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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption

4/5

Report Mortgage Fraud
800-532-8785



Doc#: 1515319092 Fee: \$76.00
RHSP Fee: \$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 06/02/2015 12:59 PM Pg: 1 of 20

The property identified as: PIN: 22-29-119-011

Address:

Street: 902 State Street

Street line 2:

City: Lemont

State: IL

ZIP Code: 60439

Lender: ReadyCap Commercial, LLC

Borrower: CSO OPP VII, LLC, an Illinois limited liability company

Loan / Mortgage Amount: \$3,000,000.00

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.

Attorneys' Title Guaranty Fund, Inc.

1000 North Dearborn Street, Suite 20400

Chicago, IL 60660-4050

Attorney Arch Department 20

Certificate number: 7679B50D-C5C0-41E4-88C8-561607CC42B7

Execution date: 5/29/2015

CCRD REVIEWER

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**THIS INSTRUMENT PREPARED BY
WHEN RECORDED, RETURN
TO:**

ReadyCap Commercial LLC
Post Closing / Melissa Perez
1320 Greenway Drive, Suite 560
Irving, Texas 75038

PERMANENT INDEX NUMBER(S):
22-29-119-011; 22-29-119-012;
22-29-119-017; 22-29-119-018;
22-29-119-019; 22-29-119-020;
22-29-400-001

*THIS SPACE RESERVED FOR RECORDERS USE ONLY
(TO BE RECORDED IN THE REAL PROPERTY
RECORDS OF COOK COUNTY, ILLINOIS)*

MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING (this "Security Instrument") is dated May 29, 2015, by CSO OPP VII, LLC, an Illinois limited liability company, whose address is 27401 Los Altos, Suite 100, Mission Viejo, CA 92691 ("Borrower"), as grantor, for the benefit of ReadyCap Commercial, LLC, whose address is 114 Pacifica, Suite 400, Irvine, CA 92618, as grantee (referred to below as "Lender"). For all state law, statutory and other purposes hereunder, (i) the term "Borrower" as used herein shall be deemed to mean grantor or mortgagor of the Property as described herein the same as if the term "grantor" or "mortgagor" were used in lieu of the term "Borrower" throughout this Security Instrument, and (ii) the term "Lender" as used herein shall be deemed to mean grantee or mortgagee of the Property with all the rights conferred hereby the same as if the term "grantee" or "mortgagee" were used in lieu of the term "Lender" throughout this Security Instrument.

CONVEYANCE AND GRANT. For valuable consideration, Borrower irrevocably grants, remises, releases, warrants, mortgages, conveys, pledges, sets over, transfers and assigns to Lender, all of Borrower's right, title, and interest in and to the following described property, whether not owned or hereafter acquired (collectively, the "Property"):

the land described on **EXHIBIT "A"** together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters (the "**Real Property**");

all equipment, furniture, fixtures, goods, and other articles of personal property now or hereafter owned by Borrower, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property (the "**Personal Property**").

TO HAVE AND TO HOLD the Property and all parts, rights, members and appurtenances thereof, to the use, benefit and behalf of Lender and the successors and assigns of Lender, forever; and Borrower covenants that Borrower is lawfully seized and possessed of the Property as aforesaid, and has good and

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marketable title with right to mortgage and convey the same, that the same is unencumbered except for the matters set forth in Lender's title policy, and that Borrower does warrant and will forever defend the title thereto against the claims of all persons whomsoever, except as to those matters set forth in Lender's title policy.

The Real Property is commonly known as Lemont Apartments and the Real Property address is 902, 904, 914, 916, 918, 920 and 1001-1005 State St., Lemont, IL 60439.

Borrower presently assigns to Lender all of Borrower's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. This is an absolute assignment of Rents. In addition, Borrower grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS SECURITY INSTRUMENT, INCLUDING, THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF THE BORROWER UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS SECURITY INSTRUMENT. THIS SECURITY INSTRUMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Security Instrument, Borrower shall pay to Lender all amounts secured by this Security Instrument as they become due, and shall strictly and in a timely manner perform all of Borrower's obligations under the Note, this Security Instrument, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Borrower agrees that Borrower's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Borrower may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Borrower shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Nuisance, Waste. Borrower shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Borrower will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Borrower shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Borrower to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Upon prior reasonable notice to Borrower, Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Borrower's compliance with the terms and conditions of this Security Instrument.

Compliance with Governmental Requirements. Borrower shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in

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writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Borrower agrees neither to abandon or leave unattended the Property. Borrower shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Security Instrument upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Borrower is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Borrower. However, this option shall not be exercised by Lender if such exercise is prohibited by applicable law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Security Instrument:

Payment. Borrower shall pay prior to delinquency all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Borrower shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Security Instrument, except for the lien of taxes and assessments not due and except as otherwise provided in this Security Instrument.

Right to Contest. Borrower may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Borrower shall within thirty (30) days after the lien arises or, if a lien is filed, within thirty (30) days after Borrower has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Borrower shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Borrower shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Borrower shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Borrower shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds, individually or in the aggregate \$10,000.00. Borrower will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Borrower can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Security Instrument.

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Maintenance of Insurance. Borrower shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Borrower shall also procure and maintain commercial general liability insurance in such coverage amounts as Lender may reasonably request with Lender being named as additional insured in such liability insurance policies. Additionally, Borrower shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Notwithstanding the foregoing, in no event shall Borrower be required to provide hazard insurance in excess of the replacement value of the improvements on the Real Property. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Borrower agrees to obtain and maintain Federal Flood Insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Borrower shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$10,000.00. Lender may make proof of loss if Borrower fails to do so within fifteen (15) days of the casualty. If in Lender's sole judgment Lender's security interest in the Property has been impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If the proceeds are to be applied to restoration and repair, Borrower shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Borrower from the proceeds for the reasonable cost of repair or restoration if Borrower is not in default under this Security Instrument. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Security Instrument, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Borrower as Borrower's interests may appear.

Borrower's Report on Insurance. Upon request of Lender, however not more than once a year, Borrower shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Borrower shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

TAX AND INSURANCE RESERVES. Subject to any limitations and consistent with any requirements set by applicable law, Lender may require Borrower to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by an initial deposit and subsequent monthly payments, or payments at such other interval as payments under the Note may be due, of a sum estimated by Lender to be sufficient to pay the total annual taxes, assessments, and insurance premiums Lender reasonably anticipates to be paid from these reserves. The reserve funds shall be held by Lender as a general deposit from Borrower, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Borrower as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Security Instrument shall be

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construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Borrower shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Borrower, and Lender is not Borrower's agent for payment of the taxes and assessments required to be paid by Borrower.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially and adversely affect Lender's interest in the Property or if Borrower fails to comply with any provision of this Security Instrument or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Security Instrument or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Security Instrument also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Security Instrument:

Title. Borrower warrants that: (a) Borrower holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Security Instrument, and (b) Borrower has the full right, power, and authority to execute and deliver this Security Instrument to Lender.

Defense of Title. Subject to the exception in the paragraph above, Borrower warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Borrower's title or the interest of Lender under this Security Instrument, Borrower shall defend the action at Borrower's expense. Borrower may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Borrower will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Borrower warrants that the Property and Borrower's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Borrower in this Security Instrument shall survive the execution and delivery of this Security Instrument, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Security Instrument:

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Proceedings. If any condemnation proceeding is commenced affecting the Property, Borrower shall promptly notify Lender in writing, and Borrower shall promptly take such steps as may be necessary to pursue or defend the action and obtain the award. Borrower may be the nominal party in any such proceeding, but Lender shall be entitled, at its election, to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Borrower will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If any award is made or settlement entered into in any condemnation proceedings affecting all or any part of the Property or by any proceeding or purchase in lieu of condemnation, Lender may at its election, and to the extent permitted by law, require that all or any portion of the award or settlement be applied to the Indebtedness and to the repayment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation proceedings.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Security Instrument:

Current Taxes, Fees and Charges. Upon request by Lender, Borrower shall execute such documents in addition to this Security Instrument and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Borrower shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Security Instrument, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Security Instrument.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Security Instrument or upon all or any part of the Indebtedness secured by this Security Instrument; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Security Instrument; (3) a tax on this type of Security Instrument chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Security Instrument, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Borrower either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Security Instrument as a security agreement are a part of this Security Instrument:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures and Personal Property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Borrower shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. Borrower shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Borrower shall not remove, sever or detach the Personal Property from the Property. Upon default, Borrower shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Borrower and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Borrower (debtor) and Lender (secured party) from which information concerning the security interest granted by this Security Instrument may be obtained (each

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as required by the Uniform Commercial Code) are as stated on the first page of this Security Instrument.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Security Instrument:

Further Assurances. At any time, and from time to time, upon request of Lender, Borrower will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's obligations under the Note, this Security Instrument, and the Related Documents, and (2) the liens and security interests created by this Security Instrument as first and prior liens on the Property, whether now owned or hereafter acquired by Borrower. Unless prohibited by law or Lender agrees to the contrary in writing, Borrower shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Borrower fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Borrower and at Borrower's expense. For such purposes, Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Borrower under this Security Instrument, Lender shall execute and deliver to Borrower a release of this Security Instrument and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Lender may charge Borrower a reasonable fee at the time of such release.

EVENTS OF DEFAULT. The provisions under the heading "DEFAULT" set forth in the Business Loan Agreement of even date herewith between Borrower and Lender are hereby incorporated herein as if more fully set forth herein.

RIGHTS AND REMEDIES ON DEFAULT. The provisions under the headings "EFFECT OF AN EVENT OF DEFAULT" and "REMEDIES UPON EVENT OF DEFAULT" and under the heading "EXCULPATION" set forth in the Business Loan Agreement of even date herewith between Borrower and Lender are hereby incorporated herein as if more fully set forth herein. In addition, the Lender shall have the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower under this Security Instrument, after Borrower's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Judicial Foreclosure. Lender may proceed with judicial foreclosure under the real property laws of Illinois, specifically, the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 *et seq.*, including all amendments thereto which may become effective from time to time after the date hereof (the "Act"). Lender may proceed by such judicial action as is available under the Act to enforce the payment of the Indebtedness and the performance and discharge of the obligations in accordance with the terms hereof, of the Note, and the other Related Documents, to foreclose the liens and security interests of this Security Instrument as against all or any part of the Property, and to have all or any part of the Property sold under the judgment or decree of a court of competent jurisdiction. This remedy shall be cumulative of any other nonjudicial remedies available to the Lender with respect to the Related Documents under applicable law. Proceeding with a request or receiving a judgment for legal relief

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shall not be or be deemed to be an election of remedies or bar any other available remedy of the Lender under the Act or other applicable law. In the event foreclosure proceedings are instituted or filed by Lender, all expenses incident to such proceedings, including, but not limited to, attorneys' fees and costs, shall be paid by Borrower and secured by this Security Instrument and by all of the other Related Documents securing all or any part of the Indebtedness.

Collect Rents. Lender shall have the right, without notice to Borrower to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Borrower irrevocably designates Lender as Borrower's attorney-in-fact to endorse instruments received in payment thereof in the name of Borrower and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Borrower remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower, Borrower shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have any other right or remedy provided in this Security Instrument or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Borrower hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

NOTICES. Any notice required to be given under this Security Instrument shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Security Instrument. Borrower requests that copies of any notices of default and sale be directed to Borrower's address shown near the beginning of this Security Instrument. All copies of notices of foreclosure from the holder of any lien which has priority over this Security Instrument shall be sent to Lender's address, as shown near the beginning of this Security Instrument. Any party may change its address for notices under this Security Instrument by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

STATEMENT OF OBLIGATION FEE. Lender may collect a fee, not to exceed the maximum amount permitted by law, for furnishing the statement of the outstanding Indebtedness.

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COMMERCIAL PROPERTY. The Property shall be used solely as a commercial property and at no time during the term of the Loan shall Borrower, Guarantor or any affiliate, employee, agent or similar party of Borrower or Guarantor occupy any portion of the Property.

FIXTURE FILING. THIS SECURITY INSTRUMENT COVERS GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN AND IS TO BE RECORDED IN THE REAL ESTATE RECORDS AS A FIXTURE FILING. BORROWER IS THE "DEBTOR"; LENDER IS THE "SECURED PARTY"; AND THE ADDRESSES OF EACH ARE SPECIFIED ON THE FIRST PAGE OF THIS SECURITY INSTRUMENT.

SUBORDINATE LIENS. Borrower shall not, without the prior written consent of Lender, grant any lien, security interest, or other encumbrance (collectively or individually, a "Subordinate Lien") against the Real Property or any portion thereof, or any interest therein. If the Borrower creates or permits a Subordinate Lien against the Real Property, it shall constitute an additional Event of Default hereunder.

REVISED DUE ON SALE - CONSENT BY LENDER. Notwithstanding any contrary provision of this Security Instrument, the "DUE ON SALE - CONSENT BY LENDER" section above is hereby deleted and replaced with the following:

Sales and Encumbrances. Except as herein expressly provided, Borrower shall not, without the prior written consent of Lender, which consent, if given in Lender's sole and absolute discretion, may be conditioned upon a change in the interest rate under the Note, payment of a fee or change in the term of the Note, or any other change(s) to the Note or the Related Documents (all in Lender's sole and absolute discretion): (a) convey, assign, sell, mortgage, encumber, pledge, dispose of, hypothecate, grant a security interest in, grant options with respect to, or otherwise dispose of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, of record or not) all or any part of any legal or beneficial interest in any part or all of the Real Property or any present or future leases thereof, or any interest therein; or (b) directly or indirectly sell, assign or otherwise dispose of (whether or not of record or for consideration), or permit the sale, assignment or other disposition of: (i) any legal or beneficial interest in the stock of any corporation which is either Borrower or is a beneficial owner of all or part of Borrower or the Real Property; or (ii) any legal or beneficial interest in Borrower if Borrower is a limited or general partnership, limited liability company, joint venture, trust, nominee trust, tenancy in common or other unincorporated form of business association or form of ownership, except limited partnership interests if Borrower is a limited partnership.

ENVIRONMENTAL OBLIGATIONS, GUARANTY NOT SECURED. NOTWITHSTANDING ANY CONTRARY PROVISION OF THIS SECURITY INSTRUMENT OR ANY RELATED DOCUMENTS, THIS SECURITY INSTRUMENT DOES NOT SECURE ANY OBLIGATIONS NOW OR HEREAFTER OWING LENDER UNDER THAT CERTAIN GUARANTY OF NON-RECOURSE CARVEOUTS EXECUTED BY GUARANTOR IN FAVOR OF LENDER, OR UNDER ANY ENVIRONMENTAL AGREEMENT(S) WHICH ARE PART OF THE RELATED DOCUMENTS.

BROADBASE SECURITY INTEREST GRANT. Borrower hereby grants to Lender a continuing security interest in and to all personal property now or hereafter owned by Borrower (including without limitation any and all accounts, deposit accounts, inventory, equipment, general intangibles, investment property, contract rights and any and all other property in which a security interest may be granted under the Illinois Uniform Commercial Code), and wherever located, and all proceeds, products and replacements of the foregoing, in order to secure the full and timely payment and performance of each and all obligations now or hereafter owing by Borrower to Lender under the Note or any of the Related Documents.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Security Instrument:

Amendments. This Security Instrument, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Security Instrument. No

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SECURITY INSTRUMENT

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alteration of or amendment to this Security Instrument shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Borrower's residence, Borrower shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Borrower's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Security Instrument are for convenience purposes only and are not to be used to interpret or define the provisions of this Security Instrument.

Merger. There shall be no merger of the interest or estate created by this Security Instrument with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. With respect to procedural matters related to the perfection and enforcement of Lender's rights against the Property, those provisions of this Security Instrument will be governed by the laws of the State of Illinois. In all other respects, this Security Instrument will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Security Instrument has been accepted by Lender in the State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Security Instrument unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Security Instrument shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Security Instrument. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, shall constitute a waiver of any of Lender's rights or of any of Borrower's obligations as to any future transactions. Whenever the consent of Lender is required under this Security Instrument, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Security Instrument to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Security Instrument. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Security Instrument shall not affect the legality, validity or enforceability of any other provision of this Security Instrument.

Successors and Assigns. Subject to any limitations stated in this Security Instrument on transfer of Borrower's interest, this Security Instrument shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Borrower, Lender, without notice to Borrower, may deal with Borrower's successors with reference to this Security Instrument and the Indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Security Instrument or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Security Instrument.

WAIVE JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, ALL PARTIES TO THIS SECURITY INSTRUMENT HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY.

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DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Security Instrument. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Security Instrument shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means CSO OPP VII, LLC, an Illinois limited liability company and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Security Instrument.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means that certain Guaranty of Non-Recourse Carveouts from Guarantor to Lender.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Borrower's obligations or expenses incurred by Lender to enforce Borrower's obligations under this Security Instrument, together with interest on such amounts as provided in this Security Instrument.

Lender. The word "Lender" means ReadyCap Commercial, LLC, its successors and assigns.

Note. The word "Note" means the promissory note dated May 29, 2015, in the original principal amount of \$3,000,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Personal Property. The words "Personal Property" mean the personal property, interests and rights, as further described in this Security Instrument.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Security Instrument.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future leases, rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property together with the cash proceeds of the Rents.

Security Instrument. The words "Security Instrument" mean this Security Instrument by Borrower for the benefit of Lender and includes without limitation all assignment and security interest provisions relating to the Real Property, the Personal Property and Rents.

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STATE-SPECIFIC PROVISIONS. In the event of any conflict with any of the other provisions of this Security Instrument or the Related Documents, the following provisions shall control.

Benefits of Act. Borrower and Lender shall have the benefit of all the provisions of the Act. If any provision of the Act which is specifically referred to herein may be repealed, Lender shall have the benefit of such provision as most recently existing prior to such repeal, as though the same were incorporated herein by express reference.

Lender shall have the right to foreclose the lien of this Security Instrument for the Indebtedness and obligations secured hereby or any part thereof and/or exercise any right, power or remedy provided in this Security Instrument or any of the other Related Documents with respect to the Property located in Illinois in accordance with the Act. If any provision in this Security Instrument shall be inconsistent with any provision of the Act, provisions of the Act shall take precedence over the provisions of this Security Instrument that shall not invalidate or render unenforceable any other provision of this Security Instrument that can be construed in a manner consistent with the Act. If any provision of this Security Instrument shall grant to Lender (including Lender acting as a mortgagee-in-possession) or a receiver appointed pursuant to the terms hereof, any powers, rights or remedies prior to, upon or following the occurrence of an Event of Default which are more limited than the powers, rights or remedies that would otherwise be vested in Lender or in such receiver under the Act in the absence of said provision, Lender and such receiver shall be vested with the powers, rights and remedies granted in the Act to the full extent permitted by law.

Without limiting the generality of the foregoing, all expenses incurred by Lender which are of the type referred to in Section 5/15-1510 or 5/15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated elsewhere in this Security Instrument, shall be added to the obligations secured by this Security Instrument and/or by the judgment of foreclosure.

Insurance. Wherever provision is made in this Security Instrument or the other Related Documents for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Lender, or to confer authority upon Lender to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and power of Lender shall continue in Lender as judgment creditor or Lender until confirmation of sale.

As required pursuant to the Collateral Protection Act, 815 ILCS 180/10.2, Borrower is hereby notified that in the event Borrower fails to provide, maintain, keep in force or deliver and furnish to Lender the policies of insurance required by this Security Instrument or the other Related Documents or evidence of their renewal as required herein or in the other Related Documents, Lender may, but shall not be obligated to, procure such insurance at Borrower's expense to protect Borrower's interests in the Property. This insurance may, but need not, protect Borrower's interests. The coverage Lender purchases may not pay any claim that Borrower makes or any claim that is made against Borrower in connection with the Property. Borrower may later cancel any insurance purchased by Lender, but only after providing Lender with evidence that Borrower has obtained insurance as required by the terms of this Security Instrument or the other Related Documents. If Lender purchases insurance for the Property as set forth herein, Borrower shall pay all amounts advanced by Lender, together with interest thereon at the default rate (as set forth in the Related Documents) from and after the date advanced by Lender until actually repaid by Borrower, promptly upon demand by Lender.

Any amounts so advanced by Lender, together with interest thereon, shall be secured by this Security Instrument and by all of the other Related Documents securing all or any part of the Indebtedness evidenced by the Note. The costs of the insurance may be more than the cost of insurance Borrower may be able to obtain on its own.

Protective Advances. All advances, disbursements and expenditures made by Lender in accordance with the terms of this Security Instrument and the other Related Documents, either before and during a foreclosure of this Security Instrument, and before and after judgment of foreclosure therein, and at any

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time prior to sale of the Property, and, where applicable, after sale of the Property, and during the pendency of any related proceedings, in addition to those otherwise authorized by the Act shall have the benefit of all applicable provisions of the Act, including without limitation advances, disbursements and expenditures for the following purposes:

- (a) all advances by Lender in accordance with the terms of the that certain Business Loan Agreement (the "Loan Agreement") or the other Related Documents to: (i) preserve, maintain, repair, restore or rebuild the improvements upon the Property; (ii) preserve the lien of this Security Instrument or the priority thereof; or (iii) enforce this Security Instrument, as referred to in Section 15-1302(b)(5) of the Act;
- (b) payments by Lender of (i) principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrances; (ii) real estate taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Real Property or any part thereof; (iii) other obligations authorized by this Security Instrument; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of the Act;
- (c) advances by Lender in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;
- (d) reasonable attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Security Instrument as referred to in Sections 15-1504(d)(2) and 15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against Lender for the enforcement of this Security Instrument or arising from the interest of Lender hereunder; or (iii) in preparation for or in connection with the commencement, prosecution or defense of any other action related to this Security Instrument or the Property;
- (e) Lender's fees and costs, including reasonable attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearings as referred to in Section 15-1508(b)(1) of the Act;
- (f) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by any of the Related Documents;
- (g) expenses deductible from proceeds of sale as referred to in Sections 15-1512(a) and (b) of the Act; and
- (h) expenses incurred and expenditures made by Lender for any one or more of the following: (i) if the Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if Borrower's interest in the Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by Lender whether or not Lender or a receiver is in possession, if reasonably required in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or Lender takes possession of the Property imposed by Section 15-1704(c)(1) of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments deemed by Lender to be required for the benefit of the Property or required to be made by the owner of the Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or

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restrictions for the benefit of or affecting the Property; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Property is a member in any way affecting the Property; (vii) if the Loan secured hereby is a construction loan, costs incurred by Lender for demolition, preparation for and completion of construction, as may be authorized by the applicable Related Document; and (viii) payments required to be paid by Borrower or Lender pursuant to any lease or other agreement for occupancy of the Property.

All such payments and expenditures shall become due and payable without notice or demand and with interest thereon from the date of payment or advance by Lender until paid at the default rate of interest.

Mortgage in Possession. In addition to any provision of this Security Instrument authorizing Lender to take or be placed in possession of the Property, or for the appointment of a receiver, Lender shall have the right, in accordance with Subsections 5/15-1701 and 5/15-1702 of the Act, to be placed in possession of the Property or at its request to have a receiver appointed, and any such receiver, or Lender, if and when placed in possession, shall have, in addition to any other powers provided in this Security Instrument, all powers, immunities, and duties as provided for in Sections 5/15-1701 and 5/15-1703 of the Act.

Application of Proceeds. Notwithstanding anything contained in this Security Instrument to the contrary, the proceeds of any foreclosure sale of the Property shall be distributed and applied in accordance with Section 15-15.2 of the Act in the following order of priority: first, on account of all reasonable costs and expenses incident to the foreclosure proceedings or such other remedy; second, on account of all reasonable costs and expenses in connection with securing possession of the Property prior to such foreclosure sale, and the reasonable costs and expenses incurred by or on behalf of Lender in connection with holding, maintaining and preparing the Property for sale, including all such items as are mentioned in Section 7.1 hereof; third, in satisfaction of all claims in the order of priority adjudicated in the foreclosure judgment or order confirming sale; and fourth, any remainder in accordance with the order of court adjudicating the foreclosure proceeding.

Waiver of Redemption and Reinstatement. To the full extent permitted by law, Borrower hereby voluntarily and knowingly waives its rights to reinstatement and redemption to the extent allowed under Sections 15-1601 and 15-1602 of the Act, and to the full extent permitted by law, the benefits of all present and future valuation, appraisal, homestead, exemption, stay, redemption and moratorium laws under any state or federal law.

Future Advances under the Loan Agreement. This Security Instrument is given for the purpose of securing loan advances which Lender may make to or for Borrower pursuant and subject to the terms and provisions of the Loan Agreement. The parties hereto intend that, in addition to any other debt or obligation secured hereby, this Security Instrument shall secure unpaid balances of loan advances made after this Security Instrument is delivered to the Office of the Recorder of the County in which the Property is located, whether made pursuant to an obligation of mortgagee or otherwise, provided that such advances are within twenty (20) years from the date hereof and in such event, such advances shall be secured to the same extent as if such future advances were made on the date hereof, although there may be no advance made at the time of execution hereof and although there may be no indebtedness outstanding at the time any advance is made and all of such indebtedness, including future advances, shall be a lien from the time that this Security Instrument is recorded with the Recorder of the County in which the Property is located as provided in 735 ILCS 5/15-1302(b). Such loan advances may or may not be evidenced by notes executed pursuant to the Loan Agreement. In addition to the loan advances referred to above, Lender shall have the right, but not the obligation, to make protective advances with respect to the Property for the payment of taxes, assessments, insurance premiums, repairs, maintenance and other costs incurred in the protection of the Property, and such protective advances, together with interest thereon at the default rate set forth in the Related Documents from the date of each such advance until it is repaid in full, shall be secured by this Security Instrument with priority running from the time of the recording of this Security Instrument with the Recorder of the County in which the Property is located pursuant to 735 ILCS 5/15-1302(b)(5).

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Amount Secured Hereby. At all times, regardless of whether any loan proceeds have been disbursed, this Security Instrument secures (in addition to the Indebtedness secured hereby) the payment of any and all service charges, liquidated damages, expenses and advances (whether obligatory or at the option of the Lender) due to or incurred by Lender in connection with the Loan; provided, however, that in no event shall the total amount secured hereby exceed two hundred percent (200%) of the face amount of the Note.

Business Loan Recital/Statutory Exemption.

Borrower acknowledges and agrees that (A) the proceeds of the Loan will be used in conformance with subparagraph (1) of Section 4 of the Illinois Interest Act (815 ILCS 205/0.01, et seq., including Section 4(1) thereof); (B) the Indebtedness secured hereby has been incurred by Borrower solely for business purposes of Borrower and for Borrower's investment or profit, as contemplated by said Section 4(1); (C) the Indebtedness secured hereby constitutes a loan secured by real estate within the purview of and as contemplated by said Section 4(1); and (D) the secured Indebtedness is an exempted transaction under the Truth-In-Lending Act, 15 U.S.C. Sec. 1601 et seq. and has been entered into solely for business purposes of Borrower and Borrower's investment or profit, as contemplated by said section.

Without limiting the generality of anything contained herein, Borrower acknowledges and agrees that the transaction of which this Security Instrument is part is a transaction which does not include either agricultural real estate (as defined in 15-1201 of the Act) or residential real estate (as defined in 15-1219 of the Act).

Sealed Instrument. Borrower intends for this Security Instrument to be executed and delivered by Borrower, and accepted by Lender, as a sealed instrument.

Maturity Date. The Note shall be due and payable in full on or before the maturity date of June 1, 2018, with conditional extension rights as set forth in the Loan Agreement, if any, and provided that to the extent that the maturity date of the Note is extended, amended or modified from time to time, the maturity date set forth above shall also be so extended, amended or modified, but under no circumstances will this Security Instrument secure Indebtedness advanced under the Loan Agreement after that date which is twenty-five (25) years from the maturity date set forth above unless this Security Instrument is modified to reflect a new maturity date.

Interest Rate. This Security Instrument secures the full and timely payment of the Indebtedness, including, among other things, the obligation to pay interest on the unpaid principal balance at a per annum rate of interest equal to 6.602% (the "Interest Rate") and from and after the maturity date or the occurrence of an Event of Default at a per annum rate equal to the Interest Rate plus 5%.

Fixture Filing. This Security Instrument also shall constitute a "fixture filing" for the purposes of the Uniform Commercial Code against all of the Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of debtor (Borrower) and secured party (Lender) as set forth in the first paragraph of this Security Instrument. Borrower is the record owner of the Property.

Agricultural and Residential Property. Borrower acknowledges that no part of the Property constitutes agricultural real estate as defined in Section 5/15-1201 of the Act or residential real estate as defined in Section 5/15-1219 of the Act.

Signature Page Follows

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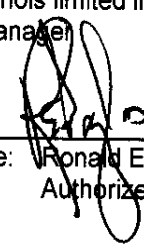
Signature Page

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SECURITY INSTRUMENT, AND BORROWER AGREES TO ITS TERMS AND EXECUTES THIS SECURITY INSTRUMENT UNDER SEAL TO BE EFFECTIVE AS OF THE DATE FIRST SET FORTH ABOVE.

BORROWER:

CSO OPP VII, LLC,
an Illinois limited liability company

By: **CSO MIDWEST, LLC,**
an Illinois limited liability company
its Manager

By: 
Name: Ronald E. Douglas
Title: Authorized Signatory

STATE OF _____

COUNTY OF _____

§
§
§

The foregoing instrument was ACKNOWLEDGED before me this _____ day of _____, 2015, by Ronald E. Douglas, as Authorized Signatory of CSO MIDWEST, LLC, an Illinois limited liability company, as Manager of CSO OPP VII, LLC, an Illinois limited liability company, on behalf of said company.

[S E A L]

My Commission Expires:

Notary Public, State of _____

***See Attachment**

(Printed Name of Notary Public)

Property of Cook County Clerk's Office

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

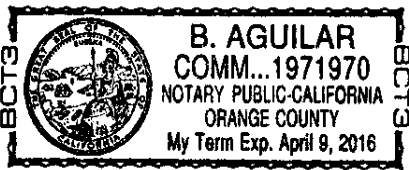
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
 County of Orange)
 On 5-30-2015 before me, B. Aguilar, Notary Public
(Date) Here Insert Name and Title of the Officer
 personally appeared Ronald E. Douglas
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature B. Aguilar
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Mortgage, Security Agreement Document Date: 5-30-15
 Number of Pages: 18 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Ronald E. Douglas
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
 Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
 Signer Is Representing: _____

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EXHIBIT "A"

PARCEL 1 (902 STATE STREET):

LOT 1 IN BLOCK 3 IN H.M. SINGERS SUBDIVISION OF THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 29, TOWNSHIP 37 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2 (904 STATE STREET):

LOT 2 IN BLOCK 3 IN H.M. SINGERS SUBDIVISION OF THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 29, TOWNSHIP 37 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3 (914 STATE STREET):

LOT 7 IN BLOCK 3 IN THE SUBDIVISION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 37 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN INCLUDING THE SOUTH 30 FEET OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 29, SITUATED IN THE VILLAGE OF LEMONT, IN COOK COUNTY, ILLINOIS.

PARCEL 4 (916 STATE STREET):

LOT 8 IN BLOCK 3 IN THE SUBDIVISION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 37 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, INCLUDING THE SOUTH 30 FEET OF THE NORTHEAST QUARTER OF THE NORTHWEST 1/4 OF SAID SECTION 29, SITUATED IN THE VILLAGE OF LEMONT, IN COOK COUNTY, ILLINOIS.

PARCEL 5 (918-920 STATE STREET):

LOTS 9 AND 10 (EXCEPT THAT PART OF LOT 10 DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 10; THENCE NORTH ALONG THE EAST LINE OF SAID LOT 10 ON AN ASSUMED BEARING OF NORTH 1 DEGREE 30 MINUTES 41 SECONDS WEST 20.00 FEET; THENCE SOUTH 43 DEGREES 18 MINUTES 34 SECONDS WEST 25.31 FEET TO A POINT ON THE SOUTH LINE OF SAID LOT 10; THENCE NORTH 88 DEGREES 15 MINUTES 46 SECONDS EAST ALONG THE SOUTH LINE OF SAID LOT 10 A DISTANCE OF 20 FEET TO THE POINT OF BEGINNING - SAID PARCEL CONTAINING 200.00 SQUARE FEET, MORE OR LESS) IN BLOCK 3 IN H.AND M. SINGERS SUBDIVISION OF THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 29, TOWNSHIP 37 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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PARCEL 6 (1001, 1003 & 1005 STATE STREET):

THAT PART OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 29, TOWNSHIP 37 NORTH, RANGE 11 EAST OF THIRD PRINCIPAL MERIDIAN DESCRIBED AS 198 FEET FRONTING ON SINGER ROAD COMMENCING AT THE SOUTHWEST CORNER OF CHARLES FREEHAUFS ADDITION TO LEMONT AND RUNNING SOUTH 198 FEET; THENCE EAST 330 FEET; THENCE NORTH 198 FEET; THENCE WEST 330 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Permanent Index Number:

Property ID: 22-29-119-011

Property ID: 22-29-119-012

Property ID: 22-29-119-017

Property ID: 22-29-119-018

Property ID: 22-29-119-019 & 020

Property ID: 22-29-400-001