereby (hereinafter referred to as "Impositions") and will thereafter deliver the paid receipts therefor to Mortgagee within thirty (30) days after payment of any such Imposition is due. In the event of any legislative enactment or judicial decision after the date of this Mortgage, imposing upon Mortgagee the obligation to pay any such Imposition, or deducting the lien of this Mortgage from the value of the Mortgaged Property for the purpose of taxation, or changing in any way the laws now in force for the taxation of mortgages or debts secured thereby, or the manner of the operation of any such Imposition, so as to affect the interests of Mortgagee, then, and in such event, Mortgagor shall bear and promptly pay the full amount of such Imposition or any such tax; provided, however, that, if for any reason payment thereof by Mortgagor would be unlawful or unenforceable, or if payment thereof by Mortgagor would constitute usury or would render the loan or indebtedness secured hereby wholly or partially usurious under any of the terms or provisions of the Note or of this Mortgage, or otherwise, Mortgagee may declare the whole sum secured by this Mortgage, with interest thereon, to be immediately due and payable. Mortgagor shall not suffer to exist and shall promptly pay and discharge any mechanic's, statutory or other lien or encumbrance on the Mortgaged Property or any part thereof (hereinafter referred to as "Liens"), except for Permitted Encumbrances. Mortgagor shall perform all of its obligations under the Permitted Encumbrances.

Notwithstanding the foregoing, Mortgagor shall not be in default hereunder in respect to the payment of any Impositions or Liens which Mortgagor shall be required by any provision hereof to pay, so long as Mortgagor shall first notify Mortgagee, in writing, at least thirty (30) days prior to the due date thereof, if any, or otherwise at least ten (10) days before commencement of any contest thereof, of its intention to contest the amount, applicability and/or validity of such Imposition or Lien and shall thereafter, in good faith, in compliance with all applicable statutes, and with all possible promptness, diligently contest the same, and Mortgagor may postpone or defer payment of all or a portion of said Impositions or Liens, if, but only if, permitted by statute, and if neither the Mortgaged Property, nor any portion thereof, would, by reason of such postponement or deferment, be in danger of being forfeited or lost; provided, however, that Mortgagor shall furnish to Mortgagee, prior to commencing any such contest, cash or other security satisfactory to Mortgagee to indemnify Mortgagee against any loss or liability by reason of any such contest and to pay any such Imposition or Lien, together with interest and penalties thereon, if any, if such contest should fail. Upon a final adjudication of any such contest, and, in any event, at least thirty (30) days prior to the date on which the interest of Mortgagee in the Mortgaged Property would otherwise forfeit by reason of the nonpayment of any such Impositions or Liens, Mortgagor shall pay the amount thereof then due, including any penalties and interest thereon. Mortgagee may, at its option, make such payment from the security deposited by Mortgagor, if Mortgagor fails to so pay the same.

In order to further secure the payment of the sums and the performance of the obligations secured hereby, Mortgagor shall pay to Mortgagee, monthly, in addition to, concurrently with, and at the same time as each monthly payment of principal and/or interest required hereunder, or under the Note, a sum equivalent to one-twelfth (1/12) (or such greater fraction as may be necessary to accumulate sufficient funds to make any payment due less than thirteen (13) months after the date thereof) of the amount estimated by Mortgagee to be sufficient to enable Mortgagee to pay, at least thirty (30) days before they become due, all Impositions

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and the premiums upon all insurance required to be maintained by Mortgagor hereunder. No interest shall be payable by Mortgagee upon the amounts so paid, and Mortgagee shall not be required to maintain the same in a separate account, but may commingle the same with its general funds. Upon demand by Mortgagee, Mortgagor shall deliver and pay over to Mortgagee such additional sums as are necessary to make up any deficiency in the amount necessary to enable Mortgagee to fully pay any of the items hereinabove mentioned. Mortgagee shall not be required to pay any such items in an amount in excess of the sums deposited or paid over by Mortgagor to Mortgagee pursuant to this paragraph. Any excess sums so paid shall be retained by Mortgagee and shall be applied to pay said items, as and when they become due in the future, unless all amounts secured hereby have been paid in full, in which case all excess sums so paid shall be refunded to Mortgagor. At Mortgagor's written request, and if no event of default exists hereunder, Mortgagee shall use, or, at Mortgagee's option, permit Mortgagor to use, all sums paid by Mortgagor pursuant to this paragraph to pay the items hereinabove mentioned prior to delinquency. In the event of the occurrence of any event of default hereunder, Mortgagee may apply against the indebtedness secured hereby, in such a manner as Mortgagee may determine, any funds of Mortgagor then held under this paragraph, in which funds Mortgagor hereby grants to Mortgagee a security interest.

Section 1.8. Mortgagor shall obtain, maintain and keep in full force and effect during the term of this Mortgage, with all premiums paid thereon, the following insurance:

A. Insurance upon all Improvements and Property against loss or damage by fire, lightning and other risks customarily covered by standard "all risk" (or special form cause of loss) and extended coverage endorsements, together with theft, vandalism, malicious mischief, collapse, sprinkler, replacement cost, agreed amount, and restoration in conformance with applicable laws and ordinances, endorsements, all in such amounts as may be from time to time required by Mortgagee, but in no event less than the full replacement cost of the Improvements now existing or hereafter erected or placed upon the Premises, including the cost of debris removal, and of all Property, and, in any event, in an amount not less than the unpaid balance secured by this Mortgage;

B. Broad form boiler and machinery insurance on all equipment and objects necessary to operate the Mortgaged Property, including, but not limited to, heating, ventilating and air conditioning equipment, elevators, conveyors, and water heaters, providing for full repair and replacement cost coverage, if applicable;

C. Comprehensive general public liability insurance against claims for bodily injury, personal injury, death and/or property damage occurring in, on or about the Mortgaged Property, with coverage limits satisfactory to Mortgagee (which shall initially be at least equal to \$1,000,000.00 with respect to any one (1) person, accident or occurrence), and including contractual liability coverage for the tort liability assumed by Mortgagor hereunder and under any Other Loan Document;

D. Rent and rental value insurance, insuring against the loss of all rents from the Mortgaged Property for a period of at least twelve (12) months after the casualty;

E. Flood insurance upon the Mortgaged Property in such form and amount as may from time to time be required by Mortgagee, if the Mortgaged Property is located in a designated flood plain area; and

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F. Insurance upon the Mortgaged Property against such other casualties and contingencies as Mortgagee may from time to time require, including, but not limited to, sprinkler insurance in amounts acceptable to Mortgagee, all in such manner and form as may be satisfactory to Mortgagee.

Mortgagor shall, at its sole cost and expense, from time to time and at any time when Mortgagee shall so request, provide Mortgagee with evidence of the full replacement cost of the Mortgaged Property in a form acceptable to Mortgagee. Mortgagor shall promptly notify Mortgagee and the appropriate insurer in writing of any loss covered by any of the above-mentioned types of insurance.

All insurance provided for in this Section 1.8 shall be effected under a valid, enforceable and manually signed policy or policies of insurance in form and substance approved by Mortgagee, shall be issued by insurers of recognized responsibility, which are licensed to do business in the State of Illinois, which have a minimum rating of A and a financial class size of IX or better, according to Best's Key Rating Guide for Property-Liability, and which are acceptable to Mortgagee, and shall be satisfactory to Mortgagee in all other respects.

All policies maintained by Mortgagor pursuant to the foregoing Subsections A, B, D, E and F shall (i) provide that any losses payable thereunder shall (pursuant to a loss payee clause in favor of, and acceptable to, Mortgagee, to be attached to each such policy) be payable to Mortgagee and assigns, (ii) include effective waivers by the insurer of all claims for insurance premiums against Mortgagee, (iii) provide that any losses shall be payable notwithstanding (a) any act of negligence by Mortgagor or Mortgagee, (b) any foreclosure or other proceedings or notice of sale relating to the Mortgaged Property, (c) the vacancy of the Improvements, (d) any waiver of subrogation rights by the insured, and/or (e) any change in the title to or ownership of any of the Mortgaged Property, and (iv) be written in amounts sufficient to prevent Mortgagor from becoming a co-insurer under said policies. The liability insurance policies described in the foregoing Subsection C shall name Mortgagee as an additional named insured, shall contain a separation or severability of interests clause and shall waive contribution from any other insurance carried by Mortgagee in the event of loss. Mortgagor shall cause the originals of the policies of all such insurance (or certified copies of blanket policies, with certificates of insurance covering the Mortgaged Property) to be deposited with Mortgagee or to be otherwise held as directed by Mortgagee. At least fifteen (15) days prior to the date on which the premiums on each such policy shall become due and payable, Mortgagor shall furnish Mortgagee with proof reasonably satisfactory to Mortgagee of payment thereof. Each of such policies shall contain an agreement by the insurer that the same shall not be amended, modified, canceled, reduced or terminated for any reason, including, but not limited to, a failure to pay premiums and/or expiration by its terms, without at least thirty (30) days' prior written notice to Mortgagee. If this Mortgage is foreclosed, the purchaser at the foreclosure sale shall, after the expiration of any statutory period of redemption, become the sole and absolute owner of any and all such policies, with the sole right to collect and retain all unearned premiums thereon, and, for this purpose, Mortgagor hereby assigns and grants a security interest in said policies and unearned premiums to Mortgagee.

If, under the terms and provisions of any Lease, the tenant thereunder is required to maintain insurance of the types and for the amounts as set forth above, and, if, pursuant to the terms of the Lease, such insurance is to be maintained for the benefit of both the lessor and any mortgagee of the lessor, Mortgagee will accept such policy or policies in lieu of the policies required by this Section; provided the same meet all of the requirements set forth above. In the event the tenant fails to maintain and keep such insurance in full force and effect, Mortgagor shall then obtain such policy or policies as are required by this Section.

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If Mortgagor maintains a blanket insurance policy, or blanket insurance policies in force providing coverage for several properties of Mortgagor or Indemnitior, or their affiliates, including the Property, Mortgagee will accept a manually signed certificate of such insurance, in lieu of the above-required policies, provided such policy meets all of the above requirements, including without limitation (a) said blanket insurance policy or policies cannot be amended, modified, reduced, limited in any way; affecting the interests of Mortgagee, or terminated or canceled for any reason without thirty (30) days' prior written notice to Mortgagee; and (b) said certificate has attached thereto (i) a copy of each blanket policy, (ii) a copy of the full replacement cost endorsement to each such blanket insurance policy; (iii) a standard first mortgagee clause, in favor of Mortgagee in the form hereinabove required; (iv) evidence of debris removal coverage; (v) an agreed amount endorsement if there is co-insurance; (vi) the policy declaration page; and (vii) forms and schedules showing the location of, type and amount of coverage applicable to the Property. Mortgagee shall be considered to have all of the rights with respect to and under any such blanket policy which Mortgagee would have if it was the holder of the original policy of insurance.

In the event of loss, Mortgagor shall immediately give written notice thereof, and of any claims filed under insurance policies as a result thereof, to Mortgagee, and (a) if any event of default then exists hereunder, or (b) if Mortgagor does not promptly and in good faith make proof of loss and settle, adjust or compromise any claims for loss, damage or destruction under any policies of insurance maintained pursuant to Subsections A, B, D, E and F hereof, and collect the proceeds thereof, Mortgagee is authorized and empowered (but not obligated or required) to make proof of loss; settle, adjust or compromise said claims; and collect and receive all such proceeds. The amount of any such settlement, adjustment or compromise of claims shall always be subject to Mortgagee's approval. Mortgagor agrees to pay all costs and expenses incurred by Mortgagee in connection therewith, including court costs and attorneys' fees (prior to trial, at trial and on appeal), on demand, which costs and expenses shall also be secured hereby and shall bear interest from the date paid at the Default Rate specified in the Note (hereinafter referred to as "Default Rate"), but Mortgagee shall not be liable to Mortgagor for any failure by Mortgagee to collect or to exercise diligence in collecting any such proceeds. All proceeds of such insurance are hereby assigned, and shall be paid, to Mortgagee. Such proceeds shall, at Mortgagee's option, be applied first to the payment of all costs and expenses incurred by Mortgagee in obtaining such proceeds, and second, at Mortgagee's option, either to the reduction of the indebtedness hereby secured in such order as Mortgagee may elect, whether then due and payable or not, without reinvestment charge, or to the restoration or repair of the Mortgaged Property, without affecting the lien of this Mortgage or the obligations of Mortgagor hereunder. Interest upon the entire indebtedness secured hereby shall continue until any such proceeds are received and applied to such indebtedness by Mortgagee. Pending a decision as to the proper use and application of any insurance proceeds, and during any such restoration or repair, Mortgagee shall not be liable for interest on such proceeds. In the event Mortgagee elects to apply said insurance proceeds in reduction of the indebtedness secured hereby, all expenses and fees of collection shall first be deducted and paid to Mortgagee, and it is further covenanted and agreed that should the net insurance proceeds be insufficient to pay the then existing indebtedness secured hereby, together with all accrued interest thereon, fees and charges, Mortgagee may, at its sole election, upon thirty (30) days' written notice to Mortgagor, declare the entire unpaid balance of the debt secured hereby to be, and at the expiration of said thirty (30) day period, said amounts shall be and become, immediately due and payable and the failure of the payment thereof shall be an event of default hereunder. If Mortgagee elects to apply any such insurance proceeds to the restoration or repair of the Mortgaged Property, it shall not be liable for supervising such restoration or repair or for supervising the disbursement of such insurance proceeds therefor, but such disbursement shall proceed in a manner acceptable to Mortgagee, which shall be similar to the manner in which major national banks permit construction loan advances, and which shall be designed to include reasonable controls to assure that such restoration or repair will be promptly completed in a good and workmanlike manner and paid for in full, free

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of mechanics' liens. In such event, Mortgagor shall deposit with Mortgagee, prior to commencing any such restoration or repair, the amount, if any, by which the cost of such restoration or repair exceeds the amount of such insurance proceeds, which amount shall be disbursed to pay costs of such restoration or repair prior to, and in the same manner as, such insurance proceeds. Any surplus which may remain after payment of all costs of restoration or repair may, at the option of Mortgagee, be applied to reduction of the indebtedness hereby secured, in any order which Mortgagee may determine, whether then matured or to mature in the future, without reinvestment charge, or be paid to Mortgagor, as its interest may appear, the choice of application to be solely at the discretion of Mortgagee. In no event shall Mortgagee be held responsible for failure to pay for any insurance required hereby or for any loss or damage growing out of a defect in any policy thereof or growing out of any failure of any insurance company to pay for any loss or damage insured against or for failure by Mortgagee to obtain such insurance or to collect the proceeds thereof.

Notwithstanding any provision herein to the contrary, in the event of any such damage or destruction, the Mortgagee shall make the proceeds of insurance received as a result of such damage or destruction available for the repair and restoration of the Mortgaged Property provided: (i) the portion of the Mortgaged Property remaining after the casualty can with restoration and repair continue to be operated for the purposes utilized immediately prior to the damage; (ii) there does not then exist any event of default under this Mortgage or the Note; (iii) in Mortgagee's opinion, the appraised value of the Mortgaged Property after restoration or repair shall not have been reduced from its value prior to such damage; (iv) no Liens are created; (v) in the event such proceeds shall be insufficient to repair and restore the Mortgaged Property, the Mortgagor shall have deposited with the Mortgagee the amount of such deficiency; and (vi) disbursement of insurance proceeds shall be as provided above. In the event the Mortgagor shall fail within a reasonable time to repair and restore the Mortgaged Property, then the Mortgagee, at its option, may repair and restore the Mortgaged Property for or on behalf of the Mortgagor and for such purpose may do all necessary acts, including using said funds deposited by the Mortgagor as aforesaid.

Section 1.9. Mortgagor shall pay or cause to be paid promptly, when due, all charges or fees for utilities or services, including, but not limited to, electricity, water, gas, telephone, sanitary sewer, and trash and garbage removal, supplied to the Mortgaged Property, and, upon request of Mortgagee, shall furnish receipts to Mortgagee showing such payment.

Section 1.10. Mortgagor covenants and agrees with Mortgagee, as long as any amount secured hereby remains unpaid, at Mortgagor's sole cost and expense, to (a) at all times keep proper and accurate books of account in which full, true and correct entries will be made of all transactions affecting the Mortgaged Property in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved; (b) at all reasonable times permit Mortgagee and its representatives to inspect such books and records and to make copies thereof; (c) from time to time furnish Mortgagee with such information and statements as it may reasonably request concerning the financial business and operational status of Mortgagor and/or the Mortgaged Property and concerning performance by Mortgagor of the covenants and agreements contained in the Note and in this Mortgage; and (d) annually furnish to Mortgagee, as soon as available, but in any event within one hundred twenty (120) days after the close of each fiscal year of Mortgagor, at Mortgagor's sole cost and expense, Mortgagor's and any Indemnitee's annual financial statements and an operating statement for the Mortgaged Property for said fiscal year, all prepared in accordance with generally accepted accounting principles consistently applied, and certified as true, correct and complete by Mortgagor and Indemnitee, which operating statements shall include at least a statement of gross income (itemized as to source), all operating expenses (itemized), depreciation charges and net income, and shall reflect the operation of the Mortgaged Property during said fiscal year, all in reasonable detail and setting forth comparable figures for the preceding fiscal year, as well as a tenants' list

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and current rent schedule. If Mortgagor fails to supply to Mortgagee any financial and/or operating statements which Mortgagor or Indemnitor is hereby required to so supply, or at any time Mortgagor is otherwise in default hereunder, Mortgagee or its authorized representatives may have access to all of Mortgagor's books and records for the purpose of auditing the same and/or itself obtaining such statements, at Mortgagor's expense.

Mortgagee, by giving written notice to Mortgagor at any time within sixty (60) days after receiving the above-mentioned financial and operating statements from Mortgagor and Indemnitor, as applicable, may elect to have a person or firm of its choice make a confirmatory examination of Mortgagor's and Indemnitor's books and records pertaining to the Mortgaged Property. Any such confirmatory examination shall be at Mortgagee's sole cost and expense, unless said examination reveals significant errors or discrepancies in the above-mentioned financial and operating statements, in which event the confirmatory examination shall be at the sole cost and expense of Mortgagor.

Section 1.11. If Mortgagor shall fail to observe, comply with, or perform any of the terms, covenants and conditions herein with respect to the procuring and delivery of insurance, the payment of Impositions or Liens, the keeping of the Mortgaged Property in repair, the furnishing of financial and operating statements, the removal and/or disposal of Hazardous Substances, or any other term, covenant or condition herein or in the Note contained, Mortgagee may itself observe, comply with or perform the same, may make such advances to observe, comply with and perform the same as Mortgagee shall deem appropriate, and may enter the Mortgaged Property for the purpose of observing, complying with and performing any such term, covenant or condition. Mortgagee may expend such sums, including reasonable attorneys' fees (prior to trial, at trial and on appeal), to sustain the lien of this Mortgage or its priority, or to protect or enforce its rights hereunder, or to obtain the right to enforce its right and remedies hereunder, including the payment of any Liens, claims and encumbrances, other than Permitted Encumbrances which are not in default, as it may deem desirable. Mortgagor agrees to repay all sums so advanced or expended upon demand, with interest thereon at the Default Rate from the date of advancement or expenditure, and all sums so advanced or expended, with interest, shall be secured hereby, but no such advance or expenditure shall be deemed to relieve Mortgagor from any default hereunder. Mortgagee shall not be bound to inquire into the validity of any Imposition or Lien which Mortgagor fails to pay as and when required hereby and which Mortgagor has not given notice to Mortgagee of its intention to contest in accordance with the terms hereof. All sums paid by Mortgagee for the purposes herein authorized or authorized by any Loan Document shall be considered additional advances made under the Note and pursuant to this Instrument and shall be secured by this Instrument with the proviso that the aggregate amount of the indebtedness secured hereby together with all such additional sums advanced shall not exceed two hundred (200%) percent of the amount of the original indebtedness secured hereby.

Section 1.12. In the event any of the following shall occur, without the prior written consent of the Mortgagee:

- (a) Mortgagor shall create, effect, contract for, commit to or consent to or shall suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Mortgaged Property or any part thereof, or interest therein;
- (b) Any beneficiary of Mortgagor shall create, effect, contract for, commit to or consent to, or shall suffer or permit, any sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of any beneficial interest in the Mortgagor;

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(c) Any general partner or joint venturer or member (hereinafter individually referred to as a "Partner" and collectively as "Partners") in a partnership or limited liability company, as applicable, that is the Mortgagor, a beneficiary or a Partner of Mortgagor or Indemnitor shall create, effect or consent to or shall suffer or permit any sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of any part of the partnership interest or joint venture interest or membership interest, as the case may be, of such Partner, joint venturer or member;

(d) Any shareholder of a corporation that is the Mortgagor, a beneficiary or a Partner of Mortgagor shall create, effect, contract for, commit to or consent to or shall suffer or permit any sale, assignment, transfer, lien, pledge, mortgage security interest or other encumbrance or alienation of any such shareholder's shares in such corporation; or

(e) There is a change in control (by way of transfers of stock ownership, partnership interests, membership interest or otherwise) in any party which directly or indirectly controls or is a member in a limited liability company or a general partner of a partnership or joint venture that is the Mortgagor;

in each case whether any such conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation is effected directly, indirectly, voluntarily or involuntarily, by operation of law or otherwise. Mortgagee may, at its election, declare the entire indebtedness hereby secured to be immediately due and payable, without notice to Mortgagor (which notice Mortgagor hereby expressly waives), and upon such declaration the entire indebtedness hereby secured shall be immediately due and payable, anything herein or in the Note to the contrary notwithstanding.

Notwithstanding any other provision of this Mortgage, Mortgagee, by acceptance hereof, agrees that it will consent, in writing to one (1) transfer of the Mortgaged Property, in its entirety, provided that (a) no default then exists hereunder; (b) written notice of said transfer, together with (i) such financial statements of and credit reports or other information on the transferee as Mortgagee may reasonably request, (ii) detailed information concerning the real estate ownership and management record and experience of the transferee and/or the professional property management company which the transferee will retain to manage the Mortgaged Property; and (iii) copies of the purchase agreement, if any, and the proposed documents, are delivered to Mortgagee at least thirty (30) days prior to the transfer; (c) Mortgagee approves the creditworthiness and real estate ownership and management experience of the transferee; (d) Mortgagee approves the proposed management for the Mortgaged Property; (e) Mortgagor pays to Mortgagee a transfer fee in an amount equal to one (1%) percent of the unpaid principal balance secured hereby on the date of said transfer; (f) Mortgagor pays to Mortgagee's correspondent or servicing agent, for document review and other related services, a fee in an amount equal to one quarter of one percent (0.25%) of the unpaid principal balance secured hereby on the date of said transfer; (g) Mortgagor provides to Mortgagee a satisfactory and acceptable later date title report and an environmental audit report or update of any current environmental audit report; (h) Mortgagor delivers to Mortgagee an agreement substantially in the form of the Environmental Indemnity Agreement and Indemnification Agreement executed by the Mortgagor in connection with the Note and this Mortgage, of such partners, beneficiaries, or owners of said transferee or purchaser, as Mortgagor shall, in its sole discretion, require; (i) copies of the executed transfer documents are promptly delivered to Mortgagee upon completion of the transfer; (j) the transferee enters into an agreement, satisfactory to Mortgagee, expressly assuming all liabilities of Mortgagor and Indemnitor under the Note, this Mortgage and the other Loan Documents; and (k) Mortgagor pays Mortgagee's out-of-pocket expenses in connection with each transfer.

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Notwithstanding the foregoing, provided the loan evidenced by the Note is not in default, Mortgagee will consent to the following transfers: (i) transfers of shareholder interests to other current shareholders of the Mortgagor, if any, at the time of the disbursement of the proceeds of the loan evidenced by the Note, (ii) transfers of shareholder interests in the Mortgagor to a lineal descendant, spouse, or trust, the beneficiary of which is a lineal descendant or spouse of shareholder of the Mortgagor, or (iii) transfers to partnerships, corporations, or subsidiaries of corporations that are owned solely by a current shareholder of the Mortgagor, if any.

In the event Mortgagor shall request the consent of Mortgagee to a conveyance or encumbrance, Mortgagor shall deliver a written request to Mortgagee together with complete information regarding such conveyance or encumbrance and shall allow Mortgagee thirty (30) days after delivery of all required information for evaluation of such request. Mortgagee may charge an administrative fee to process any such sale, conveyance, transfer, mortgage or other encumbrance. Any such approval may be subject to such modifications of the loan terms, interest rate, and maturity date as may be established by Mortgagee in its sole and absolute discretion. The decision to approve or disapprove any such transfer or encumbrance shall be at Mortgagee's sole and absolute discretion. Consent as to any one transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. If the Mortgaged Property should be transferred to a privately held corporation, to a partnership or to a limited liability company pursuant to the terms of this Section 1.12. During the term of this Mortgage, thereafter a subsequent transfer of a partnership interest, or similar membership interest or a controlling (whether in one or more such transactions) corporate ownership interest shall constitute a conveyance for purposes of this Section 1.12 and the consent of Mortgagee shall be required.

Mortgagor shall not mortgage, pledge or otherwise grant a security interest in any of the Mortgaged Property as collateral security for any other loan or forbearance, without the prior written consent of Mortgagee.

In connection with any sale, conveyance, assignment, financing or other transfer or encumbrance, (i) the Mortgagor shall pay all actual out-of-pocket expenses incurred by Mortgagee including, but not limited to, fees and expenses of Mortgagee's special counsel, and (ii) Mortgagor shall comply with such requirements as Mortgagee shall deem necessary in its sole discretion to assure the enforceability and continued perfection of the lien and security interest herein and in the Other Loan Documents.

No transfer, conveyance, lease, sale, change or other disposition shall relieve Mortgagor, any beneficiary of Mortgagor, the Indemnitor or any other party from personal liability for its obligations hereunder or under the Note or under any other Loan Document, whether or not the transferee assumes this Mortgage. Mortgagee may, without prior notice to or consent of Mortgagor, deal with any successor owner of all or any portion of the Mortgaged Property in the same manner as contemplated herein with Mortgagor, without in any way discharging or relieving the liability of Mortgagor hereunder or under the Note or any other operative document. Notwithstanding the foregoing, provided that: (i) the outstanding principal balance of the loan evidenced by the Note does not, at the time of the one-time transfer permitted by this Section 1.12, in Mortgagee's opinion, exceed sixty-five (65%) percent of the then current value of the Mortgaged Property and (ii) a replacement indemnitor, designated by Mortgagee, with a net worth acceptable to Mortgagee, shall assume the indemnity obligations under the Loan Documents; then and only then, shall the Mortgagor and Indemnitor be released from future liability and their respective indemnification obligations shall cease to be in effect for claims arising from any action or inaction that occurs subsequent to (a) the transfer of the Mortgaged Property upon assumption of all of Mortgagor's obligations under the Loan Documents by an approved transferee pursuant to the one-time transfer permitted by this Section 1.12,

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and (b) satisfaction of the Note (or Mortgagee's acquisition of the Mortgaged Property through foreclosure or deed-in-lieu of foreclosure).

Section 1.13.

A. As additional security for the indebtedness secured by this Mortgage, Mortgagor does hereby bargain, sell, assign, transfer and set over unto Mortgagee all the rents, issues, profits and other income of any kind which, whether before or after foreclosure, or during the full statutory period of redemption, if any, shall accrue and be owing for the use or occupation of the Mortgaged Property or any part thereof.

B. Mortgagor agrees that upon or at any time after (i) the occurrence of a default or an event of default hereunder, or under the Note, or under any separate Assignment of Leases and Rents securing the Note, or (ii) the first publication of notice of sale for the foreclosure of this Mortgage, or (iii) the commencement of an action to foreclose this Mortgage, or (iv) the commencement of any period of redemption after foreclosure of this Mortgage, Mortgagee shall, in any such event, and at any such time, upon application to the applicable Circuit or District Court as determined by Mortgagee, by an action separate from the foreclosure, in the foreclosure action, or by independent action (it being understood and agreed that the existence of a foreclosure is not a prerequisite to any action for a receiver hereunder), be entitled to the appointment of a receiver for the rents, issues, profits and all other income of every kind which shall accrue and be owing for the use or occupation of the Mortgaged Property or any part thereof, whether before or after foreclosure, or during the full statutory period of redemption, if any, upon a showing that Mortgagor has breached any covenant contained in this Mortgage, the Note or any such separate Assignment of Leases and Rents, including, without limitation, any covenant relating to any of the following:

- (1) Repayment of tenant security deposits, with interest thereon, as required by applicable state laws, if any;
- (2) Payment when due of prior or current real estate taxes or special assessments with respect to the Mortgaged Property, or the periodic escrow for payment of the same;
- (3) Payment when due of premiums for insurance of the types required hereby, or the periodic escrow for payment of the same; or
- (4) Keeping of the covenants required of a lessor or licensor pursuant to applicable state laws, if any.

Mortgagee shall be entitled to the appointment of a receiver without regard to waste, adequacy of the security or solvency of Mortgagor. The court shall determine the amount of the bond to be posted by the receiver. The receiver, who shall be an experienced property manager, shall collect (until the indebtedness secured hereby is paid in full and, in the case of a foreclosure sale, during the entire redemption period, if any) the rents, issues, profits and all other income of any kind from the Mortgaged Property, manage and operate the Mortgaged Property, execute leases within or beyond the period of the receivership, if approved by the court, make tenant finish improvements required by Leases and apply all rents, issues, profits and other income collected by him in the following order:

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(a) to payment of all reasonable fees of the receiver, if any, approved by the court;

(b) to the items listed in clauses (1) through (4) above (to the extent applicable) in the priority as numbered;

(c) to expenses for normal maintenance, operation and management of the Mortgaged Property and for construction of tenant finish improvements required by Leases executed by the receiver;

(d) the balance to Mortgagee to be credited, prior to commencement of foreclosure, against the indebtedness secured hereby, in such order as Mortgagee may elect, or to be credited, after commencement of foreclosure, to the amount required to be paid to effect a reinstatement or redemption, if any, prior to foreclosure sale, or to be credited, after foreclosure sale, to any deficiency, with any excess to be paid to Mortgagor.

The receiver shall file periodic accountings as the court determines are necessary and a final accounting at the time of his discharge. Mortgagee shall have the right, at any time and without limitation, to advance money to the receiver to pay any part or all of the expenses which the receiver should otherwise pay as above provided, if cash were available from the Mortgaged Property, and all sums so advanced, with interest thereon at the Default Rate from the date advanced, shall be a part of the sum required to be paid to redeem from any foreclosure sale. Said sums shall be proved by the affidavit of Mortgagee, its agent or attorney, describing the expenses for which the same were advanced and describing the Mortgaged Property, which must be filed for record in the office where this Mortgage is recorded, and a copy thereof shall be furnished to the sheriff and the receiver.

C. Upon the happening of any of the events set forth above, or during any period of redemption after foreclosure sale, and prior to the appointment of a receiver as hereinbefore provided, Mortgagee shall have the right to collect the rents, issues, profits and other income of every kind from the Mortgaged Property and apply the same in the manner hereinbefore provided for the application thereof by a receiver. The rights set forth in this Subsection C shall be binding upon the occupiers of the Mortgaged Property from the date of filing by Mortgagee in the office where this Mortgage is recorded, in the county in which the Mortgaged Property is located, of a notice of default in the terms and conditions of this Mortgage and service of a copy of the notice upon the occupiers of the Mortgaged Property. Enforcement hereof shall not cause Mortgagee to be deemed a mortgagee in possession, unless it elects in writing to be so deemed. For the purpose aforesaid, Mortgagee may enter and take possession of the Mortgaged Property, manage and operate the same and take any action which, in Mortgagee's judgment, is necessary or proper to conserve the value of the Mortgaged Property. Mortgagee may also take possession of, and for these purposes use, any and all of the Property contained in the Mortgaged Property.

D. The costs and expenses (including any receiver's fees and attorneys' fees) incurred by Mortgagee pursuant to the powers herein contained shall be immediately reimbursed by Mortgagor to Mortgagee on demand, shall be secured hereby and shall bear interest from the date incurred at the Default Rate. Mortgagee shall not be liable to account to Mortgagor for any action taken pursuant hereto, other than to account for any rents actually received by Mortgagee.

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Section 1.14. At any time and from time to time, within three (3) business days after receipt from Mortgagee of a written request therefor, Mortgagor shall prepare, execute and deliver to Mortgagee, and/or any other party which Mortgagee may designate, an estoppel certificate stating: (a) the amount of the unpaid principal balance and accrued interest secured by this Mortgage on the date thereof; (b) the date upon which the last payment secured by this Mortgage was made and the date the next payment secured by this Mortgage is due; and (c) that the provisions of the Note, this Mortgage and the other collateral security documents described in said request have not been amended or changed in any manner, that there are no defaults or events of default then existing under the terms of the Note, this Mortgage or the other collateral security documents described in said request, and that Mortgagor has no defenses, claims or offsets against full enforcement thereof according to their terms, or listing and describing any such amendments, changes, defaults, events of default, defenses, claims or offsets which do exist.

Section 1.15. Hazardous Substances. Except for minute quantities used in the ordinary course of cleaning and maintaining the Mortgaged Property and disposed of in accordance with all applicable Environmental Regulations, Mortgagor shall not and shall not allow any other person to place, locate, produce, generate, create, store, treat, handle, transport, incorporate, discharge, emit, spill, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Mortgaged Property and shall not permit any Hazardous Substances to be placed, located, produced, generated, created, stored, treated, handled, transported, incorporated, discharged, emitted, spilled, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom; and Mortgagor shall comply with all Environmental Regulations which are applicable to the Mortgaged Property. Mortgagor agrees to promptly and properly remove and dispose of any Hazardous Substances found on or in the Mortgaged Property, at Mortgagor's sole cost and expense and in compliance with all applicable Environmental Regulations. At any time during which there shall exist an Event of Default hereunder, or during which Mortgagee has reason to believe there exists any violation of any applicable Environmental Regulation, if Mortgagee so requests, Mortgagor shall have any environmental assessment, review, audit and/or report relating to the Mortgaged Property heretofore provided by Mortgagor to Mortgagee updated and/or amplified, at Mortgagor's sole cost and expense, by an engineer or scientist acceptable to Mortgagee, or shall have such an assessment, review, audit and/or report prepared for Mortgagee, at Mortgagor's sole cost and expense, if none has previously been so provided. Mortgagor shall indemnify Mortgagee, its directors, officers, employees, agents, contractors, licensees, invitees, successors and assigns (hereinafter collectively referred to as "Indemnified Parties") against, shall hold the Indemnified Parties harmless from, and shall reimburse the Indemnified Parties for, any and all claims, demands, judgments, penalties, liabilities, costs, damages and expenses incurred by the Indemnified Parties, including court costs and attorneys' fees (prior to trial, at trial and on appeal), in any action, administrative proceeding or negotiations against or involving any of the Indemnified Parties, resulting from any breach of the foregoing covenants, from the incorrectness or untruthfulness of any warranty or representation set forth in Subsection 1.2(j) hereof, from a failure by Mortgagor to perform any of its obligations hereunder with respect to any Hazardous Substance, or from the discovery of any Hazardous Substance in, upon, under or over, or emanating from, the Mortgaged Property, it being the intent of Mortgagor and Mortgagee that the Indemnified Parties shall have no liability for damage or injury to human health, the environment or natural resources caused by, for abatement, clean-up, removal or disposal of, or otherwise with respect to, Hazardous Substances by virtue of the interest of Mortgagee in the Mortgaged Property created hereby or as the result of Mortgagee exercising any of its rights or remedies with respect thereto hereunder, including, but not limited to, becoming the owner thereof by foreclosure or conveyance in lieu of foreclosure. The foregoing covenants, representations and warranties of Subsection 1.2(j) and of this Section 1.15 shall be deemed continuing covenants, representations and warranties for the benefit of the Indemnified Parties, including, but not limited to, any purchaser at a foreclosure sale, any transferee of the title of Mortgagee or any other purchaser at a foreclosure sale, and any subsequent owner of the Mortgaged

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Property claiming by, through or under Mortgagee, any foreclosure of this Mortgage and/or acquisition of title to the Mortgaged Property or any part thereof by Mortgagee, or by anyone claiming by, through or under Mortgagee, by deed in lieu of foreclosure or otherwise. Any amounts covered by the foregoing indemnification shall bear interest from the date paid at the Default Rate and shall be secured hereby.

ARTICLE II TAKING OF PROPERTY

Section 2.1. In case of a taking of or damage to all or any part of the Mortgaged Property as a result of, or a sale thereof in lieu of or in anticipation of, the exercise of the power of condemnation or eminent domain, or the commencement of any proceedings or negotiations which might result in the such a taking, damage or sale, Mortgagor shall promptly give Mortgagee written notice thereof, generally describing the nature of such taking, damage, sale, proceedings or negotiations and the nature and extent of the taking, damage or sale which has resulted or might result therefrom, as the case may be, and Mortgagee shall have the right to participate in such proceedings or negotiations. Should any of the Mortgaged Property be taken or damaged by exercise of the power of condemnation or eminent domain, or be sold by private sale in lieu or in anticipation thereof, Mortgagor does hereby irrevocably assign, set over and transfer to Mortgagee any award, payment or other consideration for the property so taken, damaged or sold. Such award, payment or consideration shall, at Mortgagee's option, be applied first to the payment of all costs and expenses incurred by Mortgagee in obtaining and preserving such award, payment or consideration, and second, at Mortgagee's option, either to the reduction of the indebtedness hereby secured by application thereof to said indebtedness, in any order which Mortgagee may determine, whether then due and payable or not, without reinvestment charge, or to the restoration or repair of the Premises, without affecting the lien of this Mortgage or the obligations of Mortgagor hereunder. In the event Mortgagee elects to apply said award, payment or consideration in reduction of the indebtedness secured hereby, all expenses and fees of collection shall first be deducted and paid to Mortgagee, and it is further covenanted and agreed that should the net award, payment or consideration be insufficient to pay the then existing indebtedness secured hereby, together with all accrued interest thereon, fees and charges, Mortgagee may, at its sole election, upon thirty (30) days' written notice to Mortgagor, declare the entire unpaid balance of the debt secured hereby to be, and at the expiration of said thirty (30) day period, said amounts shall be and become, immediately due and payable without the requirement of a reinvestment charge, and the failure of the payment thereof shall be an event of default hereunder. If (a) an event of default then exists hereunder, or (b) Mortgagor does not promptly and in good faith compromise, settle and collect all awards, payments or consideration for the property so taken, damaged or sold, Mortgagee is authorized, at its option, in the name of Mortgagor or in its own name, to compromise, settle, collect and receipt for all awards, payments or consideration for the property so taken, damaged or sold. The amount of any such compromise or settlement shall always be subject to Mortgagee's approval. Mortgagor agrees to pay all costs and expenses incurred by Mortgagee in connection therewith, including court costs and attorneys' fees (prior to trial, at trial and on appeal), on demand, which costs and expenses shall also be secured hereby and shall bear interest from the date paid at the Default Rate, but Mortgagee shall not be liable to Mortgagor for any failure by Mortgagee to collect or to exercise diligence in collecting any such award, payment or consideration. Interest upon the entire indebtedness secured hereby shall continue until any such award, payment or consideration is received and applied by Mortgagee to said indebtedness, and, pending a decision as to the proper application of said award, payment or consideration, and pending the completion of any such repairs or restoration, Mortgagee shall not be liable for interest thereon. Mortgagor will, in good faith and with due diligence, file and prosecute what would, absent this assignment, be its claims for any such award, payment or consideration and will cause the same to be collected and paid over to Mortgagee. If Mortgagee elects to apply any such

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award, payment or consideration to the restoration or repair of the Premises, it shall not be liable to supervise such restoration or repair or to supervise the disbursement of such award, payment or consideration therefor, but such disbursement shall proceed in a manner acceptable to Mortgagee, which shall be similar to the manner in which major national banks permit construction loan advances, and which shall be designed to include reasonable controls to assure that such restoration or repair will be promptly completed in a workmanlike manner and paid for in full, free of mechanics' liens. In such event, Mortgagor shall deposit with Mortgagee, prior to commencing any such restoration or repair, the amount, if any, by which the cost of such restoration or repair exceeds the amount of such award, payment or consideration, which deposited amount shall be disbursed to pay costs of such restoration or repair prior to, and in the same manner as, such award, payment or consideration. Any surplus which may remain after payment of all costs of restoration or repair may, at the option of Mortgagee, be applied in reduction of the indebtedness hereby secured, in any order which Mortgagee may determine, whether then matured or to mature in the future, without reinvestment charge, or be paid to Mortgagor, as its interest may appear, the choice of application to be solely at the discretion of Mortgagee.

ARTICLE III DEFAULT AND REMEDIES THEREFOR

Section 3.1. If any one or more of the following events (herein referred to as "events of default") shall occur:

(a) Default in the payment of any payment of principal, interest and/or any other sum of money required to be paid pursuant to the Note, to the Mortgage, to any other instrument securing the Note or to the Commitment, as and when due; provided, however, that with respect to any amount or sum due to Mortgagee as a result of Mortgagee having made an advance on behalf of Mortgagor which is to be reimbursed by Mortgagor to Mortgagee, a default will not be deemed to have occurred until Mortgagee has given written notice to Mortgagor of such advance, and Mortgagor has not fully reimbursed Mortgagee together with any interest as is required to be paid thereon, within three (3) business days of the date of such notice; or

(b) Default by Mortgagor under any term, covenant or condition contained in Section 1.8 or Section 1.12 of this Mortgage; or

(c) Default by Mortgagor under any term, covenant or condition of this Mortgage, of the Note, of any Other Loan Document, of any Lease or of the Commitment, other than a default described in Subsections (a) and (b) above, which default shall not be remedied within 30 days after notice thereof by Mortgagee; or such longer period as is reasonably required, not to exceed 30 days, provided that such default is capable of cure other than by the payment of money and further provided that Mortgagor is diligently prosecuting such cure to completion; or

(d) Mortgagor, Indemnitor or any Partner shall commit an act of bankruptcy, shall file a voluntary petition in a bankruptcy, reorganization, composition, readjustment, arrangement, insolvency, liquidation, dissolution or similar proceeding under any present or future statute, law or regulation, shall consent to voluntary or involuntary adjudication in bankruptcy or to reorganization, or shall be adjudicated bankrupt or insolvent under any applicable law or laws, or admits, in writing, to having become insolvent or to be unable to pay its debts as they become due, or becomes unable to pay its debts as they mature, or makes an assignment for the benefit of its creditors, or is

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dissolved, liquidated, terminated or merged, or if it applies for, or if it consents to, the appointment of a trustee or receiver for the Mortgaged Property or for any portion of its assets; or

(e) A trustee or receiver is appointed for the Mortgaged Property, for Mortgagor, for Indemnitor, for any Partner or for any portion of any of Mortgagor's or Indemnitor's or any Partner's assets, or an involuntary petition in bankruptcy or insolvency is filed against Mortgagor, Indemnitor or any Partner, and is not discharged or dismissed within sixty (60) days after such appointment or filing; or

(f) Any representation or warranty made by Mortgagor, Indemnitor or any Partner to Mortgagee in connection with the loan secured hereby proves to be untrue in any material respect; or

(g) Any judgment in excess of \$50,000.00 is entered in any court against Mortgagor, Indemnitor or any Partner and is not satisfied in full within thirty (30) days after all rights to appeal from the same have expired, or any writ of execution or attachment or similar process is issued or levied against any part of the Mortgaged Property or any interest therein;

then, in any such case, Mortgagee may, at its option, without notice, declare the principal of and the accrued interest on the Note, and all sums advanced hereunder, with interest thereon, to be forthwith due and payable, and thereupon the Note and all other indebtedness secured hereby, including both principal and all unpaid interest accrued thereon, including all applicable late payment charges and reinvestment charges, and including all sums advanced hereunder and interest thereon, shall be and become immediately due and payable without presentment, demand or notice of any kind. Time is of the essence hereof.

Section 3.2. In the event of the happening of any event of default, or in case the principal of the Note shall have become due and payable in full, whether by lapse of time or by acceleration, then and in every such case the holder of the Note may, at its option, (1) proceed to protect and enforce its rights by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, in the Note or in any other instrument which refers to or secures the Note, or in aid of the execution of any right, power or remedy herein or therein granted, or for the foreclosure of this Mortgage, or for damages, or to collect the indebtedness secured hereby, or for the enforcement of any other appropriate legal, equitable, statutory or contractual remedy, and shall be entitled to the appointment of a receiver to operate and protect the Mortgaged Property and to collect rents due under any Leases, and/or (2) sell the Mortgaged Property at public auction in one or more parcels, at Mortgagee's option, and convey the same to the purchaser in fee simple, agreeably to the statute in such case made and provided, Mortgagor to remain liable for any deficiency, if permitted by law. Further, the holder of the Note, in exercising its rights hereunder, shall also have, without limitation, all of the rights and remedies provided by the Illinois Uniform Commercial Code, including the right to proceed under the Illinois Uniform Commercial Code provisions governing default as to any fixtures, equipment, instruments, general intangibles, accounts, contract rights, claims or personal property which may be included in or related to the Mortgaged Property and as to any deposits, policies, unearned premiums, proceeds, awards, payments or consideration assigned to Mortgagee as further security hereunder, separately from the real estate included in the Mortgaged Property, or to proceed as to any or all of such property in accordance with its rights and remedies in respect of said real estate. If Mortgagee should elect to proceed separately as to any such property, Mortgagor agrees to make such property available to Mortgagee at a place or places reasonably acceptable to Mortgagee, and, if any notification of intended disposition of any of such property is required by law, such notification shall be deemed commercially

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reasonable and reasonably and properly given if mailed at least ten (10) days before such disposition in the manner below provided.

Section 3.3. In case of any sale of any of the Mortgaged Property pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, Mortgagee, its successors and assigns, may become the purchaser, and, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claims for interest accrued and unpaid thereon, late payment charges and reinvestment charges, together with additions to the mortgage debt accrued, and interest thereon, if any, in order that there may be credited as paid on the purchase price, at Mortgagee's option, any sum then due hereunder and/or under the Note, including principal and interest thereon, late payment charges, reinvestment charges, and any accrued additions to the mortgage debt and interest thereon, or any portion thereof.

Section 3.4. Each and every right, power or remedy herein specifically given shall be cumulative with and in addition to every other right, power or remedy, express or implied, given or now or hereafter existing at law, in equity, by statute, in the Note, herein or in any other document which secures the Note, and each and every right, power and remedy herein specifically given or otherwise so existing may be exercised concurrently or separately, from time to time, as often and in such order as may be deemed expedient by Mortgagee or the holder of the Note, and the exercise or the beginning of the exercise of one right, power or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission of Mortgagee in the exercise of any such right, power or remedy shall impair any such right, power or remedy or any other right, power or remedy of Mortgagee or be construed to be a waiver of any default or acquiescence therein. Mortgagee shall have all rights, powers and remedies available under the law in effect now and/or at the time such rights, powers and remedies are sought to be enforced, whether or not they are available under the law in effect on the date hereof.

Section 3.5. The purchase money proceeds and avails of any foreclosure sale of the Mortgaged Property, or any part thereof, and the proceeds and avails of any other remedy hereunder, unless to the contrary provided by Section 1.13 hereof, shall be paid and applied as follows:

(a) First to the payment of costs, charges and expenses of foreclosure and of sale and of all proper expenses (including court costs and maximum attorneys' fees permitted by law), liabilities and advances incurred or made in connection therewith or otherwise incurred or made hereunder by Mortgagee, and to reimburse Mortgagee for payment of all Impositions, Liens and encumbrances superior to the lien of these presents which have been paid by Mortgagee;

(b) Second to the payment to Mortgagee of the amount then owing and unpaid under the Note and this Mortgage for principal, interest, advances and interest thereon, reinvestment and prepayment charges and late payment charges and, in case any such proceeds shall be insufficient to pay the whole amount so due, then to the payment of such items in any order determined by Mortgagee; and

(c) Third, any excess to be paid to Mortgagor, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 3.6. In case Mortgagee shall have proceeded to enforce any right, remedy or power under this Mortgage by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued

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or abandoned for any reason or shall have been determined adversely to Mortgagee, then and in every such case Mortgagor and Mortgagee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property, and all rights, remedies and powers of Mortgagee shall continue in full force and effect as if no such proceedings had been initiated.

Section 3.7. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, readjustment, composition, dissolution, liquidation, termination or other judicial proceedings affecting Mortgagor, its creditors or its property, Mortgagee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claims allowed in such proceedings for the entire amount due and payable under the Note, this Mortgage and any other instrument securing or referring to the Note, at the date of institution of such proceedings, and for any additional amounts which may become due and payable hereunder and thereunder after such date, including, but not limited to, Mortgagee's costs, expenses and attorneys' fees incurred in connection therewith.

Section 3.8. Mortgagor, for itself and on behalf of all persons, parties and entities which may claim under Mortgage, hereby waives (i) all requirements of law relating to the marshaling of assets, if any, and (ii) any and all rights of redemption from sale, if any, which would be applicable in connection with the enforcement by Mortgage of its remedies for an event of default hereunder, absent this waiver. The Mortgagor hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner whatever claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor claim, take or insist upon the benefit or advantage of or from 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 to be made pursuant to any provisions herein contained, or to decree, judgment or order of any court of competent jurisdiction; or, after such sale or sales, claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshaling thereof, upon foreclosure sale or other enforcement hereof.

Section 3.9. No waiver of any provision hereof shall be implied from the conduct of the parties. Any such waiver must be in writing and must be signed by the party against which such waiver is sought to be enforced. The waiver or release by Mortgagee of any breach of the provisions, covenants and conditions set forth herein on the part of Mortgagor to be kept and performed shall not be a waiver or release of any other breach, preceding, contemporaneous or subsequent, of the same or any other provision, covenant or condition contained herein. The subsequent acceptance of any sum in payment of any indebtedness secured hereby or any other payment hereunder by Mortgagor to Mortgagee shall not be construed to be a waiver or release of any preceding breach by Mortgagor of any provision, covenant or condition of this Mortgage, other than the failure of Mortgagor to pay the particular sum so accepted, regardless of Mortgagee's knowledge of such preceding breach at the time of acceptance of such payment. No payment by Mortgagor or receipt by Mortgagee of a lesser amount than the full amount secured hereby shall be deemed to be other than on account of the sums due and payable hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Mortgagee may accept any check or payment without prejudice to Mortgagee's right to recover the balance of such sums or to pursue any other remedy provided in this Mortgage. The consent by Mortgagee to any matter or event requiring such consent shall not constitute a waiver of the necessity for such consent to any subsequent matter or event.

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ARTICLE IV MISCELLANEOUS

Section 4.1. Whenever any of the parties hereto is referred to, such reference shall be deemed to include and apply to the successors and assigns of such party, subject to the provisions of Section 1.12 hereof; and all covenants, promises and agreements by or on behalf of Mortgagor in this Mortgage contained shall bind Mortgagor and also its successors and assigns and shall inure to the benefit of Mortgagee and its successors and assigns, whether elsewhere herein so expressed or not. All representations and warranties contained herein or otherwise heretofore made by Mortgagor, Indemnitor or any Partner to Mortgagee shall survive the execution and delivery hereof. The singular of all terms used herein shall include the plural, the plural shall include the singular, and the use of any gender herein shall include all other genders, where the context so requires or permits.

Section 4.2. The unenforceability or invalidity of any provision or provisions of this Mortgage as to any persons or circumstances shall not render that provision nor any other provision or provisions herein contained unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable. Mortgagee shall be subrogated for further security to the lien, whether or not released of record, of any and all encumbrances paid out of the proceeds of the Note or out of any advances made by Mortgagee hereunder.

Section 4.3. All notices and elections provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof or by law in respect to any matter) (a) when delivered; (b) three (3) days after deposited in the United States mail, registered or certified, return receipt requested, postage prepaid, (c) twenty-four (24) hours after deposit with a recognized overnight carrier, return receipt requested, charges prepaid, or (d) when sent by telecopy and confirmed, provided that the original thereof is sent on the date thereof in the manner described in clause (a), (b) or (c) above, in each case addressed as follows:

If to Mortgagor:	Sigmund Petrovich 2459 West Peterson Avenue Chicago, Illinois 60659
If to Mortgagee:	Lutheran Brotherhood 625 Fourth Avenue South Minneapolis, Minnesota 55415 Attention: Investment Division

or addressed to any such party at such other address as such party shall hereafter furnish by written notice to the other party hereto, at least ten (10) days prior to the effective date of said change in address.

Section 4.4. Mortgagor, at its sole cost and expense, shall appear in and defend any dispute, action, suit or proceeding purporting to relate to or affect the Note or the security therefor, including, but not limited to, this Mortgage. If any action or proceeding relating to or affecting the Note, this Mortgage or the Mortgaged Property is commenced or threatened, to which action or proceeding Mortgagee is made a party, or in which it becomes necessary or desirable, in Mortgagee's opinion, to defend or uphold, or to consider defending or upholding, the lien of this Mortgage, or to protect the Mortgaged Property or any part thereof, or to exercise, or to obtain the right to exercise, any of Mortgagee's rights and remedies hereunder, including any foreclosure or commencement of foreclosure proceedings or probate, bankruptcy, insolvency,

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arrangement, reorganization or other debtor-relief proceedings, or with respect to which Mortgagee otherwise incurs costs or expenses, all sums paid by Mortgagee in order to determine the merits thereof, to establish or defend the rights and liens of this Mortgage, to protect the Mortgaged Property or any part thereof, and to exercise, or to obtain the right to exercise, any of Mortgagee's rights and remedies hereunder, and/or otherwise incurred by Mortgagee in connection therewith (including reasonable attorneys' fees and costs and allowances prior to trial, at trial and on appeal), and whether suit be brought or not, and whether or not Mortgagee prevails therein, shall be paid, upon demand, to Mortgagee by Mortgagor, together with interest thereon at the Default Rate from the date paid, and any such sum or sums shall be secured hereby.

Section 4.5. In the event Mortgagee (a) grants any extension of time or forbearance with respect to the payment of any indebtedness secured by this Mortgage; (b) takes other or additional security for the payment thereof; (c) waives or fails to exercise any right, power or remedy granted herein, in the Note or in any other document which secures or refers to the Note; (d) grants any release, with or without consideration, of the whole or any part of the security for the payment of the indebtedness secured hereby or the release of any person, party or entity liable for payment of said indebtedness; and/or (e) amends or modifies in any respect any of the terms and provisions hereof, of the Note (including substitution of another note) or of any other document which secures or refers to the Note; then, and in any such event, such act or omission to act shall not release Mortgagor under any covenant of this Mortgage or of the Note, nor preclude Mortgagee from exercising any right, power or privilege herein or therein granted or intended to be granted, and shall not in any way impair or affect the lien or priority of this Mortgage. In the event any additional real property, improvements, leases, fixtures or personal property not herein specifically identified shall be or become a part of the Mortgaged Property, then this Mortgage shall immediately attach to and constitute a lien against or security interest in such additional items, as appropriate, without further act or deed of either party hereto.

Section 4.6. This instrument shall be governed by and interpreted in accordance with the laws of the State of Illinois. Notwithstanding any provision herein, in the Note or in any other instrument which secures or refers to the Note contained, the total liability for payments in the nature of interest hereunder and thereunder shall not exceed interest at the maximum rate permitted by the laws of the State of Illinois on the indebtedness secured hereby, if any, and any amounts paid in excess of said maximum rate shall be refunded to Mortgagor. This instrument shall be construed in accordance with its intent and with the fair meaning of its provisions, and without regard to any presumption or other rule of interpretation requiring construction thereof against the party which caused the same to be drafted.

Section 4.7. This Mortgage may be executed simultaneously in two (2) or more identical counterparts, each of which, standing alone, shall be an original, but all of which shall constitute but one (1) agreement.

Section 4.8. This instrument shall be deemed to be a Fixture Financing Statement within the meaning of the Illinois Uniform Commercial Code:

- (a) **Name and address of Debtor:** Sigmund Petrovich
2459 West Peterson Avenue
Chicago, Illinois 60659
- (b) **Name and address of Secured Party:** Lutheran Brotherhood
625 Fourth Avenue South
Minneapolis, Minnesota 55415
Attention: Investment Division

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- (c) **Description of the types (or items) of property covered by this Financing Statement:** **See Pages 1 and 2 above.**
- (d) **Description of real estate to which the collateral is attached or upon which it is or will be located:** **See Exhibit "A" hereto.**

Some of the above-described collateral is or is to become fixtures upon the above-described real estate, and this Financing Statement is to be filed for record in the public real estate records.

Section 4.9. Intentionally Left Blank.

Section 4.10. Notwithstanding anything to the contrary hereinabove set forth, and except as provided hereinafter, Mortgagor shall have no personal liability for payment of the indebtedness secured hereby or for performance of the covenants set forth herein, in the Note, or in any Other Loan Document, and Mortgagee agrees not to assert or claim a deficiency or other personal judgment against Mortgagor, but rather to look solely to the Mortgaged Property and any other rights, interests or property which have been mortgaged, pledged or assigned, or in which a security interest has been granted, to secure the Note (hereinafter collectively referred to as "Security"), and to the obligations under and proceeds of any separate guaranty of the payment of such indebtedness and/or the performance of such covenants (hereinafter referred to as "Guaranty"), for payment of any such indebtedness or for performance of any such covenants. The foregoing shall not be deemed or construed to be a release of the indebtedness secured hereby or to in any way impair, limit or otherwise affect the Note, this Mortgage, the Other Loan Documents or any Guaranty, or any liens created thereby on the Security as security for the payment of the indebtedness evidenced or secured thereby and for the performance of the covenants in the Note, in this Mortgage or in the Other Loan Documents contained, or prevent Mortgagee from naming Mortgagor, its partners, successors and assigns, as a defendant in any action to enforce any remedy for a default, so long as no personal or deficiency judgment is sought or entered therein against Mortgagor, its partners, successors and assigns, for payment of any such indebtedness or performance of any such covenants, except to the extent that it or they have guaranteed such payment and/or performance by executing a Guaranty. However, it is expressly understood and agreed that the aforesaid limitation on liability shall in no way affect or apply to Mortgagor's continued personal liability for the payment to Mortgagee of the following (hereinafter referred to as "Limited Recourse Documents"): (i) any rents, issues, profits and/or income collected by Mortgagor from the Mortgaged Property in excess of normal and verifiable operating expenses after an event of default hereunder or a default under the Note or under any Other Loan Document; (ii) unrefunded security deposits made by tenants of the Mortgaged Property; (iii) any rents, issues, profits and/or income which have been prepaid more than thirty (30) days in advance, (iv) payment of Impositions and insurance premiums required to be paid by Mortgagor hereunder; (v) reasonable attorneys' fees as provided for herein, in the Note and in the Other Loan Documents; (vi) insurance proceeds and condemnation awards, payments and consideration which Mortgagor receives and to which Mortgagee is entitled pursuant hereto under the Note or under any Other Loan Document; (vii) damage to the Mortgaged Property from waste committed or permitted by Mortgagor or from a failure by Mortgagor to maintain or repair the same as required by this Mortgage; (viii) any liabilities, costs or expenses incurred by Mortgagee as a result of Hazardous Wastes, including asbestos, located on or released from the Mortgaged Property or any failure by Mortgagor to promptly and properly remove any Hazardous Wastes therefrom and/or properly dispose of the same and detoxify the Mortgaged Property; and

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EXHIBIT "A"

Legal Description

LOT 4 IN BLOCK 10 IN FREDERICK H. BARTLETT'S HIGHWAY ACRES, BEING A SUBDIVISION OF THE SOUTH ½ OF THE WEST ½ OF THE NORTHWEST ¼ AND THE WEST ½ OF THE SOUTHWEST ¼ OF SECTION 15, TOWNSHIP 37 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Permanent Index Number

24-15-301-004

Common Address

10737 S. Keating
Oak Lawn, Illinois

Property of Cook County Clerk's Office