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Illinois Anti-Predatory
Lending Database
Program



Doc#: 1529316043 Fee: \$76.00
RHSP Fee: \$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 10/20/2015 12:51 PM Pg: 1 of 20

Certificate of Exemption

Report Mortgage Fraud
800-532-8785

The property identified as: PIN: 04-25-306-037-0000

Address:

Street: 929 Burton Terrace

Street line 2:

City: Glenview

State: IL

ZIP Code: 60025

Lender: Ridgestone Bank

Borrower: Eric Malm and Stacy Malm

Loan / Mortgage Amount: \$1,335,000.00

This property is located within the program area and the transaction is exempt from the requirements of 765 ILCS 77/70 et seq. because the application was taken by an exempt entity.

Certificate number: 2ADFF236-3A1F-4F42-91D4-D95D5C141CD4

Execution date: 10/9/2015

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MORTGAGE

Space Above This Line For Recording Data

This Mortgage is made as of September 29th, 2015 by Eric Malm and Stacy Malm, husband and wife, whose address is 929 Burton Terrace, Glenview, IL, 60025 (hereinafter collectively referred to as "Grantor") to Ridgestone Bank ("Lender"), with a mailing address at 13925 W. North Avenue, Brookfield, WI 53025, and pertains to the real estate described in Exhibit A, which is attached hereto and hereby made a part hereof.

I

RECITALS

1.01 Note. Whereas, on or about November 11, 2013, 3401 N. Central, LLC and Chicago Research Center, Inc. (hereinafter collectively referred to as "Borrowers") executed and delivered to Lender a U.S. Small Business Administration Note (together with any amendments, modifications, renewals or extensions thereof or substitutions therefor, the "Note") dated November 11, 2013, wherein Borrowers promised to pay to the order of Lender the principal amount of One Million Three Hundred Thirty Five Thousand and NO/100 Dollars (\$1,335,000.00) in repayment of a loan (the "Loan") from Lender to Borrowers in like amount, or so much thereof as may now or hereafter be disbursed by Lender under the Note, together with interest thereon, in installments as set forth in the Note, on or before a date that is Twenty Five (25) years from the date of the Note (the "Maturity Date") and on the Maturity Date the entire unpaid principal balance of the Loan, and all outstanding and unpaid costs and fees, shall be due and payable; and

1.02 Other Loan Documents. Whereas, as security for the repayment of the Loan, in addition to this Mortgage, certain other loan documents have been executed and delivered to Lender (the Note, this Mortgage, the other loan documents, and all other documents whether now or hereafter existing, that are executed and delivered as additional evidence of or security for repayment of the Loan are hereinafter referred to collectively as the "Loan Documents"); and

1.03 Grantor. Whereas, Eric Malm and Stacy Malm are members of 3401 N. Central, LLC and shareholders of Chicago Research Center, Inc. and, concurrently herewith, have executed their individual Unconditional Guarantees of all obligations of Borrowers to Lender as security for all obligations of Borrowers to Lender; and

1.04 This Mortgage. Whereas, as security for the repayment of the Loan in addition to the other Loan Documents, Grantor is required by the Loan Documents to execute and deliver to Lender this Mortgage;

II

THE GRANT

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Now, Therefore, to secure (i) the performance by Eric Malm and Stacy Malm under the terms of their guaranties and the payment of the principal amount of the Note and interest thereon and the performance of the agreements contained hereinbelow, (ii) the payment of any and all other indebtedness, direct or contingent, that may now or hereafter become owing from Borrowers to Lender under the Loan Documents, which indebtedness shall in no event exceed three times the original principal amount of the Note, (iii) the performance of all other obligations under the Loan Documents, (iv) the performance of Grantor under the terms of this Mortgage, and in consideration of the matters recited hereinabove, Grantor hereby grants, bargains, sells, conveys, and mortgages to Lender and its successors and assigns forever the real estate, and all of its estate, right, title, and interest therein, situated in the County of Cook, State of Illinois, as more particularly described in Exhibit A, which is attached hereto and made a part hereof (the "Premises"), together with the following described property (the Premises and the following described property being hereinafter referred to collectively as the "Mortgaged Property"), all of which other property is hereby pledged on a parity with the Premises and not secondarily:

- (a) all buildings and other improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration, and repair of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Mortgaged Property immediately upon the delivery thereof to the Premises;
- (b) all right, title, and interest of Grantor, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, sidewalks, and alleys adjoining the Premises;
- (c) each and all of the tenements, hereditaments, easements, appurtenances, passages, waters, water courses, riparian rights, other rights, liberties, and privileges of the Premises or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity, as well as any after-acquired title, franchise, or license and the reversions and remainders thereof;
- (d) all rents, issues, deposits, and profits accruing and to accrue from the Premises and the avails thereof; and
- (e) all fixtures and personal property now or hereafter owned by Grantor and attached to or contained in and used or useful in connection with the Premises or the aforesaid improvements thereon, including without limitation any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, boilers, bookcases, cabinets, carpets, coolers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, sinks, sprinklers, stokers, stoves, toilets, ventilators, wall coverings, washers, windows, window coverings, wiring and all renewals or replacements thereof or articles in substitution therefor, whether or not the same be attached to such improvements, it being intended, agreed, and declared that all such property owned by Grantor and placed by it on the Premises or used in connection with the operation or maintenance thereof shall, so far as permitted by law, be deemed for the purpose of this Mortgage to be part of the real estate constituting and located on the Premises and covered by this Mortgage, and as to any of the aforesaid property that is not part of such real estate or does not constitute a "fixture", as such term is defined in the Uniform Commercial Code of the state in which the Premises are located, this Mortgage shall be deemed to be, as well, a security agreement under such Uniform Commercial Code for the purpose of creating hereby a security interest in such property, which Grantor hereby grants to the Lender as "secured party", as such term is defined in such Code; provided, however, that if Grantor is an individual, nothing herein shall be deemed to constitute a grant of a security interest in and to any of Grantor's "household furniture or other goods used for Grantor's personal, family or household purposes" within the meaning of 815 ILCS 205/4 (1) (c) (2) as now or hereafter amended.

To have and to hold the same unto Lender and its successors and assigns forever, for the purposes and uses herein set forth.

Provided, however, that if and when Borrowers have paid the principal amount of the Note and all interest

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as provided thereunder, has paid any and all other amounts required under the Loan Documents, and has performed all of the agreements contained in the Loan Documents, then this Mortgage shall be released at the cost of Borrowers and Grantor, but otherwise shall remain in full force and effect.

III

GENERAL AGREEMENTS

3.01 Principal and Interest. Grantor shall pay promptly when due the principal and interest on the indebtedness evidenced by the Note at the times and in the manner provided in the Note, in the event that such indebtedness is not paid when due by Borrowers, along with any other sums or indebtedness described in this Mortgage, or any of the other Loan Documents.

3.02 Other Payments. Unless waived by Lender in writing, Borrowers or Grantor shall deposit with Lender or a depository designated by Lender, in addition to the monthly installments required by the Note, monthly until the principal indebtedness evidenced by the Note is paid:

(a) a sum equal to all real estate taxes and assessments ("taxes") next due on the Mortgaged Property, all as estimated by Lender, divided by the whole number of months to elapse before the month prior to the date when such taxes will become due and payable; and

(b) a sum equal to an installment of the premium or premiums that will become due and payable to renew the insurance as required in Paragraph 3.05 hereof, each installment to be in such an amount that the payment of approximately equal installments will result in the accumulation of a sufficient sum of money to pay renewal premiums for such insurance at least one (1) month prior to the expiration or renewal date or dates of the policy or policies to be renewed.

All such payments described in this Paragraph 3.02 shall be held by Lender or a depository designated by Lender, in trust, without accruing, or without any obligation arising for the payment of, any interest thereon. If the funds so deposited are insufficient to pay, when due, all taxes and premiums as aforesaid, Borrowers or Grantor shall, within ten (10) days after receipt of demand therefor from Lender or its agent, deposit such additional funds as may be necessary to pay such taxes and premiums. If the funds so deposited exceed the amounts required to pay such items, the excess shall be applied on a subsequent deposit or deposits.

Neither Lender nor any such depository shall be liable for any failure to make such payments of insurance premiums or taxes unless Grantor, while not in default hereunder, has requested Lender or such depository, in writing, to make application of such deposits to the payment of particular insurance premiums or taxes, accompanied by the bills for such insurance premiums or taxes; provided, however, that Lender may, at its option, make or cause such depository to make any such application of the aforesaid deposits without any direction or request to do so by Grantor.

3.03 Property Taxes. Grantor shall pay immediately, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges that may be asserted against the Property or any part thereof or interest therein, and shall furnish to Lender duplicate receipts therefor within thirty (30) days after payment thereof. Provided, however, that unless any waiver by Lender of the monthly deposits required by Paragraph 3.02(a) hereof is then in effect, Lender, at its option, either may make such deposits available to Grantor for the payments required under this Paragraph 3.03 or may make such payments on behalf of Grantor. Grantor may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments, provided that:

(a) such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of the Mortgaged Property or any part thereof or

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interest therein to satisfy the same;

- (b) Grantor has notified Lender in writing of the intention of Grantor to contest the same before any tax or assessment has been increased by any interest, penalties, or costs; and
- (c) Grantor has deposited with Lender, at such place as Lender may from time to time in writing designate, a sum of money or other security acceptable to Lender that, when added to the monies or other security, if any, deposited with Lender pursuant to Paragraph 3.02 hereof, is sufficient, in Lender's judgment, to pay in full such contested tax and assessment and all penalties and interest that might become due thereon, and shall keep on deposit an amount sufficient, in Lender's judgment, to pay in full such contested tax and assessment, increasing such amount to cover additional penalties and interest whenever, in Lender's judgment, such increase is advisable.

In the event Grantor fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit as hereinabove provided, Lender may, at its option, apply the monies and liquidate any securities deposited with Lender, in payment of, or on account of, such taxes and assessments, or any portion thereof then unpaid, including all penalties and interest thereon. If the amount of the money and any such security so deposited is insufficient for the payment in full of such taxes and assessments, together with all penalties and interest thereon, Borrowers or Grantor shall forthwith upon demand, either deposit with Lender a sum that, when added to such funds then on deposit, is sufficient to make such payment in full, or, if Lender has applied funds on deposit on account of such taxes and assessments, restore such deposit to an amount satisfactory to Lender. Provided that Grantor is not then in default hereunder, Lender shall, if so requested in writing by Grantor, after final disposition of such contest and upon Grantor's delivery to Lender of an official bill for such taxes, apply the money so deposited in full payment of such taxes and assessments or that part thereof then unpaid, together with all penalties and interest thereon.

3.04 Tax Payments by Lender. Lender is hereby authorized to make or advance, in the place and stead of Grantor, any payment relating to taxes, assessments, water and sewer charges, and other governmental charges, fines, impositions, or liens that may be asserted against the Property or any part thereof, and may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy thereof or into the validity of any tax, assessment, lien, sale, forfeiture, or title or claim relating thereto. Lender is further authorized to make or advance, in the place and stead of Grantor, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Paragraph 3.04, whenever, in its judgment and discretion, such advance seems necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Lender is further authorized, at its option, to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Lender's choosing. All such advances and indebtedness authorized by this Paragraph 3.04 shall constitute additional indebtedness secured hereby and shall be repayable by Borrowers and Grantor upon demand with interest at the "Default Interest Rate" (as that term is defined in the Note).

3.05 Insurance.

- (a) Hazard. Grantor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured under a replacement cost form of insurance policy (without depreciation and without co-insurance) against loss or damage resulting from fire, windstorm, and other hazards as may be required by Lender, and to pay promptly, when due, any premiums on such insurance. Provided, however, that unless any waiver by Lender of the monthly deposits required by Paragraph 3.02(b) hereof is then in effect, Lender, at its option, either may make such deposits available to Grantor for the payments required under this Paragraph 3.05 or may make such payments on behalf of Grantor. All such insurance shall be in form and of content, and shall be carried in companies, approved in writing by Lender, and all such policies and renewals thereof (or certificates evidencing the same), marked "paid", shall be delivered to Lender at least thirty (30) days before the expiration of the then existing policies and shall have attached thereto

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standard non-contributory mortgagee clauses entitling Lender to collect any and all proceeds payable under such insurance, as well as standard waiver of subrogation endorsements. Grantor shall not carry any separate insurance on such improvements concurrent in kind or form with any insurance required hereunder or contributing in the event of loss. In the event of any casualty loss, Grantor shall give immediate notice thereof by mail to Lender. Grantor hereby permits Lender, at Lender's option, to adjust and compromise any such losses under any of the aforesaid insurance and, after deducting any costs of collection, to use, apply, or disburse the proceeds thereof, at its option, (i) as a credit upon any portion of the indebtedness secured hereby; (ii) toward repairing, restoring, and rebuilding the aforesaid improvements, in which event Lender shall not be obliged to see to the proper application thereof nor shall the amount so released or used for such purposes be deemed a payment on the indebtedness secured hereby; or (iii) by delivering the same to Grantor.

In the event Lender is obligated or elects to apply such proceeds toward repairing, restoring, and rebuilding such improvements, such proceeds shall be made available, from time to time, upon Lender's being furnished with satisfactory evidence of the estimated cost of such repairs, restoration, and rebuilding and with such architect's and other certificates, waivers of lien, certificates, contractors' sworn statements, and other evidence of the estimated cost thereof and of payments as Lender may reasonably require and approve, and if the estimated cost of the work exceeds ten percent (10%) of the original principal amount of the indebtedness secured hereby, with all plans and specifications for such repairs, restoration, and rebuilding as Lender may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed, from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Lender shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens. If the undisbursed balance of such proceeds remaining in the hands of Lender shall not be at least sufficient to pay for the cost of completion of the work, free and clear of any liens, then Lender's obligation and agreement to permit such proceeds to be used for rebuilding the Mortgaged Property shall terminate and thereupon Default shall be deemed to have occurred hereunder. In the event of foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title, and interest of Lender in and to any such insurance policies then in force, and any claims or proceeds thereunder, shall pass to Lender or any purchaser or grantee therefrom. Lender may, at any time and in its sole discretion, procure and substitute for any and all of the insurance policies so held as aforesaid, such other policies of insurance, in such amounts, and carried in such companies, as it may select.

(b) Liability. Grantor shall carry and maintain such comprehensive public liability and workmen's compensation insurance as may be required from time to time by Lender in form and of content, in amounts, and with companies approved in writing by Lender; provided, however, that the amounts of coverage shall not be less than One Million and No/100 Dollars (\$1,000,000.00) single limit liability and that the policies shall name Lender as an additional insured party thereunder. Certificates of such insurance, premiums prepaid, shall be deposited with Lender and shall contain provision for twenty (20) days' notice to Lender prior to any cancellation thereof.

(c) Rental. Grantor shall carry and maintain rental insurance to cover a loss of six (6) months' rental income from the Premises in form and of content, in amounts, and with companies satisfactory to Lender. Certificates of such insurance, premiums prepaid, shall be deposited with Lender and shall contain provision for ten (10) days' notice to Lender prior to any cancellation thereof.

3.06 Condemnation and Eminent Domain. Any and all awards heretofore or hereafter made or to be made to the present, or any subsequent, owner of the Mortgaged Property, by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Mortgaged Property, any improvement located thereon, or any easement thereon or appurtenance thereof (including any award from the United States government at any time after the allowance of a claim therefor, the ascertainment of the amount thereto, and the issuance of a warrant for payment thereof), are hereby assigned by Grantor to Lender, which awards Lender is hereby authorized to collect and receive from the condemnation authorities, and Lender is hereby

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authorized to give appropriate receipts and acquittances therefor. Grantor shall give Lender immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Premises, or any easement thereon or appurtenance thereof (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Lender copies of any and all papers served in connection with any such proceedings. Grantor further agrees to make, execute, and deliver to Lender, at any time upon request, free, clear, and discharged of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Lender for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter made to Grantor for any taking, either permanent or temporary, under any such proceeding. At Lender's option, any such award may be applied to restoring the improvements, in which event the same shall be paid out in the same manner as is provided with respect to insurance proceeds in Paragraph 3.05(a) hereof.

3.07 Maintenance of Property. No building or other improvement on the Premises shall be altered, removed, or demolished, nor shall any fixtures, chattels, or articles of personal property on, in, or about the Premises be severed, removed, sold, or mortgaged, without the prior written consent of Lender, and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels, or articles of personal property covered by this Mortgage or by any separate security agreement executed in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from any other security interest therein, encumbrances thereon, or reservation of title thereto. Grantor shall promptly repair, restore, or rebuild any building or other improvement now or hereafter situated on the Premises that may become damaged or be destroyed. Any such building or other improvement shall be so repaired, restored, or rebuilt so as to be of at least equal value and of substantially the same character as prior to such damage or destruction.

Grantor further agrees to permit, commit, or suffer no waste, impairment, or deterioration of the Mortgaged Property or any part thereof; to keep and maintain the Mortgaged Property and every part thereof in good repair and condition; to effect such repairs as Lender may reasonably require, and, from time to time, to make all necessary and proper replacements thereof and additions thereto so that the Premises and such buildings, other improvements, fixtures, chattels, and articles of personal property will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed.

3.08 Compliance with Laws. Grantor shall comply with all statutes, ordinances, regulations, rules, orders, decrees, and other requirements relating to the Mortgaged Property or any part thereof by any federal, state, or local authority; and shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions, and nonconforming uses), privileges, franchises, and concessions that are applicable to the Mortgaged Property or that have been granted to or contracted for by Grantor in connection with any existing or presently contemplated use of the Mortgaged Property.

3.09 Liens and Transfers. Without Lender's prior written consent, Grantor shall not create, suffer, or permit to be created or filed against the Mortgaged Property or any part thereof hereafter any mortgage lien or other lien superior or inferior to the lien of this Mortgage, provided that Grantor may, within ten (10) days after the filing thereof, contest any lien claim arising from any work performed, material furnished, or obligation incurred by Grantor (a "Lien Claim") upon either furnishing Lender security and indemnification satisfactory to Lender for the final payment and discharge thereof or, in the case of a Lien Claim, delivering to Lender a title insurance policy endorsement acceptable to Lender in the full amount of the Lien Claim insuring Lender against all loss or damage arising from the Lien Claim. In the event Grantor hereafter otherwise suffers or permits any superior or inferior lien to be attached to the Mortgaged Property or any part thereof without such consent, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance thereof and all interest accrued thereon to be immediately due and payable, without notice to Borrowers or Grantor.

If Grantor, without Lender's prior written consent, sells, transfers, conveys, assigns, hypothecates, or otherwise transfers the title to all or any portion of the Mortgaged Property, whether by operation of law, voluntarily,

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or otherwise, or contracts to do any of the foregoing, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance, accrued interest, and prepayment premium, if any, to be immediately due and payable, without notice to Borrowers or Grantor. Without limiting the generality of the foregoing, each of the following events shall be deemed a sale, conveyance, assignment, hypothecation, or other transfer prohibited by the foregoing sentence:

(a) if Grantor consists of or includes one or more corporations, any sale, conveyance, assignment, or other transfer of all or any portion of the stock of any such corporation, that results in a material change in the identity of the person(s) or entities previously in control of such corporation;

(b) if Grantor consists of or includes a partnership, any sale, conveyance, assignment, or other transfer of all or any portion of the partnership interest of any partner of such partnership that results in a material change in the identity of the person(s) in control of such partnership;

(c) any sale, conveyance, assignment, or other transfer of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of any corporation or partnership constituting or included within Grantor that results in a material change in the identity of the person(s) in control of such entity; and

(d) any hypothecation of all or any portion of the stock thereof, if Grantor is or includes a corporation, or of all or any portion of the partnership interest of any general partner thereof, if Grantor is or includes a partnership, or of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of such corporation or partnership, that could result in a material change in the identity of the person(s) in control of such corporation, partnership, or entity directly or indirectly in control of such corporation or partnership if the secured party under such hypothecation exercised its remedies thereunder.

Notwithstanding (b) above, the following transfers shall not be deemed a sale, conveyance, assignment, hypothecation, or other transfer prohibited hereinabove: (i) the conversion of general partnership interests in Grantor to limited partnership interests in Grantor, provided the general partners of Grantor remain general partners of Grantor and continue to be entitled to receive an individual and aggregate share of the profits and losses of the Grantor acceptable to Lender, (ii) the transfer of the beneficial interest in Grantor to a new limited partnership of which Grantor is the general partner and the general partners of Grantor continue as general partners of Grantor entitled to receive an individual and aggregate share of profits and losses acceptable to Lender, (iii) transfers among existing partners of Grantor, provided the transferring partner and the receiving partner are now and continue to be partners of Grantor, (iv) transfers as a result of the death or adjudicated incompetency of a partner or partners of Grantor, and (v) transfers by a partner of Grantor to a trust, the beneficiaries of which are lineal descendants or spouses of the transferring partner. For purposes of this paragraph, the ownership of the current general partners of the Grantor, individual shares of a one per cent (1%) aggregate general partnership share of the profits and losses of any limited partnership permitted in the foregoing sentence shall be deemed acceptable to Lender.

Any waiver by Lender of the provisions of this Paragraph 3.09 shall not be deemed to be a waiver of the right of Lender in the future to insist upon strict compliance with the provisions hereof.

3.10 Subrogation to Prior Lienholder's Rights. If the proceeds of the Loan secured hereby, any part thereof, or any amount paid out or advanced by Lender is used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then Lender shall be subrogated to the rights of the holder thereof in and to such other lien or encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

3.11 Lender's Dealings with Transferee. In the event of the sale or transfer, by operation of law, voluntarily, or otherwise of all or any part of the Mortgaged Property, Lender shall be authorized and empowered to deal with the vendee or transferee with regard to the Mortgaged Property, the indebtedness secured hereby, and any

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of the terms or conditions hereof as fully and to the same extent as it might with Grantor, without in any way releasing or discharging Grantor from its covenants hereunder, specifically including those contained in Paragraph 3.09 hereof, and without waiving Lender's right of acceleration pursuant to Paragraph 3.09 hereof.

3.12 Stamp Taxes. If at any time the United States government, or any federal, state, or municipal governmental subdivision, requires Internal Revenue or other documentary stamps, levies, or any tax on this Mortgage or on the Note, then such indebtedness and all interest accrued thereon shall be and become due and payable, at the election of the Lender, thirty (30) days after the mailing by Lender of notice of such election to Borrowers or Grantor; provided, however, that such election shall be unavailing, and this Mortgage and the Note shall be and remain in effect, if either Borrowers or Grantor lawfully pays for such stamps or such tax, including interest and penalties thereon, to or on behalf of Lender and Borrowers or Grantor does in fact pay, when payable, for all such stamps or such tax, as the case may be, including interest and any penalties thereon.

3.13 Change in Tax Laws. In the event of the enactment, after the date of this Mortgage, of any law of the state in which the Premises are located deducting from the value of the Premises, for the purpose of taxation, the amount of any lien thereon, or imposing upon Lender the payment of all or any part of the taxes, assessments, charges, or liens hereby required to be paid by Borrowers or Grantor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Grantor's interest in the Mortgaged Property, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holder thereof, then Borrowers and/or Grantor, upon demand by Lender, shall pay such taxes, assessments, charges, or liens or reimburse Lender therefor. Provided, however, that if, in the opinion of counsel for Lender, it might be unlawful to require Borrowers or Grantor to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then Lender may elect, by notice in writing given to Borrowers, to declare all of the indebtedness secured hereby to become due and payable within sixty (60) days after the giving of such notice. Provided, further, that nothing contained in this Paragraph 3.13 shall be construed as obligating Lender to pay any portion of Borrowers' or Grantor's federal income tax.

3.14 Inspection of Property. Grantor shall permit Lender and its representatives and agents to inspect the Mortgaged Property from time to time during normal business hours and as frequently as Lender considers reasonable.

3.15 Inspection of Books and Records. Grantor shall keep and maintain full and correct books and records showing in detail the income and expenses of the Mortgaged Property and, within ten (10) days after demand therefor by Lender, shall permit Lender or its agents to examine such books and records and all supporting vouchers and data at any time and from time to time on request at its offices, at the address hereinabove identified or at such other location as may be mutually agreed upon.

3.16 Certified Annual Operating Statements. This Section Intentionally Deleted

3.17 Acknowledgment of Debt. Grantor and Borrowers shall furnish from time to time, within fifteen (15) days after Lender's request, a written statement, duly acknowledged, specifying the amount due under the Note and this Mortgage and disclosing whether any alleged offsets or defenses exist against the indebtedness secured hereby.

3.18 Other Amounts Secured. At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures, in addition to any loan proceeds disbursed from time to time and in addition to any advances pursuant to Paragraphs 3.04 and 3.05 hereof, litigation and other expenses pursuant to Paragraphs 4.05 and 4.06 hereof, and any other amounts as provided herein, and the payment of any and all loan commissions, service charges, liquidated damages, expenses, and advances due to or paid or incurred by Lender in connection with the Loan secured hereby, all in accordance with the application and loan commitment issued in connection with this transaction, if any, and the other Loan Documents.

3.19 Assignments of Rents and Leases. The terms, covenants, conditions, and other provisions of any

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Assignment of Rents or Assignment of Leases described are hereby expressly incorporated herein by reference and made a part hereof, with the same force and effect as though the same were more particularly set forth herein.

3.20 Declaration of Subordination. At the option of Lender, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any condemnation or eminent domain award) to any and all leases of all or any part of the Mortgaged Property upon the execution by Lender and recording thereof, at any time hereafter, in the appropriate official records of the county wherein the Premises are situated, of a unilateral declaration to that effect.

3.21 Security Instruments. Grantor shall execute, acknowledge, and deliver to Lender, within ten (10) days after request by Lender, a security agreement, financing statements, and any other similar security instrument required by Lender, in form and of content satisfactory to Lender, covering all property of any kind whatsoever owned by Grantor that, in the sole opinion of Lender, is essential to the operation of the Mortgaged Property and concerning which there may be any doubt whether title thereto has been conveyed, or a security interest therein perfected, by this Mortgage under the laws of the state in which the Premises are located. Grantor shall further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement, certificate, or other document as Lender may request in order to perfect, preserve, maintain, continue, and extend such security instruments. Grantor further agrees to pay to Lender all costs and expenses incurred by Lender in connection with the preparation, execution, recording, filing, and re-filing of any such document.

3.22 Releases. Lender, without notice and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens thereon, may release from the lien all or any part of the Mortgaged Property, or release from liability any person obligated to repay any indebtedness secured hereby, without in any way affecting the liability of any party to any of the Note, this Mortgage, or any of the other Loan Documents, including without limitation any guaranty given as additional security for the indebtedness secured hereby, and without in any way affecting the priority of the lien of this Mortgage, and may agree with any party liable therefor to extend the time for payment of any part or all of such indebtedness. Any such agreement shall not in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the indebtedness secured hereby, but shall extend the lien hereof as against the title of all parties having any interest, subject to the indebtedness secured hereby, in the Mortgaged Property.

3.23 Interest Laws. It being the intention of Lender, Borrowers and Grantor to comply with the laws of the State of Illinois, it is agreed that notwithstanding any provision to the contrary in the Note, this Mortgage, or any of the other Loan Documents, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the indebtedness evidenced by the Note. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Note, this Mortgage, or any of the other Loan Documents, then in such event (a) the provisions of this Paragraph 3.23 shall govern and control; (b) neither Borrowers, Grantor nor any of the other "Obligors" (as that term is defined in the Note) shall be obligated to pay any Excess Interest; (c) any Excess Interest that Lender may have received hereunder shall, at the option of Lender, be (i) applied as a credit against the then unpaid principal balance under the Note, accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing; (d) the "Interest Rate" (as that term is defined in the Note) shall be subject to automatic reduction to the maximum lawful contract rate allowed under the applicable usury laws of the aforesaid State, and the Note, this Mortgage, and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the Interest Rate; and (e) neither Borrowers, Grantor nor any of the other Obligors shall have any action against Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest.

3.24 Debt Service Coverage Ratio. This Section Intentionally Deleted.

3.25 Hazardous Material. Grantor hereby covenants with and represents to Lender that neither Grantor nor, to the best knowledge of Grantor, any other person has ever caused or permitted any "Hazardous

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Material" (as hereinafter defined) to be placed, held, located or disposed of on, under or at the Mortgaged Property or any part thereof and no part of the Mortgaged Property (except for incidental materials held in retail inventory for sale to consumers by tenants or used for customary janitorial purposes) has ever been used (whether by Grantor or, to the best knowledge of Grantor, by any other person) as a treatment, storage or disposal (whether permanent or temporary) site for any Hazardous Material.

In the event Grantor fails to comply with the requirements of any applicable "Statutes" (as hereinafter defined), Lender may at its election, but without the obligation so to do, give such notices or cause such work to be performed at, to or upon the Mortgaged Property or take any and all other actions as Lender deems necessary, as shall cure said failure or non-compliance, and any amounts paid by Lender as a direct or indirect result thereof (including, without limitation, court costs and attorneys' fees) together with interest thereon from the date of payment at the "Default Rate of Interest" (as that term is defined in the Note) shall be immediately due and payable by Borrowers and Grantor to Lender, and until paid shall be added to and become a part of Grantor's liabilities hereunder, or Lender, by the payment of any assessment, claim or charge, may, if it sees fit, be thereby subrogated to the rights of the federal, state or local governmental entity or agency otherwise entitled to such rights under the applicable Statutes; but no such advance shall be deemed to relieve Grantor from any default hereunder or impair any right or remedy consequent thereon.

3.26 Indemnification. Grantor hereby indemnifies Lender and agrees to hold Lender harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever (including, without limitation, court costs and reasonable attorneys' fees) which at any time or from time to time may be paid, incurred or suffered by, or asserted against, Lender for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Mortgaged Property into or upon any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Materials (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Statutes) other than losses, liabilities, damages, injuries, costs, expenses and claims occasioned by or arising out of Lender's gross negligence or willful misconduct; and the provisions of and undertakings and indemnification set out in this sentence shall survive the satisfaction and release of this Mortgage and the payment and satisfaction of Borrowers' liabilities. The provisions of the preceding sentence shall govern and control over any inconsistent provision of the Note, this Mortgage, and any of the other Loan Documents, including, without limitation, any exculpatory or non-recourse provisions contained herein or any of the foregoing agreements. For purposes of this Mortgage, "Hazardous Material" means and include: any hazardous substance or any pollutant or contaminant defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance, or material, as now or at any time hereafter in effect (collectively, the "Statutes"), or any other hazardous, toxic or dangerous waste, substance or material.

IV

DEFAULTS AND REMEDIES

4.01 Events Constituting Defaults.
(a "Default") under this Mortgage:

Each of the following events shall constitute a default

(a) Failure of Borrowers or any Guarantor to pay any sum secured hereby, including without limitation, any installment of principal thereof or interest thereon when such sum becomes due and payable under the Note, this Mortgage, or any of the other Loan Documents;

(b) Failure of Grantor to comply with any of the covenants, warranties or other provisions of Paragraphs 3.03 and 3.05 hereof;

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- (c) Failure of Borrowers or Grantor or any Guarantor to perform or observe any other covenant, warranty, or other provision contained in the Note, this Mortgage, or any of the other Loan Documents for a period in excess of thirty (30) days after the date on which notice of the nature of such failure is given by Lender to Borrowers or Grantor by certified mail, return receipt requested;
- (d) Untruth or material deceptiveness of any representation or warranty contained in any of the Note, this Mortgage, the other Loan Documents or any other document or writing pertaining to the Loan submitted to Lender by or on behalf of Borrowers, Grantor, or any guarantors of payment of the Note;
- (e) Admission by any of Borrowers, Grantor, or any Guarantor, in writing, including without limitation an answer or other pleading filed in any court, of Borrowers', Grantor's or any Guarantor's insolvency or their inability to pay their debts generally as they fall due;
- (f) Institution by any of Borrowers, Grantor, or any Guarantor, of bankruptcy, insolvency, reorganization, or arrangement proceedings of any kind under the Federal Bankruptcy Code, whether as now existing or as hereafter amended, or any similar debtors' or creditors' rights law, federal or state, now or hereafter existing, or the making by any of Borrowers, Grantor, or any Guarantor, of a general assignment for the benefit of creditors;
- (g) Institution of any proceedings described in paragraph 4.01(f) against any of Borrowers, Grantor, or any Guarantor, that are consented to by any of Borrowers, Grantor or any Guarantor, or are not dismissed, vacated, or stayed within ten (10) days after the filing thereof;
- (h) Appointment by any court of a receiver, trustee, or liquidator of or for, or assumption by any court of jurisdiction of, all or any part of the Mortgaged Property or all or a major portion of the property of any of Borrowers, Grantor, or any Guarantor, if such appointment or assumption is consented to by any of Borrowers, Grantor, or any Guarantor, or, within twenty (20) days after such appointment or assumption, such receiver, trustee, or liquidator is not discharged or such jurisdiction is not relinquished, vacated, or stayed;
- (i) Declaration by any court or governmental agency of the bankruptcy or insolvency of any of Borrowers, Grantor, or any Guarantor;
- (j) The occurrence of any Default under any other Loan Document not cured within any applicable grace or cure period; or
- (k) The death or adjudicated incompetency of any Guarantor.

4.02 Acceleration of Maturity. At any time during the existence of any Default, and at the option of Lender, the entire principal balance then outstanding under the Note, together with interest accrued thereon and all other sums due from Borrowers thereunder or from Borrowers or any Guarantor under this Mortgage and under any of the other Loan Documents, shall without notice become immediately due and payable with interest thereon at the Default Interest Rate.

4.03 Foreclosure of Mortgage. Upon the occurrence of any Default, or at any time thereafter, Lender may, at its option, proceed to foreclose the lien of this Mortgage by judicial proceedings in accordance with the laws of the State of in which the Premises are located. Any failure by Lender to exercise such option shall not constitute a waiver of its right to exercise the same at any other time.

4.04 Lender's Continuing Options. The failure of Lender to exercise either or both of its options to accelerate the maturity of the indebtedness secured hereby and to foreclose the lien hereof following any Default as aforesaid, or to exercise any other option granted to Lender hereunder in any one or more instances, or the

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acceptance by Lender of partial payments of such indebtedness, shall neither constitute a waiver of any such Default or of Lender's options hereunder nor establish, extend, or affect any grace period for payments due under the Note, but such options shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Lender, may at Lender's option be rescinded by written acknowledgment to that effect by Lender and shall not affect Lender's right to accelerate maturity upon or after any future Default.

4.05 Litigation Expenses. In any proceeding to foreclose the lien of this Mortgage or enforce any other remedy of Lender under any of the Note, this Mortgage, and the other Loan Documents, or in any other proceeding whatsoever in connection with any of the Loan Documents or any of the Mortgaged Property in which Lender is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting therefrom, all expenses paid or incurred in connection with such proceeding by or on behalf of Lender, including without limitation, attorneys' fees, appraisers' fees, outlays for documentary evidence and expert advice, stenographers' charges, publication costs, survey costs, and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and any similar data and assurances with respect to title to the Premises as Lender may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises or the Mortgaged Property. All expenses of the foregoing nature, and such expenses as may be incurred in the protection of any of the Mortgaged Property and the maintenance of the lien of this Mortgage thereon, including without limitation the fees of any attorney employed by Lender in any litigation affecting the Note, this Mortgage, or any of the Mortgaged Property, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall be immediately due and payable by Borrowers, Grantor, and any Guarantor with interest thereon at the Default Interest Rate.

4.06 Performance by Lender. In the event of any Default, Lender may, but need not, make any payment or perform any act herein required of Grantor in any form and manner deemed expedient by Lender, and Lender may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any; purchase, discharge, compromise, or settle any tax lien or other prior or junior lien or title or claim thereof; redeem from any tax sale or forfeiture affecting the Mortgaged Property; or contest any tax or assessment thereon. All monies paid for any of the purposes authorized herein and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by Lender to protect the Mortgaged Property and the lien of this Mortgage, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Borrowers and Grantor to Lender without notice and with interest thereon at the Default Interest Rate. Inaction of Lender shall never be construed to be a waiver of any right accruing to Lender by reason of any default by Borrowers or Grantor.

4.07 Right of Possession. In any case in which, under the provisions of this Mortgage or the other Loan Documents, Lender has a right to institute foreclosure proceedings, whether or not the entire principal sum secured hereby becomes immediately due and payable as aforesaid, or whether before or after the institution of proceedings to foreclose the lien hereof or before or after sale thereunder, Grantor shall, forthwith upon demand of Lender, surrender to Lender, and Lender shall be entitled to take actual possession of, the Mortgaged Property or any part thereof, personally or by its agent or attorneys, and Lender, in its discretion, may enter upon and take and maintain possession of all or any part of the Mortgaged Property, together with all documents, books, records, papers, and accounts of Grantor or the then owner of the Mortgaged Property relating thereto, and may exclude Grantor, such owner, and any agents and servants thereof wholly therefrom and may, as attorney-in-fact or agent of Grantor or such owner, or in its own name as Lender and under the powers herein granted:

(a) hold, operate, manage, and control all or any part of the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Mortgaged Property, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Grantor;

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(b) cancel or terminate any lease or sublease of all or any part of the Mortgaged Property for any cause or on any ground that would entitle Grantor to cancel the same;

(c) elect to disaffirm any lease or sublease of all or any part of the Mortgaged Property made subsequent to this Mortgage or subordinated to the lien hereof;

(d) extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Property, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Loan evidenced by the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Grantor, all persons whose interests in the Mortgaged Property are subject to the Lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness secured hereby, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and

(e) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Mortgaged Property as may seem judicious to Lender; to insure and reinsure the Mortgaged Property and all risks incidental to Lender's possession, operation, and management thereof, and to receive all rents, issues, deposits, profits, and avails therefrom.

4.08 Priority of Payments. Any rents, issues, deposits, profits, and avails of the Mortgaged Property received by Lender after taking possession of all or any part of the Mortgaged Property, or pursuant to any assignment thereof to Lender under the provisions of this Mortgage or any of the other Loan Documents, shall be applied in payment of or on account of the following, in such order as Lender or, in case of a receivership, as the court, may determine:

(a) operating expenses of the Mortgaged Property (including reasonable compensation to Lender, any receiver of the Mortgaged Property, any agent or agents to whom management of the Mortgaged Property has been delegated, and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized);

(b) taxes, special assessments, and water and sewer charges now due or that may hereafter become due on the Mortgaged Property, or that may become a lien thereon prior to the lien of this Mortgage;

(c) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Mortgaged Property (including without limitation the cost, from time to time, of installing or replacing ranges, refrigerators, and other appliances and other personal property therein, and of placing the Mortgaged Property in such condition as will, in the judgment of Lender or any receiver thereof, make it readily rentable or salable);

(d) any indebtedness secured by this Mortgage or any deficiency that may result from any foreclosure sale pursuant hereto; and

(e) any remaining funds to Grantor or its successors or assigns, as their interest and rights may appear.

4.09 Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court shall, upon application, appoint a receiver of the Mortgaged Property. Such appointment may be made either before or after foreclosure sale, without notice; without regard to the solvency or

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insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness secured hereby; without regard to the value of the Mortgaged Property at such time and whether or not the same is then occupied as a homestead; and without bond being required of the applicant. Such receiver shall have the power to take possession, control, and care of the Mortgaged Property and to collect all rents, issues, deposits, profits, and avails thereof during the pendency of such foreclosure suit and, in the event of a sale and a deficiency where Grantor has not waived its statutory rights of redemption, during the full statutory period of redemption, as well as during any further times when Grantor or its devisees, legatees, heirs, executors, administrators, legal representatives, successors, or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits, and avails, and shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management, and operation of the Mortgaged Property during the whole of any such period. To the extent permitted by law, such receiver may be authorized by the court to extend or modify any then existing leases and to make new leases of the Mortgaged Property or any part thereof, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness secured hereby, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Grantor and all persons whose interests in the Mortgaged Property are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree, or issuance of certificate of sale or deed to any purchaser.

4.10 Foreclosure Sale In the event of any foreclosure sale of the Mortgaged Property, the same may be sold in one or more parcels. Lender may be the purchaser at any foreclosure sale of the Mortgaged Property or any part thereof.

4.11 Application of Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property, or any part thereof, shall be distributed and applied in the following order of priority: (a) on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraphs 4.05 and 4.06 hereof; (b) all other items that, under the terms of this Mortgage, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon at the Default Interest Rate; (c) all principal and interest remaining unpaid under the Note, in the order of priority specified by Lender in its sole discretion; and (d) the balance to Grantor or its successors or assigns, as their interest and rights may appear.

4.12 Application of Deposits. In the event of any Default, Lender may, at its option, without being required to do so, apply any monies or securities that constitute deposits made to or held by Lender or any depository pursuant to any of the provisions of this Mortgage toward payment of any of Borrowers' or Guarantor's obligations under the Note, this Mortgage, or any of the other Loan Documents, in such order and manner as Lender may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Grantor or to the then owner or owners of the Mortgaged Property. Such deposits are hereby pledged as additional security for the prompt payment of the indebtedness evidenced by the Note and any other indebtedness secured hereby and shall be held to be applied irrevocably by such depository for the purposes for which made hereunder and shall not be subject to the direction or control of Grantor.

4.13 Waiver of Statutory Rights. Grantor 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. Grantor, for itself and all who may claim through or under it, hereby also waives any and all rights to have the Mortgaged Property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold in its entirety. Grantor hereby further waives any and all rights of redemption from sale under any order or decree of foreclosure of the lien hereof pursuant to the rights herein granted, for itself and on behalf of any trust estate of which the Premises are a part, all persons beneficially interested therein, and each and every person acquiring any interest in the Mortgaged Property or interest in the Premises subsequent to the date of this Mortgage, and on behalf of all other persons, all to the extent permitted by applicable law.

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V

MISCELLANEOUS

5.01 Notices. Except as otherwise hereinabove specified, any notice that Lender or Grantor may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address hereinabove set forth or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice shall be deemed to have been delivered two (2) business days after mailing by United States registered or certified mail, return receipt requested, or when delivered in person with written acknowledgment of the receipt thereof. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to Lender by this Mortgage is not required to be given.

5.02 Time of Essence. It is specifically agreed that time is of the essence of this Mortgage.

5.03 Covenants Run with Land. All of the covenants of this Mortgage shall run with the land constituting the Premises.

5.04 Governing Law. The place of negotiation, execution, and delivery of this Mortgage, the location of the Mortgaged Property, and the place of payment and performance under the Loan Documents being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that State. To the extent that this Mortgage may operate as a security agreement under the Uniform Commercial Code, Lender shall have all rights and remedies conferred therein for the benefit of a secured party, as such term is defined therein.

5.05 Rights and Remedies Cumulative. All rights and remedies set forth in this Mortgage are cumulative, and the holder of the Note and of every other obligation secured hereby may recover judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy afforded hereby.

5.06 Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included herein.

5.07 Non-Waiver. Unless expressly provided in this Mortgage to the contrary, no consent or waiver, express or implied, by any interested party referred to herein, to or of any breach or default by any other interested party referred to herein, in the performance by such party of any obligations contained herein shall be deemed a consent to or waiver of the party of any other obligations contained herein or shall be deemed a consent to or waiver of the performance by such party of any other obligations hereunder or the performance by any other interested party referred to herein of the same, or of any other, obligations hereunder.

5.08 Headings. The headings of sections and paragraphs in this Mortgage are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions hereof.

5.09 Grammar. As used in this Mortgage, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

5.10 Deed in Trust. If title to the Mortgaged Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Mortgaged Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

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5.11 Successors and Assigns. This Mortgage and all provisions hereof shall be binding upon Grantor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Grantor. The word "Borrower" or "Borrowers", when used herein, shall include all such persons and entities and any others liable for the payment of the indebtedness secured hereby or any part thereof, whether or not they have executed the Note or this Mortgage. The word "Lender", when used herein, shall include Lender's successors, assigns, and legal representatives, including all other holders, from time to time, of the Note.

5.12 Loss of Note. Upon receipt of evidence reasonably satisfactory to Borrowers of the loss, theft, destruction or mutilation of any of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Borrowers or, in the case of any such mutilation, upon surrender and cancellation of any of the Note, Borrowers will execute and deliver to Lender in lieu thereof, a replacement Note, identical in form and substance to said Note and dated as of the date of said Note and upon such execution and delivery all references in this Mortgage to said Note shall be deemed to refer to such replacement Note.

5.13 Illinois Insurance Notice. Unless Grantor provides Lender with evidence of the insurance coverage required by the provisions of this Mortgage, Lender may purchase insurance at Grantor's and Borrowers' expense to protect Lender's interest in the Mortgaged Property. This insurance may, but need not, protect Grantor's interests. The coverage that Lender purchases may not pay any claim that Grantor makes or any claim that is made against Grantor in connection with the Mortgaged Property. Grantor may later request that Lender cancel any insurance purchased by Lender, but only after providing Lender that Grantor has obtained insurance as required by this Mortgage. If Lender purchases insurance for the Mortgaged Property, Grantor and Borrowers will be responsible for the costs of that insurance, including interest and any other charges Lender may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to Borrowers' total outstanding balance or obligation under the Note. The costs of the insurance may be more than the cost of insurance Grantor may be able to obtain on Grantor's own.

5.14 Acknowledgement of SBA Enforcement Provisions. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

(a) When SBA is the Holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.

(b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrowers, or defeat any claim of SBA with respect to the Loan described herein.

(c) Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

5.15 Jurisdiction. Grantor acknowledges that this Agreement is being signed by Lender in partial consideration of Lender's right to enforce the terms and provision of this Agreement and any other documents in the jurisdiction stated below. Grantor consents to jurisdiction in the state of Illinois and venue in any Federal or State Court in Cook County, Illinois for such purposes and waives any and all rights to contest said jurisdiction and venue and any objection that said county is not convenient. Grantor waives any rights to commence any action against Lender in any jurisdiction except the aforesaid county and state.

5.16 Waiver of Jury Trial. GRANTOR WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (A) UNDER THIS MORTGAGE OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR (B) ARISING FROM ANY

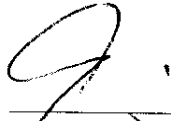
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BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS MORTGAGE, AND GRANTOR AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

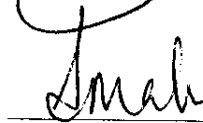
5.17 Waiver of Homestead. Grantor waives all right of homestead exemption in the Mortgaged Property.

IN WITNESS WHEREOF, Grantor has caused this Mortgage to be executed as of the date hereinabove first written.

GRANTOR



Name: Eric Malm



Name: Stacy Malm

This document prepared by:
Bruce W. Craig
Craig Law Firm
2043 Maplewood Circle
Suite 100
Naperville, Illinois 60563

After recording return to:
Ridgestone Bank
500 Elm Grove Road
Suite 104
Elm Grove, WI. 53122
ATTN: Loan Operations Department

Property of Cook County Clerk's Office

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EXHIBIT A

LEGAL DESCRIPTION

LOT 14 IN SUBDIVISION OF SOUTH 10 ACRES OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 25, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN EXCEPT ALL THAT PART THEREFROM OF THE EAST 256.85 FEET EXCEPT A STRIP OF LAND 30 FEET IN WIDTH RECORDED AUGUST 14, 1946 AS DOCUMENT 13869771, IN COOK COUNTY, ILLINOIS.

Common Address of Property: 929 Burton Terrace, Glenview, IL 60025

Permanent Tax Identification Number: 04-25-306-037-0000

Property of Cook County Clerk's Office