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J. Castro D2 294



This instrument was prepared by
and after recording should be mailed to:

Glenn D. Taxman, Esq.
Much Shelist Freed Derenberg
Ament & Rubenstein, F.C.
200 North LaSalle Street, Suite 2100
Chicago, Illinois 60601-1095

MORTGAGE AND SECURITY AGREEMENT

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This Mortgage and Security Agreement ("Mortgage") is made as of December 2, 1999 (the "Effective Date"), between THE MEADOWS PARTNERSHIP, an Illinois general partnership ("Mortgagor"), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association ("Mortgagee").

RECITALS

A. Mortgagor executed that certain Mortgage Note in the principal amount of Two Million Six Hundred Forty Thousand Dollars (\$2,640,000) (the "Note"). The Note has been guaranteed by Lennard I. Carlson ("Carlson") under that certain Limited Guaranty dated the Effective Date (the "Guaranty"). The Note, Guaranty and all associated documents will be referred to collectively as the "Loan Documents".

B. Principal and interest under the Note is payable at such place as the holder of the Note may, from time to time, in writing appoint, and in absence of such appointment, then at the office of Mortgagee located at 135 South LaSalle Street, Chicago, Illinois 60602.

C. This Mortgage secures the following obligations (the "Mortgagor's Obligations"): (i) the payment of principal and interest on the Note; (ii) the payment of any and all other indebtedness and liabilities, now or at any time in the future owing or to become due from Mortgagor to Mortgagee, whether under this Mortgage, the Guaranty, any other Loan Document, or otherwise, however evidenced, created or incurred, whether direct, indirect, primary, secondary, fixed or contingent, including future advances, provided that the aggregate indebtedness secured by this Mortgage, shall not exceed \$10,000,000.00; and (iii) the performance and observance of all terms, conditions and provisions of this Mortgage, the Note, the Guaranty, and any other Loan Document.

BOX 333-CT1

1. Grant of Mortgage in Real Estate and Other Assets.

Mortgagor GRANTS, REMISES, RELEASES, ASSIGNS and CONVEYS to Mortgagee, its successors and assigns:

(i) the real estate and all of Mortgagor's estate, right, title and interest in the real estate described on attached and incorporated Exhibit A and commonly known as 5300 Newport Drive, Rolling Meadows, Illinois (which real estate, together with the other property described in this Mortgage, is referred to as the "Premises"); TOGETHER WITH

(ii) all improvements, tenements, easements, fixtures, and appurtenances relating to the Premises, and all rents, issues and profits from the Premises for so long and during all such times as Mortgagor may be entitled to them (said assets are pledged primarily and on a parity with the Premises and not secondarily), and all shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, curtain fixtures, partitions, attached floor covering, now or subsequently located in or on the Premises and all fixtures, apparatus, equipment or articles now or subsequently located in or on the Premises used to supply heat, gas, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing) all fixtures, apparatus, equipment and articles, other than such as constitute trade fixtures used in the operation of any business conducted upon the Premises as distinguished from fixtures which relate to the use, occupancy and enjoyment of the Premises, it being understood that the enumeration of any specific articles of property shall not exclude or be held to exclude any items of property not specifically mentioned.

(iii) To the fullest extent permitted by law, all of the land, estate and property described above, whether affixed or annexed or not (except where otherwise specified above) and all rights conveyed and mortgaged are intended so to be as a unit and are understood, agreed and declared to form a part and parcel of the Premises and to be appropriated to the use of the Premises, and shall for the purposes of this Mortgage be deemed to be real estate and conveyed and mortgaged by this Mortgage.

2. Grant of Security Interest.

As to any of the above items which are not part of the Premises, this Mortgage is deemed to be a Security Agreement for the purpose of creating a security interest in such items, whether now existing or subsequently acquired, which security interest Mortgagor grants for the purpose of securing the payment and performance of obligations under this Mortgage.

Mortgagee and its successors and assigns SHALL HAVE AND HOLD the Premises forever for the purposes and uses set forth in this Mortgage.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

3. Covenants, Warranties and Representations.

(i) Mortgagor makes to Mortgagee the covenants, representations and warranties set forth below.

(ii) Mortgagor promptly will pay, or cause to be paid, when due, Mortgagor's liabilities under the Note, this Mortgage, and the other Loan Documents and promptly, fully and faithfully will perform, discharge, observe and comply with each and every of Mortgagor's Obligations.

(iii) Mortgagor now has and shall maintain the standing, right, power and lawful authority to own the Premises, and Mortgagee has the right, power and lawful

authority to carry on the business of and operate the Premises, to enter into, execute and deliver this Mortgage, the Note and the other Loan Documents to Mortgagee, to encumber the Premises to Mortgagee and to perform all of Mortgagor's Obligations and to consummate all of the transactions described in or associated with this Mortgage, the Note and the other Loan Documents.

(iv) The execution, delivery and performance by Mortgagor of and under this Mortgage and the Note does not and will not constitute a violation of any applicable law and does not and will not conflict with or result in a default or breach of or under or an acceleration of any obligation arising, existing or created by or under any agreement, instrument, document, mortgage, deed, trust deed, note, judgment, order, award, decree or other restriction to which Mortgagor or any of the Premises is or subsequently shall become a party or by which Mortgagor or any of the Premises is or shall become bound, or any law or regulatory provision now or subsequently affecting Mortgagor or any of the Premises.

(v) The various data and information relating to the Premises delivered and to be delivered by or for Mortgagor to Mortgagee are and shall be correct, complete and accurate in all respects. As of this date, the Premises have not been damaged by fire or other casualty.

(vi) Mortgagor has duly filed and shall continue timely to file all federal, state and other governmental tax and similar returns which are required by law to be filed with respect to the Premises. All taxes and other sums which are shown to be payable under such returns have been and shall be timely and fully paid and Mortgagor shall maintain adequate reserves in amount to fully pay all such liabilities which subsequently may accrue.

(vii) There is no litigation, action, claim or proceeding pending or threatened which might, in any way, manner or respect, materially or adversely affect the Premises, the collectibility of the Note, the lien of this Mortgage, the ability of Mortgagor to repay the Note or the financial condition of the Premises.

(viii) Mortgagor will indemnify, defend and hold harmless Mortgagee from any and all damage, loss, cost and expense, including, but not limited to, reasonable attorneys' fees, costs and expenses, incurred by reason of or arising from or on account of or in connection with any suit or proceeding, threatened, filed and/or pending, in or to which Mortgagee is or may become or may have to become a party by reason of or arising from or on account of or in connection with Mortgagor's Obligations, this Mortgage, the Note, any other Loan Documents or the Premises.

(ix) Mortgagor is lawfully seized, possessed and the owner of and has good and indefeasible, marketable fee-simple title to the Premises, free and clear of all liabilities, claims, debts, exceptions, security interests, assessments, charges, impositions, levies, taxes, liens and all other types of encumbrances except (a) the lien of this Mortgage, (b) existing leases to tenants in possession of portions of the Premises, and (c) such other encumbrances or title exceptions which Mortgagee specifically approves in writing ("Permitted Exceptions").

4. Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, Etc.

Mortgagor shall not change the use or character of the Premises, shall not abandon the Premises and shall:

(i) promptly repair, restore or rebuild any buildings or improvements now or subsequently located on the Premises which may become damaged or be destroyed;

(ii) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien of this Mortgage or other security interests of Mortgagee;

(iii) pay when due any indebtedness which may be secured by a lien or charge on the Premises superior to the lien of this Mortgage, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee;

(iv) complete within a reasonable time any building or buildings now or at any time in the process of erection upon the Premises;

(v) comply with all requirements of law, municipal ordinances, or restrictions of record with respect to the Premises and the use of the Premises;

(vi) make no material alterations in the Premises except as required by law or municipal ordinance, without Mortgagee's written consent, which shall not be unreasonably withheld;

(vii) suffer or permit no change in the general nature of the occupancy of the Premises, without Mortgagee's written consent;

(viii) not initiate or acquiesce in any zoning reclassification, annexation, subdivision, dedication, or vacation relating to all or any part of the Premises, without Mortgagee's written consent, which consent shall not unreasonably be withheld; and

(ix) pay each item of indebtedness secured by this Mortgage when due according to the terms of this Mortgage, the Note, or as otherwise provided in any Loan Document.

5. Payment of Taxes.

Mortgagor shall pay before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises (collectively, the "Impositions") when due, and shall, upon written request, furnish to Mortgagee duplicate receipts for such Impositions. Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments provided: (i) that such contest shall have the effect of preventing the collection of the tax so contested and the sale or forfeiture of the Premises or any part of the Premises or any interest in the Premises, to satisfy the same; (ii) that Mortgagor has, before such taxes or assessments shall have been increased by any interest, penalties or costs, notified Mortgagee in writing of the intention of Mortgagor to contest the same, and (iii) that Mortgagor has deposited with Mortgagee a sum of money which (when added to funds, if any, then on deposit for such taxes) shall be sufficient in the reasonable judgment of Mortgagee to pay in full such contested taxes and all penalties and interest that might become due on such taxes, and shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional penalties and interest on Mortgagee's demand, whenever in the judgment of Mortgagee, such increase is advisable. If Mortgagor fails to prosecute such objections with reasonable diligence or fails to maintain sufficient funds on deposit as provided, Mortgagee may at its option apply the money so deposited in payment of or on account of such taxes, or that part then unpaid, together with all penalties and interest. If the amount of the money so deposited is insufficient for the payment in full of such taxes, together with all penalties and interest, Mortgagor shall upon demand either: (i) deposit with Mortgagee a sum which when added to the funds then on deposit shall be sufficient to make such payment in full; or (ii) Mortgagee previously applied funds on deposit on account of such taxes and assessments, restore the deposit to a sufficient amount as aforesaid. Mortgagee shall, upon the final disposition of such contest, apply the money so deposited in full payment of such taxes and assessments or that part then unpaid, together with all penalties and interest (provided Mortgagor is not then in Default) when so requested in writing by Mortgagor and furnished with sufficient funds to make such payment in full with an

official bill for such taxes.

6. **Tax and Insurance Escrows.**

In the event of a Default under this Mortgage and upon Mortgagee's written request, Mortgagor shall deposit with Mortgagee on the first day of each month amounts sufficient in the opinion of Mortgagee to create and maintain an adequate reserve fund from which to pay all Impositions involving the Premises and all insurance premiums for the insurance policies specified in Section 8 below as they become due. Upon the occurrence of a "Default" (as defined in Section 16 below) in Mortgagor's Obligations, Mortgagee may, but shall not be obligated to, make such payments and all sums so paid shall bear interest at the "Default Rate" (as defined in Section 36 below) and shall be fully secured by this Mortgage.

Mortgagee will hold such amounts without liability for the payment of interest and Mortgagee may commingle with other assets of Mortgagee. If Mortgagee retains such reserve funds, then Mortgagor shall deliver to Mortgagee all bills for such Impositions and insurance premiums received by Mortgagor and Mortgagee, upon receipt of the bills, shall pay from such fund all Impositions and insurance premiums as they become due. Mortgagee shall not be required to determine the accuracy of any bill or the validity of any such Impositions and insurance premiums. To the extent such fund is insufficient, Mortgagor shall pay before any penalty or interest accrues all such Impositions and insurance premiums and deliver to Mortgagee at least ten days prior to the due dates of such Impositions and twenty days prior to the due date of such insurance premiums receipts evidencing such payments. Nothing contained in this Mortgage shall prevent Mortgagor, so long as there has been no Default under Mortgagor's Obligations, from contesting the amount of any such Impositions, provided Mortgagor deposits with Mortgagee an amount which, in Mortgagee's sole discretion, is sufficient to pay the entire amount of such contested Impositions plus any and all penalties or interest which may be added.

7. **Mortgagee's Interest in and Use of Deposits.**

If a Default occurs, Mortgagee may, at its option and after any applicable grace or cure periods, without being required to do so, apply any moneys at the time on deposit with Mortgagee as any one or more of the same may be applicable, to any of Mortgagor's Obligations, in such order and manner as Mortgagee may elect, and, to the extent such funds are insufficient, Mortgagee may at its reasonable discretion advance funds to pay any of Mortgagor's Obligations, including tax and insurance payments, and the amounts so advanced shall be due and payable immediately on demand and shall bear interest at the rate provided in the Note as the rate applicable after maturity or default. When the indebtedness secured by this Mortgage has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Premises. Such deposits are pledged as additional security for the performance of Mortgagor's Obligations and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes and assessments any amount so deposited unless Mortgagor, while not in Default, requests Mortgagee in writing to make application of such funds to the payment of the particular taxes or assessments for payment of which they were deposited, accompanied by the bills for such taxes and assessments, in ample time before the scheduled due date for payment.

8. Insurance.

Mortgagor shall keep all buildings and improvements now or subsequently situated on the Premises insured in amounts which are not less than replacement value of the Premises, against loss or damage by fire, tornado, windstorm and extended coverage perils, loss of rents, and such other hazards as Mortgagee reasonably requires from time to time. Mortgagor also shall provide liability insurance with such limits for personal injury and death and property damage as Mortgagee may require. All policies of insurance Mortgagor must obtain and maintain under this Mortgage (the "Policies") shall be in forms, companies and amounts satisfactory to Mortgagee, with standard mortgagee and loss payee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, containing a standard waiver of subrogation clause, including a provision requiring that the coverage evidenced by such Policies shall not be terminated or materially modified without at least thirty (30) days prior written notice to Mortgagee. Mortgagor shall deliver all Policies, including additional and renewal Policies, to Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than ten (10) days prior to their respective dates of expiration.

9. Adjustment of Losses with Insurer and Application of Proceeds of Insurance.

In case of loss, Mortgagee is authorized either: (i) to settle and adjust any claim under such insurance Policies, with Mortgagor's consent, which shall not be unreasonably withheld (Mortgagor's consent shall not be required if Mortgagor is then in Default); or (ii) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. In either case Mortgagee is authorized to collect and receipt for any such insurance money. If Mortgagor is obligated to restore or replace the damaged or destroyed buildings or improvements under the terms of any lease or leases which are or may be prior to the lien of the Mortgage, and if such damage or destruction does not result in cancellation or termination of such lease, and if the insurers do not deny liability as to the insureds, then such proceeds, after deducting any expenses incurred in their collection, shall be used to reimburse Mortgagor for the cost of rebuilding or restoration of buildings and improvements on the Premises.

In all other cases, such insurance proceeds at Mortgagee's option, either may be applied in reduction of the indebtedness secured by this Mortgage, whether due or not, or may be held by Mortgagee and used to reimburse Mortgagor for the cost of the rebuilding or restoration of buildings or improvements on the Premises. The buildings and improvements shall be so restored or rebuilt as to be of at least equal value and substantially the same character as prior to such damage or destruction. If Mortgagor is entitled to reimbursement out of insurance proceeds, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with satisfactory evidence of the estimated cost of completion and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments as Mortgagee reasonably requires and approves, and if the estimated cost of the work exceeds ten percent (10%) of the original principal amount of the indebtedness secured by this Mortgage, with all plans and specifications for such rebuilding or restoration as Mortgagee may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed, from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Mortgagee shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

In case of loss after foreclosure proceedings have been instituted, the proceeds of any such Policies, if not applied in rebuilding or restoring the buildings or improvements, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if he shall then be entitled to the same or as the court may direct. In case of foreclosure of this Mortgage and the entry of a judgment of foreclosure, the rights and powers of Mortgagee shall continue in Mortgagee as Mortgagee or judgment creditor until confirmation of sale. Upon confirmation of sale, Mortgagee shall be empowered to assign all Policies to the purchaser at the sale.

10. Protective Advancements.

If Mortgagor neglects or refuses to keep the Premises in good repair, to maintain and to pay the premiums for insurance which may be required, or to pay and discharge all Impositions, so as to protect and preserve the security intended by this Mortgage, all as provided for under the terms of this Mortgage, or to pay all liens and encumbrances when due, whether such liens or encumbrances are permitted by Mortgagee or not, or if Mortgagor shall permit any lien or encumbrance on the Premises to be in default, Mortgagee may, at its option, cause such repairs or replacements to be made, obtain such insurance or pay Impositions and pay such liens and encumbrances and cure such defaults and any amounts paid as a result, together with interest at the Default Rate, from the date of payment, shall be immediately due and payable by Mortgagor to Mortgagee, and until paid shall be added to and become a part of the indebtedness evidenced by the Note and secured by this Mortgage, and the same may be collected in any suit upon the Note, any other Loan Documents or this Mortgagee, by payment of any tax, assessment or charge may, at its discretion, be subrogated to the rights of the governmental subdivision levying such tax, assessment or charge. No such advances shall relieve Mortgagor from any Default or impair any rights or remedy of Mortgagee, and the exercise by Mortgagee of the right to make advances is fully discretionary with Mortgagee and not obligatory. Mortgagee will not in any case be liable to Mortgagor for a failure to exercise any such right.

All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Illinois Mortgage Foreclosure Act (collectively "Protective Advances"), shall have the benefit of all applicable provisions of the Illinois Mortgage Foreclosure Act, including but not limited to:

(i) all advances by Mortgagee in accordance with the terms of this Mortgage to: (A) preserve or maintain, repair, restore or rebuild the improvements upon the Premises; (B) preserve the lien of this Mortgage or its priority; or (C) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 15-1302 of the Illinois Mortgage Foreclosure Act;

(ii) payments by Mortgagee of: (A) installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (B) installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Premises; (C) other obligations authorized by this Mortgage; or (D) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of the Illinois Mortgage Foreclosure Act;

(iii) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(iv) attorneys' fees and other costs incurred: (A) in connection with the foreclosure of this Mortgage as referred to in Sections 1504(d)(2) and 15-1510 of the Illinois Mortgage Foreclosure Act; (B) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of this Mortgage or arising from the interest of Mortgagee; or (C) in the preparation for or in connection with the commencement, prosecution or defense of any other action related to this Mortgage or the Premises;

(v) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 15-1508 of the Illinois Mortgage Foreclosure Act;

(vi) expenses deductible from proceeds of sale as referred to in Section 15-1512(a) and (b) of the Illinois Mortgage Foreclosure Act; and

(vii) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (A) if the Premises constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner; (B) if any interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (C) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals of such insurance, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Section 15-1704(c)(1) of the Illinois Mortgage Foreclosure Act; (D) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (E) payments required or deemed by Mortgagee to be for the benefit of the Premises or required to be made by the owner of the Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Premises; (F) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; (G) if the loan secured by this Mortgage is a construction loan, costs incurred by Mortgagee for completion of demolition and construction as may be authorized by the applicable commitment or loan agreement; (H) payments required to be made by Mortgagor or Mortgagee pursuant to any lease or other agreement for occupancy of the Premises; and (I) if the Mortgage is insured, payments of FHA or private mortgage insurance required to keep such insurance in force.

All Protective Advances shall constitute additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest from the date of the advance until paid at the rate of interest payable after default under the terms of the Note.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 15-1302 of the Illinois Mortgage Foreclosure Act.

All Protective Advances except to the extent, if any, that any of the same are clearly contrary to or inconsistent with the provisions of the Illinois Mortgage Foreclosure Act, shall apply to and be included in:

(i) any determination of the amount of indebtedness secured by this Mortgage at any time;

(ii) the indebtedness found due and owing to Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

(iii) if right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Section 15-1603(a)(2) and 1603(e) of the Illinois Mortgage Foreclosure Act;

(iv) determination of amounts deductible from sale proceeds pursuant to Section 15-1512 of the Illinois Mortgage Foreclosure Act;

(v) application of income in the hands of any receiver or Mortgagee in possession; and

(vi) computation of any deficiency judgment pursuant to Sections 15-1508(b)(2), 15-1508(e) and 15-1511 of the Illinois Mortgage Foreclosure Act.

11. **Restrictions on Transfers and Encumbrances.**

Mortgagor shall keep the Premises free and clear of all liens, claims and encumbrances, except for Permitted Exceptions ("Encumbrances"), and Mortgagor promptly shall pay or cause to be paid, as and when due and payable or when declared due and payable, any indebtedness which may become or be secured by such an Encumbrance and, immediately upon request by Mortgagee, shall deliver to Mortgagee evidence satisfactory to Mortgagee of the payment and discharge of such indebtedness. To prevent a Default, Mortgagor may indemnify Mortgagee, by a means determined solely by and reasonably acceptable to Mortgagee, against loss by reason of such an Encumbrance which Mortgagor may desire to contest. If, in accordance with the terms of this Mortgage, Mortgagee makes payment of any such Encumbrance, Mortgagee shall be subrogated to the rights of such claimant, notwithstanding that the Encumbrance may be released of record.

Mortgagor shall not, at any time or times after this date, pledge, hypothecate or otherwise encumber all or any portion of the Premises or Mortgagor's interest in the Premises. Without the prior written consent of Mortgagee, which consent may be withheld with or without cause, Mortgagor shall not sell or otherwise transfer or assign all or any portion of the Premises or Mortgagor's interest in the Premises. There shall be no transfer or assignment of the partnership interests of Mortgagor without the prior written consent of Mortgagee. In addition, if Mortgagor is a limited partnership, there shall be no transfer, assignment, withdrawal or admission of any general partner of Mortgagor without the prior written consent of Mortgagee.

Mortgagor covenants that no lien of any mechanics or materialmen has attached, or will validly attach to the Premises or any part of them; that Mortgagor will pay all sums that if not paid may result in the acquisition or creation of a lien prior to or of equal priority with or junior to the lien of this Mortgage, or which may result in conferring upon a tenant of any part of the Premises a right to recover such sums as prepaid rent or as a credit or offset against any future rental obligation; that Mortgagor will not use the Premises for any purpose that violates any federal or state law, governmental regulation or local ordinance; and that Mortgagor will not grant any other lien or security interest on any part of the Premises without full disclosure to and prior written consent by Mortgagee.

12. **Prepayment Privilege.**

Mortgagor shall have the privilege of making prepayments on the principal of the Note, in accordance with the terms of the Note.

13. **Effect of Extensions of Time.**

If the payment or performance of all or any part of Mortgagor's Obligations are extended or varied or if any part of the security is released, all persons now or at any later time liable for Mortgagor's Obligations, or interested in the Premises, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions of this Mortgage shall continue in full force, the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release.

14. Effect of Changes in Laws Regarding Taxation.

If any laws are enacted after the Effective Date which impose a tax upon the issuance of any Note or deduct from the value of land for the purpose of taxation any lien on the land, or impose upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens required in this Mortgage to be paid by Mortgagor, or change in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured by this Mortgage or the holder of this Mortgage, then, and in each such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee for such taxes and assessments. However, if in the opinion of counsel for Mortgagee it might be unlawful to require Mortgagor to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured by this Mortgage to be and become due and payable ninety (90) days from the giving of such notice.

15. Expenses of Mortgagee.

Mortgagor indemnifies, defends and holds harmless Mortgagee from any and all loss, damage or expense, including attorneys' fees, resulting from or arising out of the execution and delivery of this Mortgage. Mortgagor's preceding indemnification obligations constitute a part of the indebtedness secured by this Mortgage. Mortgagor shall pay Mortgagee on demand for all sums paid by Mortgagee, including attorneys' fees, to cure any Default by Mortgagor, for the expense of any litigation to prosecute or defend the rights and liens created by this Mortgage in any action or proceeding to which Mortgagee is made a party by reason of this Mortgage, any other Loan Documents or the Note, or in which it becomes necessary to defend or uphold the lien of this Mortgage, together with interest from the date of payment at the Default Rate, and any such sums and interest shall be immediately due and payable and secured by this Mortgage, having the benefit of the lien created as a part of this Mortgage and with its priority, all without relief from valuation or appraisal laws.

16. Default.

The occurrence of any one or more of the following events shall constitute a "Default" under this Mortgage:

(i) failure of Mortgagor to pay, when due, any amounts becoming due and payable under the Note or this Mortgage after any applicable grace or cure periods;

(ii) failure of Mortgagor, within thirty (30) days after notice and demand, promptly, fully and faithfully to satisfy, perform, discharge, observe and comply with each and every of Mortgagor's Obligations, unless Mortgagee consents in writing to the fact that such performance by its nature, requires more than thirty (30) days to complete, in which case, Mortgagor shall have begun such performance within such thirty (30) days and constantly is pursuing such performance with due diligence;

(iii) a petition in bankruptcy is filed by or against Mortgagor, or a custodian, receiver or trustee for any of the Premises or any of its or their property is appointed and, if appointed without its or their consent, is not discharged within ninety (90) days, or if it makes or they make an assignment for the benefit of creditors, or if it is or they are adjudged insolvent by any state or federal court of competent jurisdiction, or an attachment or execution is levied against any of the Premises and is not discharged within ninety (90) days;

(iv) any guarantor shall transfer any material portion (as determined by Mortgagee in its reasonable discretion) of his, her or its assets to any other person, or entity, without replacement with other assets of equal value acceptable to Mortgagee or without Mortgagee's prior written consent;

(v) default, including foreclosure and/or sale of collateral, under any other obligation secured by all or part of the Premises;

(vi) the occurrence of a default or Event of Default under that certain Loan and Security Agreement dated the same date as this Mortgage between Mortgagee, as secured party, and Modagraphics, Inc. ("Modagraphics"), as debtor (the "Modagraphics Agreement"); or

(vii) the occurrence of a default or Event of Default under that certain Loan Agreement dated the same date as this Mortgage between Mortgagee, as secured party, and Carlson, as debtor (the "Carlson Agreement").

17. Remedies Upon Default.

Upon the occurrence of a Default, Mortgagee, after notice and demand insofar as required under this Mortgage, in its sole discretion and at its sole election, without notice of such election, and without further demand, may take any one or more of the following actions:

(i) Mortgagee may declare all of Mortgagor's obligations immediately due and payable and collect the same at once by foreclosure or otherwise, without notice of broken covenant or condition (and in case of such Default and the exercise of such option, Mortgagor's liabilities shall bear interest, from the date of such Default, at the highest rate provided in the Note);

(ii) In accordance with applicable law, Mortgagee may enter upon and take immediate possession of the Premises, expel and remove any persons, goods or chattels occupying or upon the same, receive all rents, and issue receipts for such rents, manage, control and operate the Premises as fully as Mortgagor might do if in possession of the Premises, including without limitation, the making of all repairs and replacements deemed necessary by Mortgagee and the leasing of the same, or any part of the Premises, from time to time, and, after deducting all reasonable attorneys' fees and all costs and expenses incurred in the protection, care, maintenance, management and operation of the Premises, apply the remaining net income, if any, to Mortgagor's Obligations or upon any deficiency decree entered in any foreclosure proceeding. At Mortgagee's option, such entry and taking of possession may be accomplished either by actual entry and possession or by written notice served personally upon or sent by registered mail to Mortgagor at the address of Mortgagor last appearing on the records of Mortgagee. Mortgagor agrees to surrender possession of the Premises to Mortgagee immediately upon the occurrence of a Default, after any applicable grace or cure periods. If Mortgagor shall remain in physical possession of the Premises, or any part of the Premises, after any such Default, such possession shall be as a tenant of Mortgagee, and Mortgagor agrees to pay to Mortgagee or to any receiver appointed as provided below, after such Default, a reasonable monthly rental for the Premises, or the part of the Premises so occupied by Mortgagor and to be paid in advance on the first day of each calendar month, and, if any such rent is not paid as aforesaid, Mortgagor may be dispossessed by the usual summary proceedings. If Mortgagor remains in possession of all, or any part of, the Premises, the reasonable monthly rental shall be in amounts established by Mortgagee in its reasonable discretion. This covenant shall be effective irrespective of whether any foreclosure proceeding is instituted and irrespective of any application for, or appointment of, a receiver;

(iii) Mortgagee may file one or more suits at law or in equity for the foreclosure of this Mortgage or to collect the indebtedness secured by this Mortgage. If Mortgagee commences any such suit, Mortgagee shall have the right, either before or after sale, without notice and without requiring bond (notice and bond being waived), without regard to the solvency or insolvency of Mortgagor at the time of application and

without regard to the then value of the Premises or whether the same is then occupied, to make application for and obtain the appointment of a receiver for the Premises. Such receiver shall have the power to collect the rents during the pendency of such suit until confirmation of a sale. In case of a sale pursuant to foreclosure, the Premises may be sold as one parcel or, if appropriate, may be divided and sold as separate parcels;

(iv) exercise any one or more of the rights and remedies accruing to it under (a) the Carlson Agreement, and (b) the Modagraphics Agreement; or

(v) Mortgagee may exercise any other remedies or rights permitted or provided under or by the laws or decisions of the State in which the Premises is located (including all rights of a secured party under the Uniform Commercial Code of the State of Illinois) accruing to a mortgagee and/or secured party upon a Default by a Mortgagor and/or debtor and/or may exercise any other remedy available to Mortgagee under any other Loan Document.

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

18. Foreclosure; Expense of Litigation.

When any indebtedness secured by this Mortgage becomes due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien for such indebtedness. In any suit to foreclose the lien or enforce any other remedy of Mortgagee under this Mortgage or the Note, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises and all prepayment premiums or similar charges, if any, provided in the Note. All expenditures, expenses and prepayment premiums of the nature mentioned in this paragraph, and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note, other Loan Documents or the Premises, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest at the Default Rate and shall be secured by this Mortgage.

19. Application of Proceeds of Foreclosure Sale.

The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph; (ii) second, all other items which under the terms of this Mortgage constitute secured indebtedness additional to that evidenced by the Note, with interest as provided; (iii) third, all principal and interest remaining unpaid on the Note and under the other Loan Documents; and (iv) fourth, any excess to Mortgagor, its successors or assigns, as their rights may appear.

20. Appointment of Mortgagee In Possession or Receiver.

In accordance with Section 15-1701 of the Illinois Mortgage Foreclosure Act, upon or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint Mortgagee as mortgagee in possession or may appoint a receiver of the Premises pursuant to Section 15-1702 of the Illinois Mortgage Foreclosure Act. Such appointment may be made without regard to the solvency or insolvency at the time of application of the person or persons, if any, liable for the payment of the indebtedness secured by this Mortgage and without regard to the then value of the Premises or whether the same shall then be occupied as a homestead or not. Such receiver or mortgagee in possession shall have all powers and duties as provided in Sections 15-1701 and 15-1703 of the Illinois Mortgage Foreclosure Act, the mortgagee in possession or the receiver shall have the power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit, as well as during any further times when Mortgagor, its successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during such period. The court from time to time may authorize the receiver or mortgagee in possession to apply the net income held by either of them in payment in whole or in part of the indebtedness and other sums secured by this Mortgage, or in payment of any Imposition or other lien which may or may not become superior to the lien of this Mortgage or superior to an order foreclosing this Mortgage, providing such application is made prior to the foreclosure sale. In case of a judicial sale, the Premises, or so much of the Premises as may then be affected by this Mortgage, may be sold in one or more parcels.

21. Assignment of Rents and Leases.

To further secure Mortgagor's Obligations, Mortgagor sells, assigns and transfers to Mortgagee all the rents, issues and profits now due and which may become due under or by virtue of any lease, whether written or verbal, or any letting of, or of any agreement for the use or occupancy of the Premises or any part of the Premises, which may exist or which may be entered after this date or which may be made or agreed to by Mortgagee under the powers granted in this Mortgage, it being the intention to establish an absolute transfer and assignment of all of such leases and agreements, and all the proceeds of such leases and agreements, to Mortgagee, and Mortgagor appoints irrevocably Mortgagee its true and lawful attorney in its name and place (with or without taking possession of the Premises) to rent, lease or let all or any portion of the Premises to any party or parties at such rental and upon such terms as Mortgagee shall, in its discretion, determine, and to collect all of the proceeds, rents, issues and profits arising from or accruing at any time after this date, and all now due or that may become due under each and every of the leases and agreements, written or verbal, or other tenancy existing, or which may exist on the Premises, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as Mortgagee would have upon taking possession.

Mortgagor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Premises for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the Premises has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by Mortgagor. If any lease provides for the abatement or rent during repair of the Premises demised by reason of fire or other casualty, Mortgagor shall furnish to Mortgagee rental insurance, the policies to be in amount and form and written by such insurance companies as shall be satisfactory to Mortgagee. Mortgagor agrees that it has not and will not assign any of the rents or profits of the Premises, except to a purchaser or grantee of the Premises.

Nothing contained in this Mortgage shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the taking of actual possession of the Premises by Mortgagee pursuant Section 17(iii) above. In the exercise of the powers granted under this Mortgage to Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagor.

Mortgagor further agrees to assign and transfer to Mortgagee all future leases upon all or any part of the Premises and to execute and deliver, at the request of Mortgagee, all such further assurances and

assignments in the Premises as Mortgagee shall from time to time require. All future leases must be acceptable to Mortgagor in form and in substance. Further, no lease shall be modified, amended or terminated, nor shall Mortgagee allow any tenant under such lease to assign such lease or sublet any part of the leased Premises, without Mortgagee's prior written consent.

Although it is the intention of the parties that the assignment contained in this Section 21 shall be a present assignment, it is expressly understood and agreed, anything contained in this Mortgage to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this Section 21 until a Default exists under this Mortgage.

The Premises is presently encumbered by that certain Lease dated October 22, 1987, as amended, between Mortgagee, as landlord by virtue of an assignment, and Modagraphics, as tenant (the "Lease"). Notwithstanding anything contained in this Mortgage to the contrary and provided no Default exists, Mortgagee agrees to permit Mortgagor makes quarterly disbursements of the net income generated from the Lease to the general partners of Mortgagor (the net income means the gross rental generated from the Lease, less debt service and expenses).

22. Application of Income Received by Mortgagee.

Mortgagee in the exercise of the rights and powers conferred upon it by Section 17(iii) above shall have full power to use and apply the proceeds, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(i) to the payment of all operating expenses of the Premises, including cost of management and leasing (which shall include reasonable compensation to Mortgagee and its agent or agents, if management is delegated to an agent or agents, and also will include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance authorized above;

(ii) to the payment of taxes and special assessments now due or which may subsequently become due on the Premises;

(iii) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises, and of placing such property in such condition as will, in the judgment of Mortgagee, make it readily rentable;

(iv) to the payment of any Mortgagor's Obligations or any deficiency which may result from any foreclosure sale.

23. Mortgagee's Right of Inspection.

Mortgagee shall have the right to inspect the Premises and Mortgagor's books and records at all reasonable times and access to the Premises and to such books and records shall be permitted for that purpose.

24. Condemnation.

Mortgagor assigns and transfers to Mortgagee the entire proceeds of any award or any claim for damages for any of the mortgaged property taken or damaged under the power of eminent domain or by condemnation. If the holders of any other mortgage liens then of record agree to use such proceeds to repair and restore the Premises, then Mortgagee may agree to apply the proceeds for restoration and repair purposes. Otherwise, Mortgagee may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured by this Mortgage, whether due or not, or to require Mortgagor to restore or rebuild, in which event Mortgagee will hold such proceeds and use them to reimburse Mortgagor for the cost of the rebuilding or restoring of buildings or improvements on the Premises, in accordance with plans and specifications to be submitted to and approved by Mortgagee. If Mortgagor is obligated to restore or replace the damaged or destroyed buildings or improvements under the terms of any lease or leases which are or may be prior to the lien of this Mortgage and if such taking does not result in cancellation or termination of such lease, the award shall be used to reimburse Mortgagor for the cost of the rebuilding or restoring of buildings or improvements on the Premises, provided Mortgagor is not then in Default under this Mortgage. If Mortgagor is required or authorized under this Section 24 to rebuild or restore, the proceeds of the award shall be paid out in the same manner as is provided in Section 9 above for the payment of insurance proceeds toward the cost of rebuilding or restoration. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the award, before being entitled to reimbursement out of the award. Any surplus which may remain out of the award after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of Mortgagor's Obligations or be paid to any other party entitled to such surplus. If the proceeds of any such award are paid to Mortgagee but are not sufficient to pay in full the indebtedness secured by this Mortgage, such payment shall be deemed to be a partial prepayment of principal on the Note and Mortgagee shall release from the lien of this Mortgage so much real estate as is provided in the Note in the event of a partial prepayment by Mortgagor.

25. Environmental Compliance.

Mortgagor represents and warrants to Mortgagee that:

- (i) the Premises are not subject to any liens, actions or proceedings relating to "Hazardous Substances" (as defined below) or "Environmental Laws" (as defined below), and Mortgagor is not a party to any such action or proceeding relating to the Premises and Mortgagor has received no notice of any such lien, action or proceeding pending or threatened;
- (ii) no Hazardous Substances are presently located on the surface or in the subsurface of the Premises or any surface waters or ground water, on or under the Premises;
- (iii) to the best knowledge of Mortgagor, after due inquiry, no Hazardous Substances have been located, stored or processed on the Premises, and no Hazardous Substances have been disposed on or released or discharged from (including groundwater contamination) the Premises.
- (iv) the Premises and its use and operation is currently in compliance with all Environmental Laws;
- (v) there are no storage tanks, polychlorinated biphenyls, asbestos or Hazardous Substances present on the Premises;
- (vi) intentionally deleted;
- (vii) to the best of Mortgagor's knowledge, the Premises has not been used as a sanitary landfill, dump, industrial waste disposal area or for any other similar uses; and
- (viii) Mortgagor has obtained all permits and licenses required by all

governmental agencies having jurisdiction over Mortgagor and the Premises and under all Environmental Laws.

Mortgagor's representations and warranties set forth in subparts (i) through (viii) of the preceding sentence are continuing and shall remain true and correct in all material respects until the Note and all other Mortgagor's Obligations have been paid or performed in full and all applicable statutes of limitation have expired. Any investigation on behalf of Mortgagee or any information Mortgagee may have or obtain with respect to the Premises, will not in any way modify or reduce any of Mortgagor's representations or warranties under this Section 25. Mortgagor immediately shall notify Mortgagee of any circumstances or occurrences that could make any representation or warranty contained in this Section 25 false, or subject Mortgagee or any previous owner of the Premises to liability under any Environmental Laws.

Mortgagor shall comply with all Environmental Laws affecting the Premises and shall, at no cost or expense to Mortgagee, take all actions necessary to remain in compliance, without limitation, remediation, removal, containment, correction and disposal required by any Environmental Laws or any governmental agencies in the enforcement of Environmental Laws affecting the Premises. For purposes of this Mortgage, the following terms are defined as follows:

(i) "Hazardous Substances" mean and include all hazardous and toxic substances, wastes or materials, any pollutant or contaminant, including, without limitation, petroleum products, polychlorinated biphenyls, asbestos and raw materials that include hazardous constituents or any other similar substances or materials that are included under or regulated by any Environmental Law or that would pose a health, safety or environmental hazard.

(ii) "Environmental Law" mean and include all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety, contamination, and cleanup, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq ("CERCLA") and the Resources Conservation and Recovery Act of 1976, 42 U.S.C. §6901 et seq ("RCRA") and state superlien and environmental clean-up statutes.

Mortgagor shall indemnify, defend and hold harmless Mortgagee, its officers, directors, employees and agents against any liability, loss, claim, damage or expense (including attorney's fees and disbursements, consultant fees, investigation and laboratory fees) to which any of them may become subject insofar as they may arise or are based upon:

(i) any violation or claim of violation of Environmental Laws with respect to the Premises, injury to any person or their property as a result of the violation or claim of violation of Environmental Laws, or any governmental or judicial claim, or ordinance or judgment with respect to the clean-up of Hazardous Substances at or with respect to the Premises;

(ii) the presence of Hazardous Substances in or on the surface or subsurface of the Premises (including the improvements);

(iii) any cost, claim, liability or damage expended in remediation of the Premises required by a governmental authority, regarding the presence of Hazardous Substances in or on the Premises or the subsurface or the release, escape, seepage, leakage, discharge or migration of any Hazardous Substances;

(iv) any error, misstatement or omission by Mortgagor with respect to this Mortgage; and

(v) any breach of any of the warranties, representations and covenants contained in this Section 25.

26. Release upon Payment and Discharge of Mortgagor's Obligations.

If Mortgagor fully pays all principal and interest on the Note, and pays and performs all other Mortgagor's Obligations and complies with all of the other terms and provisions to be performed and complied with by Mortgagor, then this Mortgage shall be null and void. Mortgagee shall release this Mortgage by proper instrument upon payment and discharge of all Mortgagor's Obligations.

27. Notices.

All notices concerning this Mortgage shall be given in writing, as follows: (i) by actual delivery of the notice into the hands of the party entitled to receive it, in which case such notice shall be deemed given on the date of delivery; (ii) by mailing such notice by registered or certified mail, return receipt requested, in which case such notice shall be deemed given five (5) days from the date of its mailing; (iii) by Federal Express, UPS, DHL or any other overnight carrier, in which case such notice shall be deemed given two (2) days from the date of its transmission; or (iv) by Facsimile or telecopy, in which case such notice shall be deemed given on the date it is sent. All notices which concern this Mortgage shall be addressed as follows:

If to any Mortgagor:

The Meadows Partnership
5300 Newport Drive
Rolling Meadows, IL 60008
Attn: Lennard I. Carlson

and

Clausen Miller, P.C.
10 South LaSalle Street
Chicago, IL 60603
Attn: Donald J. Gibson, Jr., Esq.
Fax No.: (312) 606-7777

If to Mortgagee:

LaSalle Bank NA
3201 North Ashland Avenue
Chicago, IL 60657
Attn: Daniel Downes
Fax No.: (773) 244-7583

and

Much Shelist Freed Denenberg
Ament & Rubenstein, P.C.
200 North LaSalle Street, Suite 2100
Chicago, Illinois 60601-1095
Attn: Mitchell S. Roth, Esq.
Fa. No.: (312) 621-1750

28. Waiver of Claims and Defenses.

Notwithstanding anything contained in this Mortgage, Mortgagee shall not be obligated to perform or discharge, and does not undertake to perform or discharge, any obligation, duty or liability of Mortgagor under this Mortgage or any other Loan Documents and Mortgagor shall defend, indemnify and save Mortgagee harmless from: (i) any and all liabilities, losses or damages which Mortgagee may incur or pay under or with respect to any of the collateral secured by this Mortgage or under or by reason of its exercise of rights under this Mortgage; and (ii) any and all claims and demands which may be asserted against Mortgagee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any of the loan documents or relating to the collateral secured by this Mortgage. Mortgagee shall not have responsibility for the control, care, management or repair of the Premises or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss, injury or death or any tenant, licensee, employee, stranger or other person. No liability shall be enforced or asserted against Mortgagee in its exercise of the powers granted to it under this Mortgage and Mortgagor expressly waives and releases any such liability. Should Mortgagee incur any such liability, loss or damage under any of the leases or by reason of any provision of this Mortgage, or in the defense of any claim or demands, Mortgagor agrees to reimburse Mortgagee immediately upon demand for the full amount of such claim, including costs, expenses and attorneys' fees, all of which shall be additional advances by Mortgagee secured by the lien of this Mortgage.

29. **Waiver of Right of Redemption**

Mortgagor represents that the Premises are neither agricultural or residential real estate as defined in Sections 15-1201 or 15-1219 of the Illinois Mortgage Foreclosure Act and waives any and all rights of redemption pursuant to Section 15-1601 of the Illinois Mortgage Foreclosure Act. If this Mortgage is executed by a corporate mortgagor, the beneficiary of such corporate mortgagor has directed Mortgagor to waive such rights of redemption. In addition, Mortgagor waives all rights of homestead exemption in or relating to such Premises.

30. **Waiver of Statute of Limitations.**

Time is of the essence in all Mortgagor's obligations under this Mortgage and, to the extent permitted by law, Mortgagor waives all present or future statutes of limitations with respect to any debt, demand or obligation secured under this Mortgage in any action or proceeding for the purpose of enforcing this Mortgage or the rights or remedies under this Mortgage, including the right to assert any claim barred by a statute of limitations as an offset, counterclaim or defense in any action to enforce this Mortgage or the indebtedness secured by this Mortgage.

31. **Non-Waiver of Default.**

No failure by Mortgagee in the exercise of any of its rights under this Mortgage will preclude Mortgagee from the exercise of such right in the event of subsequent Default by Mortgagor, and no delay by Mortgagee in the exercise of its rights under this Mortgage will preclude Mortgagee from the exercise so long as Mortgagor is in Default. Mortgagee may enforce any one or more of its rights or remedies hereunder successively or concurrently.

32. **Future Advances.**

The loan secured by this Mortgage will be disbursed by Mortgagee to Mortgagor in accordance with the terms of the Note. Mortgagee has bound itself to make advances solely pursuant to and subject to the terms of the Note (except as expressly modified by this Mortgage) and the parties intend that all such advances shall be a lien from the date this Mortgage is recorded, as provided by Section 15-1302(b)(1) of the Illinois Mortgage Foreclosure Act. Any advances or indebtedness arising or accruing under the Note from time to time shall be secured to the same extent as though the Note were fully incorporated in this Mortgage and if any default shall occur in the agreements contained in the Note, the same shall constitute a Default under this Mortgage and entitle Mortgagee to all the rights and remedies conferred upon Mortgagee by the terms of this Mortgage or by law, as in the case of any other default.

33. **Modification of Indebtedness and Release of Collateral.**

Mortgagee at its option may extend the time for the payment of the indebtedness or reduce the payments or accept a renewal note or Note or release all or part of the Premises without the consent of any junior lienholders or Mortgagor if Mortgagor has then parted with title to the Premises and no sale of the Premises or forbearance on the part of Mortgagee or its assigns, or extension of the time for the payment of the debt secured or reduction in payments, or acceptance of renewals or release of all or part of the Premises shall affect the priority of this Mortgage or the security of it or shall operate to release, modify, change or affect the original liability of Mortgagor or a subsequent mortgagor, surety or guarantor, either in whole or in part, nor shall the full force and effect of the security of this Mortgage be altered.

34. **Furnishing of Financial Statements to Mortgagee.**

Mortgagor agrees to furnish the following to Mortgagee:

(i) within thirty (30) days after the close of each quarter, a quarterly operating statement of income and expenses for the Premises, in form and substance acceptable to Mortgagee, signed and certified by an officer of Mortgagor;

(ii) within ninety (90) days after the close of each year, an annual operating statement of income and expenses for the Premises, in form and substance acceptable to Mortgagee, signed and certified by an officer of Mortgagor; and

(iii) all such interim unaudited financial statements and other information as Mortgagee may reasonably require from time to time.

35. **Intentionally Deleted.**

36. **Default Rate.**

"Default Rate" as used in this Mortgage shall mean such rate as defined in the Note.

37. **Filing and Recording Fees.**

Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage and all federal, state, county and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note and this Mortgage.

38. **Business Purpose.**

Mortgagor or the beneficiaries of Mortgagor have been advised by their respective legal counsel that the proceeds of the loans secured by this Mortgage will be used for the purposes specified in 815 ILCS 205/4, and that the principal obligations secured by this Mortgage comes within the purview of such paragraph.

39. **Binding on Successors and Assigns.**

This Mortgage shall extend to and be binding upon Mortgagor and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used in this Mortgage shall include the named Mortgagor and any subsequent owner or owners of the equity of redemption of the Premises. The word "Mortgagee" shall include the successors and assigns of the named Mortgagee, and the holder or holders, from time to time of the Note.

40. **Applicable Law.**

This Mortgage is executed under and shall be construed in accordance with the laws of the State of Illinois (other than those which pertain to conflicts of law). The parties shall have the benefit of all provisions of the Illinois Mortgage Foreclosure Act, including all amendments which may become effective after this date. In the event of the repeal of any provision of such Act which is specifically described in this Mortgage, Mortgagee shall have the benefit of such provision as most recently existed prior to such repeal as though the same were incorporated by reference into this Mortgage.

41. **All Covenants to Run With Land.**

All the covenants contained in this Mortgage shall run with the land.

42. **Captions.**

The captions and headings of various sections of this Mortgage are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions of this Mortgage.

43. Separability.

Each of the provisions of this Mortgage shall be separable and distinct, several provisions such that the unenforceability, voidability or illegality of any provision shall not render the rest of this Mortgage null and void, but the remaining provisions will remain in full force and effect.

44. Corporate Borrower.

In the event one or more of the undersigned is a general partnership, the party executing this Mortgage on its behalf represents that he has been duly authorized and empowered by appropriate Resolution duly adopted by all of the general partners to execute and deliver this Mortgage and the Note secured by this Mortgage for and on behalf of the general partnership.

[signature page follows]

Property of Cook County Clerk's Office

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage and Security Agreement as of the Effective Date.

MORTGAGOR:

THE MEADOWS PARTNERSHIP,
an Illinois general partnership



By: _____
Name: Lennard I. Carlson
Title: General Partner

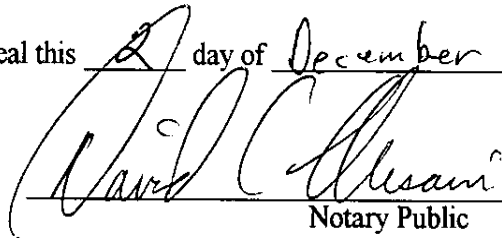
Property of Cook County Clerk's Office

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, the undersigned, a Notary Public in and for the County and State named above, DO CERTIFY that LENNARD I. CARLSON, a general partner of The Meadows Partnership, who is personally known to me to be the same person whose name is subscribed to the above instrument as such general partner, appeared before me this day in person and acknowledged that he signed and delivered the instrument as his own free and voluntary act and as the free and voluntary act of the partnership, for the uses and purposes set forth in the instrument.

GIVEN under my hand and Notarial Seal this 2 day of December, 1999.

SEAL


Notary Public

My Commission expires:

3/12/02

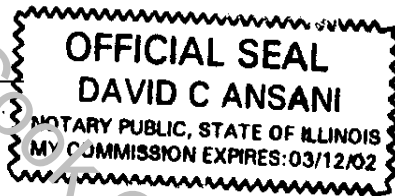


EXHIBIT A

LEGAL DESCRIPTION

Property of Cook County Clerk's Office

Street Address: 5300 Newport Drive, Rolling Meadows, IL 60008

Permanent Index Numbers: 08-08-302-012 and 013

PARCEL 1:

LOT 15 IN ROLLING MEADOWS INDUSTRIAL CENTER, UNIT 1, A SUBDIVISION OF PART OF SECTIONS 7 AND 8, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART OF SAID LOT 15, LYING SOUTH OF A LINE DESCRIBED AS:

COMMENCING AT A POINT ON THE WESTERLY LINE OF SAID LOT, BEING ALSO THE EASTERLY LINE OF MEADOW DRIVE, 161.66 FEET, ARC MEASURE, SOUTHERLY OF THE NORTHWEST CORNER OF SAID LOT AND RUNNING TO A POINT ON THE NORTHEASTERLY LINE OF SAID LOT, 348.70 FEET SOUTHEASTERLY OF THE MOST NORTHERLY CORNER OF SAID LOT), IN COOK COUNTY, ILLINOIS.

PARCEL 2:

ALL THAT PART OF LOT 15 IN ROLLING MEADOWS INDUSTRIAL CENTER, UNIT 1, A SUBDIVISION OF PART OF SECTIONS 7 AND 8, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF A LINE DESCRIBED AS:

COMMENCING AT A POINT ON THE WESTERLY LINE OF SAID LOT, BEING ALSO THE EASTERLY LINE OF MEADOW DRIVE, 161.66 FEET, ARC MEASURE, SOUTHERLY OF THE NORTHWEST CORNER OF SAID LOT AND RUNNING TO A POINT ON THE NORTHEASTERLY LINE OF SAID LOT, 348.70 FEET SOUTHEASTERLY OF THE MOST NORTHERLY CORNER OF SAID LOT, AND LYING NORTHERLY OF A LINE DESCRIBED AS:

COMMENCING AT SAID POINT ON THE WESTERLY LINE OF SAID LOT, 161.66 FEET SOUTHERLY, AS AFORESAID, AND RUNNING TO A POINT ON THE WEST LINE OF THE EAST 80.0 FEET, AS MEASURED AT RIGHT ANGLES, OF SAID LOT, 233.50 FEET SOUTH OF THE INTERSECTION OF SAID WEST LINE WITH THE NORTHEASTERLY LINE OF SAID LOT, IN COOK COUNTY, ILLINOIS.