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## Illinois Anti-Predatory Lending Database Program

### Certificate of Exemption

② 8863581  
201252627  
jblet

**Report Mortgage Fraud**  
800-532-8785



Doc#: 1234026006 Fee: \$140.00  
Karen A. Yarbrough RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 12/05/2012 08:32 AM Pg: 1 of 52

The property identified as: PIN: 07-15-200-024-0000

#### Address:

**Street:** 1175; 1125-1147; 1071-1115; 1001-1067 N. ROSELLE

**Street line 2:** 100 E. HIGGINS ROAD

**City:** HOFFMAN ESTATES

**State:** IL

**ZIP Code:** 60169

**Lender:** SUNAMERICA ANNUITY AND LIFE ASSURANCE COMPANY

**Borrower:** SVAP HOFFMAN PLAZA, L.P.

**Loan / Mortgage Amount:** \$9,500,000.00

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

S  
P  
S  
SC  
INT

**Certificate number:** 938A4BA1-0E27-4EE7-AE47-7155AC185C85

**Execution date:** 10/23/2012

**BOX 333-CP**

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Recording requested by, and  
when recorded mail to:

Otten, Johnson, Robinson,  
Neff & Ragonetti, P.C.  
950 Seventeenth Street  
Suite 1600  
Denver, Colorado 80202  
Attention: David T. Brennan, Esq.

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

THIS MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING, FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND RENTS (this "**Mortgage**") is made as of October 26, 2012, by SVAP HOFFMAN PLAZA, L.P., a Delaware limited partnership ("**Mortgagor**"), in favor of, and for the use and benefit of, SUNAMERICA ANNUITY AND LIFE ASSURANCE COMPANY, an Arizona corporation ("**Mortgagee**").

**ARTICLE 1**

**PARTIES, PROPERTY, AND DEFINITIONS**

The following terms and references shall have the meanings indicated:

**1.1 Agreement Concerning Outparcels:** The Agreement Concerning Outparcels of even date herewith between Mortgagor and Mortgagee

**1.2 Cash Collateral Agreement:** The Cash Collateral Agreement of even date herewith among Mortgagor, Mortgagee and the "Servicer" referenced therein.

**1.3 Chattels:** All goods, fixtures, inventory, equipment, building and other materials, supplies, and other tangible personal property of every nature, now owned or hereafter

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acquired by Mortgagor, used, intended for use, or reasonably required in the construction, development, or operation of the Property, together with all accessions thereto, replacements and substitutions therefor, and proceeds thereof; but excluding any of the foregoing owned by any tenant or removable by such tenant under the terms and conditions of such tenant's Lease.

**1.4 Controlling Persons:** Collectively, (a) if Mortgagor is a partnership or joint venture, all general partners or joint venturers of Mortgagor, (b) Guarantor, (c) any other party liable for payment of the Secured Obligations, whether as maker, endorser, guarantor, surety, general partner, or otherwise, and (d) any successor to any of the foregoing.

**1.5 Dania TI/LC Reserve Agreement:** The Tenant Improvement Costs and Leasing Commissions Reserve Agreement [Dania Furniture] of even date herewith made by Mortgagor, Mortgagee and the "Servicer" named therein.

**1.6 Default:** Any breach of this Mortgage or any other Loan Document which, with the giving of notice, passage of time, or both, would constitute an Event of Default.

**1.7 Environmental Indemnity Agreement:** The Environmental Indemnity Agreement of even date herewith made by Mortgagor and Guarantor for the benefit of Mortgagee.

**1.8 ERISA:** The Employee Retirement Income Security Act of 1974, as amended, together with all rules and regulations issued thereunder.

**1.9 Event of Default:** Defined in Article 6.

**1.10 Guarantor:** Initially, Brian D. Kosoy, individually; provided, however, that Brian D. Kosoy may be replaced by a "New Guarantor" pursuant to the terms and conditions set forth in Section 4.24 hereof. After such replacement, if any, the term "Guarantor" shall mean New Guarantor; provided, however, that the initial Guarantor shall not be released of liability as Guarantor, except to the extent expressly provided in Section 4.24 hereof.

**1.11 Guaranty Agreement:** Initially, the Guaranty Agreement of even date herewith made by Guarantor for the benefit of Mortgagee; or any replacement Guaranty which may be accepted by Mortgagee pursuant to Section 4.24 hereof.

**1.12 Insurance Agreement:** The Agreement Concerning Insurance Requirements of even date herewith executed by Mortgagor for the benefit of Mortgagee.

**1.13 Intangible Personalty:** All trademarks and trade names and symbols or logos owned or hereafter acquired by Mortgagor and used in connection with the Property, or any modifications or variations thereof, in connection with the operation of the improvements existing or to be constructed on the Property, together with all of Mortgagor's right, title and interest in and to: all accounts, rents, issues, income, profits, fees, charges or other payments for the use or occupancy of rooms and other public facilities at the Property, deposit accounts, letter of credit rights, investment property, monies in the possession of Mortgagee (including, without limitation, proceeds from insurance, retainages and deposits for taxes and insurance), Permits, contract rights (including, without limitation, rights to receive insurance proceeds) and general

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intangibles (whether now owned or hereafter acquired, and including proceeds thereof) relating to or arising from Mortgagor's ownership, use, operation, leasing, or sale of all or any part of the Property, specifically including but in no way limited to any right which Mortgagor may have or acquire to transfer any development rights from the Property to other real property, and any development rights which may be so transferred. Intangible Personalty shall exclude any of the foregoing owned by any tenants of the Property.

**1.14 Jewel Osco TI/LC Reserve Agreement:** The Tenant Improvement Costs and Leasing Commissions Reserve Agreement [Jewel Osco] of even date herewith made by Mortgagor, Mortgagee and the "Servicer" named therein.

**1.15 Lease Certificate:** The certificate of even date herewith made by Mortgagor to Mortgagee concerning Leases.

**1.16 Leases:** Any and all leases, subleases and other agreements under the terms of which any person other than Mortgagor has or acquires any right to occupy or use the Property, or any part thereof.

**1.17 Loan:** The loan from Mortgagee to Mortgagor evidenced by the Note.

**1.18 Loan Documents:** The Note, all of the deeds of trust, mortgages, collateral assignments, security agreements, and other instruments and documents securing or executed and delivered in connection with the Note, including this Mortgage, the Insurance Agreement, the Environmental Indemnity Agreement, the Guaranty Agreement, the Cash Collateral Agreement, the Agreement Concerning Outparcels, the Dania TI/LC Reserve Agreement, the Jewel Osco TI/LC Reserve Agreement, the Lease Certificate, the Assignment of Leases and Rents and Other Income of even date herewith by Mortgagor for the benefit of Mortgagee, the Subordination of Management Agreement by Mortgagor and Property Manager for the benefit of Mortgagee and each other document now or hereafter executed or delivered in connection with the transaction pursuant to which the Note has been executed and delivered. The term "Loan Documents" also includes all modifications, extensions, renewals, and replacements of each document referred to above.

**1.19 Mortgagee:** The Mortgagee named in the introductory paragraph of this Mortgage, whose legal address is 1999 Avenue of the Stars, 38<sup>th</sup> Floor, Los Angeles, California 90067-6022, together with any future holder of the Note.

**1.20 Mortgagor:** The Mortgagor named in the introductory paragraph of this Mortgage (Organizational ID No. 5195932), whose legal address c/o Sterling Organization, 340 Royal Poinciana Way, Suite 316, Palm Beach, Florida 33480, together with any future owner of the Property or any part thereof or interest therein.

**1.21 Note:** The promissory note of even date herewith made by Mortgagor and payable to the order of Mortgagee in the principal face amount of \$9,500,000.00, (a) the last payment under which is due on November 1, 2019, or, if extended by Mortgagee pursuant to its terms, November 1, 2024, unless such due date is accelerated, and (b) bearing interest at the rate of four and seventy-five one-hundredths percent (4.75%) per annum, unless the "Default Rate" defined therein becomes applicable pursuant to the terms and conditions set forth in the Note,

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together with all renewals, extensions and modifications of such promissory note. All terms and provisions of the Note are incorporated by this reference in this Mortgage.

**1.22 Permits:** All permits, licenses, certificates and authorizations necessary for the beneficial development, ownership, use, occupancy, operation and maintenance of the Property.

**1.23 Permitted Exceptions:** The matters (excluding matters of survey) set forth in Schedule B-I of the title insurance policy insuring the lien created by this Mortgage, in form and substance satisfactory to, and accepted by, Mortgagee, that Mortgagor has caused to be delivered to Mortgagee in connection with the Loan, together with (a) the liens and security interests created or expressly permitted by this Mortgage and/or the other Loan Documents, including Leases entered into in accordance with the Loan Documents, (b) liens, if any, for taxes, assessments, and other impositions asserted by any governmental authority not yet due or delinquent, (c) liens under protest by Mortgagor as expressly permitted by this Mortgage, and (iv) such other matters as Mortgagee has approved or may approve in writing in Mortgagee's sole discretion.

**1.24 Property:** The tract or tracts of land described in Exhibit A attached, together with all of Mortgagor's right, title and interest in and to the following, whether now owned or hereafter acquired:

(a) All buildings, structures, and improvements now or hereafter located on such tract or tracts, as well as all rights-of-way, easements, and other appurtenances thereto;

(b) Any land lying between the boundaries of such tract or tracts and the center line of any adjacent street, road, avenue, or alley, whether opened or proposed;

(c) All of the rents, income, receipts, revenues, issues and profits of and from such tract or tracts and improvements;

(d) All (i) water and water rights (whether decreed or undecreed, tributary, nontributary or not nontributary, surface or underground, or appropriated or unappropriated); (ii) ditches and ditch rights; (iii) spring and spring rights; (iv) reservoir and reservoir rights; and (v) shares of stock in water, ditch and canal companies and all other evidence of such rights, which are now owned or hereafter acquired by Mortgagor and which are appurtenant to or which have been used in connection with such tract or tracts or improvements;

(e) All minerals, crops, timber, trees, shrubs, flowers, and landscaping features now or hereafter located on, under or above such tract or tracts;

(f) All machinery, apparatus, equipment, fittings, fixtures (whether actually or constructively attached, and including all trade, domestic, and ornamental fixtures) now or hereafter located in, upon, or under such tract or tracts or improvements and used or usable in connection with any present or future operation thereof, including but not limited to all heating, air-conditioning, freezing, lighting, laundry, incinerating and power equipment; engines; pipes; pumps; tanks; motors; conduits; switchboards; plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating, cooking, and communications apparatus; boilers, water

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heaters, ranges, furnaces, and burners; appliances; vacuum cleaning systems; elevators; escalators; shades; awnings; screens; storm doors and windows; stoves; refrigerators; attached cabinets; partitions; ducts and compressors; rugs and carpets; draperies; and all additions thereto and replacements therefor (but excluding any of the foregoing items in this subsection (f) owned by any tenant or removable by such tenant under the terms and conditions of such tenant's Lease).

(g) All development rights associated with such tract or tracts, whether previously or subsequently transferred to such tract or tracts from other real property or now or hereafter susceptible of transfer from such tract or tracts to other real property;

(h) All awards and payments, including interest thereon, resulting from the exercise of any right of eminent domain or any other public or private taking of, injury to, or decrease in the value of, any of such property; and

(i) All other and greater rights and interests of every nature in such tract or tracts and in the possession or use thereof and income therefrom, whether now owned or subsequently acquired by Mortgagor.

**1.25 Property Manager:** As defined in Section 4.23.

**1.26 Secured Obligations:** All present and future obligations of Mortgagor to Mortgagee evidenced by or contained in the Note, the Environmental Indemnity Agreement, this Mortgage and all other Loan Documents, whether stated in the form of promises, covenants, representations, warranties, conditions, or prohibitions or in any other form. If the maturity of the Note secured by this Mortgage is accelerated on account of any Event of Default, the Secured Obligations shall include an amount equal to any prepayment premium which would be payable under the terms of the Note as if the Note were prepaid in full on the date of the acceleration. If under the terms of the Note no voluntary prepayment would be permissible on the date of such acceleration, then the prepayment fee or premium to be included in the Secured Obligations shall be equal to one hundred fifty percent (150%) of the highest prepayment fee or premium set forth in the Note, calculated as of the date of such acceleration, as if prepayment were permitted on such date.

## ARTICLE 2

### GRANTING CLAUSE

**2.1 Grant to Mortgagee.** As security for the Secured Obligations, Mortgagor hereby grants, bargains, sells, conveys, mortgages, and warrants unto Mortgagee the entire right, title, interest and estate of Mortgagor in and to the Property, whether now owned or hereafter acquired; TO HAVE AND TO HOLD the same, together with all and singular the rights, hereditaments, and appurtenances in anywise appertaining or belonging thereto, unto Mortgagee and Mortgagee's successors, substitutes and assigns forever.

**2.2 Security Interest to Mortgagee.** As additional security for the Secured Obligations, Mortgagor hereby grants to Mortgagee a security interest in the Property, Chattels and Intangible Personalty. To the extent any of the Property, Chattels or the Intangible



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Personalty may be or have been acquired with funds advanced by Mortgagee under the Loan Documents, this security interest is a purchase money security interest. This Mortgage constitutes a security agreement under the Uniform Commercial Code of the state in which the Property is located (the "Code") with respect to any part of the Property, Chattels and Intangible Personalty that may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate, in which a security interest may be granted under the Code (all collectively hereinafter called "Collateral"); all of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Property, and the following provisions of this Section shall not limit the generality or applicability of any other provisions of this Mortgage but shall be in addition thereto:

(a) The Collateral shall be used by Mortgagor solely for business purposes, and all Collateral (other than the Intangible Personalty) shall be installed upon the real estate comprising part of the Property for Mortgagor's own use or as the equipment and furnishings furnished by Mortgagor, as landlord, to tenants of the Property;

(b) The Collateral (other than the Intangible Personalty) shall be kept at the real estate comprising a part of the Property, and shall not be removed therefrom without the consent of Mortgagee (being the Secured Party as that term is used in the Code), except in the ordinary course of business if such Collateral has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary for the operation of the Property; and the Collateral (other than the Intangible Personalty) may be affixed to such real estate but shall not be affixed to any other real estate;

(c) No financing statement covering any of the Collateral or any proceeds thereof is on file in any public office; and Mortgagor will, at its cost and expense, upon demand, furnish to Mortgagee such further information and will execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee and will do all such acts and things as Mortgagee may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected first-priority security interest in the Collateral as security for the Secured Obligations, subject to no adverse liens or encumbrances except for Permitted Exceptions; and Mortgagor will pay the cost of filing the same or filing or recording such financing statements or other documents and this instrument in all public offices wherever filing or recording is deemed by Mortgagee to be necessary or desirable;

(d) The terms and provisions contained in this Section and in **Section 7.6** of this Mortgage shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code; and

(e) This Mortgage constitutes a financing statement under the Code with respect to the Collateral. As such, this Mortgage covers all items of the Collateral that are or are to become fixtures. The filing of this Mortgage in the real estate records of the county where the Property is located shall constitute a fixture filing in accordance with the Code. Information concerning the security interests created hereby may be obtained at the addresses set forth in **Article 1** of this Mortgage. Mortgagor is the "Debtor" and Mortgagee is the "Secured Party"

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(as those terms are defined and used in the Code) insofar as this Mortgage constitutes a financing statement and their respective addresses as Debtor and Secured Party as set forth in Section 9.10 hereof;

## ARTICLE 3

### MORTGAGOR'S REPRESENTATIONS

**3.1 Warranty of Title.** Mortgagor represents and warrants to Mortgagee that:

(a) Mortgagor has good and marketable fee simple title to the Property, and such fee simple title is free and clear of all liens, encumbrances, security interests and other claims whatsoever, subject only to the Permitted Exceptions;

(b) Mortgagor is the sole and absolute owner of the Chattels and the Intangible Personality, free and clear of all liens, encumbrances, security interests and other claims whatsoever, subject only to the Permitted Exceptions;

(c) This Mortgage is a valid and enforceable first lien and security interest on the Property, Chattels and Intangible Personality, subject only to the Permitted Exceptions;

(d) Mortgagor, for itself and its successors and assigns, hereby agrees to warrant and forever defend, all and singular of the property and property interests granted and conveyed pursuant to this Mortgage, against every person whomsoever lawfully claiming, or to claim, the same or any part thereof; and

The representations, warranties and covenants contained in this Section shall survive foreclosure of this Mortgage, and shall inure to the benefit of and be enforceable by any person who may acquire title to the Property, the Chattels, or the Intangible Personality pursuant to any such foreclosure.

**3.2 Due Authorization.** If Mortgagor is other than a natural person, Mortgagor represents and warrants to Mortgagee that the execution of this Mortgage by each natural person who executes it has been duly authorized by all necessary corporate, partnership, limited liability company or other action on the part of Mortgagor. Mortgagor represents that Mortgagor has obtained all consents and approvals required in connection with the execution, delivery and performance of this Mortgage.

**3.3 Other Representations and Warranties.** Mortgagor represents and warrants to Mortgagee as follows:

(a) Mortgagor is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of Delaware. Mortgagor is duly authorized to transact business in and is in good standing under the laws of the State of Illinois. The sole Controlling Persons of Mortgagor are Guarantor and SVAP Hoffman Plaza GP, LLC ("SVAP GP"). SVAP GP is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, and is the General Partner of Mortgagor;



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(b) The execution, delivery and performance by Mortgagor of the Loan Documents are within Mortgagor's power and authority and have been duly authorized by all necessary action;

(c) This Mortgage is, and each other Loan Document to which Mortgagor or Guarantor is a party will, when delivered hereunder, be valid and binding obligations of Mortgagor and Guarantor enforceable against Mortgagor and Guarantor in accordance with their respective terms, except as limited by equitable principles and bankruptcy, insolvency and similar laws affecting creditors' rights;

(d) The execution, delivery and performance by Mortgagor and Guarantor of the Loan Documents will not contravene any contractual or other restriction binding on or affecting Mortgagor or any Controlling Person, and will not result in or require the creation of any lien, security interest, other charge or encumbrance (other than pursuant hereto) upon or with respect to any of its properties;

(e) The execution, delivery and performance by Mortgagor and Guarantor of the Loan Documents does not contravene any applicable law;

(f) No authorization, approval, consent or other action by, and no notice to or filing with, any court, governmental authority or regulatory body is required for the due execution, delivery and performance by Mortgagor and Guarantor of any of the Loan Documents or the effectiveness of any assignment of any of Mortgagor's rights and interests of any kind to Mortgagee;

(g) No part of the Property, Chattels, or Intangible Personalty is in the hands of a receiver, no application for a receiver is pending with respect to any portion of the Property, Chattels, or Intangible Personalty, and no part of the Property, Chattels, or Intangible Personalty is subject to any foreclosure or similar proceeding;

(h) Neither Mortgagor nor any Controlling Person has made any assignment for the benefit of creditors, nor has Mortgagor or any Controlling Person filed, or had filed against it, any petition in bankruptcy;

(i) To the best of Mortgagor's knowledge, there is no pending or threatened litigation, action, proceeding or investigation, including, without limitation, any condemnation proceeding, against (i) Mortgagor or the Property before any court, governmental or quasi-governmental, arbitrator or other authority which would not, if adversely decided, be fully covered by insurance, subject to applicable deductibles, or (ii) any Controlling Person before any court, governmental or quasi-governmental, arbitrator or other authority which would, if adversely decided, have a material adverse effect on such Controlling Person's ability to perform its obligations under the Loan Documents;

(j) Mortgagor is a "non-foreign person" within the meaning of Sections 1445 and 7701 of the United States Internal Revenue Code of 1986, as amended, and the regulations issued thereunder;

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(k) Access to and egress from the Property are available and provided by public streets, and Mortgagor has no knowledge of any federal, state, county, municipal or other governmental plans to restrict or change access to the Property from any highway or road system in the vicinity of the Property;

(l) All public utility services necessary for the operation of all improvements constituting part of the Property for their intended purposes are available at the boundaries of the land constituting part of the Property, including water supply, storm and sanitary sewer facilities, and natural gas, electric, telephone and cable television facilities, as applicable;

(m) The Property is located in a zoning district designated B2 Community Business District by the Village of Hoffman Estates, Illinois. To the best of Mortgagor's knowledge, such designation permits the development, use and operation of the Property as it is currently operated as a permitted, and not as a non-conforming, use. The Property complies in all material respects with all zoning ordinances, regulations, requirements, conditions and restrictions, including but not limited to deed restrictions and restrictive covenants, applicable to the Property;

(n) To the best of Mortgagor's knowledge, except as heretofore disclosed in writing to Mortgagee, (i) there are no special or other assessments for public improvements or otherwise now affecting the Property, nor does Mortgagor know of any pending or threatened special assessments affecting the Property or any contemplated improvements affecting the Property that may result in special assessments, and (ii) there are no tax abatements or exemptions affecting the Property;

(o) Mortgagor and each Controlling Person has filed all tax returns it is required to have filed (or extensions thereof, if applicable), and has paid or will timely pay all taxes as shown on such returns or on any assessment received pertaining to the Property, subject to Mortgagor's ability to contest such taxes pursuant to Section 4.4(d) hereof;

(p) Mortgagor has not received any notice from any governmental body having jurisdiction over the Property as to any violation of any applicable law, or any notice from any insurance company or inspection or rating bureau setting forth any requirements as a condition to the continuation of any insurance coverage on or with respect to the Property or the continuation thereof at premium rates existing at present which have not been remedied or satisfied;

(q) Mortgagor is not in default, in any manner which would adversely affect its properties, assets, operations or condition (financial or otherwise), in the performance, observance or fulfillment of any of the material obligations, covenants or conditions set forth in any agreement or instrument to which it is a party or by which it or any of its properties, assets or revenues are bound; no Controlling Person is in default, in any manner which would materially adversely affect such Controlling Person's ability to perform its obligations under any of the Loan Documents, in its performance, observance or fulfillment of any of the material obligations, covenants or conditions set forth in any agreement or instrument to which it is a party or by which it or any of its properties, assets or revenues are bound;

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(r) Except as set forth in the Lease Certificate, and except for Permitted Exceptions, there are no occupancy rights (written or oral), Leases or tenancies presently affecting any part of the Property. The Lease Certificate contains a true and correct description of all Leases presently affecting the Property. Except as disclosed in the tenant estoppel certificates heretofore delivered to Mortgagee, no written or oral agreements or understandings exist between Mortgagor and the tenants under the Leases described in the Lease Certificate that grant such tenants any rights greater than those described in the Lease Certificate or that are in any way inconsistent with the rights described in the Lease Certificate;

(s) There are no options, purchase contracts or other similar agreements of any type (written or oral) presently affecting any part of the Property, excepting any Permitted Encumbrances,

(t) Mortgagor is not a party to any brokerage agreement with respect to any part of the Property, other than the Management Agreement with respect to the Property;

(u) Except as otherwise disclosed to Mortgagee in writing prior to the date hereof, (i) there are no contracts (other than Leases or Permitted Exceptions) presently affecting the Property ("Contracts") having a term in excess of one hundred eighty (180) days or not terminable by Mortgagor (without penalty) on thirty (30) days' notice; (ii) Mortgagor has heretofore delivered to Mortgagee true and correct copies of each of the Contracts together with all amendments thereto; (iii) to the best of Mortgagor's knowledge, Mortgagor is not in default of any obligations under any of the Contracts; and (iv) the Contracts represent the complete agreement between Mortgagor and such other parties as to the services to be performed or materials to be provided thereunder and the compensation to be paid for such services or materials, as applicable, and to the best of Mortgagor's knowledge, except as otherwise disclosed herein, such other parties possess no unsatisfied claims against Mortgagor. To the best of Mortgagor's knowledge, Mortgagor is not in default under any of the Contracts and no event has occurred which, with the passing of time or the giving of notice, or both, would constitute a default under any of the Contracts;

(v) To the best of Mortgagor's knowledge, Mortgagor has obtained all Permits necessary for the operation, use, ownership, development, occupancy and maintenance of the Property as a retail shopping center, as it is currently being operated. None of the Permits has been suspended or revoked, and all of the Permits are in full force and effect, are fully paid for, and Mortgagor has made or will make application for renewals of any of the Permits prior to the expiration thereof;

(w) All insurance policies held by Mortgagor relating to or affecting the Property are in full force and effect and, to the extent required by the Loan Documents, shall remain in full force and effect until all Secured Obligations are satisfied. Mortgagor has not received any notice of default or notice terminating or threatening to terminate any such insurance policies. Mortgagor has made or will make application for renewals of any of such insurance policies prior to the expiration thereof;

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(x) Mortgagor currently complies with ERISA. Neither the making of the Loan nor the exercise by Mortgagee of any of its rights under the Loan Documents constitutes or will constitute a non-exempt, prohibited transaction under ERISA;

(y) Mortgagor's exact legal name is correctly set out in the introductory paragraph of this Mortgage. Mortgagor's organizational identification number is correctly set forth in the definition of "Mortgagor" set forth in Article 1 hereof. Mortgagor's location (as such term is used in Section 5.8 hereof) is the State of Delaware; and

(z) Except as disclosed in the Environmental Assessment (as such term is defined in the Environmental Indemnity Agreement), to the best of Mortgagor's knowledge, there are no underground storage tanks located on, under or about the Property which are subject to the notification requirements under Section 9002 of the Solid Waste Disposal Act, as amended (42 U.S.C. § 6991); and (iii) there is no facility located on or at the Property which is subject to the reporting requirements of Section 312 of the federal Emergency Planning and Community Right to Know Act of 1986, as amended, and the federal regulations promulgated thereunder (42 U.S.C. § 11022), as facility is defined in the IRPTA.

**3.4 Continuing Effect.** Subject to Section 18 of the Note, Mortgagor shall be liable to Mortgagee for any damage suffered by Mortgagee if any of the foregoing representations are inaccurate as of the date hereof, regardless of when such inaccuracy may be discovered by, or result in harm to, Mortgagee. Mortgagor further represents and warrants that the representations and warranties contained in Section 3.3(a) through 3.3(d), 3.3(g), 3.3(h), 3.3(j), 3.3(o), 3.3(q), and 3.3(w) through 3.3(y), shall remain true and correct during the term of the Note and shall survive termination of this Mortgage.

## ARTICLE 4

### MORTGAGOR'S AFFIRMATIVE COVENANTS

**4.1 Payment of Note.** Mortgagor will pay all principal, interest, and other sums payable under the Note, on the date when such payments are due, without notice or demand.

**4.2 Performance of Other Obligations.** Mortgagor will promptly perform and comply with all other covenants, conditions, and prohibitions required of Mortgagor by the terms of the Loan Documents.

**4.3 Other Encumbrances.** Mortgagor will promptly perform and comply in all material respects with all covenants, conditions, and prohibitions required of Mortgagor in connection with any other encumbrance affecting the Property, the Chattels, or the Intangible Personalty, or any part thereof, or any interest therein, regardless of whether such other encumbrance is superior or subordinate to the lien hereof.

**4.4 Payment of Taxes.**

(a) **Property Taxes.** Unless Mortgagor is depositing with Mortgagee the amounts required pursuant to Section 4.4(b), Mortgagor will (i) pay (or cause to be paid), before

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delinquency, all taxes and assessments, general or special, which may be levied or imposed at any time against Mortgagor's interest and estate in the Property, the Chattels, or the Intangible Personalty, and (ii) within ten days after each payment of any such tax or assessment (or each notice of payment from a tenant paying such taxes or assessments directly, as applicable), Mortgagor will deliver to Mortgagee, without notice or demand, an official receipt for such payment (or, if an official receipt is unavailable, other evidence of payment reasonably acceptable to Mortgagee). At Mortgagee's option, Mortgagee may retain the services of a firm to monitor the payment of all taxes and assessments relating to the Property, the cost of which shall be borne by Mortgagor.

(b) Deposit for Taxes. On or before the date hereof, Mortgagor shall deposit with Mortgagee an amount equal to  $1/12^{\text{th}}$  of the amount which Mortgagee estimates will be required to make the next annual payment (or  $1/6^{\text{th}}$  of the amount which Mortgagee estimates will be required to make the next semi-annual payment, as the case may be) of taxes, assessments, and similar governmental charges referred to in this Section, multiplied by the number of whole or partial months that have elapsed since the date one month prior to the most recent due date for such taxes, assessments and similar governmental charges. Thereafter, with each monthly payment under the Note, Mortgagor shall deposit with Mortgagee an amount equal to  $1/12^{\text{th}}$  of the amount which Mortgagee estimates will be required to pay the next annual payment (or  $1/6^{\text{th}}$  of the amount which Mortgagee estimates will be required to make the next semi-annual payment, as the case may be) of taxes, assessments, and similar governmental charges referred to in this Section. The purpose of these provisions is to provide Mortgagee with sufficient funds on hand to pay all such taxes, assessments, and other governmental charges thirty (30) days before the date on which they become past due. If the Mortgagee, in its reasonable discretion, determines that the funds impounded hereunder are, or will be, (i) insufficient, Mortgagor shall upon demand pay such additional sums as Mortgagee shall determine necessary and shall pay any increased monthly charges requested by Mortgagee, or (ii) in excess of the amount required, such excess amount shall be returned to Mortgagor or credited against the next succeeding deposit(s) due hereunder. Provided no Event of Default exists hereunder, Mortgagee will apply the amounts so deposited to the payment of such taxes, assessments, and other charges when due, but in no event will Mortgagee be liable for any interest on any amount so deposited, and any amount so deposited may be held and commingled with Mortgagee's own funds. Notwithstanding the foregoing, Mortgagor shall not be required to make monthly deposits toward the next annual payment of taxes, assessments, and similar governmental charges referred to in this Section for any portion of the Property occupied by a tenant which pays such taxes, assessments and charges directly to the applicable taxing authority(ies); provided, however, that if Mortgagor shall fail to provide evidence of payment of such taxes, assessments and charges by any tenant prior to the due date for such payment, this sentence shall be null and void and of no effect for the portion of the Property leased by such tenant for the remainder of the term of such tenant's Lease.

(c) Intangible Taxes. If by reason of any statutory or constitutional amendment or judicial decision adopted or rendered after the date hereof, any tax, assessment, or similar charge is imposed against the Note, Mortgage, or any interest of Mortgagee in any real or personal property encumbered hereby, Mortgagor will pay such tax, assessment, or other charge before delinquency and will indemnify Mortgagee against all loss, expense, or diminution of income in connection therewith. In the event Mortgagor is unable to do so, either for economic



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reasons or because the legal provisions or decisions creating such tax, assessment or charge forbid Mortgagor from doing so, then the Note will, at Mortgagee's option, become due and payable in full upon sixty (60) days' notice to Mortgagor.

(d) **Right to Contest.** Notwithstanding any other provision of this Section, Mortgagor will not be deemed to be in default solely by reason of Mortgagor's failure to pay any tax, assessment or similar governmental charge (and Mortgagee shall withhold payment thereof at Mortgagor's request, notwithstanding the provisions of Section 4.4(b) hereof) so long as, in Mortgagee's reasonable judgment, each of the following conditions is satisfied:

(i) Mortgagor is engaged in and diligently pursuing in good faith administrative or judicial proceedings appropriate to contest the validity or amount of such tax, assessment, or charge; and

(ii) Mortgagor's payment of such tax, assessment, or charge would prejudice Mortgagor's prospects for success in such proceedings; and

(iii) Nonpayment of such tax, assessment, or charge during the pendency of such contest will not result in the loss or forfeiture of any property encumbered hereby or any interest of Mortgagee therein; and

(iv) Mortgagor deposits with Mortgagee, as security for such payment which may ultimately be required, a sum equal to the amount of the disputed tax, assessment or charge plus the interest, penalties, and other costs which Mortgagee estimates are likely to become payable if Mortgagor's contest is unsuccessful (taking into account any amounts already on deposit for the payment thereof in accordance with Section 4.4(b) hereof or the Cash Collateral Agreement).

If Mortgagee determines that any one or more of such conditions is not satisfied or is no longer satisfied, Mortgagor (and/or Mortgagee, as the case may be, to the extent that amounts are already on deposit for the payment thereof in accordance with Sections 4.4(b) and/or 4.4(d)(iv) and/or the Cash Collateral Agreement) will pay the tax, assessment, or charge in question, together with any interest and penalties thereon, within ten (10) days after Mortgagee gives notice of such determination.

## 4.5 Maintenance of Insurance.

(a) **Coverages Required.** Mortgagor shall maintain or cause to be maintained, with financially sound and reputable insurance companies or associations meeting the requirements of the Insurance Agreement, all insurance required under the terms of the Insurance Agreement, and shall comply with each and every covenant and agreement contained in the Insurance Agreement.

(b) **Renewal Policies.** Not less than ten (10) days prior to the expiration date of each insurance policy required pursuant to the Insurance Agreement, Mortgagor will deliver to Mortgagee an appropriate renewal policy (or a certified copy thereof), together with evidence satisfactory to Mortgagee that the applicable premium has been prepaid by Mortgagor (except to the extent that Mortgagee or its servicer is required to pay such premiums from amounts on



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deposit for the payment thereof in accordance with Section 4.5(c) hereof and/or the Cash Collateral Agreement).

(c) Deposit for Premiums. Upon demand made by Mortgagee upon (i) the occurrence of an Event of Default or (ii) the failure by Mortgagor to deliver evidence of prepayment of insurance premiums pursuant to Section 4.5(b), Mortgagor shall deposit with Mortgagee an amount equal to 1/12th of the amount which Mortgagee estimates will be required to make the next annual payments of the premiums for the policies of insurance referred to in this Section, multiplied by the number of whole and partial months which have elapsed since the date one month prior to the most recent policy anniversary date for each such policy. Thereafter, with each monthly payment under the Note, Mortgagor will deposit an amount equal to 1/12th of the amount which Mortgagee estimates will be required to pay the next required annual premium for each insurance policy referred to in this Section. The purpose of these provisions is to provide Mortgagee with sufficient funds on hand to pay all such premiums thirty (30) days before the date on which they become past due. If the Mortgagee, in its sole discretion, determines that the funds provided hereunder are, or will be, (i) insufficient, Mortgagor shall upon demand pay such additional sums as Mortgagee shall determine necessary and shall pay any increased monthly charges requested by Mortgagee, or (ii) in excess of the amount required, such excess amount shall be returned to Mortgagor or credited against the next succeeding deposit(s) due hereunder. Provided no Event of Default exists hereunder, Mortgagee will apply the amounts so deposited to the payment of such insurance premiums when due, but in no event will Mortgagee be liable for any interest on any amounts so deposited, and the money so received may be held and commingled with Mortgagee's own funds.

(d) Application of Hazard Insurance Proceeds. Mortgagor shall promptly notify Mortgagee of any damage or casualty to all or any portion of the Property or Chattels. Mortgagee may participate in all negotiations and appear and participate in all judicial arbitration proceedings concerning any insurance proceeds which may be payable as a result of such casualty or damage, and Mortgagor shall not compromise or settle any claim in excess of \$50,000.00 for any such insurance proceeds without Mortgagee's consent. Any such insurance proceeds shall be paid to Mortgagee and shall be applied first to reimburse Mortgagee for all costs and expenses, including reasonable attorneys' fees, incurred by Mortgagee in connection with the collection of such insurance proceeds. The balance of any insurance proceeds received by Mortgagee with respect to an insured casualty may, in Mortgagee's sole discretion, either (i) be retained and applied by Mortgagee toward payment of the Secured Obligations, without prepayment premium, or (ii) be paid over, in whole or in part and subject to such reasonable conditions as Mortgagee may impose, to Mortgagor to pay for repairs or replacements necessitated by the casualty; provided, however, that if all of the Secured Obligations have been performed or are discharged by the application of less than all of such insurance proceeds, then any remaining proceeds will be paid over to Mortgagor. Notwithstanding the preceding sentence, if (A) no Event of Default shall exist hereunder, and (B) the proceeds received by Mortgagee (together with any other funds delivered by Mortgagor to Mortgagee for such purpose) shall be sufficient, in Mortgagee's reasonable judgment, to pay for any restoration necessitated by the casualty, and (C) the cost of such restoration shall not exceed \$950,000.00, and (D) such restoration can be completed, in Mortgagee's judgment, at least ninety (90) days prior to the maturity date of the Note, then Mortgagee shall apply such proceeds as provided in clause (ii) of the preceding sentence. Mortgagee will have no obligation to see to the proper

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application of any insurance proceeds paid over to Mortgagor, nor will any such proceeds received by Mortgagee bear interest or be subject to any other charge for the benefit of Mortgagor. Mortgagee may, prior to the application of insurance proceeds, commingle them with Mortgagee's own funds and otherwise act with regard to such proceeds as Mortgagee may determine in Mortgagee's sole discretion.

(e) Successor's Rights. Any person who acquires title to the Property or the Chattels upon foreclosure hereunder will succeed to all of Mortgagor's rights under all policies of insurance maintained pursuant to this Section.

**4.6 Maintenance and Repair of Property and Chattels.** Mortgagor will at all times maintain the Property and the Chattels in good working condition and repair, subject to ordinary wear and tear, will diligently prosecute the completion of any building or other improvement which is at any time in the process of construction on the Property, and will promptly repair, restore, replace, or rebuild any part of the Property or the Chattels which may be affected by any casualty or any public or private taking or injury to the Property or the Chattels. All costs and expenses arising out of the foregoing shall be paid by Mortgagor whether or not the proceeds of any insurance or eminent domain shall be sufficient therefor. Mortgagor will comply with all statutes, ordinances, and other governmental or quasi-governmental requirements and private covenants relating to the ownership, construction, use, or operation of the Property, including but not limited to any environmental or ecological requirements; provided, that so long as no Event of Default has occurred and is continuing hereunder, Mortgagor may, upon providing Mortgagee with security reasonably satisfactory to Mortgagee, proceed diligently and in good faith to contest the validity, applicability or alleged violation of any such statute, ordinance, or requirement. Mortgagee and any person authorized by Mortgagee may enter and inspect the Property at all reasonable times, and may inspect the Chattels, wherever located, at all reasonable times, in either case upon reasonable advance notice.

**4.7 Leases.** Mortgagor shall timely pay and perform each of its obligations under or in connection with the Leases, and shall otherwise pay such sums and take such action as shall be necessary or required on the part of the lessor thereunder in order to maintain each of the Leases in full force and effect in accordance with its terms. Mortgagor shall immediately furnish to Mortgagee copies of any notices given to Mortgagor by the lessee under any Lease, alleging the default by Mortgagor in the timely payment or performance of its obligations under such Lease and any subsequent communication related thereto. Mortgagor shall also promptly furnish to Mortgagee copies of any notices given to Mortgagor by the lessee under any Lease, extending the term of any Lease, requiring or demanding the expenditure of any sum by Mortgagor (or demanding the taking of any action by Mortgagor), or relating to any other material obligation of Mortgagor under such Lease and any subsequent communication related thereto. Mortgagor agrees that Mortgagee, in its sole discretion, may advance any sum or take any action which Mortgagee believes is necessary or required to maintain the Leases in full force and effect, and all such sums advanced by Mortgagee, together with all costs and expenses incurred by Mortgagee in connection with action taken by Mortgagee pursuant to this Section, shall be due and payable by Mortgagor to Mortgagee upon demand, shall bear interest until paid at the Default Rate (as defined in the Note), and shall be secured by this Mortgage.

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**4.8 Eminent Domain; Private Damage.** If all or any part of the Property is taken or damaged by eminent domain or any other public or private action, Mortgagor will notify Mortgagee promptly of the time and place of all meetings, hearings, trials, and other proceedings relating to such action. Mortgagee may participate in all negotiations and appear and participate in all judicial or arbitration proceedings concerning any award or payment which may be due as a result of such taking or damage, and may, following the occurrence and during the continuance of an Event of Default, compromise or settle, in the names of both Mortgagor and Mortgagee, any claim for any such award or payment. Any such award or payment is to be paid to Mortgagee and will be applied first to reimburse Mortgagee for all costs and expenses, including reasonable attorneys' fees, incurred by Mortgagee in connection with the ascertainment and collection of such award or payment. The balance, if any, of such award or payment may, in Mortgagee's sole discretion, either (a) be retained by Mortgagee and applied toward the Secured Obligations, or (b) be paid over, in whole or in part and subject to such reasonable conditions as Mortgagee may impose, to Mortgagor for the purpose of restoring, repairing, or rebuilding any part of the Property affected by the taking or damage. Notwithstanding the preceding sentence, if (i) no Event of Default shall have occurred and be continuing hereunder, and (ii) the proceeds received by Mortgagee (together with any other funds delivered by Mortgagor to Mortgagee for such purpose) shall be sufficient, in Mortgagee's reasonable judgment, to pay for any restoration necessitated by the taking or damage, and (iii) the cost of such restoration shall not exceed \$950,000.00, and (iv) such restoration can be completed, in Mortgagee's judgment, at least ninety (90) days prior to the maturity date of the Note, and (v) upon completion of such restoration, the remaining Property shall constitute, in Mortgagee's reasonable judgment, adequate security for the Secured Obligations, then Mortgagee shall apply such proceeds as provided in clause (b) of the preceding sentence. Mortgagor's duty to pay the Note in accordance with its terms and to perform the other Secured Obligations will not be suspended by the pendency or discharged by the conclusion of any proceedings for the collection of any such award or payment, and any reduction in the Secured Obligations resulting from Mortgagee's application of any such award or payment will take effect only when Mortgagee receives such award or payment. If this Mortgage has been foreclosed prior to Mortgagee's receipt of such award or payment, Mortgagee may nonetheless retain such award or payment to the extent required to reimburse Mortgagee for all costs and expenses, including reasonable attorneys' fees, incurred in connection therewith, and to discharge any deficiency remaining with respect to the Secured Obligations.

**4.9 Mechanics' Liens.** Mortgagor will keep the Property free and clear of all liens and claims of liens by contractors, subcontractors, mechanics, laborers, materialmen and other such persons, and will cause any recorded statement of any such lien to be released of record within thirty (30) days after the recording and notice to Mortgagor thereof. Notwithstanding the preceding sentence, however, Mortgagor will not be deemed to be in default under this Section if and so long as Mortgagor (a) contests in good faith the validity or amount of any asserted lien and diligently prosecutes or defends an action appropriate to obtain a binding determination of the disputed matter, and (b) provides Mortgagee with such security as Mortgagee may require to protect Mortgagee against all loss, damage, and expense, including reasonable attorneys' fees, which Mortgagee might incur if the asserted lien is determined to be valid.

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**4.10 Defense of Actions.** Mortgagor will defend, at Mortgagor's expense, any action, proceeding or claim which affects any property encumbered hereby or any interest of Mortgagee in such property or in the Secured Obligations, and will indemnify and hold Mortgagee harmless from all loss, damage, cost, or expense, including reasonable attorneys' fees, which Mortgagee may incur in connection therewith.

**4.11 Expenses of Enforcement.** Mortgagor will pay all costs and expenses, including reasonable attorneys' fees, which Mortgagee may incur in connection with any effort or action (whether or not litigation or foreclosure is involved) to enforce or defend Mortgagee's rights and remedies under any of the Loan Documents, including but not limited to all reasonable attorneys' fees, appraisal fees, consultants' fees, and other expenses incurred by Mortgagee in securing title to or possession of, and realizing upon, any security for the Secured Obligations. All such costs and expenses (together with interest thereon at the Default Rate from the date demanded) shall constitute part of the Secured Obligations, and may be included in the computation of the amount owed to Mortgagee for purposes of foreclosing or otherwise enforcing this Mortgage.

**4.12 Financial Reports.** During the term of the Loan, Mortgagor shall supply to Mortgagee (a) within forty-five (45) days following the end of each quarter, Mortgagor's quarterly and annual operating statements for the Property as of the end of and for the preceding quarter and fiscal year, as applicable, in each case prepared against the budget for such year; (b) contemporaneously with Mortgagor's delivery of each of such operating statements, a certified rent roll signed and dated by Mortgagor detailing the names of all tenants under the Leases, the portion of the improvements on the Property occupied by each tenant, the rent and any other charges payable under each Lease, and the term of each Lease; and (c) within ninety (90) days following the end of each year, an annual balance sheet and profit and loss statement of Mortgagor and each Guarantor. The financial statements and reports described in (a) and (c) above shall be in such detail as Mortgagee may require, shall be prepared in accordance with generally accepted accounting principles consistently applied, and shall be certified as true and correct by the Chief Financial Officer of The Sterling Organization. Mortgagor shall also furnish to Mortgagee within thirty (30) days of Mortgagee's request, any other financial reports or statements of Mortgagor as Mortgagee may request. Upon Mortgagee's demand after any Event of Default, or if Mortgagee securitizes the Loan, Mortgagor shall supply to Mortgagee the items required in (a) and (b) above on a monthly basis.

**4.13 Priority of Leases.** To the extent Mortgagor has the right, under the terms of any Lease, to make such lease subordinate to the lien hereof, Mortgagor will, at Mortgagee's request and Mortgagor's expense, take such action as may be required to effect such subordination. Conversely, Mortgagor will, at Mortgagee's request and Mortgagor's expense, take such action as may be necessary to subordinate the lien hereof to any future Lease designated by Mortgagee.

**4.14 Inventories; Assembly of Chattels.** Mortgagor will, from time to time at the request of Mortgagee (but not more often than once in any calendar year), supply Mortgagee with a current inventory of the Chattels, in such detail as Mortgagee may reasonably require. Upon the occurrence of any Event of Default hereunder, Mortgagor will at Mortgagee's request



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assemble the Chattels and make them available to Mortgagee at any place designated by Mortgagee which is reasonably convenient to both parties.

**4.15 Compliance with Laws, Etc.** Mortgagor shall comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, maintaining all Permits and paying before the same become delinquent all taxes, assessments and governmental charges imposed upon Mortgagor or the Property, subject to Mortgagor's ability to contest the same pursuant to Sections 4.4(d) and 4.6 hereof.

**4.16 Records and Books of Account.** Mortgagor shall keep accurate and complete records and books of account, in which complete entries will be made in accordance with generally accepted accounting principles consistently applied, reflecting all financial transactions relating to the Property.

**4.17 Inspection Rights.** At any reasonable time, and from time to time, Mortgagor shall permit Mortgagee, or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit and inspect the Property and to discuss with Mortgagor the affairs, finances and accounts of Mortgagor, upon reasonable prior notice.

**4.18 Change of Mortgagor's Address or State of Organization.** Mortgagor shall promptly notify Mortgagee if changes are made in Mortgagor's address from that set forth in Section 9.10 hereof, or if Mortgagor shall either change its "location" (as such term is used in Section 5.8 hereof), its state of organization or if Mortgagor shall organize in any state other than the State of Delaware.

**4.19 Further Assurances; Estoppel Certificates.** Mortgagor will execute and deliver to Mortgagee upon demand, and pay the costs of preparation and recording thereof, any further documents which Mortgagee may request to confirm or perfect the liens and security interests created or intended to be created hereby, or to confirm or perfect any evidence of the Secured Obligations. Mortgagor will also, within ten (10) days after any request by Mortgagee, deliver to Mortgagee a signed and acknowledged statement certifying to Mortgagee, or to any proposed transferee of the Secured Obligations, (a) the balance of principal, interest, and other sums then outstanding under the Note, and (b) whether Mortgagor claims to have any offsets or defenses with respect to the Secured Obligations and, if so, the nature of such offsets or defenses.

**4.20 Costs of Closing.** Mortgagor shall on demand pay directly or reimburse Mortgagee for any costs or expenses pertaining to the closing of the Loan, including, but not limited to, reasonable fees of counsel for Mortgagee, costs and expenses for which invoices were not available at the closing of the Loan, or costs and expenses which are incurred by Mortgagee after such closing, including, without limitation, costs or expenses incurred to obtain originals or copies of recorded or filed Loan Documents and UCC financing statements. All such costs and expenses (together with interest thereon at the Default Rate from the date which is ten (10) days following Mortgagee's demand therefor) shall constitute a part of the Secured Obligations, and may be included in the computation of the amount owed to Mortgagee for purposes of foreclosing or otherwise enforcing this Mortgage.

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**4.21 Fund for Electronic Transfer.** With the exception of monthly payments of principal and interest made pursuant to Section 4(a)(ii) of the Cash Collateral Agreement, all monthly payments of principal and interest on the Note, and impound deposits under this Mortgage, shall be made by Mortgagor by electronic funds transfer from a bank account established and maintained by Mortgagor for such purpose. Mortgagor shall establish and maintain such an account until the Note is fully paid and shall direct the depository of such account in writing to so transmit such payments on before the respective due dates to the account of Mortgagee as shall be designated by Mortgagee in writing.

**4.22 Use.** Mortgagor shall use the Property solely for the development and operation of a retail shopping center, and uses incidental thereto, and for no other use or purpose.

**4.23 Management.** The Property shall be managed by Sterling Retail Services, Inc. ("Property Manager") under a management agreement previously delivered to, and approved, by Mortgagee (the "Management Agreement"). Mortgagor shall not permit any amendment to or modification of the Management Agreement, or management of the Property by any person or entity other than Property Manager, without the prior written consent of Mortgagee, which shall not be unreasonably withheld.

#### **4.24 Guarantor.**

(a) Within sixty (60) days after the death of an individual Guarantor, Mortgagor shall notify Mortgagee in writing of such death and provide to Mortgagee the names and current financial statements of one or more substitute guarantors reasonably acceptable to Mortgagee (a) (i) whose aggregate net worth and financial condition is, in Mortgagee's reasonable discretion, equivalent to or better than the deceased Guarantor as of the date of this Mortgage, or (ii) who are the heirs, devisees and beneficiaries of substantially all of the deceased Guarantor's assets, and (b) (i) whose net worth equals or exceeds the minimum net worth required under the Guaranty Agreement, when added to the net worth of the remaining persons and/or entities comprising Guarantor, and (ii) whose net worth includes cash and cash equivalents that equals or exceeds the minimum liquid assets required under the Guaranty Agreement, when added to the amount of cash and cash equivalents owned by the remaining persons and/or entities comprising Guarantor. Within sixty (60) days after the death of the individual Guarantor, each substitute guarantor(s) shall (A) deliver to Mortgagee the financial reports and statements required in Section 4.12 hereof and Section 13 of the Guaranty Agreement and (B) execute and deliver to Mortgagee a guaranty agreement and environmental indemnity agreement in substantially the same form as the Guaranty Agreement and Environmental Indemnity Agreement and such other instruments as Mortgagee may reasonably require.

(b) Upon Mortgagor's written request to Mortgagee, provided that Mortgagee shall receive evidence reasonably satisfactory to Mortgagee that New Guarantor (as defined below) has achieved, and shall maintain for the remainder of the Loan term, a minimum Net Worth (as defined in the Guaranty) of \$50,000,000.00 and minimum Liquid Assets (as defined in the Guaranty) of \$2,000,000.00, Mortgagee shall:



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(i) Accept a guaranty agreement and environmental indemnity agreement (the “**New Guarantor Documents**”), in the same form as the Guaranty Agreement and Environmental Indemnity Agreement, executed by Sterling Value Add Partners, L.P., a Delaware limited partnership, and Sterling Value Add Partners (NR), L.P., a Delaware limited partnership (collectively, “**New Guarantor**”); and

(ii) Release Guarantor from liability under the Guaranty and the Environmental Indemnity, except for any liability that has arisen on or before the execution and delivery to Mortgagee of the New Guarantor Documents, or thereafter arising based on any event that has occurred, or any state of affairs that exists prior to the execution and delivery to Mortgagee of the New Guarantor Documents.

Mortgagee shall respond to Mortgagor’s written request pursuant to this Section 4.24 within fifteen (15) days of Mortgagee’s receipt thereof, (A) indicating that the request is approved, (B) indicating that the request is denied, or (C) describing any additional information or documentation needed to process the request.

**4.25 General Indemnity.** Mortgagor agrees that while Mortgagee has no liability to any person in tort or otherwise as lender and that Mortgagee is not an owner or operator of the Property, Mortgagor shall, at its sole expense, protect, defend, release, indemnify and hold harmless the Indemnified Parties (defined below) from any Losses (defined below) imposed on, incurred by, or asserted against the Indemnified Parties, directly or indirectly, arising out of or in connection with the Property, Loan, or Loan Documents; provided, however, that the foregoing shall not apply (a) to any Losses caused by the gross negligence or willful misconduct of the Indemnified Parties or (b) provided no Event of Default then exists, to any disputes among the Indemnified Parties not caused in whole or in part by a breach of Mortgagor’s obligations under the Loan Documents. The term “**Losses**” shall mean any claims, suits, liabilities (including strict liabilities), actions, proceedings, obligations, debts, damages, losses (including, without limitation, unrealized loss of value of the Property), costs, expenses, fines, penalties, charges, fees, judgments, awards, and amounts paid in settlement of whatever kind including attorneys’ fees and all other costs of defense. The term “**Indemnified Parties**” shall mean (i) Mortgagee, (ii) any prior owner or holder of the Note, (iii) any existing or prior servicer of the Loan, (iv) the officers, directors, shareholders, partners, members, employees and trustees of any of the foregoing, and (v) the heirs, legal representatives, successors and assigns of each of the foregoing. **SUBJECT TO CLAUSES (a) AND (b) OF THIS SECTION 4.25, THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PARTY WITH RESPECT TO LOSSES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE ORDINARY NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PARTY OR ANY STRICT LIABILITY.**

**4.26 Duty to Defend, Costs and Expenses.** Upon request, whether Mortgagor’s obligation to indemnify Mortgagee arises under Section 4.25 above or elsewhere in the Loan Documents, Mortgagor shall defend the Indemnified Parties (in Mortgagor’s or the Indemnified Parties’ names) by attorneys and other professionals reasonably approved by the Indemnified Parties. Notwithstanding the foregoing, the Indemnified Parties may, in their sole

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discretion, engage their own attorneys and professionals to defend or assist them and, at their option, their attorneys shall control the resolution of any claims or proceedings. Upon demand, Mortgagor shall pay or, in the sole discretion of the Indemnified Parties, reimburse the Indemnified Parties for all Losses imposed on, incurred by, or asserted against the Indemnified Parties by reason of any items set forth in Section 4.25 above and/or the enforcement or preservation of the Indemnified Parties' rights under the Loan Documents. Any amount payable to the Indemnified Parties under this Section shall (a) be deemed a demand obligation, (b) be part of the Secured Obligations, (c) bear interest from the date which is ten (10) days following demand therefor at the Default Rate until paid if not paid on demand, and (d) be secured by this Mortgage.

## ARTICLE 5

### MORTGAGOR'S NEGATIVE COVENANTS

**5.1 Waste and Alterations.** Mortgagor will not commit or permit any waste with respect to the Property or the Chattels. Except in the case of tenant improvement construction to be completed by landlord or tenant under Leases, Mortgagor shall not cause or permit any part of the Property, including but not limited to any building, structure, parking lot, driveway, landscape scheme, timber, or other ground improvement, to be removed, demolished, or materially altered without the prior written consent of Mortgagee, which shall not be unreasonably withheld; provided, however, that Mortgagor may remove, demolish or materially alter part of the Property without the prior written consent of Mortgagee if (a) the replacement cost of the affected part of the Property does not exceed \$250,000.00, (b) such removal, demolition or material alteration does not adversely affect the structure or market value or architectural character of the improvements to the Property, and (c) such removal, demolition or material alteration is completed in a good and workmanlike manner.

**5.2 Zoning and Private Covenants.** Mortgagor will not initiate, join in, or consent to any change in any zoning ordinance or classification, any change in the "zone lot" or "zone lots" (or similar zoning unit or units) presently comprising the Property, any transfer of development rights, any private restrictive covenant, or any other public or private restriction limiting or defining the uses which may be made of the Property or any part thereof, without the express written consent of Mortgagee, which shall not be unreasonably withheld. If under applicable zoning provisions the use of all or any part of the Property as a retail shopping center is or becomes a nonconforming use, Mortgagor will not cause such use to be discontinued or abandoned without the express written consent of Mortgagee, and Mortgagor will use its best efforts to prevent the tenant under any Lease from discontinuing or abandoning such use.

**5.3 Interference with Leases.**

(a) Mortgagor will neither do, nor neglect to do, anything which may cause or permit the termination of any Lease of all or any part of the Property (other than in connection with the exercise of Mortgagor's remedies thereunder) or cause or permit the withholding or abatement of any rent payable under any such Lease.

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(b) Except as hereinafter expressly provided, without Mortgagee's prior written consent, which may be granted or withheld in Mortgagee's reasonable discretion, Mortgagor shall not enter into or modify any Lease of all or any part of the Property. Any submission by Mortgagor for Mortgagee's approval of a Lease or modification thereof shall be accompanied by a copy of such Lease or modification, a Lease abstract, a then-current rent roll for the Property, year-to-date operating statements for the Property, and a cover letter requesting Mortgagee's approval which contains a signature line on which Mortgagee may evidence its approval of such Lease or modification. Any submission by Mortgagor for Mortgagee's approval of a Lease or modification thereof shall also be accompanied by a transmittal letter stating, in all capitals and bold-face font: **"NOTICE: IF LENDER FAILS TO RESPOND IN WRITING TO BORROWER'S REQUEST FOR APPROVAL OF THIS LEASE WITHIN FIFTEEN (15) DAYS OF RECEIPT OF THIS REQUEST, THE LEASE SHALL BE DEEMED APPROVED BY LENDER."** If Mortgagee does not respond in writing to any such request for approval within fifteen days of receipt thereof, the subject Lease shall be deemed approved.

(c) Except with the prior written consent of Mortgagee, which may be granted or withheld in Mortgagee's sole discretion, Mortgagor will not (i) collect rent from all or any part of the Property for more than one month in advance, (ii) assign the rents from the Property or any part thereof, or (iii) consent to the cancellation or surrender of all or any part of any Lease, except (A) as permitted by the terms of such Lease, (B) that Mortgagor may accept the cancellation or surrender of a Safe Harbor Lease if the demised premises thereunder will thereafter be occupied by a tenant under a replacement Safe Harbor Lease which has been fully executed by such replacement tenant and Mortgagor, and (C) that Mortgagor may in good faith terminate any Lease for nonpayment of rent or other material breach by the tenant.

(d) Without limiting the generality of the foregoing, whether or not Mortgagee's consent to the cancellation or surrender of any Lease is required hereunder, (i) Mortgagor shall notify Mortgagee in writing of any cancellation penalties or other consideration payable to Mortgagor in connection with such cancellation or surrender (the **"Termination Fees"**), which written notice must be delivered to Mortgagee prior to the payment by the applicable tenant of any such Termination Fees to Mortgagor, and (ii) at Mortgagee's sole option, Mortgagee shall be entitled to (A) require that Mortgagor deposit such Termination Fees into a reserve held by Mortgagee or Mortgagee's loan servicer, and (B) make disbursements of the Termination Fees from such reserve only upon satisfaction of the following conditions: (x) that (1) such vacant space shall be relet to a tenant acceptable to Mortgagee in its reasonable discretion, and under a Lease acceptable to Mortgagee in its reasonable discretion (an **"Approved Lease"**) or a Safe Harbor Lease, as defined in Section 5.3(e) hereof, (2) the tenant under the Approved Lease or Safe Harbor Lease is in occupancy of the Property and paying rent, (3) Mortgagor provides to Mortgagee a tenant estoppel certificate from the tenant in a form acceptable to Mortgagee in Mortgagee's reasonable discretion (or in such form otherwise required to be delivered by such tenant under an Approved Lease), and (4) Mortgagor provides to Mortgagee evidence acceptable to Mortgagee in its reasonable discretion that all improvements to the Property required by the Approved Lease or Safe Harbor Lease have been completed, and (y) the amount of such disbursement shall be limited to the lesser of the actual cost of retenanting such space (including brokerage commissions and tenant improvement costs) or the amount calculated by dividing the Termination Fees by the total square feet of space

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vacated, then multiplying that result by the number of square feet of newly leased space under the Approved Lease or Safe Harbor Lease; provided that upon execution of one or more Approved Leases or Safe Harbor Leases demising the entire space vacated, and payment in full of all associated costs of retenanting, the balance of such reserve shall be released to Mortgagor.

(e) Notwithstanding the foregoing provisions of this **Section 5.3**, Mortgagee's prior written consent will not be required with respect to any Safe Harbor Leases (as hereinafter defined) (or any amendment, modification or renewal thereof which does not cause such Lease to be other than a Safe Harbor Lease) provided that no Event of Default has occurred and Mortgagor delivers a copy of such Safe Harbor Lease to Mortgagee within ten (10) days after execution thereof together with Mortgagor's written certification that such copy is a true, correct and complete copy of the Safe Harbor Lease and that all of the conditions set forth in this sentence and in the definition of Safe Harbor Lease have been satisfied; provided, however, that Mortgagee's prior written consent shall be required with respect to any Lease that would otherwise qualify as a Safe Harbor Lease, as a condition to executing any non-disturbance or recognition agreement requested by the tenant thereunder, which non-disturbance or recognition agreement shall be in form and substance acceptable to Mortgagee in its reasonable discretion. Upon request of Mortgagor, Mortgagee shall execute non-disturbance or recognition agreements in connection with Safe Harbor Leases and other Leases approved by Mortgagee hereunder, provided that such agreements are in form and substance acceptable to Mortgagee in its reasonable discretion.

A "Safe Harbor Lease" shall (i) be on a standard form of Lease approved in writing by Mortgagee, with such changes only as are necessitated by the business terms satisfying the requirements of this definition of "Safe Harbor Lease" and other non-material changes as are commercially reasonable, (ii) be entered into at arm's length with a third party tenant unaffiliated with Mortgagor or Recourse Guarantor, which tenant shall be creditworthy and reputable, as reasonably determined by Mortgagor, (iii) cover no more than 6,000 rentable square feet, (iv) have an initial term of not less than three (3) years or, together with renewal options, greater than fifteen (15) years, (v) have a minimum contract rent equal to the greater of then current market rents or the rent paid by the tenant occupying the space as of the date of this Mortgage, and provide for tenant improvement allowances and lease concessions in conformity with the then current market conditions as reasonably determined by Mortgagee, (vi) not contain any expansion options which, if exercised, would cause the premises under such Lease to exceed 8,000 rentable square feet, (vii) be automatically self-subordinated to the Mortgage and require tenant to attorn to Mortgagee or Mortgagee's successor in interest upon such party's acquisition of title and at such party's sole option, (viii) not contain any requirement for a non-disturbance or recognition agreement, or any other provision which might adversely affect Mortgagee's rights under the Loan Documents in any material way, (ix) not contain any options to purchase, rights of first refusal, or termination options (other than in the event of material casualty or condemnation or a termination based upon a tenant's failure to achieve an agreed upon level of sales from its leased premises), (x) not contain any material restrictions on the landlord's rights to lease remaining portions of the Property, excluding reasonable and customary prohibited uses, tenant exclusivity clauses and co-tenancy clauses for shopping centers of similar size, (xi) not contain any extraordinary, uncustomary and unduly burdensome landlord obligations, including obligations which a landlord unaffiliated with Mortgagor would have difficulty performing, (xii) not grant tenant any incentives equivalent to an ownership interest in the Property or grant tenant

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any interest in the ownership of the Property, or otherwise contain terms that would cause a material impairment of Mortgagee's security, (xiii) not provide for the payment of tenant improvements, leasing commissions or any other landlord construction or similar obligations at any time other than at commencement of the Lease, or, as to any tenant improvement allowance, within thirty (30) days after the tenant submits contractor affidavits, lien waivers or similar documents under the Lease, and (xiv) be otherwise commercially reasonable and contain terms comparable to then-existing local market terms.

## 5.4 Transfer or Further Encumbrance of Property.

(a) Without Mortgagee's prior written consent, which consent may be granted or withheld in Mortgagee's sole and absolute discretion, Mortgagor shall not (i) sell, assign, convey, transfer or otherwise dispose of any legal, beneficial or equitable interest in all or any part of the Property, (ii) permit or suffer any owner, directly or indirectly, of any beneficial interest in the Property or Mortgagor to transfer such interest, whether by transfer of partnership, membership, stock or other beneficial interest in any entity or otherwise, or (iii) mortgage, hypothecate or otherwise encumber or permit to be encumbered or grant or permit to be granted a security interest in all or any part of, or any interest in, the Property or Mortgagor. The provisions of this Section shall not prohibit transfers of title or interest under any will or testament or applicable law of descent. Permitted Encumbrances or Leases entered into in accordance with this Mortgage.

(b) Notwithstanding the provisions of Section 5.4(a) to the contrary, the following transfers shall be permitted without Mortgagee's prior written consent:

(i) any transfers of the direct and indirect limited partnership interests (collectively, "**Investor LP Interests**") in the Funds (as defined in Section 5.4(c)), provided that (A) all Transfer Conditions (as defined in Section 5.4(c)) are satisfied, other than the Transfer Conditions set forth in clauses 5.4(c)(ii)(1), (4), (6) and **Error! Reference source not found.** below, (B) in no event may SVAP GP, LLC or SVAP Insider Investors, LLC transfer any direct ownership interests in the Funds, and (C) no direct or indirect ownership interests in SVAP Insider Investors, LLC may be transferred pursuant to this Section 5.4(b)(i);

(ii) any transfers of the direct or indirect non-managing member interests in SVAP Insider Investors, LLC, provided that all Transfer Conditions are satisfied; and

(iii) the transfer of less than five percent (5%) of the interests in SVAP REIT, LLC to third parties to the extent necessary to qualify SVAP REIT, LLC as a real estate investment trust.

(c) For purposes of Section 5.4(b) above,

(i) "**Funds**" means, collectively, Sterling Value Add Partners, L.P. or Sterling Value Add Partners (NR), L.P.



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(ii) **“Transfer Conditions”** means all of the following:

- (1) no Event of Default has occurred;
- (2) after the proposed transfer, Brian D. Kosoy continues to directly or indirectly control Mortgagor, SVAP Insider Investors, LLC and SVAP GP, LLC and own, directly or indirectly, at least 50.1% of the non-managing membership interests in TSO SVAP Investors, LLC, which shall own at least a 54.99% non-managing member interest in SVAP Insider Investors, LLC, which in turn has invested or has, pursuant to the limited partnership agreement of the Funds, committed to invest at least \$4,999,000 in the Funds, which Funds shall collectively own 100% of the direct and indirect ownership interests in Mortgagor (other than the interests held by outside investors in SVAP REIT, LLC as described in Section 5.4(b)(b)(iii) hereof);
- (3) after the proposed transfer, Guarantor or any New Guarantor (as applicable) continues to own a direct or indirect interest in Mortgagor;
- (4) if the proposed transfer will result in a change to the organizational chart of the Mortgagor that was delivered to Mortgagee as of the date of this Mortgage, then at least ten (10) business days prior to the transfer, Mortgagor shall deliver to Mortgagee organizational charts illustrating the ownership structure both before and after the proposed transfer, which organizational charts shall set forth Mortgagor's direct and indirect upstream ownership, percentage interests held by each upstream entity or person, and the type of each such entity;
- (5) if the proposed transfer will result in a change to the organizational chart of the Mortgagor that was delivered to Mortgagee as of the date of this Mortgage, then within five (5) business days after the transfer has occurred, Mortgagor shall deliver to Mortgagee the final organizational chart illustrating the new ownership structure;
- (6) Mortgagor shall pay all costs, fees and expenses (including reasonable attorneys' fees) incurred by Mortgagee in connection with reviewing the proposed transfer, whether or not the transfer is consummated; and
- (7) the proposed transferee and its constituent members (A) are not then identified by the Office of Foreign Assets Control or Department of Treasury as a person subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act and any Executive Orders or regulations promulgated thereunder (as any and all of such laws and regulations have been or may hereafter be, renewed, extended, amended or



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replaced) with the result that such proposed transferee and its constituent members are in violation of law and/or transaction of business with such parties is prohibited by law, (B) are not in violation of any applicable laws relating to terrorism or money laundering, including without limitation, those relating to transacting business with persons identified in clause (A) above, the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (as any and all of such laws and any regulations promulgated thereunder have been or may hereafter be renewed, extended, amended or replaced), and (C) if Mortgagee requests, sign a certificate in form and substance satisfactory to Mortgagee evidencing such compliance.

For purposes of this Section 5.4(c), The term “control” or “controlled” means the power or authority, directly or indirectly through one or more intermediaries, through the ownership of voting securities, by contract or otherwise, to direct the management, activities or policies of such person or entity.

(d) Notwithstanding the provisions Section 5.4(a) to the contrary, Mortgagee shall permit a one-time transfer of the Property provided that all of the following conditions are satisfied: (i) no Event of Default has occurred; (ii) Mortgagor has paid to Mortgagee an assumption fee of one percent (1%) of the outstanding principal balance of the Secured Obligations; (iii) if the proposed transferee is a land trust, Mortgagee has received a first-lien collateral assignment of all beneficial interest therein; (iv) Mortgagee has received and has had a reasonable opportunity to review and approve all organizational documentation of the proposed transferee, including without limitation, certificates and articles of formation, partnership and operating agreements, bylaws, certificates of good standing and authorizing resolutions and reasonable opportunity to review all documents and agreements executed or to be executed in connection with the proposed transfer; (v) the non-economic terms (e.g., those terms other than interest rate, payment schedule, principal balance, and non-recourse nature (subject to exceptions thereto customarily included by Mortgagee in loan documents)) of the Loan Documents have been modified as Mortgagee may request in good faith; (vi) the proposed transferee has assumed all of Mortgagor’s obligations under the Loan Documents; (vii) Mortgagee has received at least thirty (30) days’ prior written notice of the proposed transfer; (viii) the proposed transferee and, if applicable, its general partners have, in the sole judgment of Mortgagee exercised in good faith, a net worth satisfactory to Mortgagee, and a satisfactory history of owning, operating and leasing property similar to the Property; (ix) the proposed transferee and, if applicable, its general partners have, in the sole judgment of Mortgagee exercised in good faith, a satisfactory credit history and professional reputation and character; (x) the Debt Service Coverage Ratio (as hereinafter defined) is not less than 1.50x, and Mortgagee receives satisfactory evidence that it is reasonably anticipated that such ratio will be maintained for the succeeding twelve (12) months; (xi) the Loan-to-Value Ratio (as hereinafter defined), taking into account all obligations secured by liens on the Property does not exceed 65%; (xii) Mortgagor pays all actual out of pocket costs and expenses incurred by Mortgagee in connection with such transfer, including, without limitation, all legal, processing, accounting, title insurance, and appraisal fees, whether or not such transfer is actually consummated; (xiii) at Mortgagee’s option, Mortgagee has received an endorsement to its mortgagee’s title insurance policy at Mortgagor’s expense, which endorsement states that the lien of the Mortgage remains a first and prior lien against the

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Property subject to no exceptions other than as approved by Mortgagee; (xiv) principals of the proposed transferee acceptable to Mortgagee in its sole discretion execute a guaranty agreement in the form of the Guaranty Agreement and an environmental indemnity agreement in the form of the Environmental Indemnity Agreement; (xv) a written opinion of counsel for the proposed transferee and its principals satisfactory to Mortgagee shall be delivered to Mortgagee, including, without limitation, the existence, authority and due execution, and enforceability of the Loan Documents as assumed by the proposed transferee and enforceability of any and all documents executed by the proposed transferee and its principals in connection with such transfer, (xvi) the proposed transferee, any person or entity executing any loan documents in connection with the transfer, and their respective constituents, are not in violation of any laws relating to terrorism or money laundering, including without limitation, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Bank Secrecy Act, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as such laws have been or may hereafter be, renewed, extended, amended or replaced, as evidenced by, among other things, a certificate executed by such persons in form and substance satisfactory to Mortgagee, (xvii) the documents providing for the transfer of the Property to the proposed transferee, including without limitation, any tenancy-in-common agreements and any management or similar documents pursuant to which the tenancy-in-common is managed or controlled, if applicable, shall have been reasonably approved by Mortgagee. Upon the satisfaction of the foregoing conditions and execution of assumption documents in form and substance satisfactory to Mortgagee, Mortgagee shall release Mortgagor and Guarantor from liability under the Loan Documents other than any such liability that arose on or prior to the effective date of the assumption or based on any event that occurred or any state of affairs that existed prior to or as of the effective date of the assumption (including, without limitation, any liability arising under the exceptions to the non-recourse provisions of the Loan Documents, and any liability arising under the Environmental Indemnity).

(e) The term “**Debt Service Coverage Ratio**” shall mean the ratio, as reasonably determined by Mortgagee, of (i) Net Operating Income for the Property for the preceding twelve (12) calendar months, to (ii) the annual debt service payments due under the Loan and on all other indebtedness secured, or to be secured, by a lien on all or any part of the Property or on any direct or indirect interests in the Mortgagor.

(f) The term “**Net Operating Income**” shall mean all gross revenues generated by the Property (excluding loans or contributions to capital), less operating expenses (other than debt service payments due under the Loan), as determined on a cash accounting basis, as of the date of such calculation for the period in question, adjusted, however, so that (A), operating expenses shall be deemed to include (1) a management fee equal to the greater of the actual management fee for the Property or four percent (4%) of gross revenues, and (2) a tenant improvement, leasing commission, and capital improvement reserve equal to: \$0.75 per rentable square foot, (B) payments of operating expenses, including property taxes and assessments and insurance expenses, are to be spread out over the period during which they accrued and shall be adjusted for any known future changes to any such expenses, (C) prepaid rents and other prepaid payments received are to be spread out over the periods during which such rents or payments are earned or applicable, (D) security deposits shall not be included as

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items of income until duly applied or earned, (E) gross revenue shall be based on a lease-in-place analysis which reflects then current Leases in place, as determined by Mortgagee, in its reasonable discretion, in accordance with its standard underwriting criteria, consistently applied, and excluding extraordinary, or one time items, and (F) any refunds or rebates to operating expenses are to be applied and credited against the applicable operating expenses for the period that such operating expenses were incurred. Debt Service Coverage Ratio shall be calculated on a cash flow basis.

(g) The "Loan-to-Value Ratio" shall be the ratio, as determined by Mortgagee, of the aggregate principal balance of the Note and all other indebtedness secured by liens or encumbrances against the Property or against the direct or indirect ownership interests in Mortgageor to the fair market value of the Property, as such fair market value is reasonably determined by Mortgagee, which determination may, at Mortgagee's sole option, include the purchase price being paid for the Property by an unaffiliated third party or an M.A.I. appraisal satisfactory to Mortgagee (the "Appraisal"). Upon Mortgagee's request, Mortgageor shall deliver the Appraisal to Mortgagee at Mortgageor's sole cost and expense.

**5.5 Further Encumbrance of Chattels.** Mortgageor will neither create nor permit any lien, security interest or encumbrance against the Chattels, Intangible Personalty or any part thereof or interest therein, other than the liens and security interests created by the Loan Documents and Permitted Encumbrances, without the prior written consent of Mortgagee, which may be withheld for any reason.

**5.6 Assessments Against Property.** Mortgageor will not, without the prior written approval of Mortgagee, which may be withheld for any reason, consent to or (if within Mortgageor's reasonable control) allow the creation of any so-called special districts, special improvement districts, benefit assessment districts or similar districts, or any other body or entity of any type, or allow to occur (if within Mortgageor's reasonable control) any other event, that would or might result in the imposition of any additional taxes, assessments or other monetary obligations or burdens on the Property, and this provision shall serve as **RECORD NOTICE** to any such district or districts or any governmental entity under whose authority such district or districts exist or are being formed that, should Mortgageor or any other person or entity include all or any portion of the Property in such district or districts, whether formed or in the process of formation, without first obtaining Mortgagee's express written consent, the rights of Mortgagee in the Property pursuant to this Mortgage or following any foreclosure of this Mortgage, and the rights of any person or entity to whom Mortgagee might transfer the Property following a foreclosure of this Mortgage, shall be senior and superior to any taxes, charges, fees, assessments or other impositions of any kind or nature whatsoever, or liens (whether statutory, contractual or otherwise) levied or imposed, or to be levied or imposed, upon the Property or any portion thereof as a result of inclusion of the Property in such district or districts.

**5.7 Transfer or Removal of Chattels.** Mortgageor will not sell, transfer or remove from the Property all or any part of the Chattels, unless the items sold, transferred, or removed are simultaneously replaced with similar items of equal or greater value, or unless, with respect to any Chattels, the same are obsolete, unsuitable, undesirable or unnecessary for the operation of the Property.

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**5.8 Change of Name, Organizational I.D. No. or Location.** Mortgagor will not change the name under which it does business (or adopt or begin doing business under any other name or assumed or trade name), change its organizational identification number, or change its location, without first notifying Mortgagee of Mortgagor's intention to do so and delivering to Mortgagee such organizational documents of Mortgagor and executed modifications or supplements to this Mortgage (and to any financing statement which may be filed in connection herewith) as Mortgagee may require. For purposes of the foregoing, Mortgagor's "location" shall mean (a) if Mortgagor is a registered organization, Mortgagor's state of registration, (b) if Mortgagor is an individual, the state of Mortgagor's principal residence, or (c) if Mortgagor is neither a registered organization nor an individual, the state in which Mortgagor's place of business (or, if Mortgagor has more than one place of business, the Mortgagor's chief executive office) is located.

**5.9 Improper Use of Property or Chattels.** Mortgagor will not use the Property or the Chattels for any purpose or in any manner which violates any applicable law, ordinance, or other governmental requirement, the requirements or conditions of any insurance policy, or any private covenant.

**5.10 ERISA.** Mortgagor shall not engage in any transaction which would cause the Note (or the exercise by Mortgagee of any of its rights under the Loan Documents) to be a non-exempt (under a class exemption), prohibited transaction under ERISA (including for this purpose the parallel provisions of Section 4975 of the Internal Revenue Code of 1986, as amended), or otherwise result in Mortgagee being deemed in violation of any applicable provisions of ERISA. Mortgagor shall indemnify, protect, defend, and hold Mortgagee harmless from and against any and all losses, liabilities, damages, claims, judgments, costs, and expenses (including, without limitation, attorneys' fees and costs incurred in the investigation, defense, and settlement of claims and in obtaining any individual ERISA exemption or state administrative exception that may be required, in Mortgagee's sole and absolute discretion) that Mortgagee may incur, directly or indirectly, as the result of the breach by Mortgagor of any warranty or representation set forth in Section 3.3(x) hereof or the breach by Mortgagor of any covenant contained in this Section. This indemnity shall survive any termination, satisfaction or foreclosure of this Mortgage and shall not be subject to the limitation on personal liability described in the Note.

**5.11 Use of Proceeds.** Mortgagor will not use any funds advanced by Mortgagee under the Loan Documents for household or agricultural purposes, to purchase margin stock, or for any purpose prohibited by law.

**5.12 Single Purpose Entity.** Mortgagor shall not engage in any business other than the ownership, development, operation and disposition of the Property, and shall not own any assets other than those related to the Property, and shall not incur any subordinated debt or unsecured debt except customary lease financings of non-fixture equipment in the ordinary course of Mortgagor's business and except to trade creditors, service providers and insurance carriers in the ordinary course of Mortgagor's business, and except with respect to tenant allowances and other obligations under Leases.

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**5.13 REA and Other Major Approvals.** Without Mortgagee's prior written consent, which may be granted or withheld in Mortgagee's reasonable discretion, Mortgagor shall not enter into or modify any reciprocal easement agreement, declaration, covenant, condition or restriction, ground lease, any operating agreement, or any other document recorded against the Property.

## ARTICLE 6

### EVENTS OF DEFAULT

Each of the following events will constitute an event of default (an "Event of Default") under this Mortgage and under each of the other Loan Documents:

**6.1 Failure to Pay Note.** Mortgagor's failure to pay (a) when due any regularly scheduled payment of principal and interest under the Note, or (b) any other payment required to be made under the Note within ten (10) days of Mortgagee's notice thereof to Mortgagor. Notwithstanding the foregoing, (i) Mortgagee shall permit Mortgagor to make one (1) regularly scheduled payment of principal and interest in any Loan Year (as defined in the Note) after the due date, but within five (5) days of the due date, without such event constituting an Event of Default, and (ii) if, during a Triggering Event Condition (as defined in the Cash Collateral Agreement), there are sufficient funds available in the Deposit Account (as defined in the Cash Collateral Agreement), or any sub-account thereof, to make a required payment pursuant to the terms of Section 4(a)(ii) of the Cash Collateral Agreement, and Mortgagee (or its agent or servicer, as applicable) fails to timely remit such payment from the Deposit Account or sub-account, as applicable, then such failure shall not constitute an Event of Default.

**6.2 Due on Sale or Encumbrance.** The occurrence of any violation of any covenant contained in Section 5.4, 5.5 or 5.7 hereof.

**6.3 Other Obligations.** The failure of Mortgagor or Guarantor to properly perform any obligation contained herein or in any of the other Loan Documents (other than the obligation to make payments under the Note or the other Loan Documents) and the continuance of such failure for a period of thirty (30) days following written notice thereof from Mortgagee to Mortgagor; provided, however, that if such failure is not curable within such thirty (30) day period, then, so long as Mortgagor commences to cure such failure within such thirty (30) day period and is continually and diligently attempting to cure to completion, such failure shall not be an Event of Default unless such failure remains uncured for one hundred twenty (120) days after such written notice to Mortgagor.

**6.4 Levy Against Property.** The levy against any of the Property, Chattels or Intangible Personalty, of any execution, attachment, sequestration or other writ, and the failure of Mortgagor to discharge such levy (by payment, bonding or otherwise), or to insure over such levy in a manner satisfactory to Mortgagee in its sole discretion, within thirty (30) days after Mortgagor receives notice of such levy.

**6.5 Liquidation.** The liquidation, termination or dissolution of Mortgagor or any Controlling Person.



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**6.6 Appointment of Receiver.** The appointment of a trustee or receiver for the assets, or any part thereof, of Mortgagor, or any Controlling Person, or the appointment of a trustee or receiver for any real or personal property, or the like, or any part thereof, representing the security for the Secured Obligations.

**6.7 Assignments.** The making by Mortgagor or any Controlling Person of a transfer in fraud of creditors or an assignment for the benefit of creditors.

**6.8 Order for Relief.** The entry in bankruptcy of an order for relief for or against Mortgagor or any Controlling Person.

**6.9 Bankruptcy.**

(a) The filing of any voluntary petition (or answer admitting the material allegations of any involuntary petition), or other pleading, seeking entry of an order for relief for or against Mortgagor or any Controlling Person as a debtor or bankrupt or seeking an adjustment of any of such parties' debts, or any other relief under any state or federal bankruptcy, reorganization, debtor's relief or insolvency laws now or hereafter existing, including, without limitation, a petition or answer seeking reorganization or admitting the material allegations of a petition filed against any such party in any bankruptcy or reorganization proceeding, or the act of any of such parties in instituting or voluntarily being or becoming a party to any other judicial proceedings intended to effect a discharge of the debts of any such parties, in whole or in part, or a postponement of the maturity or the collection thereof, or a suspension of any of the rights or powers of a trustee or of any of the rights or powers granted to Mortgagee herein, or in any other document executed in connection herewith; or

(b) The failure of Mortgagor or any Controlling Person to obtain the dismissal of any involuntary state or federal bankruptcy, reorganization, debtor's relief or insolvency case filed against such party within ninety (90) days of the filing of such case.

**6.10 Misrepresentation.** If any representation or warranty made by Mortgagor or any Controlling Person in this Mortgage, any of the other Loan Documents, the application for the Loan made by or on behalf of Mortgagor or any other instrument or document modifying, renewing, extending, evidencing, securing or pertaining to the Note is false, misleading or erroneous in any material respect.

**6.11 Judgments.** The failure of Mortgagor or any Controlling Person to pay any money judgment in excess of \$10,000.00 against any such party before the expiration of thirty (30) days after such judgment becomes final and no longer appealable.

**6.12 Admissions Regarding Debts.** The admission of Mortgagor or any Controlling Person in writing of any such party's inability to pay such party's debts as they become due.

**6.13 Assertion of Priority.** The assertion of any claim of priority over this Mortgage, by title, lien, or otherwise, except for Permitted Encumbrances, unless Mortgagor within thirty (30) days after such assertion either causes the assertion to be withdrawn or provides Mortgagee with such security as Mortgagee may require to protect Mortgagee against

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all loss, damage, or expense, including reasonable attorneys' fees, which Mortgagee may incur in the event such assertion is upheld.

**6.14 Other Loan Documents.** The occurrence of any default by Mortgagor, after the lapse of any applicable grace or cure period (or, if none is specified, the notice and grace period provided in Section 6.3 hereof), or the occurrence of any event or circumstance defined as an Event of Default, under any of the Loan Documents other than this Mortgage.

**6.15 Other Liens.** The occurrence of any default by Mortgagor, after the lapse of any applicable grace or cure period, or the occurrence of any event or circumstance defined as an Event of Default, under any other consensual lien encumbering the Property, or any part thereof or interest therein, or any document or instrument evidencing obligations secured thereby, which would have a material adverse effect on Mortgagor or the Property.

**6.16 Other Indebtedness.** The occurrence of any default by Mortgagor, after the lapse of any applicable grace or cure period, or the occurrence of any event or circumstance defined as an Event of Default, under any other indebtedness incurred or owing by Mortgagor, or any document or instrument evidencing any obligation to pay such indebtedness, which would have a material adverse effect on Mortgagor or the Property.

## ARTICLE 7

### MORTGAGEE'S REMEDIES

Immediately upon or any time after the occurrence and during the continuance of any Event of Default hereunder, Mortgagee may exercise any remedy available at law or in equity, including but not limited to those listed below and those listed in the other Loan Documents, in such sequence or combination as Mortgagee may determine in Mortgagee's sole discretion:

**7.1 Performance of Defaulted Obligations.** Mortgagee may make any payment or perform any other obligation under the Loan Documents or under Leases which Mortgagor has failed to make or perform, and Mortgagor hereby irrevocably appoints Mortgagee as the true and lawful attorney-in-fact for Mortgagor to make any such payment and perform any such obligation in the name of Mortgagor. All payments made and expenses (including attorneys' fees) incurred by Mortgagee in this connection, together with interest thereon at the Default Rate from the date paid or incurred until repaid, will be part of the Secured Obligations and will be immediately due and payable by Mortgagor to Mortgagee. In lieu of advancing Mortgagee's own funds for such purposes, Mortgagee may use any funds of Mortgagor which may be in Mortgagee's possession, including but not limited to insurance or condemnation proceeds and amounts deposited for taxes, insurance premiums, or other purposes.

**7.2 Specific Performance and Injunctive Relief.** Notwithstanding the availability of legal remedies, Mortgagee will be entitled to obtain specific performance, mandatory or prohibitory injunctive relief, or other equitable relief requiring Mortgagor to cure or refrain from repeating any Default.

**7.3 Acceleration of Secured Obligations.** Mortgagee may, without notice or demand, declare all of the Secured Obligations immediately due and payable in full.

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**7.4 Suit for Monetary Relief.** Subject to the non-recourse provisions of the Note, with or without accelerating the maturity of the Secured Obligations, Mortgagee may sue from time to time for any payment due under any of the Loan Documents, or for money damages resulting from Mortgagor's default under any of the Loan Documents.

**7.5 Possession of Property.** To the extent permitted by law, Mortgagee may enter and take possession of the Property without seeking or obtaining the appointment of a receiver, may employ a managing agent for the Property, and may lease or rent all or any part of the Property, either in Mortgagee's name or in the name of Mortgagor, and may collect the rents, issues, and profits of the Property. Any revenues collected by Mortgagee under this Section will be applied first toward payment of all expenses (including attorneys' fees) incurred by Mortgagee, together with interest thereon at the Default Rate from the date incurred until repaid, and the balance, if any, will be applied against the Secured Obligations in such order and manner as Mortgagee may elect in its sole discretion.

**7.6 Enforcement of Security Interests.** Mortgagee may exercise all rights of a secured party under the Code with respect to the Chattels and the Intangible Personalty, including but not limited to taking possession of, holding, and selling the Chattels and enforcing or otherwise realizing upon any accounts and general intangibles. Any requirement for reasonable notice of the time and place of any public sale, or of the time after which any private sale or other disposition is to be made, will be satisfied by Mortgagee's giving of such notice to Mortgagor at least five (5) days prior to the time of any public sale or the time after which any private sale or other intended disposition is to be made.

**7.7 Foreclosure Against Property.**

(a) Mortgagee may bring an action in any court of competent jurisdiction to foreclose this Mortgage. Mortgagee may bid for and purchase all or any portion of the Property at any foreclosure sale thereof.

(b) All fees, costs and expenses of any kind incurred by Mortgagee in connection with foreclosure of this Mortgage, including, without limitation, the costs of any appraisals of the Property obtained by Mortgagee, the cost of any title reports or abstracts, all costs of any receivership for the Property advanced by Mortgagee, and all attorneys' and consultants' fees and expenses incurred by Mortgagee, shall constitute a part of the Secured Obligations and may be included as part of the amount owing from Mortgagor to Mortgagee at any foreclosure sale.

(c) The proceeds of any sale under this Section shall be applied first to the fees and expenses of the officer conducting the sale, and then to the reduction or discharge of the Secured Obligations in such order and manner as Mortgagee may elect in its sole discretion; any surplus remaining shall be paid over to Mortgagor or to such other person or persons as may be lawfully entitled to such surplus.

(d) Nothing in this Section dealing with foreclosure procedures or specifying particular actions to be taken by Mortgagee shall be deemed to contradict or add to the

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requirements and procedures now or hereafter specified by Illinois law, and any such inconsistency shall be resolved in favor of Illinois law applicable at the time of foreclosure.

**7.8 Appointment of Receiver.** To the extent permitted by law, Mortgagee shall be entitled, as a matter of absolute right and without regard to the value of any security for the Secured Obligations or the solvency of any person liable therefor, to the appointment of a receiver for the Property upon ex-parte application to any court of competent jurisdiction. Mortgagee waives any right to any hearing or notice of hearing prior to the appointment of a receiver. Such receiver and its agents shall be empowered to (a) take possession of the Property and any businesses conducted by Mortgagee or any other person thereon and any business assets used in connection therewith, (b) exclude Mortgagee and Mortgagee's agents, servants, and employees from the Property, (c) collect the rents, issues, profits, and income therefrom, (d) complete any construction which may be in progress, (e) do such maintenance and make such repairs and alterations as the receiver deems necessary, (f) use all stores of materials, supplies, and maintenance equipment on the Property and replace such items at the expense of the receivership estate, (g) pay all taxes and assessments against the Property and the Chattels, all premiums for insurance thereon, all utility and other operating expenses, and all sums due under any prior or subsequent encumbrance, and (h) generally do anything which Mortgagee could legally do if Mortgagee were in possession of the Property. All expenses incurred by the receiver or its agents shall constitute a part of the Secured Obligations. Any revenues collected by the receiver shall be applied first to the expenses of the receivership, including attorneys' fees incurred by the receiver and by Mortgagee, together with interest thereon at the Default Rate from the date incurred until repaid, and the balance shall be applied toward the Secured Obligations in such order or manner as Mortgagee may in its sole discretion elect or in such other manner as the court may direct. Unless sooner terminated with the express consent of Mortgagee, any such receivership will continue until the Secured Obligations have been discharged in full, or until title to the Property has passed after foreclosure sale and all applicable periods of redemption have expired.

**7.9 Right to Make Repairs, Improvements.** Should any part of the Property come into the possession of Mortgagee, whether before or after an Event of Default, Mortgagee may use, operate, and/or make repairs, alterations, additions and improvements to the Property for the purpose of preserving it or its value. Mortgagee covenants to promptly reimburse and pay to Mortgagee, at the place where the Note is payable, or at such other place as may be designated by Mortgagee in writing, the amount of all reasonable expenses (including the cost of any insurance, taxes, or other charges) incurred by Mortgagee in connection with its custody, preservation, use or operation of the Property, together with interest thereon from the date incurred by Mortgagee at the Default Rate, and all such expenses, costs, taxes, interest, and other charges shall be a part of the Secured Obligations. It is agreed, however, that the risk of accidental loss or damage to the Property is undertaken by Mortgagee and Mortgagee shall have no liability whatsoever for decline in value of the Property, for failure to obtain or maintain insurance, or for failure to determine whether any insurance ever in force is adequate as to amount or as to the risks insured.

**7.10 Surrender of Insurance.** Mortgagee may surrender the insurance policies maintained pursuant to the terms hereof, or any part thereof, and receive and apply the unearned premiums as a credit on the Secured Obligations and, in connection therewith,

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Mortgagor hereby appoints Mortgagee (or any officer of Mortgagee), as the true and lawful agent and attorney-in-fact for Mortgagor (with full powers of substitution), which power of attorney shall be deemed to be a power coupled with an interest and therefore irrevocable, to collect such premiums.

**7.11 Prima Facie Evidence.** Mortgagor agrees that, in any assignments, deeds, bills of sale, notices of sale, or postings, given by Mortgagee, any and all statements of fact or other recitals therein made as to the identity of Mortgagee, or as to the occurrence or existence of any Event of Default, or as to the acceleration of the maturity of the Secured Obligations, or as to the request to sell, posting of notice of sale, notice of sale, time, place, terms and manner of sale and receipt, distribution and application of the money realized therefrom, and without being limited by the foregoing, as to any other act or thing having been duly done by Mortgagee, shall be taken by all courts of law and equity as prima facie evidence that such statements or recitals state facts and are without further question to be so accepted, and Mortgagor does hereby ratify and confirm any and all acts that Mortgagee may lawfully do by virtue hereof.

**7.12 Compliance with Illinois Mortgage Foreclosure Law.** In the event that any provision in this Mortgage shall be inconsistent with any provision of the Illinois Mortgage Foreclosure Law 735 ILCS 5/15-1101 *et seq.*, Illinois Revised Statutes) (hereinafter the "Act"), the provisions of the Act shall take precedence over the provisions of this Mortgage; provided, however, that the provisions of the Act shall not be applied to invalidate or render unenforceable any provision of this Mortgage that can be construed in a manner consistent with the Act.

If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagor under the Act in the absence of said provision, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law.

Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by its judgment of foreclosure.

**7.13 Power of Sale.** To the extent permitted by applicable law, Mortgagee may terminate Mortgagor's interest in the Property by exercising a power of sale. Such a power of sale may be exercised by Mortgagee after giving ten (10) days' prior written notice, or such additional notice as may be required by applicable law, to Mortgagor of Mortgagee's intent to foreclose.

## ARTICLE 8

### ASSIGNMENT OF LEASES AND RENTS

**8.1 Assignment of Leases and Rents.** Mortgagor hereby unconditionally and absolutely grants, transfers and assigns unto Mortgagee all of its right, title and interest in and to all rents, royalties, issues, profits and income ("**Rents**") now or hereafter due or payable for the



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occupancy or use of the Property, and all Leases, whether written or oral, with all security therefor, including all guaranties thereof, now or hereafter affecting the Property; reserving unto Mortgagor, however, a license to collect and retain such Rents prior to the occurrence of any Event of Default. Such license shall be revocable by Mortgagee without notice to Mortgagor at any time after the occurrence and during the continuance of an Event of Default. Mortgagor represents that the Rents and the Leases have not been heretofore sold, assigned, transferred or set over by any instrument now in force and will not at any time during the life of this assignment be sold, assigned, transferred or set over by Mortgagor or by any person or persons whomsoever; and Mortgagor has good right to sell, assign, transfer and set over the same and to grant to and confer upon Mortgagee the rights, interest, powers and authorities herein granted and conferred. Failure of Mortgagee at any time or from time to time to enforce the assignment of Rents and Leases under this Section shall not in any manner prevent its subsequent enforcement, and Mortgagee is not obligated to collect anything hereunder, but is accountable only for sums actually collected.

**8.2 Further Assignments.** Mortgagor shall give Mortgagee at any time upon demand any further or additional forms of assignment or transfer of such Rents, Leases and security as may be reasonably requested by Mortgagee, and shall deliver to Mortgagee executed copies of all such Leases and security.

**8.3 Application of Rents.** Mortgagee shall be entitled to deduct and retain a just and reasonable compensation from monies received hereunder for its services or that of its agents in collecting such monies. Any monies received by Mortgagee hereunder may be applied when received from time to time in payment of any taxes, assessments or other liens affecting the Property regardless of the delinquency, such application to be in such order as Mortgagee may determine. The acceptance of this Mortgage by Mortgagee or the exercise of any rights by it hereunder shall not be, or be construed to be, an affirmation by it of any Lease nor an assumption of any liability under any Lease.

**8.4 Collection of Rents.** Upon or at any time an Event of Default shall have occurred and be continuing, Mortgagee may declare all sums secured hereby immediately due and payable, and may, at its option, without notice, and whether or not the Secured Obligations shall have been declared due and payable, either in person or by agent, with or without bringing any action or proceeding, or by a receiver to be appointed by a court, (a) enter upon, take possession of, manage and operate the Property, or any part thereof (including without limitation, making necessary repairs, alterations and improvements to the Property); (b) make, cancel, enforce or modify Leases; (c) obtain and evict tenants; (d) fix or modify Rents; (e) do any acts which Mortgagee deems reasonably proper to protect the security thereof; and (f) either with or without taking possession of the Property, in its own name sue for or otherwise collect and receive such Rents, including those past due and unpaid. In connection with the foregoing, Mortgagee shall be entitled and empowered to employ attorneys, and management, rental and other agents in and about the Property and to effect the matters which Mortgagee is empowered to do, and in the event Mortgagee shall itself effect such matters, Mortgagee shall be entitled to charge and receive reasonable management, rental and other fees therefor as may be customary in the area in which the Property is located; and the reasonable fees, charges, costs and expenses of Mortgagee or such persons shall be additional Secured Obligations. Mortgagee may apply all funds collected as aforesaid, less costs and expenses of operation and collection, including

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reasonable attorneys' and agents' fees, charges, costs and expenses, as aforesaid, upon any Secured Obligations, and in such order as Mortgagee may determine. The entering upon and taking possession of the Property, the collection of such Rents and the application thereof as aforesaid shall not cure or waive any default or waive, modify or affect notice of default under the Note or this Mortgage or invalidate any act done pursuant to such notice.

**8.5 Authority of Mortgagee.** Any tenants or occupants of any part of the Property are hereby authorized to recognize the claims of Mortgagee hereunder without investigating the reason for any action taken by Mortgagee, or the validity or the amount of secured obligations owing to Mortgagee, or the existence of any default in the Note or this Mortgage, or under or by reason of this assignment of Rents and Leases, or the application to be made by Mortgagee of any amounts to be paid to Mortgagee. The sole signature of Mortgagee shall be sufficient for the exercise of any rights under this assignment and the sole receipt of Mortgagee for any sums received shall be a full discharge and release therefor to any such tenant or occupant of the Property. Checks for all or any part of the rentals collected under this assignment of Rents and Leases shall be drawn to the exclusive order of Mortgagee.

**8.6 Indemnification of Mortgagee.** Nothing herein contained shall be deemed to obligate Mortgagee to perform or discharge any obligation, duty or liability of any lessor under any Lease of the Property, and Mortgagor shall and does hereby indemnify and hold Mortgagee harmless from any and all liability, loss or damage which Mortgagee may or might incur, prior to Mortgagee or its designee taking title to the Property, under any Lease or by reason of the assignment; and any and all such liability, loss or damage incurred by Mortgagee, together with the costs and expenses, including reasonable attorneys' fees, incurred by Mortgagee in defense of any claims or demands therefor (whether successful or not), shall be additional Secured Obligations, and Mortgagor shall reimburse Mortgagee therefor on demand.

**8.7 Separate Assignment.** In the event of any inconsistency between the terms of this Article 8 and the Assignment of Leases and Rents and Other Income of even date herewith by Mortgagor for the benefit of Mortgagee (the "Assignment"), the terms of the Assignment shall govern and control in all respects.

## ARTICLE 9

### MISCELLANEOUS PROVISIONS

**9.1 Time of the Essence.** Time is of the essence with respect to all of Mortgagor's obligations under the Loan Documents.

**9.2 Joint and Several Obligations.** If Mortgagor is more than one person or entity, then (a) all persons or entities comprising Mortgagor are jointly and severally liable for all of the Secured Obligations; (b) all representations, warranties, and covenants made by Mortgagor shall be deemed representations, warranties, and covenants of each of the persons or entities comprising Mortgagor; (c) any breach, Default or Event of Default by any of the persons or entities comprising Mortgagor hereunder shall be deemed to be a breach, Default, or Event of Default of Mortgagor; (d) any reference herein contained to the knowledge or awareness of Mortgagor shall mean the knowledge or awareness of any of the persons or entities comprising

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Mortgagor; and (e) any event creating personal liability of any of the persons or entities comprising Mortgagor shall create personal liability for all such persons or entities.

**9.3 Waivers.** To the extent permitted by law, Mortgagor hereby waives all rights to any homestead or other exemption to which Mortgagor would otherwise be entitled under any present or future constitutional, statutory, or other provision of applicable state or federal law. Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, stay, extension or exemption laws, or any so-called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, hereby also waives any and all rights to have the Property and estates comprising the Property marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety. MORTGAGOR HEREBY FURTHER WAIVES, FOR ITSELF AND ON BEHALF OF ANY TRUST ESTATE OF WHICH THE PROPERTY IS A PART AND ALL PERSONS BENEFICIALLY INTERESTED THEREIN AND (TO THE EXTENT PERMITTED BY APPLICABLE LAW) EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN THE PROPERTY OR TITLE TO THE PROPERTY SUBSEQUENT TO THE DATE OF THIS MORTGAGE, ANY AND ALL RIGHTS OF REDEMPTION FROM THE JUDGMENT OR DECREE OF FORECLOSURE OF THE LIEN OF THIS MORTGAGE PURSUANT TO MORTGAGEE'S EXERCISE OF ANY RIGHTS HEREIN GRANTED, AND MORTGAGOR HEREBY WAIVES ALL OTHER RIGHTS OF REDEMPTION OR REINSTATEMENT TO THE FULLEST EXTENT PERMITTED BY THE PROVISIONS OF THE ILLINOIS MORTGAGE FORECLOSURE LAW, 735 ILCS 5/5-1101 *et seq.*

**9.4 Non-Recourse; Exceptions to Non-Recourse.** Except as expressly set forth in the Note, the recourse of Mortgagee with respect to the obligations evidenced by the Note, this Mortgage and the other Loan Documents shall be solely to the Property, Chattels and Intangible Personalty, and any other collateral given as security for the Note.

**9.5 Rights and Remedies Cumulative.** Mortgagee's rights and remedies under each of the Loan Documents are cumulative of the rights and remedies available to Mortgagee under each of the other Loan Documents and those otherwise available to Mortgagee at law or in equity. No act of Mortgagee shall be construed as an election to proceed under any particular provision of any Loan Document to the exclusion of any other provision in the same or any other Loan Document, or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Mortgagee.

**9.6 No Implied Waivers.** Mortgagee shall not be deemed to have waived any provision of any Loan Document unless such waiver is in writing and is signed by Mortgagee. Without limiting the generality of the preceding sentence, neither Mortgagee's acceptance of any payment with knowledge of a Default by Mortgagor, nor any failure by Mortgagee to exercise any remedy following a Default by Mortgagor shall be deemed a waiver of such Default, and no waiver by Mortgagee of any particular Default on the part of Mortgagor shall be deemed a waiver of any other Default or of any similar Default in the future.

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**9.7 No Third-Party Rights.** No person shall be a third-party beneficiary of any provision of any of the Loan Documents. All provisions of the Loan Documents favoring Mortgagee are intended solely for the benefit of Mortgagee, and no third party shall be entitled to assume or expect that Mortgagee will not waive or consent to modification of any such provision in Mortgagee's sole discretion.

**9.8 Preservation of Liability and Priority.** Without affecting the liability of Mortgagor or of any other person (except a person expressly released in writing) for payment and performance of all of the Secured Obligations, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, and without impairing in any way the priority of this Mortgage over the interests of any person acquired or first evidenced by recording subsequent to the recording hereof, Mortgagee may, either before or after the maturity of the Note, and without notice or consent: (a) release any person liable for payment or performance of all or any part of the Secured Obligations; (b) make any agreement altering the terms of payment or performance of all or any of the Secured Obligations; (c) exercise or refrain from exercising, or waive, any right or remedy which Mortgagee may have under any of the Loan Documents; (d) accept additional security of any kind for any of the Secured Obligations; or (e) release or otherwise deal with any real or personal property securing the Secured Obligations. Any person acquiring or recording evidence of any interest of any nature in the Property, the Chattels, or the Intangible Personalty shall be deemed, by acquiring such interest or recording any evidence thereof, to have agreed and consented to any or all such actions by Mortgagee.

**9.9 Subrogation of Mortgagee.** Mortgagee shall be subrogated to the lien of any previous encumbrance discharged with funds advanced by Mortgagee under the Loan Documents, regardless of whether such previous encumbrance has been released of record.

**9.10 Notices.** Any notice required or permitted to be given by Mortgagor or Mortgagee under this Mortgage shall be in writing and will be deemed given (a) upon personal delivery, (b) on the first business day after receipted delivery to a courier service which guarantees next-business-day delivery, or (c) on the third business day after mailing, by registered or certified United States mail, postage prepaid, in any case to the appropriate party at its address set forth below:

If to Mortgagor:

SVAP Hoffman Plaza, L.P.  
c/o Sterling Organization  
340 Royal Poinciana Way, Suite 316  
Palm Beach, Florida 33480  
Attention: Mr. Brian Kosoy

With a copy to:

Lawrence J. Diamond, P.A.  
340 Royal Poinciana Way, Suite 316  
Palm Beach, Florida 33480

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Attention: Mr. Lawrence Diamond

If to Mortgagee:

SunAmerica Annuity and Life Assurance Company  
1999 Avenue of the Stars, 38<sup>th</sup> Floor  
Los Angeles, California 90067-6022  
Attention: VP, Servicing – Commercial Mortgage Lending

With a copy to:

Otten, Johnson, Robinson, Neff & Ragonetti, P.C.  
950 17<sup>th</sup> Street, Suite 1600  
Denver, Colorado 80202  
Attention: David T. Brennan

Either party may change such party's address for notices or copies of notices by giving notice to the other party in accordance with this Section.

**9.11 Defeasance.** Upon payment and performance in full of all of the Secured Obligations, Mortgagee will execute and deliver to Mortgagor such documents as may be required to release this Mortgage and any other applicable Loan Documents of record.

**9.12 Illegality.** If any provision of this Mortgage is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Mortgage, the legality, validity, and enforceability of the remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable. If the rights and liens created by this Mortgage shall be invalid or unenforceable as to any part of the Secured Obligations, then the unsecured portion of the Secured Obligations shall be completely paid prior to the payment of the remaining and secured portion of the Secured Obligations, and all payments made on the Secured Obligations shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the Secured Obligations.

**9.13 Usury Savings Clause.** It is expressly stipulated and agreed to be the intent of Mortgagee and Mortgagor at all times to comply with the applicable law governing the highest lawful interest rate. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved or received with respect to the Loan, or if acceleration of the maturity of the Note, any prepayment by Mortgagor, or any other circumstance whatsoever, results in Mortgagor having paid any interest in excess of that permitted by applicable law, then it is the express intent of Mortgagor and Mortgagee that all excess amounts theretofore collected by Mortgagee be credited on the principal balance of the Note (or, at Mortgagee's option, paid over to Mortgagor), and the provisions of the Note and other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable



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law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder. The right to accelerate maturity of the Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Mortgagee does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Mortgagee for the use, forbearance or detention of the Secured Obligations evidenced hereby or by the Note shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such Secured Obligations until payment in full so that the rate or amount of interest on account of such Secured Obligations does not exceed the maximum rate or amount of interest permitted under applicable law. The term "applicable law" as used herein shall mean any federal or state law applicable to the Loan.

**9.14. Obligations Binding Upon Mortgagor's Successors.** This Mortgage is binding upon Mortgagor and Mortgagor's successors and assigns, and shall inure to the benefit of Mortgagee, and its successors and assigns, and the provisions hereof shall likewise be covenants running with the land. The duties, covenants, conditions, obligations, and warranties of Mortgagor in this Mortgage shall be joint and several obligations of Mortgagor and Mortgagor's successors and assigns.

**9.15 Construction.** All pronouns and any variations of pronouns herein shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the identity of the parties may require. Whenever the terms herein are singular, the same shall be deemed to mean the plural, as the identity of the parties or the context requires.

**9.16 Attorneys' Fees.** Any reference in this Mortgage to attorneys' or counsel's fees paid or incurred by Mortgagee shall be deemed to include paralegals' fees and legal assistants' fees. Moreover, wherever provision is made herein for payment of attorneys' or counsel's fees or expenses incurred by Mortgagee, such provision shall include but not be limited to, such fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative, or other proceedings, including appellate proceedings, whether such fees or expenses arise before proceedings are commenced, during such proceedings or after entry of a final judgment.

**9.17 Waiver and Agreement.** MORTGAGOR HEREBY EXPRESSLY WAIVES ANY RIGHT IT MAY HAVE UNDER APPLICABLE LAW TO PREPAY THE NOTE, IN WHOLE OR IN PART, WITHOUT PREPAYMENT CHARGE, UPON ACCELERATION OF THE MATURITY DATE OF THE NOTE, AND AGREES THAT, IF FOR ANY REASON A PREPAYMENT OF ALL OR ANY PART OF THE NOTE IS MADE, WHETHER VOLUNTARILY OR FOLLOWING ANY ACCELERATION OF THE MATURITY DATE OF THE NOTE BY MORTGAGEE ON ACCOUNT OF THE OCCURRENCE OF ANY EVENT OF DEFAULT ARISING FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, AS A RESULT OF ANY PROHIBITED OR RESTRICTED TRANSFER, FURTHER ENCUMBRANCE OR DISPOSITION OF THE PROPERTY OR ANY PART THEREOF SECURING THE NOTE, THEN MORTGAGOR SHALL BE OBLIGATED TO PAY, CONCURRENTLY WITH SUCH PREPAYMENT, THE PREPAYMENT PREMIUM PROVIDED FOR IN THE NOTE (OR, IN THE EVENT OF ACCELERATION WHEN THE NOTE IS CLOSED TO PREPAYMENT, AS PROVIDED IN THE DEFINITION OF "SECURED OBLIGATIONS" SET FORTH IN ARTICLE 1

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HEREOF) AND ANY AND ALL OTHER CHARGES AND FEES DUE UNDER THE LOAN DOCUMENTS. MORTGAGOR HEREBY DECLARES THAT MORTGAGEE'S AGREEMENT TO MAKE THE LOAN AT THE INTEREST RATE AND FOR THE TERM SET FORTH IN THE NOTE CONSTITUTES ADEQUATE CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY MORTGAGOR, FOR THIS WAIVER AND AGREEMENT.

**9.18 Waiver of Jury Trial.** MORTGAGEE AND MORTGAGOR KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS MORTGAGE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE OR ANY LOAN DOCUMENT, OF ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO OR TO ANY LOAN DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR MORTGAGEE AND MORTGAGOR TO ENTER INTO THE LOAN.

**9.19 Entire Agreement.** The Loan Documents constitute the entire understanding and agreement between Mortgagor and Mortgagee with respect to the Loan and supersede all prior agreements, understandings or negotiations with respect thereto, whether written or oral.

**9.20 Governing Laws.** The substantive laws of the State of Illinois shall govern the validity, construction, enforcement and interpretation of this Mortgage.

**9.21 Anti-Terrorism.** Mortgagor represents, warrants and covenants to Mortgagee that:

(a) None of Mortgagor, Guarantor or any of their respective constituents, affiliates, members, officers, directors or any individual who has the authority to execute or authorize, or who has been authorized to execute, and/or whose consent is required for the execution of the Loan Documents on behalf of Mortgagor or Guarantor is in violation of any laws relating to terrorism or money laundering, including without limitation, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, (as the same has been, or may hereafter be, renewed, extended, amended or replaced, the "Executive Order") and the Bank Secrecy Act (31 U.S.C. § 5311 *et seq.*), as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, as the same has been, or may hereafter be, renewed, extended, amended or replaced, the "Patriot Act"). As used herein, "Anti-Terrorism Laws" shall mean any laws relating to terrorism or money laundering, including the Executive Order, the Patriot Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by the United States Treasury Department's Office of Foreign Asset Control (as any of the foregoing laws may from time to time be renewed, extended, amended, or replaced).

(b) None of Mortgagor, Guarantor, their respective constituents, affiliates, members, officers, directors or any individual who has the authority to execute or authorize, or

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who has been authorized to execute, and/or whose consent is required for the execution of the Loan Documents on behalf of Mortgagor or Guarantor, any person having a beneficial interest in Mortgagor or Guarantor, any person for whom Mortgagor or Guarantor is acting as agent or nominee, any of their respective brokers or other agents acting in any capacity in connection with the Loan or, to Mortgagor's knowledge as of the date hereof, Mortgagor's predecessor in interest to the Property is a "**Prohibited Person**," which is defined as follows:

- (i) a person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;
  - (ii) a person or entity owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;
  - (iii) a person or entity with whom Mortgagee or any bank or other institutional lender is prohibited from dealing or otherwise engaging in any Anti-Terrorism Law;
  - (iv) a person or entity who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order;
  - (v) a person or entity that is named as a "**specially designated national**" or "**blocked person**" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official Website, <http://www.treas.gov/ofac/t11sdn.pdf> or at any replacement Website or other replacement official publication of such list; and
  - (vi) a person or entity who is affiliated with a person or entity listed above.
- (c) None of Mortgagor, Guarantor, any of their respective constituents, affiliates, members, officers, directors or any individual who has the authority to execute or authorize, or who has been authorized to execute, and/or whose consent is required for the execution of the Loan Documents on behalf of Mortgagor or Guarantor, any of their respective brokers or other agents acting in any capacity in connection with the Loan or, to Mortgagor's knowledge as of the date hereof, the seller of the Property (if any portion of the Property is being acquired with proceeds of the Loan), does or shall (i) conduct any business or engage in any transaction or dealing with any Prohibited Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Prohibited Person or leasing any portion of the Property to any Prohibited Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.
- (d) Mortgagor shall promptly deliver to Mortgagee any certification or other evidence reasonably requested from time to time by Mortgagee confirming Mortgagor's compliance with this Section. The representations, warranties and covenants set forth in this

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Section shall be deemed repeated and reaffirmed by Mortgagor as of each date that Mortgagor makes a payment to Mortgagee under the Note, this Mortgage and the other Loan Documents or receives any payment from Mortgagee. Mortgagor shall promptly notify Mortgagee in writing should Mortgagor become aware of any change in the information set forth in these representations, warranties and covenants.

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IN WITNESS WHEREOF, Mortgagor has executed and delivered this Mortgage as of the date first mentioned above.

SVAP HOFFMAN PLAZA, L.P., a Delaware limited partnership

By: SVAP Hoffman Plaza GP, LLC, a Delaware limited liability company, its General Partner

By: SVAP GP, LLC, a Delaware limited liability company, its Manager

By:   
Name: Gregory Mondoss  
Title: VP



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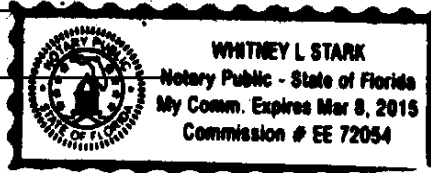
STATE OF FLORIDA     )  
                          Palm     ) ss.  
COUNTY OF Beach )

I, Whitney Stark certify that Greg Moross as  
VP of SVAP GP, LLC, a Delaware limited liability company, Manager of  
SVAP Hoffman Plaza GP, LLC, a Delaware limited liability company, General Partner of SVAP  
Hoffman Plaza, L.P., a Delaware limited partnership, personally known to me to be the same  
person whose name is subscribed to the foregoing instrument, appeared before me this day in  
person, and acknowledged that he signed and delivered the instrument as his free and voluntary  
act, for the uses and purposes therein set forth.

Dated: 10/23/12

My commission expires \_\_\_\_\_

Witness my hand and official seal.



Whitney L Stark  
Notary Public

**UNOFFICIAL COPY****EXHIBIT A  
to  
MORTGAGE****(Legal Description)****PARCEL 1:**

ALL OF LOT 7 AND THAT PART OF LOT 14 DESCRIBED MORE PARTICULARLY AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 14; THENCE EASTWARD ALONG THE NORTH LINE OF SAID LOT 14, NORTH 89 DEGREES 23 MINUTES 37 SECONDS EAST, A DISTANCE OF 362.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING EASTWARD ALONG THE SAID NORTH LINE OF LOT 14, NORTH 89 DEGREES 23 MINUTES 37 SECONDS EAST, A DISTANCE OF 17.50 FEET; THENCE SOUTH 3 DEGREES 07 MINUTES 51 SECONDS WEST, A DISTANCE OF 199.56 FEET; THENCE NORTH 89 DEGREES 35 MINUTES 21 SECONDS EAST, A DISTANCE OF 29.81 FEET, THENCE SOUTH 00 DEGREES 24 MINUTES 39 SECONDS EAST, A DISTANCE OF 150.00 FEET; THENCE NORTH 89 DEGREES 35 MINUTES 21 SECONDS EAST, A DISTANCE OF 156.00 FEET; THENCE NORTH 00 DEGREES 24 MINUTES 39 SECONDS WEST, A DISTANCE OF 150.00 FEET; THENCE NORTH 89 DEGREES 35 MINUTES 21 SECONDS EAST, A DISTANCE OF 67.00 FEET TO A POINT ON THE WEST LINE OF LOT 12 OF SAID BLOCK 1; THENCE SOUTH 00 DEGREES 24 MINUTES 39 SECONDS EAST, A DISTANCE OF 10.39 FEET TO THE SOUTHWEST CORNER OF SAID LOT 12; THENCE EASTWARD ALONG THE SOUTH LINE OF SAID LOT 12, NORTH 89 DEGREES 35 MINUTES 21 SECONDS EAST, A DISTANCE OF 200.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 12; THENCE SOUTHWARD ALONG THE WEST LINE OF APPLE STREET, SOUTH 00 DEGREES 24 MINUTES 39 SECONDS EAST, A DISTANCE OF 25.00 FEET TO A POINT OF CURVATURE; THENCE SOUTHWARD ALONG A CURVED LINE, CONVEXED TO THE EAST, OF 1956.17 FEET IN RADIUS, FOR AN ARC LENGTH OF 25.00 FEET TO THE NORTHEAST CORNER OF LOT 11 OF SAID BLOCK 1; THENCE WESTWARD ALONG THE NORTH LINE OF SAID LOT 11, SOUTH 89 DEGREES 35 MINUTES 21 SECONDS WEST, A DISTANCE OF 200.02 FEET TO THE NORTHWEST CORNER OF SAID LOT 11; THENCE SOUTHWARD ALONG THE WEST LINE OF LOTS 11 THROUGH 5, BEING A CURVED LINE, CONVEXED TO THE EAST, OF 1756.17 FEET IN RADIUS HAVING A CHORD LENGTH OF 600.87 FEET ON A BEARING OF SOUTH 10 DEGREES 15 MINUTES 20 SECONDS WEST, FOR AN ARC LENGTH OF 603.84 FEET TO A POINT ON THE WEST LINE OF LOT 5 IN SAID BLOCK 1, SAID POINT BEING 63.53 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 5; THENCE SOUTHWARD ALONG THE WEST LINE OF LOTS 5 THROUGH 1, SOUTH 20 DEGREES 06 MINUTES 21 SECONDS WEST, A DISTANCE OF 463.53 FEET TO THE SOUTHWESTERLY CORNER OF SAID LOT 1; THENCE SOUTHEASTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 1, SOUTH 69 DEGREES 53 MINUTES 39 SECONDS EAST, A DISTANCE OF 200.00 FEET TO THE SOUTHEASTERLY CORNER OF SAID LOT 1, BEING A POINT ON THE WESTERLY LINE OF APPLE STREET; THENCE SOUTHWESTERLY ALONG

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THE SAID WESTERLY LINE OF APPLE STREET, SOUTH 20 DEGREES 06 MINUTES 21 SECONDS WEST, A DISTANCE OF 21.36 FEET; THENCE SOUTH 20 DEGREES 29 MINUTES 21 SECONDS WEST, A DISTANCE OF 61.69 FEET; THENCE NORTH 69 DEGREES 30 MINUTES 39 SECONDS WEST, A DISTANCE OF 125.00 FEET THENCE SOUTH 20 DEGREES 29 MINUTES 21 SECONDS WEST A DISTANCE OF 80.00 FEET; THENCE SOUTH 69 DEGREES 30 MINUTES 39 SECONDS EAST, A DISTANCE OF 125.00 FEET TO A POINT ON THE EASTERLY LINE OF LOT 14; THENCE SOUTHWESTERLY ALONG THE EASTERLY LINE OF LOT 14, BEING THE WESTERLY LINE OF APPLE STREET, SOUTH 20 DEGREES 29 MINUTES 21 SECONDS WEST, A DISTANCE OF 100.00 FEET TO THE SOUTHEAST CORNER OF SAID LOT 14; THENCE WESTWARD ALONG THE SOUTHERLY LINE OF LOT 14; BEING THE NORTHERLY RIGHT OF WAY LINE OF HIGGINS ROAD, NORTH 69 DEGREES 30 MINUTES 39 SECONDS WEST, A DISTANCE OF 225.0 FEET; THENCE NORTH 20 DEGREES 29 MINUTES 21 SECONDS EAST, A DISTANCE OF 64.02 FEET; THENCE NORTH 3 DEGREES 07 MINUTES 51 SECONDS EAST, A DISTANCE OF 126.83 FEET; THENCE NORTH 86 DEGREES 52 MINUTES 09 SECONDS WEST A DISTANCE OF 118.00 FEET TO A POINT OF CURVATURE, THENCE WESTWARD ALONG A CURVED LINE, CONVEXED TO THE NORTH, OF 30.00 FEET IN RADIUS, FOR AN ARC LENGTH OF 24.70 FEET; THENCE SOUTH 3 DEGREES 07 MINUTES 51 SECONDS WEST A DISTANCE OF 140.54 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID LOT 14, BEING 211.64 FEET EASTERLY OF THE SOUTHWEST CORNER OF SAID LOT 14; THENCE WESTWARD ALONG THE SOUTHERLY LINE OF LOT 14, BEING THE NORTHERLY RIGHT OF WAY LINE OF HIGGINS ROAD, NORTH 69 DEGREES 30 MINUTES 39 SECONDS WEST, A DISTANCE OF 54.48 FEET; THENCE NORTH 3 DEGREES 07 MINUTES 51 SECONDS EAST, A DISTANCE OF 196.89 FEET; THENCE NORTH 86 DEGREES 52 MINUTES 09 SECONDS WEST, A DISTANCE OF 150.00 FEET TO A POINT ON THE WEST LINE OF SAID LOT 14, BEING 150.00 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 14; THENCE NORTHWARD ALONG THE SAID WEST LINE OF LOT 14, BEING THE EAST LINE OF ROSELLE ROAD, NORTH 3 DEGREES 07 MINUTES 51 SECONDS EAST, A DISTANCE OF 1050.51 FEET TO A POINT, BEING 200.00 FEET SOUTH OF THE NORTHWEST CORNER OF SAID LOT 14; THENCE NORTH 89 DEGREES 23 MINUTES 37 SECONDS EAST, A DISTANCE OF 362.00 FEET; THENCE NORTH 3 DEGREES 07 MINUTES 51 SECONDS EAST, A DISTANCE OF 200.00 FEET TO THE POINT OF BEGINNING; ALL IN BLOCK 1 OF HOFFMAN ESTATES I BEING A SUBDIVISION OF PART OF SECTIONS 14 AND 15, TOWNSHIP 41 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF REGISTERED AUGUST 5, 1955 AS DOCUMENT NUMBER 1612242 IN COOK COUNTY, ILLINOIS

(EXCEPT THAT PART OF LOT 14, BLOCK 1 IN HOFFMAN ESTATES I, A SUBDIVISION OF PART OF SECTIONS 14 AND 15, TOWNSHIP 41 NORTH, RANGE 10, LYING EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 5, 1955, AS DOCUMENT NUMBER 1612242, IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID LOT 14, THAT IS 150.00 FEET NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE ON AN ASSUMED

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BEARING OF SOUTH 89 DEGREES 43 MINUTES 35 SECONDS EAST, 13.00 FEET TO A POINT ON A LINE THAT IS 13.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT 14, THENCE NORTH 00 DEGREES 16 MINUTES 25 SECONDS EAST ALONG SAID PARALLEL LINE, 673.33 FEET; THENCE NORTH 02 DEGREES 30 MINUTES 52 SECONDS EAST, 230.18 FEET TO A POINT ON A LINE THAT IS 22.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID LOT 14; THENCE NORTH 00 DEGREES 16 MINUTES 25 SECONDS EAST ALONG SAID PARALLEL LINE, 150.00 FEET; THENCE SOUTH 86 DEGREES 30 MINUTES 23 SECONDS WEST, 22.05 FEET TO A POINT ON THE WEST LINE OF SAID LOT 14 THAT IS 200.00 FEET SOUTH OF THE NORTHWEST CORNER THEREOF; THENCE SOUTH 00 DEGREES 16 MINUTES 25 SECONDS WEST ALONG THE WEST LINE OF SAID LOT 14, A DISTANCE OF 1051.88 FEET TO THE POINT OF BEGINNING), IN COOK COUNTY, ILLINOIS.

**PARCEL 2:**

AN EASEMENT FOR THE PURPOSE OF A DRIVEWAY FOR INGRESS AND EGRESS FROM GOLF ROAD OVER THE EASTERLY 17.5 FEET OF THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE IN COOK COUNTY, ILLINOIS: THAT PART OF LOT 14 IN BLOCK 1 IN HOFFMAN ESTATES I, BEING A SUBDIVISION OF PART OF SECTIONS 14 AND 15, TOWNSHIP 41 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF REGISTERED AUGUST 5, 1955 AS DOCUMENT 161224Z IN COOK COUNTY, ILLINOIS, AND DESCRIBED MORE PARTICULARLY AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 14, BEING THE NORTHWEST CORNER OF LOT 13 OF SAID BLOCK 1, THENCE WESTWARD, SOUTH 89 DEGREES 23 MINUTES 37 SECONDS WEST, ALONG THE SOUTH RIGHT OF WAY LINE OF GOLF ROAD, A DISTANCE OF 257.98 FEET TO THE POINT OF BEGINNING, THENCE SOUTH 3 DEGREES 07 MINUTES 51 SECONDS WEST, A DISTANCE OF 200.00 FEET; THENCE SOUTH 89 DEGREES 23 MINUTES 37 SECONDS WEST, A DISTANCE OF 155.00 FEET; THENCE NORTH 3 DEGREES 07 MINUTES 51 SECONDS EAST, A DISTANCE OF 200.00 FEET TO A POINT ON THE NORTH LINE OF SAID LOT 14, BEING THE SOUTHERLY RIGHT OF WAY LINE OF GOLF ROAD AT A POINT BEING 207.00 FEET EASTERLY OF THE NORTHWEST CORNER OF SAID LOT 14; THENCE EASTWARD ALONG THE SAID NORTH LINE OF LOT 14, NORTH 89 DEGREES 23 MINUTES 37 SECONDS EAST, A DISTANCE OF 155.00 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS AS CREATED BY DECLARATION FILED JUNE 7, 1968 AS DOCUMENT LR2391985.

**PARCEL 3:**

EASEMENT FOR THE BENEFIT OF THAT PART OF PARCEL 1 DESCRIBED AS FOLLOWS:

ALL THAT PART OF SAID LOT 14 IN BLOCK 1 IN HOFFMAN ESTATES I LYING NORTHERLY OF A LINE DRAWN FROM A POINT ON THE WEST LINE OF SAID

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LOT 14, SAID POINT BEING 829.88 FEET SOUTH OF THE NORTHWEST CORNER OF SAID LOT 14, EASTWARD TO A POINT ON THE WEST LINE OF LOT 5 IN SAID BLOCK 1, SAID POINT BEING 63.53 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 5; EXCEPTING THEREFROM THAT PART OF LOT 14 IN BLOCK 1 IN HOFFMAN ESTATES I, A SUBDIVISION OF PARTS OF SECTIONS 14 AND 15, TOWNSHIP 41 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF REGISTERED IN THE OFFICE OF THE REGISTRAR OF TITLES, COOK COUNTY, ILLINOIS, ON AUGUST 5, 1955, AS DOCUMENT 1612242, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 14 AS POINT OF BEGINNING, THENCE EAST ALONG THE NORTH LINE OF SAID LOT 14 A DISTANCE OF 207 FEET; THENCE SOUTH PARALLEL TO THE WEST LINE OF SAID LOT 14 A DISTANCE OF 200 FEET; THENCE WEST PARALLEL TO THE NORTH LINE OF SAID LOT 14 A DISTANCE OF 207 FEET TO THE WEST LINE OF SAID LOT 14; THENCE NORTH ALONG THE WEST LINE OF SAID LOT 14 A DISTANCE OF 200 FEET TO THE POINT OF BEGINNING; ALSO EXCEPTING THEREFROM THAT PART THEREOF DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 14 AS A PLACE OF BEGINNING, THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 14 A DISTANCE OF 200 FEET; THENCE WEST ALONG A LINE PERPENDICULAR TO SAID EAST LINE OF LOT 14 A DISTANCE OF 67 FEET; THENCE SOUTH ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE A DISTANCE OF 150 FEET; THENCE WEST ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE A DISTANCE OF 156 FEET; THENCE NORTH ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE A DISTANCE OF 150 FEET; THENCE EAST ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE A DISTANCE OF 6 FEET; THENCE NORTH ALONG A LINE PARALLEL TO AND 217 FEET WESTERLY OF SAID EAST LINE OF LOT 14 A DISTANCE OF 199.26 FEET MORE OR LESS TO THE NORTH LINE OF SAID LOT 14; THENCE EAST ALONG SAID NORTH LINE OF LOT 14 TO THE PLACE OF BEGINNING; ALSO EXCEPTING THEREFROM THAT PART THEREOF LYING WITHIN THE FOLLOWING DESCRIBED PARCEL: COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 14; THENCE NORTHWARD ALONG THE WEST LINE OF SAID LOT 14 A DISTANCE OF 678.10 FEET; THENCE SOUTH 69 DEGREES 20 MINUTES 09 SECONDS EAST A DISTANCE OF 321.92 FEET TO THE PLACE OF BEGINNING; THENCE SOUTH 69 DEGREES 20 MINUTES 09 SECONDS EAST A DISTANCE OF 200 FEET; THENCE NORTH 20 DEGREES 39 MINUTES 51 SECONDS EAST A DISTANCE OF 100 FEET; THENCE NORTH 69 DEGREES 20 MINUTES 09 SECONDS WEST A DISTANCE OF 200 FEET; THENCE SOUTH 20 DEGREES 39 MINUTES 51 SECONDS WEST A DISTANCE OF 100 FEET TO THE PLACE OF BEGINNING;

AS CREATED BY DECLARATION DATED JULY 10, 1963 AND RECORDED JULY 22, 1963 AS DOCUMENT 2102557 FOR THE PURPOSE OF INSTALLING, MAINTAINING, REPAIRING AND USING THEREIN, AT THE SOLE EXPENSE OF THE TRUSTEE, ITS SUCCESSORS AND/OR ASSIGNS A 42 INCH STORM SEWER; AND ROBERT HALL, ITS SUCCESSORS AND/OR ASSIGNS, SHALL HAVE THE RIGHT TO DISCHARGE INTO SAID STORM SEWER THE STORM WATER FROM SAID ROBERT HALL PARCEL



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WITHOUT CHARGE. THE AFORESAID EASEMENT AND RIGHT SHALL CONTINUE FOR SO LONG AS SAID STORM SEWER SHALL BE IN USE;

OVER THE FOLLOWING DESCRIBED LAND:

A STRIP OF LAND FIFTEEN (15') FEET IN WIDTH, BEING SEVEN AND ONE-HALF (7 ½) FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE: COMMENCING AT A POINT ON THE SOUTH LINE OF SAID ROBERT HALL PARCEL TWENTY-SIX (26') FEET MORE OR LESS WEST OF THE SOUTHEAST CORNER THEREOF AND RUNNING NORTHEASTERLY TO A POINT ON THE EAST LINE OF SAID ROBERT HALL PARCEL SIXTY-EIGHT (68') FEET MORE OR LESS NORTH OF THE SOUTHEAST CORNER THEREOF.

Addresses: 1175 N. Roselle Road; 1125-1147 N. Roselle Road; 1071-1115 N. Roselle Road; 1001-1067 N. Roselle Road and 100 E. Higgins Road, Hoffman Estates, Illinois

PIN #'s: 07-15-200-024-0000  
07-15-200-025-0000  
07-15-200-034-0000  
07-15-200-035-0000  
07-15-200-037-0000  
07-15-200-043-0000  
07-15-200-010-0000  
07-15-200-044-0000