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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Report Mortgage Fraud
844-768-1713



Doc# 1718018161 Fee \$112.00

RHSP FEE:\$9.00 RPRF FEE: \$1.00

KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 06/29/2017 02:58 PM PG: 1 OF 38

The property identified as: PIN: 25-05-119-016-0000

Address:

Street: 8902-8956 SOUTH LOOMIS STREET

Street line 2:

City: CHICAGO State: IL ZIP Code: 60620

Lender: CAPITAL ONE, NATIONAL ASSOCIATION

Borrower: BRAINERD PARK APARTMENTS LIMITED PARTNERSHIP

Loan / Mortgage Amount: \$5,111,990.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 7/70 et seq. because it is commercial property.

Certificate number: D8C565F4-F8E7-4B86-94D4-86F895CF7955

Execution date: 6/29/2017

Handwritten signature

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

Aviva Yakren, Esq.
Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019

SPACE ABOVE THIS LINE FOR RECORDER'S USE.

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

by

**BRAINERD PARK APARTMENTS LIMITED PARTNERSHIP,
an Illinois limited partnership**

as Mortgagor,

to

CAPITAL ONE, NATIONAL ASSOCIATION,

as Mortgagee or Lender

Dated:

As of June 29, 2017

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Property Address : ⁸⁹⁰²⁻⁸⁹⁵⁶
~~8920~~ South Loomis
 Chicago, Illinois 60620
 County : Cook
 Property Index
 Numbers (PIN) : 25-05-119-016-0000
 25-05-119-018-0000
 25-05-119-019-0000
 25-05-119-020-0000
 25-05-119-021-0000
 25-05-119-022-0000
 25-05-119-023-0000
 25-05-119-026-0000
 25-05-119-027-0000
 25-05-119-030-0000
 25-05-119-031-0000



COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

Property of Cook County Clerk's Office

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THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this “**Security Document**”) is made as of this 29th day of June, 2017, by **BRAINERD PARK APARTMENTS LIMITED PARTNERSHIP**, an Illinois limited partnership, having its principal place of business at c/o Full Circle Communities, Inc., 310 South Peoria, Chicago, Illinois 60607 (“**Mortgagor**”), for the benefit of **CAPITAL ONE, NATIONAL ASSOCIATION**, having an address at 299 Park Avenue, 14th Floor, New York, New York 10171, as mortgagee (“**Lender**”). All capitalized terms not defined herein shall have the respective meanings set forth in the Construction Loan Agreement (defined below).

RECITALS:

A. Mortgagor, as the holder of the fee simple interest in the Premises and Land (as defined herein), hereby executes and delivers this Security Document to secure a construction loan, in the original principal sum of FIVE MILLION ONE HUNDRED ELEVEN THOUSAND NINE HUNDRED NINETY and 00/100 Dollars (\$5,111,990) or so much thereof as shall have been advanced (the “**Loan**”), being made to Mortgagor on the date hereof. The Loan is being made, pursuant to the terms of that certain Construction Loan Agreement, dated as of the date hereof (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Construction Loan Agreement**”), between Mortgagor and Lender evidenced by a promissory note, dated the date hereof, made by Mortgagor in favor of Lender (such promissory note, together with all extensions, renewals, replacements, restatements or modifications thereof being hereinafter referred to collectively as the “**Note**”). The proceeds of the Loan will be utilized to fund construction and other costs relative to a multi-family housing project to be constructed on the Premises, as further described in the Construction Loan Agreement.

B. Mortgagor desires to secure (1) the payment of the Note together with all interest, premiums and other amounts, if any, due from Mortgagor and any guarantor of the Loan (the “**Guarantor**”) in accordance with the terms of the Construction Loan Agreement and the Note, as well as the payment of any additional indebtedness accruing to Lender on account of any future payments, advances or expenditures made by Lender pursuant to the Note, the Construction Loan Agreement or this Security Document or any of the other loan documents evidencing or securing the Loan (“**Loan Documents**”) or otherwise in connection with the Loan, including, but not limited to, protective advances by Lender (all payment obligations are hereinafter referred to, collectively, as the “**Indebtedness**”), and (2) the performance of all obligations under the Note, the Construction Loan Agreement and the other Loan Documents by Mortgagor and any Guarantor.

C. This Security Document is given pursuant to the Construction Loan Agreement, and payment, fulfillment, and performance by Mortgagor of obligations thereunder and under the other Loan Documents is secured hereby.

ARTICLE I - GRANTS OF SECURITY

1.1 Property Mortgaged. Mortgagor does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer, convey and grant a security interest to Lender with

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right of entry and possession, in and to the following property, rights, interests and estates now owned, or hereafter acquired by Mortgagor (collectively, the “**Property**”):

(a) Land. Mortgagor’s fee simple interest in the real property described in Exhibit A attached hereto and made a part hereof together with all existing and future easements and rights affording access to it (the “**Land**”);

(b) Additional Land and Rights. All additional lands, estates and development rights hereafter acquired by Mortgagor for use in connection with the development or ownership or occupancy of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise become encompassed by this Security Document;

(c) Improvements. Mortgagor’s fee simple and other estates in the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (collectively, the “**Improvements**”);

(d) Easements. Mortgagor’s fee simple and other estates in and to all existing and future easements, rights-of-way or use, franchises and tenements, rights, including all minerals rights, oil, gas, and associated substances, and other commercially valuable substances which may be in, under or produced from any part of the Land, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, (whether riparian, appropriative or otherwise, and whether or not appurtenant), air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversions and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, rights of dower, rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(e) Fixtures and Personal Property. Mortgagor’s right title and interest in and to all goods, materials, supplies, work in process, chattels, machinery, equipment, appliances, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures), furniture and other property of every kind and nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements (collectively, the “**Personal Property**”), and the right, title and interest of Mortgagor in and to any of the Personal Property which may be subject to any security interests, as defined in the

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Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (the “UCC”), and all proceeds and products of the above;

(f) Leases and Rents. All existing and future leases, subleases, subtenancies, lettings, licenses, occupancy agreements, service agreements which include an occupancy agreement, concessions or other agreements (whether written or oral, now or at any time, in effect), pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of the Land and the Improvements, and every modification, amendment or other agreement relating to such leases, subleases, or other agreements entered into in connection with such leases, subleases, or other agreements and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto, heretofore or hereafter entered into, whether before or after the filing by or against Mortgagor of any petition for relief under the Bankruptcy Code (collectively, the “**Leases**”), and all right, title and interest of Mortgagor, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, prepayments, tax, insurance and replacement reserve deposits, receipts, termination, cancellation, and option payments, service reimbursements, fees, accounts receivables, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements whether paid or accruing before or after the filing by or against Mortgagor of any petition for relief under the Bankruptcy Code (collectively, the “**Rents**”) and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Indebtedness;

(g) Insurance Proceeds. All insurance proceeds in respect of the Property under any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property (collectively, “**Insurance Proceeds and Awards**”);

(h) Condemnation Awards. All awards and any compensation, including interest thereon, which may heretofore and hereafter be made or paid with respect to the Property by reason of any taking, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(i) Tax Certiorari. All refunds, rebates or credits in connection with reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

(j) Rights. The right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Lender in the Property as well as all claims, demands, judgments, refunds, reserves, accounts receivable, cost savings, deposits, rights of action, awards of damages, compensation, settlements and other rights to the payment of money hereafter made resulting from or relating to (i) any damage (whether caused by such

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taking, by casualty or otherwise) to the Land, Improvements or appurtenances thereto or any part thereof, or (ii) the ownership or operation of the Property;

(k) Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, purchase and sale agreements, purchase options, entitlements, soil test reports, other reports of examination or analysis of the Land or the Improvements, development rights and authorizations, however characterized, now or hereafter issued, furnished or entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or any business or activity conducted on the Land and any part thereof and all right, title and interest of Mortgagor therein and thereunder, including building permits, environmental certificates, certificates of operation, warranties and guaranties; and including, without limitation, the right, upon the occurrence of any Event of Default hereunder, to receive and collect any sums payable to Mortgagor thereunder;

(l) Intangibles. All tradenames, trademarks, servicemarks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Property;

(m) UCC. All of the following types of collateral, as defined in the UCC: accounts, general intangibles, chattel paper, documents, instruments, inventory, goods, equipment, investment property, deposit accounts, letter of credit rights, commercial tort claims, health-care-insurance receivables and all books and records relating to the foregoing; *provided, however*, that Mortgagor will cooperate with Lender in obtaining "control" as defined in the UCC with respect to collateral consisting of deposit accounts, investment property, letter of credit rights and electronic chattel paper;

(n) Accounts and Deposits. All of Mortgagor's interest in and to all operating accounts, the proceeds of the Loan, whether disbursed or not and all reserves, escrows and deposit accounts maintained by Mortgagor with respect to the Property including, without limitation, any and all accounts established pursuant to the Construction Loan Agreement together with all deposits or wire transfers and all cash, checks, drafts, certificates, securities, investment property, financial assets, instruments and other property held therein from time to time and all proceeds, products, distributions or dividends or substitutions thereon and thereof and any other monies on deposit with or for the benefit of Lender, including deposits for the payment of real estate taxes, insurance premiums or capital expenditures and any cash collateral account, and bank accounts of Mortgagor;

(o) Books and Records. All books and records pertaining to any and all of the property described above, including computer-readable memory and any computer hardware or software necessary to access and process such memory;

(p) Proceeds. All proceeds and products and renewals of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above, including, without limitation, all proceeds of the conversion, voluntary or

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involuntary, of any of the foregoing items set forth in subsections (a) through (m) including, without limitation, Insurance Proceeds and Awards, into cash or liquidation claims;

(q) After-Acquired Property. Any and all after-acquired right, title or interest of Mortgagor in and to any property of the types described in the preceding granting clauses; and

(r) Other Rights. Any and all other rights of Mortgagor in and to the items set forth in subsections (a) through (q) above.

1.2 Assignment of Rents. Mortgagor hereby absolutely and unconditionally assigns to Lender, for the benefit of Lender, all of Mortgagor's right, title and interest in and to all current and future Leases and Rents and other benefits of the Property, whether now due, past due or to become due, including all prepaid rents and security deposits, it being intended by Mortgagor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Mortgagor hereby gives Lender the right to collect the Rents and apply them in payment of the principal, interest and all other sums payable under the Loan Documents. Nevertheless, subject to the terms of the Construction Loan Agreement and Section 8.1(h) of this Security Document, Lender grants to Mortgagor a revocable license to collect, receive, use and enjoy the Rents (excluding, however, any Lease termination, cancellation, option or similar payments, which Mortgagor agrees shall be held in trust and turned over to Lender for the benefit of Lender for credit to principal under the loan) so long as no Event of Default (as defined in Section 7.1 below) shall exist and be continuing and Mortgagor shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Indebtedness, for use in the payment of such sums as such sums become due.

1.3 Collection and Application of Rents. Subject to the license granted to Mortgagor under Section 1.2 above, Lender has the right, power and authority to collect any and all Rents. Mortgagor hereby appoints Lender its attorney-in-fact after and during the continuation of an Event of Default to perform any and all of the following acts, if and at the times when Lender in its sole discretion may so choose:

- (a) Demand, receive and enforce payment of any and all Rents; or
- (b) Sue either in the name of Mortgagor or in the name of Lender for any and all Rents.

Lender and Mortgagor agree that the mere recordation of the assignment granted herein entitles Lender immediately to collect and receive rents upon the occurrence of an Event of Default, as defined in Section 7.1, without first taking any acts of enforcement under applicable law, such as, but not limited to, providing notice to Mortgagor, filing foreclosure proceedings, or seeking and/or obtaining the appointment of a receiver. Further, Lender's right to the Rents does not depend on whether or not Lender takes possession of the Property as permitted under Section 8.1(h). In Lender's sole discretion, Lender may choose to collect Rents either with or without taking possession of the Property. If an Event of Default occurs while Lender is in possession of all or part of the Property and is collecting and applying Rents as

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permitted under this Security Document, Lender and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Security Document and at law or in equity.

1.4 Security Agreement. This Security Document is both a real property mortgage and a “security agreement” within the meaning of the UCC. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Property. By executing and delivering this Security Document, Mortgagor hereby grants to Lender, as security for the Obligations (hereinafter defined), a security interest in the Property to the full extent that the Property may be subject to the UCC.

1.5 Fixture Filing. Certain of the Property is or will become “fixtures” (as that term is defined in the UCC) on the Land, and this Security Document, upon being filed for record in the real estate records of the city or county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the applicable provisions of said UCC upon such of the Property that is or may become fixtures. For this purpose, the respective addresses of Mortgagor, as debtor, and Lender, as secured party, are as set forth in the preambles of this Security Document.

1.6 Insurance.

(a) Mortgagor shall keep the Property and Improvements insured for the benefit of Lender for one hundred percent (100%) of full replacement cost in so-called “all risk” form. The applicable policies shall include (i) coverage against loss or damage by fire, flood, earthquake, underground hazards, collapse and explosion and such other hazards as may be reasonably specified at any time by Lender, and (ii) replacement cost and agreed amount endorsements or the equivalent thereof (with no reduction for depreciation), an endorsement covering the costs of demolition and the increased costs of construction attributable to the enforcement of laws, building codes and/or ordinances. Mortgagor shall also keep the Property and Improvements insured against damage by fire and other hazards covered by the standard extended coverage insurance policy including, without exception, boiler explosion insurance, as well as comprehensive general liability insurance in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, together with an umbrella liability policy of not less than the greater of (x) \$5,000,000 or (y) the total amount of the loan provided by Lender to Mortgagor in connection with the Premises; the policy limits of such insurance shall be increased from time to time in an amount reasonably satisfactory to Lender to reflect what a reasonably prudent owner or lessee of buildings or improvements similar in type and locality to the Property would carry; during any period of substantial alterations or improvements in, on or to the Property, Mortgagor will have the comprehensive general liability insurance, including umbrella liability insurance, endorsed to provide owners’ and contractors’ protective liability coverage including completed operations liability coverage; such insurance shall be extended to cover: (1) contractual liability assumed by Mortgagor with defense provided in addition to policy limits for indemnities of the named insured, (2) if any of the work is subcontracted, independent contractors liability providing coverage in connection with such portion of the work which may be subcontracted, (3) broad form property damage liability, (4) products and completed

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operations for coverage, such coverage to apply for two years following completion of construction, (5) waiver of subrogation against all parties named additional insured, (6) severability of interest provision, and (7) personal injury and advertisers liability in the aggregate, and each policy shall be endorsed to name Lender as an insured thereunder, as its interest may appear, with loss payable to Lender, without contribution or assessment, under a standard mortgagee clause. In addition, Mortgagor, at its own expense, shall at all times maintain or cause to be maintained on all of the Property for the benefit of itself, Lender and its successors and assigns: (i) insurance against such other risks of damage, hazards, casualties and contingencies in such amounts as Lender shall from time to time reasonably require, provided that insurance against such other risks, hazards, casualties or contingencies shall then be commonly carried by prudent owners or lessees of buildings or improvements in the locality similar in character, construction, use and occupancy to the Premises and Improvements on or constituting a part of the Property; (ii) loss of rents/business interruption coverage in an amount sufficient to pay its total rental income for a period of one (1) year or greater period if required by Lender; (iii) automobile liability including coverage on owned, hired, and non-owned automobiles and other vehicles if used in connection with the performance of the work, with bodily injury and property damage limits of not less than \$2,000,000 per occurrence combined single limit, with a waiver of subrogation against all parties named as additional insured; and (iv) such other insurance as Lender may reasonably require. All insurance policies and endorsements required pursuant to this Section 1.6 shall be fully paid for, nonassessable and contain such provisions and expiration dates and be in such form and amounts and issued by such insurance companies with a rating of "A" or better as established by A.M. Best's Rating Guide, or an equivalent rating with such other publication of a similar nature as shall be in current use, and a financial rating of VIII or better, as shall be reasonably approved by Lender. Without limiting the foregoing, each policy shall specifically provide that (i) such policy may not be cancelled except upon thirty (30) days prior written notice to Lender and that no act or thing done by Mortgagor shall invalidate the policy as against Lender and (ii) any and all insurance proceeds will be paid to Lender so long as Lender certifies to the insurer that the unpaid Indebtedness exceeds the proceeds of insurance. In addition, Mortgagor shall comply with all insurance requirements contained in the Construction Loan Agreement and Lender may require Mortgagor to carry such other insurance on the Property and Improvements in such amounts as may from time to time be reasonably required by institutional lenders, against insurable casualties (including risks of war, nuclear explosion, riots, theft, vandalism, loss of rents associated with casualties and "builder's risk" insurance in an amount equal to the replacement cost of the Property and Improvements and, if Mortgagor has employees, worker's compensation and employers' liability insurance in amounts mandated by applicable laws but in no event less than \$1,000,000 of employers' liability insurance), which at the time are commonly insured against in the case of premises similarly situated. Mortgagor will assign and deliver the policy or policies of all such insurance to Lender, which policy or policies shall have endorsed thereon the standard mortgagee clause in the name of Lender, so and in such manner and form that Lender and its successors and assigns shall at all times have and hold said policy or policies as collateral and further security for the payment of the Indebtedness until the full payment of the Indebtedness. In addition, from time to time, upon the occurrence of any change in the use, operation or value of the Premises that would render the existing insurance inadequate, or in the availability of insurance in the area in which the Premises are located, Mortgagor shall, within twenty (20) days

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after demand by Lender, take out such additional amounts and/or such other kinds of insurance as Lender may reasonably require.

(b) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.6, unless Lender is included thereon as a named insured with loss payable to Lender under a standard mortgagee endorsement of the character above described. Mortgagor shall immediately notify Lender whenever any such separate insurance is taken out and shall promptly deliver to Lender the policy or policies of such insurance.

(c) If the Premises, or any part thereof, are located in an area which has been identified by the Secretary of Housing and Urban Development as a flood hazard area, Mortgagor will keep, for as long as any Indebtedness remains unpaid, the Improvements covered by flood insurance in an amount at least equal to the full amount of the Note or the maximum limit of coverage available for the Premises under the National Flood Insurance Act of 1968, as amended by the National Flood Insurance Reform Act of 1994 (44 CFR part 59), whichever is less.

(d) Mortgagor shall give Lender prompt notice of any loss covered by insurance and Lender shall have the right to join Mortgagor in adjusting any loss in excess of \$150,000.00. Notwithstanding anything to the contrary contained herein or any other provision of applicable law, the proceeds of insurance policies coming into the possession of Lender shall not be deemed trust funds and Lender shall have the option in its sole discretion to apply any insurance proceeds it may receive pursuant thereto, or otherwise, to the payment of the Indebtedness or to allow all or a portion of such proceeds to be used for the restoration of the Premises. In the event any such insurance proceeds shall be used to reduce the Indebtedness, the same shall be applied by Lender, after the deduction therefrom and repayment to Lender of any and all costs incurred by Lender in the recovery thereof, in any manner it shall designate, including, but not limited to, the application of such proceeds to the then unpaid installments of the principal balance due under the Note in the inverse order of their maturity, such that the regular payments, if any, under the Note shall not be reduced or altered in any manner. In the event that Lender elects to allow the use of such proceeds for the restoration of the Premises, then such use by Mortgagor and the advancing by Lender of the proceeds shall be governed, at the election of Lender, by the terms and conditions for making advances under the Construction Loan Agreement.

(e) Provided no Event of Default exists hereunder, Lender shall allow the use of such proceeds for the restoration of the "Property" and "Improvements", as such terms are defined in the Construction Loan Agreement, provided Lender and "Construction Consultant", as such term is defined in the Construction Loan Agreement, determine, in their sole discretion, that restoration is feasible and that the amount of such insurance proceeds plus the undisbursed portion of the Loan, and any available equity or other funds of Mortgagor shall be sufficient to complete the Improvements on or before the date that the Improvements are required to be "placed in service" in accordance with Section 42 of the Internal Revenue Code of 1986, as amended. In the event that such insurance proceeds are used for the restoration of the

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Improvements, Mortgagor shall diligently prosecute completion of the Improvements in accordance with the terms of the Construction Loan Agreement, and the insurance proceeds and/or the amount of any such deposits shall be disbursed to Mortgagor under the same terms and conditions for the advancing of loan proceeds under the Construction Loan Agreement except that if the damage is less than \$150,000.00, then the proceeds shall be disbursed to Mortgagor in one advance upon completion of the restoration; amounts not required for such purposes shall be applied, at Lender's option, to the prepayment of the Note and to interest, if any, accrued and unpaid thereon in such order and proportions as Lender may elect. In the event that such proceeds are reasonably determined by Lender to be inadequate, Lender shall have received from Mortgagor a cash deposit equal to the excess of said estimated cost of restoration over the amount of said available proceeds. If the conditions for the advance of insurance proceeds for restoration set forth above are not satisfied within sixty (60) days of Lender's receipt thereof or if the actual restoration shall not have been commenced within such period, Lender shall have the option at any time thereafter to apply such insurance proceeds to the payment of the Note and to interest, if any, accrued and unpaid thereon in such order and proportions as Lender may elect.

ARTICLE II - INDEBTEDNESS AND OBLIGATIONS SECURED

2.1 Indebtedness. This Security Document and the grants, assignments and transfers made in Article I are given for the purpose of securing the Indebtedness.

2.2 Other Obligations. This Security Document and the grants, assignments and transfers made in Article I are also given for the purpose of securing the payment and performance of the following (the "**Other Obligations**"): (a) all other obligations of Mortgagor contained herein; (b) each obligation of Mortgagor and Guarantor contained in the Construction Loan Agreement and any other Loan Document; (c) each obligation of Mortgagor and Guarantor contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note, the Construction Loan Agreement or any other Loan Document; (d) all future advances and other obligations that Mortgagor or any successor in ownership of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Lender, when a writing evidences the parties' agreement that the advance or obligation be secured by this Security Document; and (e) payment of any and all loan commissions, service charges, liquidated damages, expenses pursuant to the Construction Loan Agreement and advances due to or incurred by Lender regardless of whether any Loan proceeds have been disbursed.

2.3 Indebtedness and Other Obligations. Mortgagor's and Guarantor's obligations for the payment of the Indebtedness and the performance of the Other Obligations shall be referred to collectively herein as the "**Obligations.**"

2.4 Payment of Indebtedness. Mortgagor will pay the Indebtedness at the time and in the manner provided in the Construction Loan Agreement, the Note, this Security Document and the other Loan Documents, as applicable.

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2.5 Incorporation by Reference. All the covenants, conditions and agreements contained in (a) the Construction Loan Agreement, (b) the Note and (c) all and any of the other Loan Documents, are hereby made a part of this Security Document to the same extent and with the same force as if fully set forth herein.

ARTICLE III- REPRESENTATIONS, WARRANTIES AND COVENANTS

Mortgagor represents, warrants, covenants and agrees that:

3.1 Warranty of Title. Mortgagor has good, marketable and insurable fee simple title in the Property, free and clear of all liens whatsoever except the liens listed on Schedule B of the title insurance policy issued by Title Services, Inc. as agent for Commonwealth Land Title Insurance Company, to Lender on the date hereof, and such other liens as are permitted pursuant to the Loan Documents and the liens created by the Loan Documents (collectively, "**Permitted Liens**"). This Security Document, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (a) a valid, perfected first priority lien on the Property, subject only to Permitted Liens, and (b) perfected security interests in and to, and perfected collateral assignments of, all personalty (including any Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Liens, such other liens as are permitted pursuant to the Loan Documents and the liens created by the Loan Documents. Mortgagor shall forever warrant, defend and preserve the title and the validity and priority of the lien of this Security Document and shall forever warrant and defend the same to Lender against the claims of all Persons whomsoever.

3.2 Payment for Labor and Materials. Mortgagor will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property and never permit to exist beyond the due date thereof in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof except for the Permitted Liens.

3.3 Single Purpose Entity. Mortgagor shall be a single-purpose entity ("**Single Purpose Entity**"), which is a limited liability company, duly organized, validly existing, and in good standing under the laws of the State of Illinois and represents and warrants that it has not, and covenants and agrees that it shall not:

(a) Engage in any business or activity other than the ownership, development, operation, leasing, and maintenance of the Property and the activities incidental thereto.

(b) Acquire or own any material assets other than (i) the Property and (ii) such incidental personal property as may be necessary for the development, operation, leasing and maintenance of the Property.

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(c) Merge into or consolidate with any Person or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure without the prior written consent of Lender.

(d) Fail to preserve its existence as an entity duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization or formation, or amend, modify or terminate any provisions of its organizational documents which relate to separateness or which may hereafter be required by any of the Loan Documents.

(e) Own any subsidiary or make any investment in any Person.

(f) Commingle its assets with the assets of any of its general partners, Affiliates or principals, or of any other Person.

(g) Incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) the Loan, (ii) the IFF Loan, (iii) the Subordinate Loans, and (iv) indebtedness in the ordinary course of its business of owning, developing, leasing, and operating the Property, provided that such indebtedness is not evidenced by a note and is paid when due.

(h) Fail to maintain its records, books of account and bank accounts (if any) separate and apart from those of any other Person.

(i) Enter into any contract or agreement with any Affiliate of Mortgagor, except upon terms and conditions that are substantially similar to those that would be available on an arm's-length basis with third parties other than such Affiliate.

(j) Partition, or seek to partition, the Property, or seek the dissolution or winding up, in whole or in part, of Mortgagor.

(k) Fail to correct any known misunderstandings regarding the separate identity of Mortgagor.

(l) Hold itself out to be responsible for the debts of another Person.

(m) Make any loans or advances to any third party, including any Affiliate of Mortgagor, or to its general partners, Affiliates or principals, or to any other Person.

(n) Fail to file its own tax returns, if required, unless part of the consolidated returns of another Person.

(o) Agree to enter into or consummate any transaction which would render Mortgagor and/or Guarantor insolvent, unable to meet their debts as they mature and without adequate capital to conduct the business in which it is, or proposes to be, engaged.

(p) Fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name in order not

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to (i) mislead others as to the identity with which such other party is transacting business or (ii) suggest that Mortgagor is responsible for the debts of any third party (including any Affiliate of Mortgagor).

(q) Hold itself out as or be designated as a department or division of (i) any Affiliate of Mortgagor or (ii) any other Person.

(r) File or consent to the filing of any bankruptcy or insolvency petition or otherwise institute insolvency proceedings with respect to itself or any entity in which it has a direct or indirect ownership interest.

7.4 OFAC. Mortgagor hereby represents and warrants that neither Mortgagor nor any of its respective officers, partners, managers or principal employees is on the list of Specially Designated Nationals and Blocked Persons issued by the Office of Foreign Assets Control of the U.S. Department of Treasury.

ARTICLE IV- FURTHER ASSURANCES

4.1 Compliance With Construction Loan Agreement. Mortgagor shall comply with the covenants set forth in of the Construction Loan Agreement in order to protect and perfect the lien or security interest hereof upon, and in the interest of Lender in, the Property.

4.2 Authorization to File Financing Statements; Power of Attorney. Mortgagor hereby authorizes Lender at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements as authorized by applicable law, as applicable to all or part of the Property. For purposes of such filings, Mortgagor agrees to furnish any information reasonably requested by Lender promptly upon request by Lender. Mortgagor also ratifies its authorization for Lender to have filed any like initial financing statements, amendments thereto or continuation statements, if filed prior to the date of this Security Document. Mortgagor hereby irrevocably constitutes and appoints Lender, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Mortgagor or in Mortgagor's own name to execute in Mortgagor's name any such documents and otherwise to carry out the purposes of this Section 4.2, to the extent that Mortgagor's authorization above is not sufficient. To the extent permitted by law, Mortgagor hereby ratifies all acts said attorneys-in-fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue of this Section 4.2. This power of attorney is a power coupled with an interest and shall be irrevocable.

4.3 Compensation; Indemnification.

(a) Mortgagor agrees to pay reasonable fees as may be charged by Lender provided such fees do not exceed any maximum limit legally permitted, for any services that Lender may render in connection with this Security Document, including Lender's providing a statement of the Obligations or providing any release pursuant to the terms and conditions of the Construction Loan Agreement. Mortgagor shall also pay or reimburse all of Lender's reasonable costs and expenses which may be incurred in rendering any such services. Mortgagor

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further agrees to pay or reimburse Lender for all reasonable costs, expenses and other advances which may be incurred or made by Lender in any efforts to enforce any terms of this Security Document or to protect the rights under this Security Document or the other Loan Documents, including any rights or remedies afforded to Lender under Section 8.1, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Security Document, including reasonable attorneys' fees and other legal costs, costs of any Foreclosure Sale (as defined in Section 8.2 below) and any reasonable cost of evidence of title. If Lender chooses to dispose of Property through more than one Foreclosure Sale, Mortgagor shall pay all reasonable costs, expenses or other advances that may be incurred or made by Lender in each of such Foreclosure Sales.

(b) Lender shall not be directly or indirectly liable to Mortgagor or any other person as a consequence of any of the following:

(i) Lender's exercise of or failure to exercise any rights, remedies or powers granted to Lender in this Security Document;

(ii) Lender's failure or refusal to perform or discharge any obligation or liability of Mortgagor under any agreement related to the Property or under this Security Document; or

(iii) Any loss sustained by Mortgagor or any third party resulting from Lender's failure to lease the Property, or from any other act or omission of Lender in managing the Property, after an Event of Default, unless the loss is caused by the willful misconduct or gross negligence of Lender.

Mortgagor hereby expressly waives and releases all liability of the types described above, and agrees that no such liability shall be asserted against or imposed upon Lender.

(c) Mortgagor agrees to indemnify, defend and hold Lender harmless from all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses which it may suffer or incur:

(i) In performing any act required or permitted by this Security Document or any of the other Loan Documents or by law;

(ii) Because of any failure of Mortgagor to perform any of its obligations; or

(iii) Because of any alleged obligation of or undertaking by Lender to perform or discharge any of the representations, warranties, conditions, covenants or other obligations in any document relating to the Property other than the Loan Documents.

This agreement by Mortgagor to indemnify Lender shall survive the release and cancellation of any or all of the Obligations and the full or partial release of this Security Document.

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(d) Mortgagor shall pay all obligations to pay money arising under this Section 4.3 immediately upon demand by Lender. Each such obligation shall be added to, and considered to be part of, the principal of the Note, and shall bear interest from the date the obligation arises at the default rate of interest set forth in the Note (the “**Default Rate**”).

4.4 Single Purpose Entity. Mortgagor shall comply with any and all requirements, including, but not limited to, the provisions of Section 3.3 hereof, necessary to maintain its status as a Single Purpose Entity.

ARTICLE V - DUE ON SALE/ENCUMBRANCE

5.1 No Sale/Encumbrance. Mortgagor shall not cause or permit a sale, conveyance, mortgage, refinance, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest in the Property (or in any of Mortgagor’s other interests therein) or any part thereof, or in Mortgagor, any Guarantor or any Affiliate thereof, except as specifically permitted by the Construction Loan Agreement, without the prior written consent of Lender. Notwithstanding the foregoing, the provisions of this Section 5.1 shall not apply to leases to individual residential tenants executed in the ordinary course of business.

ARTICLE VI - PREPAYMENT

6.1 Prepayment. The Indebtedness may be prepaid in whole or in part in strict accordance with the express terms and conditions of the Note and the Construction Loan Agreement.

ARTICLE VII - DEFAULT

7.1 Event of Default. Each of the following events shall constitute an “**Event of Default**” hereunder:

(i) Any Event of Default (as such term is defined in the Construction Loan Agreement) under the Construction Loan Agreement; or

(ii) the failure of Mortgagor to perform and observe any covenant, obligation, agreement or undertaking under this Security Document (1) within thirty (30) days following written notice thereof from Lender or (2) if such failure cannot, with due diligence, be cured within thirty (30) days, such longer period as Lender deems reasonably necessary to cure such failure with due diligence, provided Mortgagor commences such cure within such thirty (30) days, proceeds diligently to cure the same and concludes same within sixty (60) days of the initial written notice from Lender.

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ARTICLE VIII - RIGHTS AND REMEDIES UPON DEFAULT

8.1 Remedies. Upon the occurrence and during the continuance of any Event of Default, Mortgagor agrees that Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Mortgagor and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender:

(a) declare the entire unpaid Indebtedness to be immediately due and payable;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Document under any applicable provision of law, in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Document for the portion of the Indebtedness then due and payable, subject to the continuing lien and security interest of this Security Document for the balance of the Indebtedness not then due, unimpaired and without loss of priority;

(d) sell for cash or upon credit the Property or any part thereof, including any Property that constitutes personal property, and all estate, claim, demand, right, title and interest of Mortgagor therein and rights of redemption thereof, to the extent permitted and pursuant to the procedures provided by applicable law, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note, the Construction Loan Agreement or in the other Loan Documents;

(f) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Document or the other Loan Documents;

(g) apply for the appointment of a receiver, trustee, liquidator or conservator for all or any part of the Property and any Rents, and the proceeds, issues and profits thereof, without notice and without regard for the adequacy of the security for the Indebtedness and without regard for the solvency of Mortgagor, Guarantor or any other Person liable for the payment of the Indebtedness (and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment) and such receiver shall have all powers and duties prescribed by applicable law, all other powers which are necessary or usual in such cases for the protection, possession, control, management and operation of the Property, and such

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rights and powers as Lender would have, upon entering and taking possession of the Property under Section 8.1(h) below;

(h) the license granted to Mortgagor under Section 1.2 hereof shall automatically be revoked and Lender may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Mortgagor and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Mortgagor and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and may also do any and all other things in connection with those actions that Lender may in its sole discretion consider necessary and appropriate to protect the security of this Security Document and Mortgagor agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Lender deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Mortgagor with respect to the Property, whether in the name of Mortgagor or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Mortgagor to pay monthly in advance to Lender, or any receiver appointed to collect any Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Mortgagor; (vi) require Mortgagor to vacate and surrender possession of the Property to Lender or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise; (vii) apply the receipts from the Property to the payment of the Indebtedness, in such order, priority and proportions as Lender shall deem appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, all ground rent, maintenance charges, impositions other than taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof (collectively, "**Other Charges**"), insurance and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Lender, its counsel, agents and employees and (viii) if Lender so requests, Mortgagor shall assemble all of the Property that has been removed from the Land and make all of it available to Lender at the site of the Land and in furtherance thereof, Mortgagor hereby irrevocably constitutes and appoints Lender as Mortgagor's attorney-in-fact to perform such acts and execute such documents as Lender in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Mortgagor's name on any instruments;

(i) exercise any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing: (i) the right to take possession of the personal property constituting part of the Property, or any part thereof, and to take such other measures as Lender may deem necessary for the care, protection and preservation of such personal property, and (ii) request Mortgagor at its expense to assemble

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the Personal Property and make it available to Lender at a convenient place acceptable to Lender. Any notice of sale, disposition or other intended action by Lender with respect to such personal property sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action shall constitute commercially reasonable notice to Mortgagor;

(j) apply any sums then deposited or held in escrow or otherwise by or on behalf of Lender in accordance with the terms of the Construction Loan Agreement, this Security Document or any other Loan Document to the payment of the following items in any order in its uncontrolled discretion: (i) taxes and other charges; (ii) insurance premiums; (iii) interest on the unpaid principal balance of the Note; (iv) amortization of the unpaid principal balance of the Note; (v) all other sums payable pursuant to the Note, the Construction Loan Agreement, this Security Document and the other Loan Documents, including, without limitation, advances made by Lender pursuant to the terms of this Security Document;

(k) surrender the insurance policies maintained pursuant to Section 1.6 herein, collect the unearned insurance premiums for the insurance policies and apply such sums as a credit on the Indebtedness in such priority and proportion as Lender in its discretion shall deem proper, and in connection therewith, Mortgagor hereby appoints Lender as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Mortgagor to collect such insurance premiums;

(l) pursue such other remedies as Lender may have under applicable law.

In the event of a sale, by foreclosure or otherwise, of less than all of Property, this Security Document shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section to the contrary, if any Event of Default as described in Article VI of the Construction Loan Agreement shall occur, the entire unpaid Indebtedness shall be automatically due and payable, without any further notice, demand or other action by Lender.

8.2 Foreclosures.

(a) Lawsuits. Lender shall have the right, in one or several concurrent or consecutive proceedings, to foreclose the lien hereof upon the Property or any part thereof, for the Obligations, or any part thereof, by any proceedings appropriate under applicable law. Lender or its nominee may bid and become the purchaser of all or any part of the Property at any foreclosure or other sale hereunder, and the amount of Lender's successful bid shall be credited on the Obligations. Without limiting the foregoing, Lender may proceed by a suit or suits in law or equity, whether for specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure under the judgment or decree of any court of competent jurisdiction. Notwithstanding any statute or rule of law to the contrary, the failure to join any tenant or tenants of the Property as party defendant or defendants in any foreclosure action or the failure of any such order or judgment to foreclose their rights shall not be asserted by Mortgagor as a defense in any civil action instituted to collect (i) the Indebtedness, or any part thereof or (ii) any deficiency remaining unpaid after foreclosure and

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sale of the Property. To the extent a notice of sale shall be required by law for the sale or disposition of the Personal Property, a reasonable authenticated notification of disposition shall be given at least ten (10) days' prior to any such sale, *provided however*, that no notification need be given to Mortgagor if it has authenticated after default a statement renouncing or modifying any right to notification of sale or other intended disposition.

(b) Single or Multiple Foreclosure Sales. If the Property consists of more than one lot, parcel or item of property, Lender may:

(i) Designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and

(ii) Elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made under or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Lender may deem to be in its best interests (any such sale or disposition, a "**Foreclosure Sale**"; and any two or more, "**Foreclosure Sales**").

If Lender chooses to have more than one Foreclosure Sale, Lender at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and in such order as Lender may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the liens of this Security Document on any part of the Property which has not been sold, until all of the Obligations have been paid in full.

Lender and any receiver, or any of their agents or representatives, shall have no liability for any loss, damage, injury, cost or expenses resulting from any action or omission that was taken or omitted in good faith.

(c) Credit Bids. At any Foreclosure Sale, any person, including Mortgagor or Lender, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Lender may settle for the purchase price by crediting the sales price of the property against the following obligations:

(i) First, the portion of the Obligations attributable to the expenses of sale, costs of any action and any other sums for which Mortgagor is obligated to pay or reimburse Lender under Section 4.3 of this Security Document; and

(ii) Second, all other Obligations in any order and proportions as Lender in its sole discretion may choose.

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8.3 Sale of Personal Property.

(a) For purposes of power of sale described in Section 8.1(d) above, Lender may elect to treat as personal property any Property which is intangible or which can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Lender may dispose of any personal property, in any manner permitted by Article 9 of the UCC, including any public or private sale, or in any manner permitted by any other applicable law.

(b) In connection with any sale or other disposition of such Property, Mortgagor agrees that the following procedures constitute a commercially reasonable sale: Lender shall mail written notice of the sale to Mortgagor not later than thirty (30) days prior to such sale. Lender will publish notice of the sale in a local daily newspaper of general circulation. Upon receipt of any written request, Lender will make the Property available to any bona fide prospective purchaser for inspection during reasonable business hours. Notwithstanding the foregoing, Lender shall be under no obligation to consummate a sale if, in its judgment, none of the offers received by it equals the fair value of the Property offered for sale.

(c) The foregoing procedures do not constitute the only procedures that may be commercially reasonable.

8.4 Application of Proceeds. The purchase money, proceeds and avails of any disposition of the Property, and or any part thereof, or any other sums collected by Lender pursuant to the Note, this Security Document or the other Loan Documents, may be applied by Lender to the payment of the Indebtedness in such priority and proportions as Lender in its discretion shall deem proper.

8.5 Right to Cure Defaults. Upon the occurrence and during the continuance of any Event of Default, Lender may, but without any obligation to do so and without notice to or demand on Mortgagor and without releasing Mortgagor from any obligation hereunder, make any payment or do any act required of Mortgagor hereunder in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Security Document or collect the Indebtedness, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section 8.5, shall constitute a portion of the Indebtedness and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Indebtedness and be secured by this Security Document and the other Loan Documents and shall be immediately due and payable upon demand by Lender therefor.

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8.6 Actions and Proceedings. Lender has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Mortgagor, which Lender, in its discretion, decides should be brought to protect its interest in the Property.

8.7 Recovery of Sums Required To Be Paid. Lender shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Indebtedness as the same become due, without regard to whether or not the balance of the Indebtedness shall be due, and without prejudice to the right of Lender thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

8.8 Other Rights, Etc.

(a) The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Security Document. Mortgagor shall not be relieved of Mortgagor's obligations hereunder by reason of (i) the failure of Lender to comply with any request of Mortgagor or any guarantor or indemnitor with respect to the Loan to take any action to foreclose this Security Document or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, alteration or substitution, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Indebtedness or any portion thereof, (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Document or the other Loan Documents, (iv) the acceptance by Lender of additional real or personal property of any kind as security for any Obligation, whether evidenced by mortgages, deeds of trust, Security Documents, security agreements or any other instruments of security, (v) the consent by Lender to the making of any plat or map of the Property or any part of it, (vi) Lender joining in granting any easement or creating any restriction affecting the Property, and (vii) Lender joining in any subordination or other agreement affecting this Security Document or the lien of it.

(b) It is agreed that the risk of loss or damage to the Property is on Mortgagor, and Lender shall have no liability whatsoever for decline in the value of the Property, for failure to maintain the insurance policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Lender shall not be deemed an election of judicial relief if any such possession is requested or obtained with respect to any Property or collateral not in Lender's possession.

(c) Lender may resort for the payment of the Indebtedness to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender may take action to recover the Indebtedness, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender thereafter to foreclose this Security Document. The rights of Lender under this Security Document shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

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Lender shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

(d) The Investor may cure any default of Mortgagor hereunder provided that such cure is effectuated within the same time period as is provided to Mortgagor hereunder.

8.9 Right to Release Any Portion of the Property. Lender may, at its sole option and without any obligation to do so, release any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Security Document, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Security Document shall continue as a lien and security interest in the remaining portion of the Property.

8.10 Right of Entry. Upon reasonable notice to Mortgagor, Lender and its agents shall have the right to enter and inspect the Property at all reasonable times.

8.11 Bankruptcy.

(a) Upon or at any time after the occurrence of an Event of Default, Lender shall have the right to proceed in its own name or in the name of Mortgagor in respect of any claim, suit, action or proceeding relating to the rejection of any Lease, including, without limitation, the right to file and prosecute, to the exclusion of Mortgagor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of the lessee under such Lease under the Bankruptcy Code.

(b) If there shall be filed by or against Mortgagor a petition under the Bankruptcy Code, and Mortgagor, as lessor under any Lease, shall determine to reject such Lease pursuant to Section 365(a) of the Bankruptcy Code, then Mortgagor shall give Lender not less than ten (10) days' prior notice of the date on which Mortgagor shall apply to the bankruptcy court for authority to reject such Lease. Lender shall have the right, but not the obligation, to serve upon Mortgagor within such ten-day period a notice stating that (i) Lender demands that Mortgagor assume and assign the Lease to Lender pursuant to Section 365 of the Bankruptcy Code and (ii) Lender covenants to cure or provide adequate assurance of future performance under such Lease. If Lender serves upon Mortgagor the notice described in the preceding sentence, Mortgagor shall not seek to reject such Lease and shall comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after the notice shall have been given, subject to the performance by Lender of the covenant provided for in clause (ii) of the preceding sentence.

8.12 Subrogation. If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to

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the extent of the funds so used, Lender shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Lender and are merged with the lien and security interest created herein as cumulative security for the repayment of the Indebtedness, the performance and discharge of Mortgagor's obligations hereunder, under the Construction Loan Agreement, the Note and the other Loan Documents and the performance and discharge of the Other Obligations.

ARTICLE IX- ENVIRONMENTAL HAZARDS

9.1 Environmental Covenants. For the purposes of this Section 9.1 the following terms shall have the following meanings: (i) the term "**Hazardous Material**" shall mean any material or substance that, whether by its nature or use, is now or hereafter defined as a hazardous waste, hazardous substance, pollutant or contaminant under any Environmental Requirement, or which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and which is now or hereafter regulated under any Environmental Requirement, or which is or contains petroleum, gasoline, diesel fuel or another petroleum hydrocarbon product. (ii) the term "**Environmental Requirements**" shall collectively mean all present and future laws, statutes, ordinances, rules, regulations, orders, codes, licenses, permits, decrees, judgments, directives or the equivalent of or by any Governmental Authority and relating to or addressing the protection of the environment or human health, and (iii) the term "**Governmental Authority**" shall mean the Federal government, or any state or other political subdivision thereof, or any agency, court or body of the Federal government, any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions. Mortgagor hereby represents and warrants to Lender that, to the extent not otherwise disclosed in the Environmental Report previously delivered to Lender, to Mortgagor's knowledge (i) no Hazardous Material is currently located at, on, in or under the Property, (ii) no Hazardous Material is currently located at, in, on or under the Property in a manner which violates any Environmental Requirement, or which requires cleanup or corrective action of any kind under any Environmental Requirement (iii) no releasing, emitting, discharging, leaching, dumping or disposing of any Hazardous Material from the Property onto or into any other property or from any other property onto or into the Property has occurred or is occurring in violation of any Environmental Requirement, (iv) no notice of violation, lien, complaint, suit, order or other notice with respect to the Property is presently outstanding under any Environmental Requirement, and (v) the Property and the operation thereof are in full compliance in all material respects with all Environmental Requirements.

(a) Mortgagor shall comply, and shall use its best efforts to cause all tenants or other occupants of and employees or agents at the Property to comply, in all material respects with all Environmental Requirements, and will not generate, store, handle, process, dispose of or otherwise use, and will not permit any tenant or other occupant of and employees or agents at the Property to generate, store, handle, process, dispose of or otherwise use, Hazardous Materials at, in, on or under the Property (except the storage and use thereof in accordance with applicable law in the ordinary and customary course of the construction of the

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Project) in a manner that could lead or potentially lead to the imposition on Mortgagor, Lender or the Property of any liability or lien of any nature whatsoever under any Environmental Requirement.

(b) Mortgagor shall notify Lender promptly in the event of any spill or other release of any Hazardous Material at, in, on or under the Property which is required to be reported to a Governmental Authority under any Environmental Requirement, will promptly forward to Lender copies of any notices received by Mortgagor relating to alleged violations of any Environmental Requirement and will promptly pay when due any fine or assessment against Lender, Mortgagor or the Property relating to any Environmental Requirement.

(c) If at any time it is determined by any Governmental Authority that the operation or use of the Property violates any applicable Environmental Requirement or that there are Hazardous Materials located at, in, on or under the Property which, under any Environmental Requirement, require special handling in collection, storage, treatment or disposal, or any other form of cleanup or corrective action, Mortgagor shall, within thirty (30) days after receipt of notice thereof from any Governmental Authority or from Lender, take, at its sole cost and expense, such actions as may be necessary to fully comply in all respects with all Environmental Requirements, provided however, that if such compliance cannot reasonably be completed within such thirty (30) day period, Mortgagor shall commence such necessary action within such thirty (30) day period and shall thereafter diligently and expeditiously proceed to fully comply in all respects and in a timely fashion with all Environmental Requirements. If Mortgagor fails to timely take, or to diligently and expeditiously proceed to complete in a timely fashion, any such action, Lender, may, in its sole and absolute discretion, make advances or payments towards the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by Lender (including, without limitation, reasonable counsel and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums advanced or paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from Mortgagor and shall bear interest at the Default Rate from the date any such sums are so advanced or paid by Lender until the date any such sums are repaid by Mortgagor to Lender. Mortgagor will execute and deliver, promptly upon request, such instruments as Lender may deem useful or necessary to permit Lender to take any such action, and such additional notes and mortgages, as Lender may reasonably require to secure all sums so advanced or paid by Lender.

(d) If a lien is filed against the Property by any Governmental Authority resulting from the need to expend or the actual expending of moneys arising from an action or omission, whether intentional or unintentional, of Mortgagor or for which Mortgagor is responsible, resulting in the releasing, spilling, leaking, leaching, pumping, emitting, pouring, emptying or dumping of any Hazardous Material into the waters or onto land located within or without the State where the Property is located, then Mortgagor will, within thirty (30) days from the date that Mortgagor receives notice that such lien has been placed against the Property (or within such shorter period of time as may be specified by Lender if such Governmental Authority has commenced steps to cause the Property to be sold pursuant to such lien) either (a)

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pay the claim and remove the lien, or (b) furnish a cash deposit, bond, or such other security with respect thereto as is reasonably satisfactory in all respects to Lender and is sufficient to effect a complete discharge of such lien on the Property.

(e) Lender may, at its option, if Lender reasonably believes that a Hazardous Material or other environmental condition violates or threatens to violate any Environmental Requirement, cause an environmental audit of the Property or portions thereof to be conducted to confirm Mortgagor's compliance with the provisions of this paragraph, and Mortgagor shall cooperate in all reasonable ways with Lender in connection with any such audit. If such audit discloses that a violation of an Environmental Requirement exists, Mortgagor shall pay all reasonable costs and expenses incurred in connection with such audit, the costs and expenses of such audit shall, notwithstanding anything to the contrary set forth in this Section 9.1, be paid by Lender. If this Security Document is foreclosed, or if the Property is sold pursuant to the provisions of this Security Document, or if Mortgagor tenders a deed or assignment in lieu of foreclosure or sale, Mortgagor shall deliver the Property to the purchaser at foreclosure or sale or to Lender, its nominee, or wholly owned subsidiary, as the case may be, in a condition that complies in all respects with all Environmental Requirements.

(f) Mortgagor will defend, indemnify, and hold harmless Lender, its employees, agents, members, officers, subsidiaries and affiliates from and against any and all claims, demands, penalties, causes of action, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, foreseen or unforeseen, contingent or otherwise (including, without limitation, reasonable counsel and consultant fees and expenses, investigation and laboratory fees and expenses, court costs, and litigation expenses) arising out of, or in any way related to, (i) any breach by Mortgagor of any of the provisions of this Section 9.1, (ii) the presence, disposal, spillage, discharge, emission, leakage, release, or threatened release of any Hazardous Material which is at, in, on, under, from or affecting the Property, including, without limitation, any damage or injury resulting from any such Hazardous Material to or affecting the Property or the soil, water, air, vegetation, buildings, personal property, persons or animals located on the Property or on any other property or otherwise, (iii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to any such Hazardous Material, (iv) any lawsuit brought or threatened, settlement reached, or order or directive of or by any Governmental Authority relating to such Hazardous Material, or (v) any violation of any Environmental Requirement. Notwithstanding the foregoing, Mortgagor and Guarantor shall have no obligation to defend, indemnify and hold harmless Lender against losses, liabilities, costs and expenses described herein relating to Hazardous Materials which are initially placed on, in or under all or any portion of the Property at any time after Lender or any of Lender's successors or assigns, (i) take title to the Property at a foreclosure sale, at a sale pursuant to a power of attorney sale or by deed-in-lieu of foreclosure or by exercise of any other remedial right, or (ii) take possession, custody and/or control of the Property as the mortgagee in possession or through a court designated receiver, or is released or disturbed due to the gross negligence or willful misconduct of Lender. At its own expense, an indemnified party may employ separate counsel and raise its own defense. Mortgagor shall not enter into a settlement of any matter for which it is providing indemnity to an indemnified party without the consent of such indemnified party.

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(g) The aforesaid indemnification shall, notwithstanding any exculpatory or other provision of any nature whatsoever to the contrary set forth in the Note, this Security Document, the other Loan Documents or any other document or instrument now or hereafter executed and delivered in connection with the Loan evidenced by the Note and secured by this Security Document, constitute the personal recourse undertakings, obligations and liabilities of Mortgagor. The obligations and liabilities of Mortgagor under this paragraph shall survive and continue in full force and effect and shall not be terminated, discharged or released, in whole or in part, irrespective of whether the Indebtedness has been paid in full and irrespective of any foreclosure of this Security Document, sale of the Property pursuant to the provisions of this Security Document or acceptance by Lender, its nominee or wholly owned subsidiary of a deed or assignment in lieu of foreclosure or sale and irrespective of any other fact or circumstance of any nature whatsoever.

9.2 Lender's Rights. Lender and any other person or entity designated by Lender, including, but not limited to, any representative of a Governmental Authority, and any environmental consultant, and any receiver appointed by any court of competent jurisdiction, shall have the right, but not the obligation, to enter upon the Property at all reasonable times to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Lender's sole discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Mortgagor shall cooperate with and provide access to Lender and any such person or entity designated by Lender.

ARTICLE X- WAIVERS

10.1 Marshalling and Other Matters. Mortgagor hereby waives, to the extent permitted by law, the benefit of all Laws now or hereafter in force regarding appraisal, valuation, stay, extension, reinstatement, any so-called "**Moratorium Laws,**" and redemption and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Document on behalf of Mortgagor, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Security Document and on behalf of all persons to the extent permitted by Legal Requirements.

10.2 Waiver of Homestead and Redemption. To the extent applicable, Mortgagor hereby waives all right of homestead exemption in the Property. Mortgagor hereby waives all right of redemption on behalf of Mortgagor and on behalf of all other persons acquiring any interest or title in the Property subsequent to the date of this Security Document, except decree or judgment creditors of Mortgagor.

10.3 Waiver of Notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Security Document or the Construction Loan Agreement specifically and expressly provides for the giving of notice by Lender to Mortgagor and except with respect to matters for which Mortgagor is not permitted by Legal Requirements to waive its right to receive notice, and Mortgagor hereby expressly

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waives the right to receive any notice from Lender with respect to any matter for which this Security Document does not specifically and expressly provide for the giving of notice by Lender to Mortgagor.

10.4 Waiver of Statute of Limitations. Mortgagor hereby expressly waives and releases to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Indebtedness or performance of its Other Obligations.

10.5 Sole Discretion of Lender. Whenever pursuant to this Security Document Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole but reasonable discretion of Lender and shall be final and conclusive.

10.6 **WAIVER OF TRIAL BY JURY.** MORTGAGOR AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE FINANCING DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY MORTGAGOR AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF LENDER AND MORTGAGOR IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY MORTGAGOR, AGENT AND LENDER.

10.7 Waiver of Foreclosure Defense. Mortgagor hereby waives any defense Mortgagor might assert or have by reason of Lender's failure to make any tenant or lessee of the Property a party defendant in any foreclosure proceeding or action instituted by Lender.

ARTICLE XI- NOTICES

11.1 Notices. All notices or other written communications hereunder shall be delivered in accordance with Section 7.1 of the Construction Loan Agreement.

ARTICLE XII - APPLICABLE LAW

12.1 Governing Law. The laws of the State of Illinois, without regard to principles of conflicts of laws, shall govern this Security Document.

12.2 Provisions Subject to Applicable Law. All rights, powers and remedies provided in this Security Document may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent

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necessary so that they will not render this Security Document invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Security Document or any application thereof shall be invalid or unenforceable, the remainder of this Security Document and any other application of the term shall not be affected thereby.

ARTICLE XIII - DEFINITIONS

13.1 Defined Terms. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Document may be used interchangeably in singular or plural form and the word "Mortgagor" shall mean "Mortgagor and any subsequent permitted owner or owners of the Property or any part thereof or any interest therein," the word "Lender" shall mean "Lender and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Security Document," the word "Property" shall include any portion of the Property and any interest therein, and the phrases "attorneys' fees", "legal fees" and "counsel fees" shall include any and all reasonable attorneys', paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Lender in protecting its interest in the Property, the Leases and the Rents and enforcing its rights hereunder.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

14.1 No Oral Change. This Security Document, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Mortgagor or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

14.2 Successors and Assigns. This Security Document shall be binding upon and inure to the benefit of Mortgagor and Lender and their respective successors and assigns forever.

14.3 Inapplicable Provisions. If any term, covenant or condition of the Construction Loan Agreement, the Note or this Security Document is held to be invalid, illegal or unenforceable in any respect, the Construction Loan Agreement, the Note and this Security Document shall be construed without such provision.

14.4 Headings, etc. The headings and captions of various sections of this Security Document are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

14.5 Number and Gender. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

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14.6 Entire Agreement. This Security Document and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Mortgagor and Lender are superseded by the terms of this Security Document and the other Loan Documents.

14.7 Limitation on Lender's Responsibility. No provision of this Security Document shall operate to place any obligation or liability for the control, care, management or repair of the Property upon Lender, nor shall it operate to make Lender responsible or liable for any waste committed on the Property by the tenants or any other Person, or for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or stranger. Nothing herein contained shall be construed as constituting Lender a "mortgagee in possession."

14.8 Joint and Several Liability. If Mortgagor consists of more than one person, each shall be jointly and severally liable for the faithful performance of all of Mortgagor's obligations under this Security Document and the other Loan Documents.

14.9 Merger. No merger shall occur as a result of Lender's acquiring any other estate in or any other lien on the Property unless Lender consents to a merger in writing.

14.10 Future Advances. This Security Document is given to secure not only the existing Indebtedness, but also is given to secure "future advances" as defined and authorized under applicable Illinois statutes, including, without limitation, 205 ILCS 5/5d, 815 ILCS 205/4.1, 735 ILCS 5/15-1207 and 735 ILCS 5/15-1302. Lender is obligated under the terms of the Construction Loan Agreement to make advances upon the satisfaction of certain conditions as provided therein, and Mortgagor acknowledges and intends that all such advances, including future advances whenever hereafter made, shall be a lien from the time this Security Document is recorded, as provided in 735 ILCS 5/15-1302(b)(1). Mortgagor covenants and agrees that this Security Document shall secure the payment of all loans and advances made pursuant to the terms and provisions of the Construction Loan Agreement, whether such loans and advances are made as of the date hereof or at any time in the future, and whether such future advances are obligatory or are to be made at the option of Lender or otherwise (but not advances or loans made more than 20 years after the date hereof), to the same extent as if such future advances were made on the date of the execution of this Security Document and although there may be no advances made at the time of the execution of this Security Document and although there may be no other indebtedness outstanding at the time any advance is made. The lien of this Security Document shall be valid as to all Indebtedness, including future advances, from the time of its filing of record in the office of the recorder of deeds of the county in which the Land is located. The total amount of Indebtedness secured hereby may increase or decrease from time to time, but the total unpaid principal balance of the indebtedness secured hereby (including disbursements which Lender may, but shall not be obligated to, make under this Security Document, the Loan Documents or any other document or instrument evidencing or securing the Indebtedness) at any time outstanding shall not exceed \$10,223,980. This Security Document shall be valid and shall

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have priority to the extent of the maximum amount secured hereby over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Property given priority by law.

14.11 Patriot Act. Lender hereby notifies Mortgagor that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (Signed into law October 26, 2001) (the "**Patriot Act**"), Lender is required to obtain, verify and record information that identifies Mortgagor, which information includes the name and address of Mortgagor and other information that will allow Lender to identify Mortgagor in accordance with the Patriot Act.

ARTICLE XV- STATE SPECIFIC PROVISIONS

15.1 Principles of Construction. In the event of any inconsistencies between the terms and conditions of this ARTICLE XV and the terms and conditions of this Security Document, the terms and conditions of this ARTICLE XV shall control and be binding.

15.2 Copy of Security Document. Mortgagor acknowledges that Mortgagor has received a copy of this Security Document without charge.

15.3 Interest. The Obligations of Mortgagor pursuant to the Note issued under the Construction Loan Agreement, which Obligations are secured by this Security Document, include, among other things, the obligation to pay interest on the unpaid principal balance of the Loan described in the Construction Loan Agreement.

15.4 Business Loan. Mortgagor represents and warrants to Lender that the proceeds of the Loan secured hereby shall be used solely for business purposes and in furtherance of the regular business affairs of Mortgagor, and the entire principal obligation secured by this Security Document constitutes (i) a "business loan" as that term is defined in, and for all purposes of, 815 ILCS 205/4(1)(c) and (ii) a "loan secured by a mortgage on real estate" within the purview and operation of 815 ILCS 205/4(1)(l).

15.5 Collateral Protection Act. Pursuant to the terms of the Collateral Protection Act, 815 ILCS 180/1 et seq., Mortgagor is hereby notified that unless Mortgagor provides Lender with evidence of the insurance coverage required by this Security Document, Lender may purchase insurance at Mortgagor's expense to protect Lender's interests in the Property, which insurance may, but need not, protect the interests of Mortgagor. The coverage purchased by Lender may not pay any claim made by Mortgagor or any claim made against Mortgagor in connection with the Property. Mortgagor may later cancel any insurance purchased by Lender, but only after providing Lender with evidence that Mortgagor has obtained the insurance as required hereunder. If Lender purchases insurance for the Property, Mortgagor will be responsible for the costs of such insurance, including interest and any other charges imposed 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 the Obligations secured hereby. The costs of such insurance may be greater than the cost of insurance Mortgagor may be able to obtain for itself.

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15.6 Illinois Mortgage Foreclosure Law. It is the intention of Mortgagor and Lender that the enforcement of the terms and provisions of this Security Document shall be accomplished in accordance with the Illinois Mortgage Foreclosure Law (the "Act"), 735 ILCS 5/15-1101 et seq., and with respect to such Act, Mortgagor agrees and covenants that:

(a) Lender shall have the benefit of all of the provisions of the Act, including all amendments thereto which may become effective from time to time after the date hereof. In the event any provision of the Act which is specifically referred to herein may be repealed, to the maximum extent permitted by law, 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. If any provision in this Security Document shall be inconsistent with any provision of the Act, provisions of the Act shall take precedence over the provisions of this Security Document but shall not invalidate or render unenforceable any other provision of this Security Document that can be construed in a manner consistent with the Act. If any provision of this Security Document shall grant to Lender (including Lender acting as a mortgagee-in-possession) or a receiver, any powers, rights or remedies prior to or upon the occurrence and during the continuance 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, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in this Security Document, shall be added to the Obligations and shall have the benefit of all applicable provisions of the Act.

(b) Wherever provision is made in this Security Document or the Construction Loan Agreement for insurance policies to bear mortgagee clauses or other loss payable clauses or endorsements in favor of Lender, or to confer authority upon to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control the use of insurance proceeds, from and after the entry of judgment of foreclosure, all such rights and powers of Lender shall continue in Lender as judgment creditor or mortgagee until confirmation of sale.

(c) All advances, disbursements and expenditures made or incurred by Lender before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Security Document, the Construction Loan Agreement or by the Act (collectively "**Protective Advances**"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

(i) all advances by Lender in accordance with the terms of this Security Document or the Construction Loan Agreement to: (A) preserve, maintain, repair, restore or rebuild the improvements upon the Property; (B) preserve the lien of this Security Document or the priority thereof; or (C) enforce this Security Document, as referred to in Subsection (b)(5) of Section 15-1302 of the Act;

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(ii) payments by Lender of (A) principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (B) 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 Property or any part thereof; (C) other obligations authorized by this Security Document; or (D) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of the Act;

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

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

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

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

(vii) expenses incurred and expenditures made by Lender for any one or more of the following: (A) if the Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (B) if Mortgagor'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; (C) 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 mortgagee takes possession of the Property imposed by Section 15-1704(c)(1) of the Act; (D) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (E) 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 restrictions for the benefit of or affecting the Property; (F) 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; (G) 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 commitment, loan agreement or other agreement; (H) payments required to be paid by Mortgagor or Lender pursuant to any lease or other agreement for occupancy of the Property; and (I) if this Security Document is insured, payment of FHA or private mortgage insurance required to keep such insurance in force.

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(d) This Security Document shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Security Document is provided pursuant to Subsection (b)(5) of Section 15-1302 of the Act. All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

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

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

(iii) determination of amounts deductible from sale proceeds pursuant to Section 15-1512 of the Act;

(iv) application of income in the hands of any receiver or mortgagee in possession; and

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

(e) In addition to any provision of this Security Document 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 Sections 15-1701 and 15-1702 of the Act, to be placed in the possession of the Property or at its request to have a receiver appointed, and such receiver, or Lender, if and when placed in possession, shall have, in addition to any other powers provided in this Security Document, all rights, powers, immunities, and duties and provisions for in Sections 15-1701 and 15-1703 of the Act.

(f) Mortgagor acknowledges that the Property does not constitute agricultural real estate as defined in Section 15-1201 of the Act or residential real estate as defined in Section 15-1219 of the Act.

(g) Mortgagor hereby expressly waives any and all rights of reinstatement and redemption, if any, under any order or decree of foreclosure of this Security Document, on its own behalf and on behalf of each and every person, it being the intent hereof that any and all such rights of reinstatement and redemption of Mortgagor and of all other persons are and shall be deemed to be hereby waived to the full extent permitted by the provisions of Section 15-1601 of the Act or other applicable law or replacement statutes.

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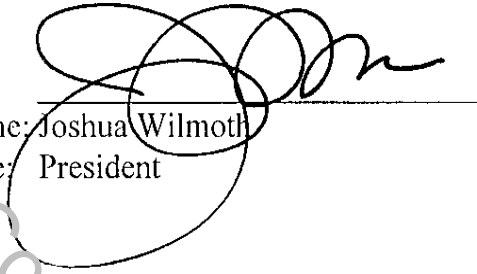
IN WITNESS WHEREOF, this Security Document has been executed by Mortgagor as of the day and year first above written.

BRAINERD PARK APARTMENTS LIMITED PARTNERSHIP, an Illinois limited partnership

By: Brainerd Park GP, LLC,
an Illinois limited liability company,
its general partner

By: Full Circle Communities, Inc.,
an Illinois not-for-profit corporation,
its manager

By: _____
Name: Joshua Wilmoth
Title: President



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STATE OF ILLINOIS)
)
) SS.:
)
COUNTY OF Cook)

On the 26th day of June in the year 2017 before me, the undersigned, a notary public in and for said state, personally appeared Joshua Wilmoth, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same in his/her capacity and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Margaret Ann Shultz
Notary Public



**COOK COUNTY
RECORDER OF DEEDS**

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UNOFFICIAL COPY

EXHIBIT A Legal Descriptions

LOT 1 (EXCEPT THE NORTH 42.50 FEET THEREOF) AND ALL OF LOTS 2 TO 12, INCLUSIVE, IN BLOCK 9 IN E.L. BRAINERD'S SUBDIVISION OF TELFORD BURNHAM'S SUBDIVISION (EXCEPT BLOCKS 1 AND 8 THEREOF) OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 5, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS. ✓

Commonly known as: 8902-8956 South Loomis Street, Chicago, Illinois

- P.I.N.s: 25-05-119-016-0000
- 25-05-119-018-0000
- 25-05-119-019-0000
- 25-05-119-020-0000
- 25-05-119-021-0000
- 25-05-119-022-0000
- 25-05-119-023-0000
- 25-05-119-026-0000
- 25-05-119-027-0000
- 25-05-119-030-0000
- 25-05-119-031-0000

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