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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Doc#: 1035034099 Fee: \$88.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 12/16/2010 01:20 PM Pg: 1 of 27

Report Mortgage Fraud
800-532-8785

The property identified as: PIN: 10-22-310-058-0000

Address:

Street: 8255 SKOKIE BLVD.

Street line 2:

City: SKOKIE

State: IL

ZIP Code: 60077

Lender: ASSOCIATED BANK, NATIONAL ASSOCIATION

Borrower: 8255 SKOKIE, LLC

Loan / Mortgage Amount: \$3,260,000.00

This property is located within the program area and is exempt from the requirements of 765 ILC§ 77/70 et seq. because it is commercial property.

Certificate number: 30340D0D-4EE5-4D59-A078-1441F12FE19B

Execution date: 12/13/2010

8823445 D1 CB 14/14

Property of Cook County Clerk's Office

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This instrument was drafted by and to be returned to:

Chris S. Mehring, Esq.
Whyte Hirschboeck Dudek S.C.
555 E. Wells Street, Suite 1900
Milwaukee, WI 53202

Tax Parcel No.: (See Exhibit A)

**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS,
 SECURITY AGREEMENT AND FIXTURE FILING**

THIS MORTGAGE ("Mortgage") is given as of December 14, 2010 by **8255 SKOKIE, LLC**, a Wisconsin limited liability company which has a mailing address c/o Wangard Partners, Inc, a Wisconsin corporation, 1200 North Mayfair Road, Suite 220, Milwaukee, Wisconsin 53226 ("Borrower"), to **ASSOCIATED BANK, NATIONAL ASSOCIATION**, which has an office at 401 East Kilbourn Avenue, Suite 350, Milwaukee, Wisconsin 53202 ("Lender").

RECITALS:

- A. Borrower has executed and delivered to Lender a Mortgage Note dated the date of this Mortgage which is made payable to the order of Lender in the stated principal amount of \$3,260,000.00 and which bears interest until paid (the "Note").
- B. Lender has agreed to make one or more loans to Borrower in the principal amount of the Note (the "Loan").
- C. Borrower owns the real property legally described on the attached Exhibit A (the "Premises").
- D. The Loan and the Obligations (as defined below) which are secured by this Mortgage, are a business loan as described in 815 ILCS 205/4 (or any substitute, amended or replacement statutes) transacted solely for the purpose of carrying on the business of the Borrower and the other Obligors (as defined below).
- E. **THIS IS A PURCHASE MONEY MORTGAGE.**

AGREEMENTS

NOW, THEREFORE, in consideration for the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which Borrower acknowledges:

1. **GRANT OF MORTGAGE.** Borrower gives, grants, bargains, sells, conveys, mortgages, warrants, pledges and confirms to Lender, to secure all of the Obligations, as defined below, all of Borrower's estate, right, title and interest in and to the following (collectively, the "Property"): (a) the Premises; (b) all privileges, hereditaments, appurtenances, rents, leases, issues and profits from and to the Premises; (c) all existing and future buildings, improvements, personal property, fixtures and equipment located at or on the Premises, including the Collateral, as defined below; and (d) all awards and payments to which Borrower is entitled at any time from insurance or the exercise of the right of eminent domain in connection with the Premises or the Collateral.
2. **SECURITY AGREEMENT.** This Mortgage constitutes a security agreement as defined in the Uniform Commercial Code - Secured Transactions (the "Code"). Borrower grants to Lender a security interest, as defined in the Code, in the property described on Exhibit C, and all replacements and substitutions for, additions and accessions to, and proceeds from such property (collectively, the "Collateral"). At Lender's sole option, the Collateral shall be regarded as part of the Premises at all times, for all purposes and in all proceedings (both legal and equitable), irrespective of whether such item is physically attached to the Premises or any such item is referred to or reflected in a financing statement, and Lender may have the Collateral deemed part of the Premises upon any

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foreclosure of the Premises. In addition, unless a lien would be prohibited by law or would render a nontaxable deposit account taxable, Borrower grants to Lender, for itself and as a collateral agent for Lender's affiliates, a security interest and lien in any deposit accounts Borrower may at any time have with Lender or any of its affiliates.

3. **FINANCING STATEMENT.** THIS MORTGAGE IS AND SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING for all of the Collateral that is, or that becomes, fixtures affixed to the Premises. The fixture filing shall be effective from the date of the filing of this Mortgage in the real estate records of the county in which the Premises are situated. Information concerning the security interest created by this instrument may be obtained from Lender, as secured party, as that term is used in the Code, at its address set forth in the first Section of this Mortgage. The address of Borrower, as debtor, as that term is used in the Code, is also set forth in the first Section of this Mortgage. BORROWER AUTHORIZES LENDER TO FILE ONE OR MORE FINANCING STATEMENTS THAT DESCRIBE THE COLLATERAL AND ALL NECESSARY AMENDMENTS AND CONTINUATION STATEMENTS TO SUCH FINANCING STATEMENTS.

4. **ASSIGNMENT OF AND ENTITLEMENT TO RENTS AND LEASES.** Borrower grants, transfers and assigns to Lender, with right of reassignment, all of Borrower's rights, title and interest in, under and to any and all of the following: (a) all leases now or hereafter entered into, whether oral or written, which demise any portion of the Premises, together with any and all extensions and renewals of such Leases (collectively, the "Leases"); (b) all security deposits and guarantees of the obligations of the tenants under the Leases (individually a "Tenant" and collectively the "Tenants"); (c) the immediate and continuing right to collect and receive all rents, income, payments and profits arising out of all or any part of the Leases and the Premises (the "Rents"); (d) the right to all proceeds payable to Borrower pursuant to any purchase options on the part of any and all of the Tenants; and (e) all payments derived from any of the foregoing including, but not limited to, claims for and proceeds from (i) the recovery of damages done to the Premises or for the abatement of any nuisance existing on the Premises; (ii) damages resulting from any default under the Leases, whether resulting from acts of insolvency or acts of bankruptcy or otherwise; (iii) lump sum payments for the cancellation of any of the Leases or the waiver of any obligation or term of any of the Leases prior to any expiration date; and (iv) the return of any insurance premiums or ad valorem tax payments made in advance and subsequently refunded. The assignment described in this Section (the "Rents Assignment") is made for the purpose of securing the Obligations, as defined below. The Rents Assignment shall constitute a perfect, absolute and present assignment, provided Borrower shall have the right to collect, but not prior to accrual, all of the Rents and to retain, use and enjoy the Rents and to exercise all other rights (except as limited by this Assignment) and fulfill all other obligations under the Leases unless and until the occurrence of an Event of Default. Nothing contained in the Rents Assignment and no actions taken pursuant to the Rents Assignment, including acts or omissions after an Event of Default, shall be construed as constituting Lender a "Mortgagee in Possession" or "in control" of Borrower.

5. **ASSIGNMENT OF OTHER CONTRACTS.** Borrower grants, transfers and assigns to Lender, with right of reassignment, all of Borrower's rights, title and interest in, under and to any and all of the following that now exist or that exist at any time prior to the final satisfaction of the Obligations, as defined below (collectively, the "Contracts"): (a) property management contracts for any or all of the Property, including without limitation the Property Management Agreement that Borrower has entered into with Wangard Partners, Inc.; (b) contracts between Borrower and any architects and engineers pertaining to the design and construction of improvements to the Property and all plans, specifications, drawings and design documents, including all addenda, modifications, change orders and amendments; (c) all construction contracts, subcontracts and material supply contracts pertaining to the design and construction of improvements to the Property; and (d) all leasing and other similar contracts with agents that relate to the rental or operations of the Property. The other parties to the Contracts, including without limitation any property manager, architect, engineer, contractor, subcontractor, material supplier, leasing agent or other agent, are collectively referred to in this Mortgage as the "Other Contract Parties." This assignment shall include all permits, licenses, approvals, certificates and consents issued prior to, on or after the date of this Mortgage by any governmental or private authority or agency which relate to the Premises, the construction of any improvements to the Property or the Contracts and all payments derived from any of the Contracts including, but not limited to, claims for and proceeds from (i) the recovery of damages done to the Premises or for the abatement of any nuisance existing on the Premises; (ii) damages resulting from any default under any of the Contracts, whether resulting from acts of insolvency or acts of bankruptcy or otherwise; (iii) lump sum payments for the cancellation of any of the Contracts or the waiver of any obligation or term of any of the Contracts prior to any expiration date; (iv) rights under any payment or performance bonds assuring payment or performance of any of the Contracts; and (v) the

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return of any insurance premiums or ad valorem tax payments made in advance and subsequently refunded. The assignment described in this Section (the "Contracts Assignment") is made for the purpose of securing the Obligations, as defined below. The Contracts Assignment shall constitute a perfect, absolute and present assignment, provided Borrower shall have the right to receive and exercise all of the rights, benefits and privileges under the Contracts so long as no Event of Default has occurred. Nothing contained in the Contracts Assignment and no actions taken pursuant to the Contracts Assignment, including acts or omissions after an Event of Default, shall be construed as constituting Lender a "Mortgagee in Possession" or "in control" of Borrower.

6. OBLIGATIONS. Borrower grants this Mortgage to secure the Obligations, as further defined below, which include but are not limited to all of the following:

- (a) Note. Payment of the amounts described in the Note as extended or modified from time to time.
- (b) Other Payments. Payment of all other sums, together with interest, including, but not limited to, any potential costs in connection with any interest rate hedging arrangements that may arise under any transactions entered into under any ISDA Master Agreement and related documents between the Borrower and Lender (the "Swap Contracts"), as they become due and payable to Lender under the "Loan Documents" which, for purposes of this Mortgage, include this Mortgage, the Note, the Swap Contracts and all other documents which, at any time, secure or provide evidence for Borrower's obligations under the Note, the Swap Contracts or this Mortgage or which are executed or submitted by an Obligor, as defined below, in connection with the Loan, including all extensions, modifications and renewals of such documents.
- (c) Other Obligations. Performance and discharge of each and every of the Obligors' obligations, covenants and agreements described in the Loan Documents.
- (d) Costs of Collection. All costs and expenses to collect and enforce any and all of the Obligations, including reasonable attorneys' fees and expenses.

7. PRESENT AND FUTURE ADVANCES. "Obligor," as used in this Mortgage, includes, without limitation, Borrower and all makers, co-makers, endorsers and guarantors of any of the Obligations. "Obligations," as used in this Mortgage, includes, without limitation, all of the debts, obligations and liabilities of whatever nature or amount, as extended, renewed, modified or amended from time to time, arising out of credit or other financial accommodations previously granted, contemporaneously granted or granted in the future by Lender to or at the request of any Obligor in connection with this Loan, and all covenants, conditions and agreements contained in the Loan Documents and in all other documents which provide evidence for, secure or relate to any of the foregoing and, to the extent not prohibited by law, costs and expenses to collect and enforce the Obligations, including reasonable attorneys' fees and costs; **provided, however and at no time shall the principal amount of the Obligations secured by this Mortgage, not including sums advanced to protect the security of this Mortgage, exceed the Maximum Amount Secured. The "Maximum Amount Secured" shall mean the amount of Six Million Five Hundred Twenty Thousand and 00/100 Dollars (\$6,520,000.00).** This Mortgage shall continue to be a lien on the Property, as defined below, while any Obligation remains unpaid, regardless of when any Obligation arises, until such time as this Mortgage is released or satisfied of record. Because this Mortgage secures all Obligations of all Obligors to Lender, this Mortgage may secure Obligations in a greater dollar amount than the amount set forth in the Note. The amount set forth above is not necessarily, at any time, the actual amount of the Obligations due to Lender and secured by this Mortgage.

8. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender that, as of the date of this Mortgage and at all times until Lender has been fully repaid, the following representations and warranties are and shall remain true and correct:

- (a) Title to the Property. Borrower has clear and marketable title to the Property except only for (i) liens and security interests in favor of Lender; (ii) the items described on the attached Exhibit B (collectively, the "Permitted Encumbrances"); and (iii) leasehold interests of third-parties that Borrower has specifically identified to Lender in a current rent roll as of the date of this Mortgage. Lender does not, by acknowledging the existence of any such leasehold interest, agree that Lender will not or cannot foreclose any such leasehold interest at the time of the foreclosure of this Mortgage except [1] for residential leases to the extent such foreclosure is restricted by law; [2] to the extent Lender and the tenant have entered into a separate non-disturbance agreement; or [3] as otherwise restricted by law.

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(b) Title to the Collateral.

- (i) Borrower is the true and lawful owner of the Collateral.
- (ii) No lien, charge, security interest or encumbrance, other than the Permitted Encumbrances, affects or has attached to the Collateral.
- (iii) No financing statement, other than financing statements in favor of Lender and financing statements that are Permitted Encumbrances, which covers any of the Collateral, is on file in any public office.

(c) Environmental. Except as disclosed to Lender in that certain Phase I Environmental Site Assessment dated as of March 16, 2010 performed by ATC Associates Incorporated with a Project No. 011.22283.0077 (the "Environmental Report"):

(i) To the best of Borrower's knowledge based on the Environmental Report, no real or personal property that secures the Obligations, including the Property, has ever been used either by previous owners or occupants or by Borrower or any other current occupant to generate, manufacture, refine, transport, treat, store, handle or dispose of any toxic material, hazardous substance or hazardous waste other than Permitted Substances, as defined below. No such material, substance or waste other than Permitted Substances currently exists on the Property and no such material, substance or waste (including Permitted Substances) currently exists in the Property's soil or groundwater.

(ii) To the best of Borrower's knowledge based on the Environmental Report, no portion of the improvements on any real property that secures the Obligations, including the improvements on the Property, has been constructed with asbestos, asbestos-containing materials or urea formaldehyde insulation, and no portion of the improvements on the Property has been constructed with any other chemical or substance, other than Permitted Substances, which has been determined to be a hazard to health or the environment.

(iii) To the best of Borrower's knowledge based on the Environmental Report, there are no electrical transformers or other equipment which have dielectric fluid-containing polychlorinated biphenyls (PCB's) located in, on or under any real property that secures the Obligations, including the Property (the materials, substances and wastes, excluding Permitted Substances, described in Subsections (i), (ii) and (iii) are collectively referred to as "Hazardous Substances").

(iv) To the best of Borrower's knowledge based on the Environmental Report, no real property that secures the Obligations, including the Property, has ever contained any underground storage tanks.

(v) Other than the Environmental Report, no Obligor has received or has any knowledge of any summons, citation, directive, letter or other communication, written or oral, from any federal, state or local governmental authority concerning [1] the existence of Hazardous Substances on or in the immediate vicinity of any real or personal property that secures the Obligations, including the Property, or [2] any intentional or unintentional action or omission on the part of Borrower, any Obligor or any occupant of the Property resulting in the disposal, releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances onto any real property that secures the Obligations, including the Property, or into waters or other lands.

Any terms used in this Subsection or in any other provisions of this Mortgage that deal with environmental matters which are defined in federal, state or local statutes or regulations shall have the meanings ascribed to such terms in such statutes and regulations. Additionally, as used in this Mortgage, "Permitted Substances" means toxic materials, hazardous substances and hazardous wastes that are used, sold, handled, stored, transported and disposed of in compliance with all applicable laws and are either typically and lawfully used or sold by Borrower or the Tenants and others in their industries and are necessary or desirable for Borrower's or the Tenants' ongoing operations and sales or currently are typically and lawfully used in the maintenance or management of, or construction of improvements to, properties such as the Property.

(d) Rents and Leases.

(i) Borrower has full right, power and authority to make the Rents Assignment, Borrower has obtained all necessary consents to the Rents Assignment and neither the Rents Assignment nor any exercise by Lender of its rights under the Rents Assignment constitutes a breach under any of the Leases.

(ii) Borrower is now the absolute owner of the lessor's rights under the Leases, with full right and title to assign the Leases and the Rents.

(iii) Borrower has not performed any act or executed any instrument which might prevent Lender from operating under any of the terms and conditions of the Rents Assignment, or which would limit Lender in such operation.

(iv) The Leases are valid, are in full force and effect and have not been modified or amended.

(v) Borrower has not entered into any outstanding assignments or pledges of the Leases or the Rents.

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(vi) Except as specifically disclosed to Lender in writing, there are no existing defaults under the provisions of the Leases on the part of any party to the Leases, and there has been no act or omission that would constitute such a default on the giving of notice or the passage of time or both.

(vii) None of the Rents have been waived, anticipated, discounted, compromised or released, except as otherwise permitted in this Mortgage.

(viii) None of the Tenants has any defenses, set-offs or counterclaims against Borrower.

(e) Contracts.

(i) Borrower has full right, power and authority to make the Contracts Assignment, Borrower has obtained all necessary consents to the Contracts Assignment and neither the Contracts Assignment nor any exercise by Lender of its rights under the Contracts Assignment constitutes a breach under any of the Contracts currently in effect (the "Current Contracts").

(ii) Borrower has provided true and correct copies of all of the Current Contracts to Lender.

(iii) Borrower has not performed any act or executed any instrument which might prevent Lender from operating under any of the terms and conditions of the Contracts Assignment, or which would limit Lender in such operation.

(iv) The Current Contracts are valid, are in full force and effect and have not been modified or amended.

(v) Borrower has not entered into any outstanding assignments or pledges of the Contracts.

(vi) Except as specifically disclosed to Lender in writing, there are no existing defaults under the provisions of the Current Contracts on the part of any party to the Current Contracts, and there has been no act or omission that would constitute such a default on the giving of notice or the passage of time or both.

(vii) None of the Other Contract Parties has any defenses, set-offs, counterclaims against Borrower.

(viii) None of the Other Contract Parties has any claims for payments in connection with the Current Contracts except as described in the Current Contracts.

(f) Enforceability of Loan Documents.

(i) Each Obligor has the legal power and authority to execute, deliver and perform the Loan Documents each has signed.

(ii) The Loan Documents have been duly executed by all appropriate parties.

(iii) Each of the Loan Documents is a valid, binding and legally enforceable obligation in accordance with its terms of the Obligor signing it.

(iv) The execution, delivery and performance of the Loan Documents and the creation of liens in the Loan Documents do not require the consent or approval of any governmental body or other regulatory authority and do not violate or conflict with any law, rule, regulation, order, writ, judgment, decree, determination or award currently in effect by which an Obligor or an Obligor's property is bound or any agreement, indenture or undertaking to which an Obligor is a party or by which an Obligor or any Obligor's properties may be bound or affected.

(v) Borrower believes that Lender has acted in good faith in the negotiation of the Loan Documents.

(vi) There are no oral agreements or understandings, or written agreements or understandings that predate this Mortgage, by or between Lender and any Obligor, or any usage of trade or course of dealing among the parties that would, in any case, define, qualify or supplement the terms of any of the Loan Documents.

(g) Entity Matters. If an Obligor is an entity (business organization):

(i) It [1] is the form of entity described elsewhere in the Loan Documents including, if applicable, in the opening paragraph of this Mortgage; [2] is duly organized and existing under the laws of the state of its organization or incorporation; [3] is in good standing to do business in the states of: (i) Wisconsin and (ii) Illinois for the conduct of its operations in the State of Illinois; [4] has not been administratively dissolved or filed articles of dissolution; [5] has not taken any action which would cause it to dissolve or failed to take any action if such failure would require its dissolution; [6] has the power, authority, rights and franchises to own property and to carry on its business as now conducted; and [7] is duly qualified and in good standing in each state in which the character of the properties owned by it, or the conduct of its business, makes such qualification necessary.

(ii) The execution, delivery and performance of the Loan Documents are duly authorized and do not violate or conflict with any term or provision of its organizational documents.

(h) Other Agreements in Favor of Lender.

(i) All representations, warranties and certifications in the Loan Documents are true and correct.

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(ii) No Event of Default exists or would exist upon the giving of notice or the passage of time or both or will exist in the future.

(iii) The representations made in Borrower's application for the Loan, including all supporting documents, were at the time given and remain true and correct in all material respects.

(i) Litigation. No litigation, arbitration or other proceeding is pending or threatened that would have a material adverse effect on any Obligor and was not disclosed to Lender involving any Obligor or any Obligor's property or otherwise affects any Obligor or any Obligor's property; no Obligor is the subject of any voluntary or involuntary bankruptcy, insolvency or receivership proceedings; no Obligor has made an assignment for the benefit of creditors; and no Obligor is in default under any order, writ, injunction or decree of any court or governmental regulatory authority.

(j) Other Delinquencies. No Obligor has delinquent income, payroll, sales, real estate or personal property taxes owing any governmental entity or agency, and each Obligor has timely filed all federal, state, and local tax returns. No tax liens or judgments exist which would result in a lien attaching to any of the Property.

(k) Changes. Since Borrower's application for the Loan, there has been no:

(i) Unremedied substantial adverse change in the financial or other condition of an Obligor, and Borrower has and shall have the ability to repay Borrower's obligations to Lender.

(ii) Change, if Borrower is an entity, in the ownership of Borrower (including the number or identity of its owners or their percentage of ownership), and Borrower's management (officers, directors and the like) or in the form of Borrower's business organization.

(iii) Material change in the operation of Borrower, including the type of business operated by Borrower.

(l) Zoning. The Property complies with all zoning and other governmental permit requirements and is zoned for the use to which Borrower intends to put it.

(m) Name. The name specified for Borrower in this Mortgage and each other of the Loan Documents is the complete and correct legal name of Borrower. If Borrower is one or more individuals, each name so specified for Borrower is the complete and correct name (other than one or more middle initials may have been substituted for one or more middle names) either specified on Borrower's birth certificate or given to Borrower at the time of any legal name change.

(n) Generally. Each Obligor has disclosed to Lender all material information available to such Obligor that is necessary to assure that the representations and warranties made in this Mortgage are not misleading.

9. **AFFIRMATIVE COVENANTS**. From the date of this Mortgage until payment in full of the Note, unless Lender otherwise gives its advance written consent, Borrower shall, at its sole cost and expense:

(a) Payment and Performance.

(i) Pay all sums due under the Loan Documents when and as they become due and payable in accordance with the terms of the Loan Documents.

(ii) Cause each Obligor to comply with all covenants and agreements in the Loan Documents.

(iii) Cause each Obligor to ensure that the certifications and representations set forth in the Loan Documents are and remain true and correct at all times, as if given from time to time, during the term of the Loan.

(b) Loan Documents. Execute and deliver from time to time to Lender all other conveyances and instruments as Lender requests to ensure that the Property is subject to the lien of this Mortgage on the public record, including, but not limited to, provided any required documentation and all final lien waivers acceptable to Chicago Title Company to allow it to issue its final title policy for the Property by December 31, 2010.

(c) Escrows. Pay, after an Event of Default:

(i) In escrow to Lender an amount (either in single payment, monthly fractional payments, or a combination of such payments, at Lender's option), which Lender estimates to be sufficient to enable Lender to pay at least 30 days before they become due [1] all taxes, assessments, and other similar charges levied against the Property, [2] all insurance premiums on any required policy or policies of insurance under this Mortgage, and [3] all premiums for any mortgage guaranty insurance, if any of the Obligations are guaranteed by such insurance.

(ii) To Lender, upon demand, such additional amounts as are necessary to allow these items to be paid in full when due.

(iii) Any amount by which the actual taxes or insurance premiums exceed the amount collected in escrow by Lender.

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Lender may commingle escrowed funds with Lender's general funds. No interest shall be paid on escrowed funds. Lender shall not be obliged to make a payment from any escrow account more than once a year. Lender may make such payments by delivering a check to Borrower which is made payable to the order of the appropriate tax collecting authority or official or insurer. Lender shall have no liability for under-estimating any escrowed amounts.

(d) Condition and Repair. Keep the Property in good usable condition and repair, restore or replace damaged, obsolete or destroyed improvements and fixtures, pay all bills for repairs and replacements and any and all expenses related to the Property so that no lien may be created against the Property, and exhibit upon demand, at Lender's office, evidence of such payment.

(e) Ordinances. Comply with all laws, ordinances and regulations that affect the Property.

(f) Liens. Keep the Property free from all liens and encumbrances except as otherwise specifically provided in this Mortgage.

(g) Collateral.

(i) Use the Collateral solely for business purposes, either for Borrower's own use or as the equipment and furnishings leased or furnished by Borrower, as landlord, to tenants of the Premises.

(ii) Keep the Collateral on the Premises or at other locations preapproved in writing by Lender.

(iii) From time to time provide Lender on request with itemizations of all of the Collateral, and such itemizations shall describe the location of the Collateral.

(iv) On demand, deliver to Lender all financing statements and other documents which Lender requires from time to time to establish, perfect and continue perfection of Lender's security interest in the Collateral and to protect the priority of Lender's security interest.

(v) Give advance written notice of any proposed change in Borrower's name, identity, principal place of business, state of organization or structure, only make such a change with the advance written consent of Lender and execute and deliver to Lender prior to or concurrently with such change all additional financing statements and other documents which Lender requires in connection with such change.

(vi) Pay all expenses of renewing the financing statements of record if any such financing statement shall expire by reason of statutory law prior to the termination of this Mortgage.

(h) Environmental.

(i) Comply and cause all users and occupants of the real and personal property that secures the Obligations, including without limitation the Property, to comply with all federal, state and local laws, rules, regulations and orders with respect to the use, discharge, generation, removal, transportation, storage and handling of Hazardous Substances, underground storage tanks and other environmental matters, immediately remove any Hazardous Substances other than Permitted Substances discovered on the real or personal property, or both, that secures the Obligations, including without limitation the Property, and pay or cause to be paid all costs associated with such removal.

(ii) Commence and diligently pursue such actions in a manner allowed by law that are necessary to remove any Hazardous Substances, other than Permitted Substances, that are found at any time to exist on the real or personal property, or both, that secures the Obligations, including without limitation the Property, or in the soil or groundwater of any such real property.

(iii) Keep all real and personal property that secures the Obligations, including without limitation the Property, free of any lien imposed pursuant to any federal, state or local law, rule, regulation or order in connection with the existence of Hazardous Substances or underground storage tanks.

(iv) Notify Lender at any time it learns, believes or suspects that there may be Hazardous Substances in or around any of the real or personal property that secures the Obligations, including without limitation the Property.

(v) Cure the cause of any summons, citation, directive, letter or other communication, written or oral, concerning any environmental matter issued by any federal, state or local governmental authority to any Obligor related to any real or personal property, or both, that secures the Obligations, including without limitation the Property, during the period described in such communication.

(i) Leases.

(i) Faithfully abide by, perform and discharge each and every obligation, covenant and agreement of the Leases to be performed by Borrower.

(ii) Use its best efforts to enforce or secure the performance of each and every obligation, covenant, condition and agreement of the Tenants.

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(iii) Deliver to Lender, upon request, executed copies of any and all other and future leases upon all or any part of the Premises.

(iv) Make, execute and deliver to Lender upon demand, and at any time or times, any and all assignments and other instruments required by Lender to assign the Leases and the Rents or to carry out the purposes and intents of the Rents Assignment

(v) Give prompt notice to Lender of any notice received from any tenant of default on the part of Borrower with respect to any of the Leases, together with an accurate and complete copy of any such notice.

(vi) Short of termination of any of the Leases, enforce or secure the performance of each and every obligation, covenant, condition and agreement of the Leases to be performed by each of the Tenants.

(vii) Appear in and defend any action or proceeding arising under, growing out of or in any manner connected with any of the Leases or the obligations, duties or liabilities of Borrower under any of the Leases, and pay all costs and expenses of Lender, including attorneys' fees, in any such action or proceeding in which Lender, in its sole discretion or as compelled by law, may appear.

(viii) Upon an Event of Default and demand by Lender, transfer to Lender all security deposits held by Borrower in connection with the Leases. All security deposits transferred to Lender shall become the absolute property of Lender to be applied in accordance with the provisions of the Leases. Lender may hold such deposits without any allowance of interest. Until Lender makes such demand and the deposits are paid over to Lender, Lender assumes no responsibility to the Tenants for such deposits. After such deposits are paid over to Lender, Lender shall be responsible for the return of such deposits to the Tenants which paid such deposits in an amount not to exceed the amount of deposit received by Lender on the account of each of the Tenants.

(ix) Pay immediately upon demand all sums expended by Lender pursuant to the Rents Assignment together with interest on such sums according to the rate specified in the Note. Such sums shall be added to the indebtedness and shall be part of the Obligations.

(j) Contracts.

(i) Faithfully abide by, perform and discharge each and every obligation, covenant and agreement of the Contracts to be performed by Borrower.

(ii) Use its best efforts to enforce or secure the performance of each and every obligation, covenant, condition and agreement of the Other Contract Parties.

(iii) Deliver to Lender, upon request, executed copies of any and all other and future Contracts.

(iv) Make, execute and deliver to Lender upon demand, and at any time or times, any and all assignments and other instruments required by Lender to assign the Contracts or to carry out the purposes and intents of the Contracts Assignment

(v) Give prompt notice to Lender of any notice received from any of the Other Contract Parties of default on the part of Borrower with respect to any of the Contracts, together with an accurate and complete copy of any such notice.

(vi) Short of termination of any of the Contracts, enforce or secure the performance of each and every obligation, covenant, condition and agreement of the Contracts to be performed by each of the Other Contract Parties.

(vii) Include, in all future Contracts between Borrower and any of Borrower's affiliates, the right of cancellation on 30 days' prior written notice without any claim against the Property.

(viii) Appear in and defend any action or proceeding arising under, growing out of or in any manner connected with any of the Contracts or the obligations, duties or liabilities of Borrower under any of the Contracts, and pay all costs and expenses of Lender, including attorneys' fees, in any such action or proceeding in which Lender, in its sole discretion or as compelled by law, may appear.

(ix) Pay immediately upon demand all sums expended by Lender pursuant to the Contracts Assignment together with interest on such sums according to the rate specified in the Note. Such sums shall be added to the indebtedness and shall be part of the Obligations.

(k) Financial Statements, Rent Rolls and Operating Statements.

(i) Cause, within 90 days after the end of each of Borrower's fiscal years until this Mortgage is satisfied, Borrower, each guarantor of the Obligations and, if Borrower is a partnership, each of Borrower's general partners, to furnish to Lender certified financial statements (including a balance sheet and income statement).

(ii) Provide to Lender [1] within thirty (30) days after the end of each calendar quarter, a certified rent roll for the improvements on the Premises and [2] within 90 days after the end of each of Borrower's

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fiscal years, a certified operating statements for such improvements which include at least gross income (itemized as to source), operating expenses (itemized), depreciation charges and net income before and after federal taxes.

(iii) Provide, as required by Lender in its reasonable discretion, such rent rolls, financial statements and operating statements to Lender more frequently.

If Lender is not provided with such documents or the rent rolls when required, Lender shall have the right, in addition to any other rights and remedies, to audit the applicable books and records at Borrower's expense. Such documents shall be in form reasonably satisfactory to Lender. As used in this Subsection, a document is "certified" if it contains, or is appended to, a statement that states that it is true and correct and it is signed by the subject individual personally, a general partner, member or officer of a subject entity, a certified public accounting firm engaged by the subject individual or entity or the subject individual's or entity's property manager. If such statement is executed by a certified public accounting firm or a property manager, it shall be deemed to be made by the subject individual or entity rather than the accounting firm or property manager.

(l) Inspections and Reviews. Allow Lender the right at all reasonable hours to inspect the Property and provide Lender free access to Borrower's premises for the purpose of such inspection.

(m) Taxes.

(i) Pay, before they become delinquent all taxes, special and other assessments and other charges which are levied or assessed at any time by virtue of any law or assessment against any or all of the following: [1] Borrower; [2] the Property; [3] Lender as a result of the Loan (other than ordinary income taxes payable by Lender); [4] Lender's interest in the Property; and [5] the Obligations. If Borrower desires to contest any such taxes, special and other assessments and other charges, Borrower shall nevertheless pay them under protest in the manner provided for by law.

(ii) Upon request or according to any schedule set by Lender, deliver to Lender receipts showing the timely payment of such taxes, assessments and charges.

(n) Insurance.

(i) Keep the Property insured against direct loss or damage occasioned by fire, extended coverage perils and such other hazards as Lender reasonably requires from time to time by written notice to Borrower. Such insurance shall be issued in an amount at least equal to the full value of the Collateral and improvements to the Property.

(ii) Maintain general public liability insurance and worker's compensation insurance with coverages and in amounts Lender reasonably requires from time to time by written notice to Borrower.

(iii) Purchase federal flood insurance in amounts and coverages satisfactory to Lender if, at any time during the term of the Loan, FEMA Form 91-93 (or any replacement form) shows that any portion of the Property or other collateral that secures the Loan is located within a special flood hazard area.

(iv) Maintain the foregoing insurance with insurers approved by Lender; pay all insurance premiums when due; ensure that all policies contain a mortgagee loss payable clause (or other clause(s) required by Lender) in favor of Lender, in form and content reasonably acceptable to Lender; deposit originals of all insurance policies covering the property with Lender; and promptly give written notice of loss to all insurers and Lender.

(v) Pay to Lender, subject to Section 13, any property insurance proceeds received, directly or indirectly, by an Obligor in connection with the Property.

(o) Condemnation Proceeds. Pay to Lender, subject to Section 13, all compensation received for any taking by condemnation proceedings of (including payments in compromise) and damages for any injury to all or part of Property.

(p) Notice of Defaults. Give written notice to Lender and Lender of any Event of Default within 15 days of learning of such Event of Default.

(q) Debt Service Coverage Ratio. Borrower shall at all times maintain a Debt Service Coverage Ratio of 1.15 to 1.00 for the Property measured annually on June 30th of each year. The "Debt Service Coverage Ratio" shall be calculated by taking the sum of (i) all rental revenue derived from operations of the Property minus standard operating expenses, plus (ii) depreciation and plus (iii) interest expense divided by the debt service of principal and interest payments to be made by Borrower to Lender in connection with the Loan, all as determined in a manner acceptable to Lender in its discretion for the previous twelve (12) months.

(r) Hold Back Reserve Account. Borrower shall establish an escrow account with Lender in an amount of \$141,653.53 (the "Hold Back Reserve Account") that will be used for tenant improvements to the Property pursuant to the terms as set forth in that certain Hold Back Reserve Agreement between Borrower and Lender dated as of the date of this mortgage.

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10. **NEGATIVE COVENANTS.** From the date of this Mortgage until payment in full of the Note, unless Lender otherwise gives its advance written consent, no Obligor shall:

(a) **Liens.** Create, incur, permit or assume any mortgage, pledge, lien, charge or encumbrance of all or any part of the Property except for the Permitted Encumbrances and other encumbrances specifically allowed by this Mortgage.

(b) **Transfers.** Permit Borrower to sell (including any installment sale), partition, convey, lease, assign, encumber or otherwise dispose of or transfer, directly or indirectly, all or any part of the Property, whether legal or equitable and whether voluntary or involuntary. Notwithstanding the foregoing, Borrower may enter into leases for tenant space provided such leases are made in the ordinary course of business. As used in this Mortgage, the phrase "in the ordinary course of business" means conduct that occurs before an Event of Default that is commercially reasonable, in accordance with customary leasing and property management practices in the community in which the Premises are located and intended to enhance the value of the Property.

(c) **Control.** Without the prior written consent of Lender:

(i) Permit or take any act or make any omission that would have the effect of directly or indirectly changing the ownership or control of Borrower, including without limitation, if Borrower is an entity, the sale (including any installment sale), conveyance, assignment or other transfer by it or any of its equity holders of any equity or voting interest or the issuance of any equity or voting interest of any class or type by it to any person or entity or entities so as to change the now existing proportionate ownership and control interests of the existing equity holders.

(ii) Obtain any financing which, or any part of which, will be secured by a lien against or assignment of any equity interest in Borrower.

No consent to any such transfer shall constitute consent to any further such act. Lender may require Borrower to pay the entire unpaid balance of the Obligations upon the occurrence of any unpermitted transfer.

(d) **Waste.** Commit or permit waste upon the Property or do or permit any act which would weaken, diminish or impair the Property.

(e) **Alteration or Removal.** Remove, demolish, or materially alter, or permit the removal, demolition or material alteration of any part of the Property without Lender's prior written consent, which consent shall not be unreasonably withheld or delayed, except Borrower may, without prior consent, remove a fixture provided the fixture is promptly replaced with another fixture of at least equal utility and quality.

(f) **Collateral.** Except as otherwise provided in this Mortgage,

(i) Grant a security interest, or otherwise convey any interest, in any of the Collateral to any person or entity other than Lender. Notwithstanding the foregoing, until otherwise advised by Lender, Borrower may sell inventory that is part of the Collateral, if any, in the ordinary course of business (as defined above) on customary business terms and at usual prices and may collect as Lender's agent the sums due on accounts receivable and contract rights that are part of the Collateral, if any.

(ii) Remove the Collateral from the Premises or other locations preapproved in writing by Lender without the prior written consent of Lender.

(g) **Environmental.**

(i) Install or permit to be installed or to exist in or on any real or personal property that secures the Obligations, including without limitation the Property, other than Permitted Substances, any asbestos, asbestos-containing materials or urea formaldehyde insulation or any other chemical or any substance which has been determined to be a hazard to health or the environment.

(ii) Cause or permit to exist, as a result of an intentional or unintentional act or omission on the part of Borrower or any user or occupant of the real or personal property, or both, that secures the Obligations, including without limitation the Property, a releasing, spilling, leaking, pumping, emitting, pouring, emptying or dumping of any Hazardous Substances onto the real property that secures the Obligations, including without limitation the Premises, or into waters or other lands.

(h) **Leases and Contracts.** Except in the ordinary course of business (as defined in Section 10(b) above):

(i) Enter into any lease for all or any part of the Premises or any of the Contracts.

(ii) Modify, extend, renew or in any way alter the terms of any of the Leases or the Contracts.

(iii) Terminate or accept a surrender of any of the Leases or the Contracts.

(iv) Anticipate the Rents by more than one month.

(v) Permit any assignment or sublease of all or any part of any interest under any of the

Leases or the Contracts.

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(vi) Waive, excuse, condone or in any manner release or discharge any of the Tenants or the Other Contract Parties of or from their obligations, covenants, conditions and agreements under their Leases or the Contracts, including the Tenant's obligation to pay the Rents in the manner and at the place and time specified in the Leases.

(vii) Borrow against, pledge, or assign any amounts payable under the Leases or the Contracts.

(viii) Consent to a subordination or assignment of the interest of the Tenants under the Leases to any party other than Lender.

(ix) Despite any provision in any of the Leases or the Contracts, transfer or convey fee title to the Premises to any Tenant or any of the Other Contract Parties.

(i) Burdensome Agreements. Enter into any agreement or other commitment if the execution, delivery or performance of such agreement or commitment would constitute a breach of any of the covenants or agreements contained in this Mortgage (other than a purchase contract provided that Borrower satisfies the Loan at the time of any sale or a commitment for refinancing if Borrower is able to pay and does pay any prepayment premium or yield maintenance premium required by the Note at the time of the refinancing).

(j) Merger. Consolidate or merge with any other company.

11. **REPLACEMENT OF THE COLLATERAL.** If Borrower, in Borrower's sound discretion, determines that any item of the Collateral has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary for the operation of the Property, Borrower may, at Borrower's expense, remove and dispose of it and substitute and install other items not necessarily having the same function, provided that such removal and substitution shall not impair the operating utility and unity of the Premises. All substituted items shall be deemed a part of the Premises and subject to the lien of this Mortgage. Any amounts received or allowed Borrower upon the sale or other disposition of the removed items of Collateral shall be applied first against the cost of acquisition and installation of the substituted items.

12. **INSURANCE.** Each insurer that provides policies pursuant to the terms of this Mortgage is authorized and directed to make payments for loss directly to Lender unless Lender otherwise agrees in writing. All proceeds from such insurance shall be applied as described in the following Section. In the event of foreclosure of this Mortgage or other transfer of title to the Property, all right, title and interest of Borrower in and to any insurance then in force shall pass to the purchaser or grantee or, at the option of Lender, may be surrendered for a refund; however, Lender's interest shall not be affected by any such transfer.

13. **CONDEMNATION AND INSURANCE PROCEEDS.**

(a) Notice. Borrower shall give immediate notice to Lender of any material damage to or destruction of all or any part of the Improvements. Additionally, Borrower shall give Lender immediate written notice of the actual or threatened commencement of any proceedings by any governmental body for the purpose of taking or otherwise affecting by condemnation, eminent domain or otherwise all or any part of the Property, including any easement or any appurtenances to the Premises or the severance of any part of the Premises and consequential damage and change in grade of streets (in any such event, a "condemnation"). Borrower shall, with its notice of a condemnation and upon receipt after such notice, deliver to Lender copies of any and all papers served in connection with any such proceedings. Any damage or condemnation notice shall describe the nature and extent of such damage, destruction or taking.

(b) Authority to Use Proceeds. Condemnation and insurance proceeds (in either case, the "proceeds") may, at Borrower's election, be applied to the outstanding principal balance of the Obligations provided that Borrower pays any applicable prepayment premium or yield maintenance premium. Alternatively, if the cost of restoring, replacing, rebuilding or repairing (in any such instance a "repair") any damage to the Property is less than 50% of the cost of replacement of all of the Property, or if less than one-third of the leasable area of the improvements on the Property is condemned or taken by eminent domain, Borrower may elect to use the proceeds to repair the Property provided all of the following are true:

(i) The Improvements can be rebuilt to be substantially similar to those financed to date and can, with the repair and any further construction that will be or were originally anticipated to be paid for out of the proceeds of the Loan, be operated for the purpose utilized or contemplated prior to such damage, destruction or taking.

(ii) No Event of Default, as defined below, exists or would exist upon the giving of notice or the passage of time or both.

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(iii) The appraised value of the Property after the repair will not have been reduced from its appraised value as of the date of this Mortgage or the loan-to-value ratio for the Loan after completion will be no more than the loan-to-value ratio for the Loan as of the date of this Mortgage.

(iv) Tenants under leases of the Property are acceptable to Lender and provide for sufficient gross annual fixed rental income to cover all annual operating expenses of the Property, including payment of all principal and interest under the Note, and such tenants are obligated to occupy the Property without any abatement or adjustment of rental payments (other than temporary abatements during the period of repair).

(v) Any damage or destruction was not the intentional act of Borrower.

(vi) Upon Lender's demand, Borrower deposits with Lender any sums necessary to make up any deficiency between the actual costs of the work and the amount of the proceeds.

Borrower shall make its election concerning the proceeds in a written notice to Lender no later than 30 days after Borrower receives notice of such damage or condemnation.

If Borrower does not have the right to elect to repair, Borrower fails to make its election as required or Borrower elects to use the proceeds for repair and any of the foregoing conditions are not met, the proceeds shall be, in Lender's sole discretion, either applied to the outstanding principal balance of the Obligations, with any applicable prepayment premium or yield maintenance premium to be paid by Borrower, or used to repair the Property in whole or in part.

(c) Assignment of Claims and Power of Attorney to Collect. Any and all of the proceeds awarded or payable to the present and all subsequent owners of the Premises (including any award from the United States government or any other governmental body at any time after the allowance of any claim, the ascertainment of the amount of such claim and the issuance of the award for payment of such claim) are assigned by Borrower to Lender. Borrower irrevocably constitutes and appoints Lender as Borrower's true and lawful attorney-in-fact with full power of substitution for Borrower and in Borrower's name, place and stead to collect and receive the proceeds, which power shall be deemed coupled with an interest and shall be irrevocable and unconditional. Notwithstanding the foregoing, Lender shall allow Borrower to negotiate settlement of, or make claim for, such claims and proceeds (subject to Lender's reasonable approval of the manner of making and prosecuting such claim and the amount of any settlement), provided no Event of Default, as defined below, exists or would exist upon the giving of notice or the passage of time or both and Borrower uses all reasonable efforts to collect the fair value of such claims; however, all of the proceeds shall be paid to Lender to be disbursed pursuant to this Section.

(d) Repair. If Borrower properly and timely elects to repair the Property, or if the right to elect belongs to Lender pursuant to this Section and Lender elects to have Borrower repair the Property, Borrower shall cause the Improvements to be repaired as nearly as possible to their value, condition and character immediately prior to such damage, destruction or condemnation. Such repair shall be effected promptly. If this is a construction loan and the damage or condemnation occurs during any construction term of the Loan, Borrower shall notify Lender if it appears that such repair may delay completion of construction beyond the completion date specified in the Loan Documents. Neither damage to or destruction of the improvements nor condemnation shall excuse a failure to complete the improvements on or before any required completion date unless a delay in completion shall specifically be approved at the time in writing by Lender.

Any repair shall be done under the supervision of an architect acceptable to Lender and pursuant to specifications approved by Lender. The proceeds shall be held by Lender for such purposes and shall from time to time be disbursed to defray the costs of such repair under such safeguards and controls as Lender reasonably requires to assure completion in accordance with the approved plans and specifications and free of liens or claims. Borrower shall, upon demand, deposit with Lender any sums necessary to make up any deficiency between the actual costs of the work and the amount of the proceeds and shall provide such lien waivers and completion bonds as Lender reasonably requires. If the proceeds are to be used pursuant to this Section to repair the Property, Lender may, upon five days' prior written notice to Borrower, do all acts which Borrower fails or refuses to do and which Lender determines in its reasonable discretion are necessary to accomplish that purpose, including using funds deposited by Borrower with Lender for any purpose and advancing additional funds. All such additional funds shall constitute Obligations.

If the Property is to be repaired, Lender shall return to Borrower any excess of the proceeds above the amount necessary to complete such repairs provided that no Event of Default exists or would occur upon the giving of notice or the passage of time or both.

(e) Application Against Balance. If the proceeds are not to be used to repair the Property: [1] Lender's obligation, if any, to make further advances shall cease; [2] at Lender's option, the Loan shall mature and become immediately due and payable; [3] Lender shall apply the proceeds against the Obligations as described in the Note; and [4] Lender shall return to Borrower any excess of the proceeds above the amount necessary to

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satisfy the Obligations. Borrower shall pay any applicable prepayment premium or yield maintenance premium at the time of any such application against the Obligations.

14. **SUBROGATION.** Lender is subrogated to all rights, remedies, claims and liens of any person or Obligor satisfied in whole or part from any portion of the proceeds of any Obligation. Lender is also subrogated to the lien of any mortgage, other lien or security interest discharged in whole or in part by any portion of the proceeds of any Obligation.

15. **INDEMNIFICATIONS.**

(a) **Generally.** Borrower shall irrevocably defend, indemnify and hold harmless Lender and its employees, agents, successors and assigns (the "Indemnified Parties") from and against any and all claims, demands, losses, damages, liabilities, judgments, costs and expenses (including, without limitation, attorneys' and consultants' fees and costs) which the Indemnified Parties, or any of them, may or might incur with respect to or in connection with any or all of the following:

(i) The investigation, defense and settlement of claims incurred by, or asserted against, the Indemnified Parties as a result of or in connection with the presence, remediation or removal of any Hazardous Substances on the real or personal property, or both, that secures the Obligations, including without limitation the Property, or as a result of or in connection with other activities prohibited or required in connection with environmental matters.

(ii) The Leases or under or by reason of the Rents Assignment, including without limitation, any and all claims and demands whatsoever which may be asserted against any or all of the Indemnified Parties or the Property by reason of any alleged obligation or undertaking on any of their parts to perform or discharge any of the terms, covenants or agreements contained in the Leases (including claims by any Obligor, the Tenants and others).

(iii) The Contracts or under or by reason of the Contracts Assignment, including without limitation, any and all claims and demands whatsoever which may be asserted against any or all of the Indemnified Parties or the Property by reason of any alleged obligation or undertaking on any of their parts to perform or discharge any of the terms, covenants or agreements contained in the Contracts (including claims by any Obligor, the Other Contract Parties and others).

(iv) Any acts or omissions of any Obligor, their assigns, agents or any combination of them.

(b) **Satisfaction of Obligations.** Borrower shall bear, pay and discharge, as and when they become due and payable, any and all judgments or claims for damages, penalties or other amounts for which the Indemnified Parties become liable, shall hold the Indemnified Parties harmless against all claims, losses, damages, liabilities, costs and expenses, and shall assume the burden and expense of defending (with Lender's counsel if Lender so chooses) all suits, administrative proceedings, and negotiations of any description with any and all persons, political subdivisions or government agencies arising out of any of the events and occurrences described in this Section.

(c) **Survival.** THESE INDEMNIFICATIONS ARE SEPARATE AGREEMENTS OF BORROWER WHICH SHALL SURVIVE ANY TERMINATION, SATISFACTION, ASSIGNMENT OR FORECLOSURE OF THIS MORTGAGE OR THE ACCEPTANCE OF A DEED IN LIEU OF FORECLOSURE.

16. **INSPECTIONS.** Borrower authorizes Lender and its employees and agents, and grants them an irrevocable and non-exclusive license, to enter the Property and to make or cause to be made, at Borrower's expense and in such manner and at such times as Lender may require, inspections, audits and appraisal of (a) books, records and papers in the custody or control of Borrower or others that relate to the financial or business conditions of Borrower, any Obligor or any combination of them, including the making of copies of and extracts from such books, records and papers, (b) the assets of Borrower, any Obligor or any combination of them, including appraisals of the Property and inspections related to the condition of the Property and (c) the Property for Hazardous Substances. All related costs of any such inspection, appraisal, test or investigation shall immediately become due and payable to Lender and shall constitute Obligations secured by this Mortgage.

17. **EVENTS OF DEFAULT.** As used in this Mortgage, any one or more of the following shall constitute an "Event of Default" (in addition to Events of Default defined elsewhere in this Mortgage):

(a) **Payments.** Any payment required under the Note is not made when due and such default is not cured on or before the date ten (10) days after the due date, or an Obligor fails to make any other payment Obligation when due, including, but not limited to, the Swap Contracts, and such default is not cured after any

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required notice and before the expiration of any applicable grace period described in the Swap Contracts or any document which secures or provides for such Obligation.

(b) Representations and Warranties. An Obligor makes a representation or warranty in the Loan Documents, or elsewhere, to Lender which is false or misleading in any material respect when made, or if any such representation or warranty made prior to or contemporaneously with the execution and delivery of this Mortgage proves untrue or misleading in any material respect which would imperil the financial ability of either Borrower to repay the Loan or Guarantor to fulfill its guarantee obligation.

(c) Death. Both Obligors die or a surety for any Obligation ceases to exist.

(d) Non-Monetary. Except as otherwise specified in any of the Loan Documents for the breach of any covenant or agreement described in such document, Borrower fails to observe or perform or breaches any of the covenants or agreements contained in this Mortgage, the Swap Contracts or any of the Loan Documents and such failure or breach remains uncured for thirty (30) days after written notice to Borrower.

(e) Other Agreements. The breach of any agreement by Borrower in favor of Lender which is not cured within an applicable cure period specified in such agreement.

(f) Leases. A default by Borrower, as landlord, under any lease of all or any part of the Property which is not cured within thirty (30) days after written notice from Lender to Borrower.

(g) Hazardous Substances. Any Hazardous Substances, other than Permitted Substances, are found at any time to exist on the Property or in its soil or groundwater and Borrower fails to commence and diligently pursue such actions as are necessary to remove such Hazardous Substances from the Property in a manner allowed by law.

(h) Government Directives. Any summons, citation, directive, letter or other communication, written or oral, shall be issued by any federal, state or local governmental authority concerning any matter described in Subsection 9(h)(v) or any other matter relating to the condition of the Property and Borrower fails to cure the cause of such communication during the lesser of (i) the period described in Subsection 17(d) or (ii) the period described in such communication.

(i) Insolvency. Any Obligor (i) makes a general assignment for the benefit of creditors; (ii) admits in writing its, his or her inability to pay debts as they become due; (iii) files a petition by which it, he or she becomes the subject of bankruptcy or insolvency proceedings; (iv) is adjudicated bankrupt or insolvent; (v) files a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation; (vi) files an answer admitting or fails to contest the material allegations of a petition against it, him or her in any such proceeding; (vii) seeks, consents to or acquiesces in the appointment of any trustee, receiver or liquidator for such Obligor or any material part of its, his or her properties; (viii) suspends its, his or her business or discontinues such business as a going concern; or (ix) is charged with a felony or any serious crime.

(j) Involuntary Insolvency Proceedings. Any involuntary proceeding is filed against an Obligor which seeks any reorganization, bankruptcy, arrangement, composition, readjustments, liquidation, dissolution, receivership or similar relief under any present or future statute, law or regulation which is not dismissed within 30 days of the date filed.

(k) Transfers of the Property. Any breach of Subsection 10(b) of this Mortgage.

18. ACCELERATION AND REMEDIES.

(a) Acceleration. Upon the occurrence of an Event of Default, all Obligations secured by this Mortgage, including all amounts which may be or have been advanced by Lender to protect the security of this Mortgage ("Advances") shall, at the option of Lender and without further notice, which notice Borrower expressly waives, be immediately due and payable.

(b) Generally. Lender may enforce or collect such Obligations and Advances in any manner and by the exercise of any remedy available at law or equity now existing or existing at the time of the Event of Default or enforcement including, without limitation, through a suit at law or by a foreclosure of this Mortgage by action, or both, or by the exercise of any other remedy available at law or equity. The judgment or decree in any suit brought to foreclose this Mortgage may include, in the sole discretion of Lender, all of the Obligations, including default interest at the applicable default interest rates described in the Note or other documents which provide evidence for the Obligations.

Furthermore, Lender will have all of the rights and remedies provided to it under this Mortgage and under the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101, et seq. as amended from time to time (the "Act"). Such rights and remedies include, without limitation, the right to: (i) make protective advances to pay costs to protect, preserve and restore the Property, or to preserve the lien and priority of this Mortgage, or enforce this Mortgage, as referred to in Section 5/15-1302(b)(5) of the Act; (ii) pay attorneys' fees and other costs in connection

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with the exercise of Lender's rights, foreclosure of the Mortgage and other litigation and administrative proceedings to which Lender may be or become a party; (iii) pay all costs and expenses in connection with a judgment of foreclosure or expenses deductible from the proceeds of sale as provided in the Act; (iv) obtain a shortened redemption period as provided in the Act or, if the mortgaged property is abandoned, seek a shortened redemption or reinstatement period; (v) obtain use or occupancy of any part of the Property; (vi) obtain all rents, issues and profits arising out of any leases and rights of occupancy of any portion of the Property; (vii) have a receiver appointed pursuant to the Act; (viii) apply proceeds of any foreclosure sale in accordance with the provisions of the Act; and (ix) apply any money or securities that constitute deposits made to or held by Lender or any depository pursuant to any provision of this Mortgage toward payment of the Obligations.

(c) Power of Sale. In the event of foreclosure, Lender may cause the Property to be sold at public sale and cause the execution and delivery to the purchaser of one or more deeds of conveyance pursuant to applicable law.

(d) Intentionally Omitted.

(e) Collateral. Lender shall, with respect to any part of the Property which constitutes property of the type governed by the Code, have all rights, options and remedies of a secured party under the Code including, without limitation, the right, on the Event of Default, to the possession of all or part of any such property, and the right, on the Event of Default, to enter, without legal process, any premises where any such property may be found. Any requirement of the Code for reasonable notification, including any notice of any intended disposition of the Collateral, shall be met by mailing written notice to Borrower at Borrower's last known address at least 10 days prior to the sale or other event for which such notice is required. Lender may give such notice by advertisement in a newspaper accepted for legal publications either separately or as part of a notice given to foreclose the Premises or by private notice. Notice as described in this Subsection shall be deemed commercially reasonable. The expenses of retaking, selling and otherwise disposing of such property, including reasonable attorneys' fees and legal expenses, shall constitute Obligations and shall be payable upon demand with interest at the interest rate applicable to the Note at the time the expense is incurred.

(f) Lien And Set-Off of Borrower's Credit Balances. Borrower grants Lender a security interest and lien, without any limitation, in any property, credit balance, escrow or other money, now or hereafter owed Borrower by Lender, and Lender may, at any time after the occurrence of an Event of Default, without notice or demand, set off any such property, credit balance, escrow or other money against any Obligations whether or not due.

(g) Receiver. Upon the commencement or during the pendency of an action to foreclose this Mortgage or enforce any other remedies of Lender, and without regard to the adequacy or inadequacy of the Property as security for the Obligations, whether or not waste is being committed or occurring, Lender may seek and the Court may appoint a receiver of the Property (including any homestead interest) to serve without bond and take possession of the Property and collect the Rents and all payments required to be made pursuant to or by virtue of any lease, to hold and apply such funds received as directed by the court, and to exercise such other powers as may be granted until the receivership ceases or the court may grant until the confirmation of sale.

(h) Authority of Lender to Perform For Borrower. If Borrower fails to perform any of the agreements to repair or maintain the Property as set forth in the Loan Documents within 15 days after written notice from Lender, or such shorter period as will be required in the event of an emergency, or if Borrower fails to perform any obligation in the Loan Documents which is intended to protect the physical condition or Borrower's or Lender's interest in the real or personal property (or both) securing the Loan, Lender may perform or cause them to be performed by, without limitation, signing Borrower's name. The repairs or restoration described in this Subsection include without limitation the repair or restoration of any condition requiring repair or restoration under any agreement between Lender and Borrower, including covenants in this Mortgage, and removal and remediation of Hazardous Substances. Any amounts paid by Lender pursuant to this Subsection shall bear interest at the appropriate default interest rate computed from the date of Lender's expenditure to date of Borrower's repayment and be secured by this Mortgage. Borrower shall repay on demand any such amounts paid by Lender. Lender has no duty to inquire as to the validity of any tax, assessment, or other claim or expense against Property, and a receipt for payment of any such amount shall be conclusive of the validity and amount of such claim or expense.

(i) Reserve Account. As a condition of curing any default under any agreement between Lender and Borrower regarding the condition or repair of the Property, including any such agreement in this Mortgage, Lender may require Borrower to fund a reserve account (the "reserve account," regardless of the type established as described below). The terms of the reserve account shall be:

(i) Generally. Lender may hold the reserve account for one or both of the following reasons: [1] to ensure funds are available so Borrower can maintain the Property in the future (such a reserve account being a

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“Replacement Reserve Account”); or [2] to provide security to protect Lender from similar future defaults. The reserve account shall be held by Lender in a depository institution selected by Lender, and Lender may commingle these funds with Lender's general funds. The reserve account shall not bear interest. Borrower shall, at the option of Lender, either fund the reserve account with a single payment during the cure period or fund the reserve account with monthly deposits that shall be payable at the time of each regularly scheduled payment to Lender under the Note. The amount of the initial deposit and the subsequent monthly deposits to the reserve account shall be determined by Lender in Lender's reasonable discretion. Lender may from time to time adjust the required deposit amount by giving written notice of such adjustment to Borrower.

(ii) Replacement Reserve Account. Borrower may use funds from a Replacement Reserve Account to reimburse Borrower for expenditures Lender approves from time to time. The categories of expenditures that may be reimbursed from the Replacement Reserve Account may be specified in writing by Lender at the time the Replacement Reserve Account is established. If so, Lender shall use its reasonable discretion in approving expenditures that fall within the specified categories. If no such categories are specified in writing, Lender shall have the right, in its sole discretion, to approve or disapprove expenditures to be reimbursed. Funds will be released to Borrower on or before the 15th day (but no more frequently than once per month) of the date Lender receives paid invoices and lien waivers from all contractors, materials suppliers, brokers and agents who have performed work in connection with an approved expenditure, and an advance shall not exceed the amount of such paid invoices. Lender may, but need not, condition any advance from a Replacement Reserve Account on either or both of the following: (i) an inspection of the repairs or improvements which is found to be satisfactory by a representative of Lender in such representative's reasonable discretion; and (ii) Lender's receipt of evidence that Borrower has obtained any and all required approvals from governmental authorities (such as, but not limited to, building permits and required satisfactory inspection reports).

(iii) No Liability. By holding and disbursing funds from a reserve account, Lender shall have no liability or responsibility for repairs, replacements or maintenance of the Property, for interpretation of any construction contract, for the adequacy of the reserve account or any advances from the reserve account to complete the repairs, replacements or maintenance, for inspections during repairs, replacements or maintenance or for any other acts on the part of Borrower to be performed in connection with the repairs, replacements or maintenance. Borrower shall indemnify and hold Lender harmless from any claim made against Lender (and the costs and attorneys' fees of defending such claim) that arises because Lender holds the reserve account or makes disbursements from the reserve account pursuant to this Subsection.

(iv) Defaults. Deposits to the reserve account that are not made when due shall be assessed a late payment charge at the time and rate that late payment charges may be assessed for late principal and interest payments. The late payment charge shall be payable to Lender as reasonable compensation for its costs in handling Borrower's failure to make the deposits and shall not be construed as a penalty. Further, Borrower's failure to make deposits to the reserve account when due shall, after the notice and cure period for payment defaults described in the Loan Documents, constitute an event of default under the Loan Documents. After any acceleration of the Loan, Borrower shall pay interest to Lender on any unpaid deposits to the reserve account at the default rate specified in the Note.

(j) Rents and Leases.

(i) Performance of Borrower's Obligations by Lender. If Borrower fails to make any payment or do any act required under this Mortgage with respect to the Rents or the Leases, Lender may, without obligation and without releasing Borrower from any obligation under the Rents Assignment, make or do the same in such manner and to such extent as Lender may deem necessary to protect the security of the Rents Assignment and the Loan Documents. Notwithstanding the foregoing or any other contrary provision of the Rents Assignment or this Mortgage, Lender shall not be obligated to perform or discharge, and does not undertake in the Rents Assignment to perform or discharge, any obligation, duty or liability under the Leases, and Lender shall not be responsible or liable for [1] the control, care, management or repair of the Property; [2] the performance of any of the terms and conditions of the Leases; [3] any waste committed on the Property; [4] any dangerous or defective condition of the Property, including the presence of any Hazardous Substances; [5] any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any of the Tenants or any licensee, employee or stranger; or [6] for laches or failure to collect the Rents or enforce the Leases. Lender shall be required to account only for money actually received by it.

(ii) Remedies after an Event of Default. At any time after an Event of Default, Lender may [1] revoke the privilege granted to Borrower under the Rents Assignment to collect the Rents; and [2] at its option, without notice, either in person or by agent or a receiver to be appointed by a court, with or without taking possession of or entering the Premises or bringing any action or proceeding, [A] collect all of the Rents payable

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under the Leases; [B] enforce the payment of the Rents; [C] exercise all of the rights of the landlord under the Leases and all of the rights of Lender under the Rents Assignment; [D] enter upon, take possession of, manage and operate all or any part of the Premises; [E] subject to the Tenants' rights, if any, cancel, enforce or modify the Leases, and fix or modify the Rents; [F] do any acts, with or without taking possession of the Premises, which Lender deems proper to protect Lender's rights under the Rents Assignment and the security interest granted in the Rents Assignment; and [G] apply the Rents to the costs and expenses of operation, management and collection, including reasonable attorneys' fees, to the payment of the expenses of any agent appointed by Lender, to the payment of taxes, assessments, insurance premiums and expenditures for the upkeep of the Premises, to the performance of the landlord's obligations under the Leases and to any of the Obligations, all in such order as Lender may determine.

(iii) No Cure Through Collection of Rents. Lender's entering upon and taking possession of the Premises and the collection and application of the Rents shall not cure or waive any default or waive, modify or affect any notice of default under any of the Loan Documents or invalidate any act done pursuant to such notice or in any way operate to prevent Lender from pursuing any remedy which it now or hereafter may have under the terms or conditions of the Loan Documents.

(iv) Costs of Enforcement. Lender's rights under this Subsection include, without limitation, the right to appear in and defend any action or proceeding purporting to affect the security of the Rents Assignment or the rights or powers of Lender, the right to perform and discharge each and every obligation, covenant and agreement of Borrower in the Lease and the right to pay necessary related costs and expenses, including attorneys' fees. Any amounts incurred by Lender in connection with its rights under the Rents Assignment, including costs, expenses and attorneys' fees, bear interest at the rate stated in the Note, are secured by the Rents Assignment and constitute part of the "Obligations." Borrower shall reimburse Lender for such amounts immediately upon demand.

(v) Not Dependent on Adverse Conditions. Lender's rights under the Rents Assignment shall in no way be dependent upon, and shall apply without regard to, whether the Premises are in danger of being lost, materially injured or damaged or whether the Premises are adequate to discharge the Obligations.

(vi) Authorization to Tenants. Borrower irrevocably directs and authorizes the Tenants to pay to Lender or any receiver appointed under the Loan Documents all sums due under the Leases without any need for a judicial determination that Lender is entitled to exercise its rights under the Rents Assignment or that an Event of Default has occurred. The Tenants are irrevocably authorized and directed to recognize the claims of Lender or any such receiver without investigating (a) the reason for any action taken by Lender or such receiver; (b) the validity or the amount of indebtedness owing to Lender; (c) the existence of an Event of Default; or (d) the manner in which Lender or such receiver shall apply any money received. Borrower acknowledges that the Tenants shall have no further liability to Borrower for the Rents actually paid to Lender or such receiver. The signature of Lender or such receiver, without further signature or authorization, shall be sufficient for the exercise of any rights under the Rents Assignment. The receipt by Lender or such receiver for any sums received shall be a full discharge and release for such sums to any of the Tenants or occupants of the Premises. Checks for all or any part of the Rent collected under the Rents Assignment shall, upon notice from Lender or such receiver, be payable to the exclusive order of Lender or such receiver.

(vii) Lender as Creditor of the Tenants. Upon and at all times while an Event of Default continues, Lender, and not Borrower, shall be deemed to be the creditor of the Tenants with respect to assignments for the benefit of creditors and bankruptcy, reorganization, insolvency, dissolution or receivership proceedings affecting such Tenants (without obligation on the part of Lender, however, to file or make timely filings of claims in such proceedings or otherwise to pursue creditor's rights in such proceedings, and reserving the right to Borrower to make such filing in such event) with an option to Lender to apply any money received by Lender as such creditor to reduce the Obligations.

(viii) Lender as Attorney-in-fact. Borrower irrevocably appoints Lender as its agent and attorney-in-fact, which appointment is coupled with an interest, to exercise any rights or remedies under the Rents Assignment and to execute and deliver during the term of the Rents Assignment such instruments as Lender may deem necessary to make the Rents Assignment and any further assignment effective.

(ix) Continuing Rights. The rights and powers of Lender or any receiver under the Rents Assignment shall continue and remain in full force and effect until all of the Obligations are paid in full, and shall continue after commencement of a foreclosure action and after foreclosure sale and until expiration of the equity of redemption if Lender is the purchaser at the foreclosure sale.

(x) Separate Rights. **LENDER'S RIGHTS AND REMEDIES UNDER THE RENTS ASSIGNMENT ARE SEPARATE FROM AND CUMULATIVE TO LENDER'S OTHER RIGHTS AND REMEDIES UNDER THIS MORTGAGE. AT LENDER'S SOLE OPTION, LENDER MAY EXERCISE**

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THESE RIGHTS AND REMEDIES SEPARATE FROM, OR AS PART OF, ANY ACTION UNDER OTHER PROVISIONS OF THIS MORTGAGE. NO FORECLOSURE OF THIS MORTGAGE SHALL BE REQUIRED AS A PREREQUISITE TO LENDER'S EXERCISE OF THESE RIGHTS AND REMEDIES.

(j) Contracts.

(i) Performance of Borrower's Obligations by Lender. If Borrower fails to make any payment or do any act required under this Mortgage with respect to the Contracts, Lender may, without obligation and without releasing Borrower from any obligation under the Contracts Assignment, make or do the same in such manner and to such extent as Lender may deem necessary to protect the security of the Contracts Assignment and the Loan Documents. Notwithstanding the foregoing or any other contrary provision of the Contracts Assignment or this Mortgage, Lender shall not be obligated to perform or discharge, and does not undertake in the Contracts Assignment to perform or discharge, any obligation, duty or liability under the Contracts, and Lender shall not be responsible or liable for (i) the control, care, management or repair of the Property or any construction or improvements to the Property; (ii) the performance of any of the terms and conditions of the Contracts; (iii) any waste committed on the Property; (iv) any dangerous or defective condition of the Property, including the presence of any Hazardous Substances; (v) any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any of the Tenants, Other Contract Parties or any licensee, employee or stranger; or (vi) for lack of or failure to enforce the Contracts. Lender shall be required to account only for money actually received by it.

(ii) Remedies after an Event of Default. At any time after an Event of Default, Lender may [1] revoke the privilege granted to Borrower under the Contracts Assignment with respect to the Contracts; and [2] at its option, without notice, either in person or by agent or a receiver to be appointed by a court, with or without taking possession of or entering the Premises or bringing any action or proceeding, [A] cancel all or any of the Contracts; [B] enforce the Contracts; [C] exercise all of Borrower's rights under the Contracts and all of the rights of Lender under the Contracts Assignment; [D] enter upon, take possession of, manage and operate all or any part of the Premises; and [E] do any acts, with or without taking possession of the Premises, which Lender deems proper to protect Lender's rights under the Contracts Assignment and the security interest granted in the Contracts Assignment.

(iii) Personal Contract Between Borrower and Other Contract Parties. The Contracts Assignment shall not constitute an assumption by Lender of any of the obligations of Borrower under the Contract unless and until Lender shall exercise its rights under the Contracts Assignment, but then only for the period Contractor is retained under the Contract. Notwithstanding the foregoing, Borrower shall continue to be primarily liable for all obligations under the Contract. The Contracts are personal contracts between Borrower and the Other Contract Parties. Lender may remove any of the Other Contract Parties at any time after exercising its rights under the Contracts Assignment instead of assuming the relevant Contract in full for the duration of the term of the Contract.

(iv) No Cure Through Collection of Rents. Lender's enforcement of the Contracts Assignment shall not cure or waive any default or waive, modify or affect any notice of default under any of the Loan Documents or invalidate any act done pursuant to such notice or in any way operate to prevent Lender from pursuing any remedy which it now or hereafter may have under the terms or conditions of the Loan Documents.

(v) Costs of Enforcement. Lender's rights under this Subsection include, without limitation, the right to appear in and defend any action or proceeding purporting to affect the security of the Contracts Assignment or the rights or powers of Lender, the right to perform and discharge each and every obligation, covenant and agreement of Borrower in the Contracts and the right to pay necessary related costs and expenses, including attorneys' fees. Any amounts incurred by Lender in connection with its rights under the Contracts Assignment, including costs, expenses and attorneys' fees, bear interest at the rate stated in the Note, are secured by the Contracts Assignment and constitute part of the "Obligations." Borrower shall reimburse Lender for such amounts immediately upon demand.

(vi) Not Dependent on Adverse Conditions. Lender's rights under the Contracts Assignment shall in no way be dependent upon, and shall apply without regard to, whether the Premises are in danger of being lost, materially injured or damaged or whether the Premises are adequate to discharge the Obligations.

(vii) Authorization to Other Contract Parties. Borrower irrevocably directs and authorizes the Other Contract Parties to act at Lender's direction and otherwise perform on Lender's behalf without any need for a judicial determination that Lender is entitled to exercise its rights under the Contracts Assignment or that an Event of Default has occurred. The Other Contract Parties are irrevocably authorized and directed to recognize the claims of Lender or any such receiver without investigating (a) the reason for any action taken by Lender or such receiver; (b) the validity or the amount of indebtedness owing to Lender; (c) the existence of an Event of Default; or (d) the

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manner in which Lender or such receiver shall apply any money received. The signature of Lender or such receiver, without further signature or authorization, shall be sufficient for the exercise of any rights under the Contracts Assignment. Any direction by Lender or such receiver to any of the Other Contract Parties shall be considered the direction of Borrower.

(viii) Lender as Creditor of the Other Contract Parties. Upon and at all times while an Event of Default continues, Lender, and not Borrower, shall be deemed to be the creditor of the Other Contract Parties with respect to assignments for the benefit of creditors and bankruptcy, reorganization, insolvency, dissolution or receivership proceedings affecting such Other Contract Parties (without obligation on the part of Lender, however, to file or make timely filings of claims in such proceedings or otherwise to pursue creditor's rights in such proceedings, and reserving the right to Borrower to make such filing in such event) with an option to Lender to apply any money received by Lender as such creditor to reduce the Obligations.

(ix) Lender as Attorney-in-fact. Borrower irrevocably appoints Lender as its agent and attorney-in-fact, which appointment is coupled with an interest, to exercise any rights or remedies under the Contracts Assignment and to execute and deliver during the term of the Contracts Assignment such instruments as Lender may deem necessary to make the Contracts Assignment and any further assignment effective.

(x) Continuing Rights. The rights and powers of Lender or any receiver under the Contracts Assignment shall continue and remain in full force and effect until all of the Obligations are paid in full, and shall continue after commencement of a foreclosure action and after foreclosure sale and until expiration of the equity of redemption if Lender is the purchaser at the foreclosure sale.

(xi) Separate Rights. LENDER'S RIGHTS AND REMEDIES UNDER THE CONTRACTS ASSIGNMENT ARE SEPARATE FROM AND CUMULATIVE TO LENDER'S OTHER RIGHTS AND REMEDIES UNDER THIS MORTGAGE. AT LENDER'S SOLE OPTION, LENDER MAY EXERCISE THESE RIGHTS AND REMEDIES SEPARATE FROM, OR AS PART OF, ANY ACTION UNDER OTHER PROVISIONS OF THIS MORTGAGE. NO FORECLOSURE OF THIS MORTGAGE SHALL BE REQUIRED AS A PREREQUISITE TO LENDER'S EXERCISE OF THESE RIGHTS AND REMEDIES.

19. WAIVERS.

(a) Waiver of Homestead Exemption. Borrower hereby releases and waives all rights and benefits of the homestead exemption laws or any so-called "Moratorium Law" which are in force at any time under the laws of the State of Illinois as to all Obligations secured by this Mortgage.

(b) Waiver of Right of Redemption. NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS MORTGAGE, MORTGAGOR HEREBY EXPRESSLY WAIVES ANY AND ALL RIGHTS OF REINSTATEMENT AND REDEMPTION, IF ANY, UNDER ANY ORDER OR DECREE OF FORECLOSURE OF THIS MORTGAGE, ON ITS OWN BEHALF AND ON BEHALF OF EACH AND EVERY PERSON, IT BEING THE INTENT HEREOF THAT ANY AND ALL SUCH RIGHTS OF REINSTATEMENT AND REDEMPTION OF THE MORTGAGOR AND OF ALL OTHER PERSONS ARE AND SHALL BE DEEMED TO BE HEREBY WAIVED TO THE FULL EXTENT PERMITTED BY 735 ILCS 5/15-1601 OR OTHER APPLICABLE LAW OR REPLACEMENT STATUTES.

(c) Classification of Property. Mortgagor acknowledges that the Property does not constitute agricultural real estate, as such term is defined in Section 5/15-1201 of the Act, or residential real estate as defined in Section 5/15-1219 of the Act.

(d) General Waiver. Mortgagor shall not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any right, power or remedy of Lender and shall permit the execution of every such right, power and remedy as though no such law or laws had been made or enacted. Mortgagor agrees that no action to enforce the lien or any provision of this Mortgage will be subject to any defense which would not be good and valid in an action upon the Note.

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(e) Waiver of Default. Lender may waive any default without waiving any other subsequent or prior default by an Obligor. No failure or delay of Lender to exercise fully or in part any right, power or remedy under the Loan Documents shall operate as a waiver of such right, power or remedy; and no single or partial exercise by Lender of any such right, power or remedy shall preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. Each right, power and remedy described in this Mortgage and the Loan Documents is non-exclusive and separate, and the rights, powers and remedies and powers are cumulative and not exclusive of any remedies provided by law. Neither a modification or waiver of any of the provisions of any of the Loan Documents nor a consent to any departure by an Obligor from such provisions shall be effective unless it is in writing, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose identified in writing.

20. COSTS, EXPENSES AND ATTORNEYS' FEES. To the extent not prohibited by law, all of Lender's expenses for purposes of collection and enforcement of Borrower's obligations under the Loan Documents, including reasonable attorneys' fees, and all costs and disbursements if legal action is necessary, and all reasonable expenses of Lender, including, without limitation, title evidence, surveys, appraisals, travel expenses and insurance, shall be added to the Obligations, and shall become due as incurred and be included in any judgment. If Lender is challenged in any manner or Lender is named, intervenes, is deposed or gives testimony in any action, proceeding or lawsuit (including any bankruptcy or probate proceeding) for any reason involving Borrower, any Obligor or the Property, Borrower and the Obligors shall immediately, upon request of Lender, pay to Lender all reasonable expenses of every kind that pertain to such matter including, without limitation, Lender's reasonable attorneys' fees, costs, disbursements and expenses. Borrower shall indemnify and save Lender harmless from and against any and all costs, expenses, judgments, awards and liabilities incurred by Lender in connection with the transactions contemplated by this Mortgage, including without limitation all costs, expenses and reasonable attorneys' fees incurred by Lender in connection with the review of Borrower's request for Lender's consent to a sale or other transfer or to encumber further all or any part of the Property, any interest in this Mortgage or any interest in Borrower.

21. CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL. Borrower, for Borrower and for all Obligors, to the extent that each may do so, consents to the jurisdiction of the courts of the State of Wisconsin, and to foreclose this Mortgage, the courts in the state of Illinois or the United States District Court situated in the county in which the Premises, where such courts are located for the purpose of any suit, action or other proceeding arising out of any of the Obligations or the terms or provisions of the Loan Documents, and expressly waives any and all objections that Borrower or any Obligor may have as to venue in any of such courts. **TO THE EXTENT PERMITTED BY LAW, BORROWER, FOR BORROWER AND FOR ALL OBLIGORS, WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION BROUGHT WITH RESPECT TO ANY OR ALL OF THE LOAN DOCUMENTS, INCLUDING WITHOUT LIMITATION THIS MORTGAGE AND THE NOTE.**

22. ADDITIONAL PROVISIONS.

(a) Word Form. Wherever the context of their usage permits, words in singular form shall include the plural form and words in plural form shall include the singular form with no distinction between gender.

(b) Severability and Cumulative Remedies. Invalidity or unenforceability of any provision of this Mortgage shall not affect the validity or enforceability of any other provisions. The rights and remedies granted to Lender in this Mortgage are cumulative, and are in addition to the remedies granted by law.

(c) Obligors, Successors and Assigns. The Obligations are the joint and several obligations of Borrower, including each individual and entity that are defined as "Borrower" (if more than one) and all Obligors. This Mortgage benefits Lender and Lender's successors and assigns, and binds Borrower and all other Obligors and their respective heirs, personal representatives, successors, assigns, trustees and receivers; however, Borrower may not assign or transfer Borrower's rights under the Loan Documents without the prior written consent of Lender.

(d) Applicable Law. This Mortgage shall be governed by and interpreted under the laws of the State of Wisconsin, except that the substantive law of Illinois shall govern the procedural aspects of a foreclosure of this Mortgage and attachment of the liens granted by this Mortgage.

(e) Captions. The captions shall not be deemed to be fully inclusive of all provisions in any captioned Section or Subsection, and are included for reference purposes only.

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(f) Notices. All notices to be given to Borrower or Lender under this Mortgage or any other of the Loan Documents shall be in writing and shall be deemed given (i) upon receipt by the intended recipient, or any officer, director or equity holder of the intended recipient (except, in the case of notices to Lender, only upon receipt by an officer who works at the address set forth above or at such other address as Lender designates by written notice to Borrower after the date of this Mortgage); (ii) if mailed, upon mailing to the intended recipient at the intended recipient's address set forth above (or any address designated by the intended recipient by written notice to the other after the date of this Mortgage), postage prepaid, either by registered or certified mail, return receipt requested for notices from Borrower to Lender and default notices to Borrower from Lender or by first class mail for all other notices from Lender to Borrower; or (iii) if transmitted by a recognized courier service, upon delivery to such courier with fees paid by the sender addressed to the intended recipient at the intended recipient's address set forth above (or any address designated by the intended recipient by written notice to the other after the date of this Mortgage).

(g) Exhibits. All exhibits attached to this Mortgage are incorporated in this Mortgage by reference.

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Dated as of the date set forth above.

BORROWER:

8255 Skokie, LLC

By: Wangard Advisors LLC, Manager

By:


John Thomsen
Vice President

This document was drafted by:
Chris S. Mehring
Whyte Hirschboeck Dudek S.C.
555 East Wells Street, Suite 1900
Milwaukee, Wisconsin 53202-3819

EXHIBITS

Exhibit A - Legal Description
Exhibit B - Permitted Encumbrances
Exhibit C - Personal Property

Property of Cook County Clerk's Office

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STATE OF ^{Wisconsin}ILLINOIS)
COUNTY OF ^{Milwaukee}~~COOK~~) SS.

I, a Notary Public in and for said County, in the State aforesaid, do hereby certify that John Thomsen, member of 8255 Skokie, LLC who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such John Thomsen, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 14 day of Dec, 2010.

Ryanne C. Spear
NOTARY PUBLIC
(SEAL)

My Commission expires: 3/10/13

Property of Cook County Clerk's Office

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EXHIBIT A

Legal Description

PARCEL 1:

LOTS 13, 14 AND 15 (EXCEPT THE WEST 7 FEET THEREOF TAKEN FOR WIDENING OF CICERO AVENUE) IN KRENN AND DATO'S CICERO AVENUE "L" SUBDIVISION IN THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 10, 11 AND 12 IN KRENN AND DATO'S CICERO AVENUE "L" SUBDIVISION IN SECTION 22, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THE WEST 7 FEET OF SAID LOTS TAKEN FOR STREET), IN COOK COUNTY, ILLINOIS.

Tax Parcel #: 10-22-310-058-0000

Property Addresses: 8245-8255 Skokie Boulevard

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EXHIBIT B

Permitted Encumbrances

1. GENERAL TAXES FOR THE YEAR 2010 AND THEREAFTER, A LIEN NOT YET DUE AND PAYABLE.
2. EXISTING UNRECORDED LEASES AND ALL RIGHTS THEREUNDER OF THE LESSEES AND OF ANY PERSON OR PARTY CLAIMING. BY, THROUGH OR UNDER THE LESSEES, AS DISCLOSED BY RENT ROLL ATTACHED AS EXHIBIT B TO ALTA STATEMENT DATED DECEMBER __, 2010.
3. RESTRICTIONS, CONTAINED IN DEED RECORDED AUGUST 20, 1929 AS DOCUMENT NO. 10459739. (AFFECTS LOT 13 OF PARCEL 1)
4. CONDITIONS AND COVENANTS CONTAINED IN DEED RECORDED APRIL 24, 1929 AS DOCUMENT 10350059 (AFFECTS LOT 14 IN PARCEL 1)
5. CONDITIONS AND COVENANTS CONTAINED IN DEED RECORDED AUGUST 28, 1962 AS DOCUMENT 18575235. (AFFECTS LOT 15 IN PARCEL 1)
6. COVENANTS AND RESTRICTIONS CONTAINED IN DEED RECORDED JANUARY 21, 1929 AS DOCUMENT 10263196. (AFFECTS LOTS 10 AND 11 IN PARCEL 2)
7. COVENANTS AND RESTRICTIONS CONTAINED IN DOCUMENT 10140020 (AFFECTS LOT 12 IN PARCEL 2)
8. TERMS AND CONDITIONS CONTAINED IN THE LANDSCAPING INSTALLATION AND MAINTENANCE AGREEMENT DATED DECEMBER 6, 2004 AND RECORDED DECEMBER 22, 2004 AS DOCUMENT 0435750111 MADE BY AND BETWEEN DY PROPERTIES, LLC AND THE VILLAGE OF SKOKIE. (AFFECTS PARCELS 1 & 2)
9. NOTICE OF APPROVAL DATED DECEMBER 6, 2004 BY THE BOARD OF TRUSTEES OF THE VILLAGE OF SKOKIE, APPROVING ORDINANCE NUMBER 358.01, ATTACHED THERETO AS EXHIBIT 'I', GRANTING A SPECIAL USE PERMIT TO ESTABLISH AND OPERATE A 30 UNIT MIXED USED RESIDENTIAL DEVELOPMENT AT 8255 SKOKIE BOULEVARD, SKOKIE, ILLINOIS IN A B-3 BUSINESS DISTRICT AND GRANTING RELIEF FROM SECTION 9.4.3.3. RECORDED DECEMBER 22, 2004 AS DOCUMENT NUMBER 0435750128. (AFFECTS PARCELS 1 & 2)
10. TERMS, PROVISIONS AND CONDITIONS AS CONTAINED IN ORDINANCE NO. 10-7-Z-3774, RECORDED JULY 22, 2010, AS DOCUMENT 1020356025, RELATING TO AN ORDINANCE AMENDING VILLAGE ORDINANCE NUMBER 04-12-Z-3322 WHICH AUTHORIZED THE ESTABLISHMENT AND OPERATION OF A MIXED USE RESIDENTIAL DEVELOPMENT AT 8255 SKOKIE BOULEVARD AND GRANTED RELIEF FROM SECTION 9.4.3.3 OF THE ZONING ORDINANCE.

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EXHIBIT C

COLLATERAL

All of the properties and assets of Borrower, whether now owned or hereinafter acquired and wherever located (the "Collateral"), including, without limitation:

1. Equipment and Fixtures;
2. Inventory;
3. Accounts;
4. All of Borrower's right, title and interest in and to all goods and other property, whether or not delivered, (a) the sale or lease of which gives or purports to give rise to any Account, including, but not limited to, all merchandise returned or rejected by or repossessed from customers or (b) securing any Account, including all of Borrower's rights as an unpaid vendor or lienor, including stoppage in transit, replevin and reclamation with respect to such goods and other properties;
5. All guarantees, mortgages on, or security interests in real or personal property, leases or other agreements or property securing or relating to any Account or other Collateral, or acquired for the purpose of securing and enforcing any item thereof;
6. All documents of title, policies and certificates of insurance, securities, chattel paper, or other documents or instruments;
7. All files, correspondence, computer programs, tapes, discs and related data processing software (owned by Borrower or in which it has an interest) which contain information identifying or pertaining to any of the Collateral or any account debtor, or showing the amounts thereof or payments thereon or otherwise necessary or helpful in the realization thereon or the collection thereof;
8. All deposits (general or special, time or demand), balances, sums, proceeds and credits of Borrower with Lender at any time existing;
9. All general intangibles (as such term is defined in the applicable version of the Uniform Commercial Code in effect in the jurisdiction where the Collateral is located), including, but not limited to, all trademarks, trade styles, trade names, service marks and patents, and applications therefor; and
10. Any and all products and proceeds of the foregoing Collateral (including, but not limited to, any claims to any items referred to in this definition, and any claims of Borrower against third parties for loss of, damage to, or destruction of, any or all of the Collateral or for proceeds payable under or unearned premiums with respect to policies of insurance) in whatever form, including cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents.