

Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Report Mortgage Fraud
844-768-1713



2208812108

Doc# 2208812108 Fee \$93.00

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

KAREN A. YARBROUGH

COOK COUNTY CLERK

DATE: 03/29/2022 03:04 PM PG: 1 OF 28

The property identified as: PIN: 14-31-217-029-0000

Address:

Street: 1768 West Armitage Avenue

Street line 2:

City: Chicago

State: IL

ZIP Code: 60622

Lender: PeopleFirst Bank

Borrower: 1768 Inc.

Loan / Mortgage Amount: \$600,000.00

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

Certificate number: ED3D1C1F-678F-4274-B581-AA3BDA408AE0

Execution date: 2/4/2022

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P 28
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This document was prepared by:

J. Steven Butkus, Esq.
Guerard Kalina & Butkus
310 S. County Farm Road, Suite H
Wheaton IL 60187
(630) 665-9033 [Ext. 15]

After recording return to:

PEOPLEFIRST BANK
Attn: Commercial Loan Dept.
3100 Theodore Street
Joliet, IL 60435

**JUNIOR (SECOND) MORTGAGE, ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT, FINANCING STATEMENT,
AND FIXTURE FILING**

Dated: February 4, 2022

in the aggregate principal amount of

\$600,000.00

executed by:

1768 INC.,
an Illinois Corporation

in favor of:

PEOPLEFIRST BANK, an Illinois banking corporation

Property Address:

1768 West Armitage, Chicago (Cook County), Illinois

PERMANENT INDEX NUMBER(S):

14-31-217-029; 14-31-217-030; 14-31-217-037; and 14-31-217-042

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JUNIOR (SECOND) MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT, FINANCING STATEMENT, AND FIXTURE FILING

THIS JUNIOR (SECOND) MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT, FINANCING STATEMENT, AND FIXTURE FILING (hereinafter "**Mortgage**" or sometimes the "**Junior Mortgage**" or "**Second Mortgage**") is made as of this 4th day of February, 2022, by **1768 INC.**, an Illinois Corporation, whose address is Attn: Mr. George Nediakalayil, President, at 2290 Holly Court, Northbrook, IL 60053 ("**Mortgagor**"), in favor of **PEOPLEFIRST BANK**, an Illinois Banking Corporation, whose address is 3100 Theodore Street, Attn: Commercial Loan Department, Joliet, IL 60435 ("**Mortgagee**").

RECITALS:

A. Mortgagor's commonly owned affiliate (who also is either a tenant or otherwise involved with operations of the Mortgaged Property), namely, **Gas Depot Inc.**, an Illinois Corporation ("**Borrower**") is indebted to Mortgagee pursuant to a certain Revolving Credit Note bearing even date herewith given by Borrower to Lender (the "**Note**" or "**Revolving Credit Note**") evidencing a certain secured commercial revolving line of credit loan (including related letter of credit) in the maximum principal amount of \$2,250,000.00 (the "**Revolver**" or "**Revolving Line**" or "**Loan**") for purposes of refinancing certain existing secured debt and ongoing, specific working capital purposes, including related letter of credit financing.

B. Mortgagor acknowledges, confirms, covenants and agrees that Mortgagor (as well as such Mortgaged Property) is deriving material and significant economic and financial benefit from and through such Revolving Line financing being provided to Borrower (most particularly the Letter of Credit financing being made available through such Revolving Line subject to a Letter of Credit financing limit in an amount of **SIX HUNDRED THOUSAND AND NO/100 (\$600,000.00) DOLLARS**, which amount is, for purposes of this Mortgage, the "**Principal Sum**" and the limit of Mortgagee's loan amount pursuant to this Mortgage. Mortgagor further acknowledges and agrees that Mortgagee requires this Junior Mortgage, in such Principal Sum, as a material requirement, condition and inducement for Mortgagee to make such Loan(s). Mortgagor warrants, represents, acknowledges and confirms that there is good, sufficient and legally binding consideration for Mortgagor's execution and grant of this Mortgage to Mortgagee as collateral and security for such Note and Revolving Line.

C. Multiple advance(s) may from time to time be made under such Revolving Credit Note based upon the terms of each such respective Note as well as the below-referenced Loan Agreement and other Loan Documents.

D. As an express condition precedent and inducement to Mortgagee to make such Revolving Line (and related Letter of Credit financing thereunder), Mortgagor hereby agrees to grant and pledge to Mortgagee this Mortgage as to the Property and Mortgaged Property identified herein to secure all repayment obligations and indebtedness of such Note and Loan or so much thereof as may be disbursed and remain unpaid from time to time pursuant to the terms of a certain Revolving Line of Credit and Security Agreement of even date herewith by and between Mortgagor and Mortgagee (the "**Loan Agreement**") as well as all other amounts, obligations and liabilities due or to become due Mortgagee under all other instruments and documents related to this Mortgage and the Note (the Loan Agreement, the Note, this Mortgage, and all other instruments and documents executed and delivered in connection therewith collectively referred to as the "**Loan Documents**"); all amounts, sums and expenses payable hereunder by Mortgagee according to the terms hereof and all other obligations and liabilities of Mortgagor under this Mortgage, each of the Note and the other Loan

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Documents together with all interest on the said indebtedness, obligations, liabilities, amounts, sums and expenses (all of the aforesaid hereinafter collectively referred to as the **"Indebtedness"**) and accordingly, Mortgagor hereby mortgages, grants, bargains, sells, covenants, conveys, warrants, aliens, demises, releases, assigns, sets over and confirms unto Mortgagee, its successors and assigns:

All that certain real property legally described on **EXHIBIT "A"** attached hereto and by this reference made a part hereof (collectively the **"Property"**).

TOGETHER with Mortgagor's interest in and to all the improvements now or hereafter erected on the Property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock, and all fixtures now or hereafter made a part of the Property, together with all replacements thereof and additions thereto.

TOGETHER with all present and future personal property, including, without limitation, all "fixtures," "equipment," "proceeds," "accounts" and "general intangibles" (as said terms are defined in the Uniform Commercial Code of the State of Illinois), used or useful in connection with the ownership or operation of the Property.

TOGETHER with all leases, subleases, lettings, concessions, and licenses (or any modifications or extensions thereto) of the Property or any part thereof and all management agreements and other agreements relating to the use and occupancy of the Property or any portion thereof, now or hereafter entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, cash and securities deposited thereunder and the right to receive and collect the rents, issues and profits payable thereunder (which are pledged primarily and on a parity with said land and not secondarily);

TOGETHER with all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Mortgagor and all proceeds of the conversion, voluntary or involuntary, of the Property or any part thereof into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and compensation heretofore and hereafter made to the present and all subsequent owners of the Property by any governmental or other lawful authorities for the taking by eminent domain, condemnation or otherwise, of all or any part of the Property or any easement therein, including awards for any change of grade of streets and awards for severance damages;

TOGETHER with all right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to the Property, hereafter acquired by or released to Mortgagor or constructed, assembled or placed by Mortgagor on the Property, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described herein (the Property and all of the other aforesaid property interests encumbered and conveyed hereby are hereinafter referred to as the **"Mortgaged Property"**).

TO HAVE AND TO HOLD unto Mortgagee and its successors and assigns until the Indebtedness is paid and satisfied in full.

E. Such Mortgaged Property is also encumbered by the following certain **"Prior Mortgage"** (also sometimes called the **"First Mortgage"**), to wit: a first Mortgage instrument recorded in Cook County, Illinois on April 15, 2021, as **Document No. 2110507219** securing a certain commercial loan made by Mortgagee, **PeopleFirst Bank**, to Mortgagor in the original principal amount of **\$4,750,000.00**.

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F. So long as an Event of Default does not exist, Mortgagee will from time to time advance to Borrower upon request principal of the aforementioned revolving line of credit Loan on a revolving credit basis (“**Future Advances**”) and Borrower in its discretion may repay such Future Advances and re-borrow and use them again during the term of the Revolving Credit Note secured hereby and all such Future Advances shall have the same priority as this Mortgage as if such Future Advances were made on the date hereof consistent with the special revolving credit mortgage provisions at Section 3.20 and other applicable provisions hereof.

ARTICLE I COVENANTS OF MORTGAGOR

Mortgagor further covenants and agrees with Mortgagee as follows:

Section 1.01. Payment of the Indebtedness. Mortgagor acknowledges, covenants and agrees, as a Loan Guarantor, the Mortgagor has joint and several liability (with that of the Borrower and any other Loan obligors or guarantors) to perform and punctually pay the Indebtedness in accordance with terms of such Note and in the other Loan Documents, all in the coin and currency of the United States of America that is legal tender for the payment of public and private debts.

Section 1.02. Title to the Mortgaged Property. Mortgagor represents and covenants that: (i) Mortgagor has good and marketable title to the Mortgaged Property, free and clear of all liens except for general real estate taxes not yet due or payable and the aforementioned Prior Mortgage (the “**Permitted Exceptions**”); (ii) Mortgagor has full power and lawful authority to encumber the Mortgaged Property in the manner and form herein set forth, (iii) Mortgagor will own all fixtures and articles of personal property now or hereafter affixed and/or used in connection with the Mortgaged Property, including any substitutions or replacements thereof, free and clear of liens and claims; (iv) this Mortgage is and will remain a valid and enforceable first lien on the Mortgaged Property subject only to the Permitted Exceptions, and (v) Mortgagor will preserve such title, and will forever warrant and defend the same to Mortgagee and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever, subject only to the Permitted Exceptions.

Section 1.03. Maintenance of the Mortgaged Property. Mortgagor shall maintain the Mortgaged Property in good repair, shall comply with the requirements, regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court having competent jurisdiction over the Mortgaged Property (collectively, the “**Requirements**” and individually a “**Requirement**”) within thirty (30) days after an order containing such Requirement has been issued by any such authority and shall permit Mortgagee, upon prior notice to Mortgagor (unless there is an Event of Default, as hereinafter defined, which is continuing) to enter upon the Mortgaged Property at reasonable times and inspect the Mortgaged Property. Mortgagor shall not, without the prior written consent of Mortgagee, threaten, commit, permit or suffer to occur any waste, material alteration which either modifies the use or general nature of the occupancy of the Mortgaged Property or reduces the value of the Mortgaged Property, demolition or removal of the Mortgaged Property or any part thereof; **provided, however**, that fixtures and articles of personal property may be removed from the Mortgaged Property if Mortgagor concurrently therewith replaces the same with similar items of equal or greater value and utility, free of any lien, charge or claim of superior title. Mortgagor shall not, without the prior written consent of Mortgagee (i) initiate or acquiesce in any zoning variation or reclassification of the Mortgaged Property, or (ii) suffer or permit any change in the general nature of the Mortgaged Property.

Section 1.04. Insurance. Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured by carriers at all times satisfactory to Mortgagee against loss by fire, hazards included within the term “extended coverage,” rent loss, and such other hazards, casualties, liabilities and contingencies as Mortgagee shall require and in such amounts and for such periods as Mortgagee shall require. In

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the event the Mortgaged Property is or at any time hereafter may be designated to be in a flood hazard area, Mortgagor agrees to maintain flood insurance policies in form and amounts satisfactory to Mortgagee and issued by companies approved by Mortgagee. All premiums on insurance policies shall be paid, at Mortgagee's option, in the manner under Section 1.14 hereof, or by Mortgagor making payments, when due, directly to the carrier, or in such other manner as Mortgagee may designate in writing.

All insurance policies and renewals thereof shall be in a form acceptable to Mortgagee and shall include a standard mortgage clause in favor of and in form acceptable to Mortgagee. Mortgagor shall promptly furnish to Mortgagee all renewal notices and all receipts of paid premiums and a certificate of insurance for each required policy. At least thirty days prior to the expiration date of a policy, Mortgagor shall deliver to Mortgagee a renewal policy or certificate of renewal in form satisfactory to Mortgagee.

In the event of loss, Mortgagor shall give immediate written notice to the insurance carrier and to Mortgagee. Mortgagee may act with Mortgagor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds and to deduct therefrom Mortgagee's expenses incurred in the collection of such proceeds; provided however, that nothing contained in this Section 1.04 shall require Mortgagee to incur any expense or take any action hereunder. Mortgagor further authorizes Mortgagee, at Mortgagee's option, (a) to hold with interest the balance of such proceeds to be used to reimburse the cost of reconstruction or repair of the Mortgaged Property or (b) only if an Event of Default has occurred hereunder and has continued beyond any applicable grace or cure period, to apply the balance of such proceeds to the payment of the sums secured by this Instrument, whether or not then due.

If the insurance proceeds are held by Mortgagee to reimburse Mortgagor for the costs of restoration and repair of the Mortgaged Property, the Mortgaged Property shall be restored to the equivalent of its original condition or such other condition as Mortgagee may approve in writing. Mortgagee may, at Mortgagee's option, condition disbursement of said proceeds on Mortgagee's approval of such plans and specifications of an architect satisfactory to Mortgagee, contractor's cost estimates, architect's certificate, waivers of liens, sworn statements of mechanics and materialmen and such other evidence of costs, percentage completion of construction, application of payments, and satisfaction of liens as Mortgagee may require. If the insurance proceeds are applied to the payment of the sums secured by this Instrument, any such application of proceeds to principal shall not be subject to any prepayment penalty and shall not extend or postpone the due dates of the monthly installments referred to in Section 1.01 hereof or change the amounts of such installments. If the Mortgaged Property is sold pursuant to Article II hereof or if Mortgagee acquires title to the Mortgaged Property, Mortgagee shall have all of the rights, title and interest of Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

Section 1.05. Maintenance of Existence. Mortgagor will, so long as it is owner of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation, and will comply with all Requirements applicable to Mortgagor or to the Mortgaged Property or any part thereof.

Section 1.06. Taxes and Other Charges. (a) Mortgagor shall pay and discharge when due all taxes of every kind and nature, water rates, sewer rents and assessments, levies, permits, inspection and license fees and all other charges imposed upon or assessed against the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof (collectively, the "Impositions") and, unless Mortgagor is making monthly deposits with Mortgagee in accordance with Section 1.14 hereof with respect to any such amount, Mortgagor shall exhibit to Mortgagee within five (5) business days after the same shall have become due, validated receipts showing the payment of such Impositions. Should Mortgagor default in the payment of any of the foregoing

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Impositions, Mortgagee may, but shall not be obligated to, pay the same or any part thereof and Mortgagor shall, on demand, reimburse Mortgagee for all amounts so paid together with interest computed at the applicable Default Rate set forth in the Note.

(b) Nothing in this Section 1.06 shall require the payment or discharge of any obligation imposed upon Mortgagor by subparagraph (a) of this Section 1.06 so long as Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings, which proceedings must operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Mortgaged Property or any part thereof to satisfy the same; **provided that** (i) Mortgagor has notified Mortgagee in writing in advance of its intent to contest such taxes, and (ii) during such contest Mortgagor shall, at the option of Mortgagee, provide security satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligation hereunder and of any additional interest, charge, penalty or expense arising from or incurred as a result of such contest.

Section 1.07. Mechanics' and Other Liens. (a) Mortgagor shall pay, from time to time when the same shall become due, all claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income or profits arising therefrom and, in general, Mortgagor shall do, or cause to be done, at the cost of Mortgagor and without expense to Mortgagee, everything necessary to fully preserve the lien of this Mortgage. If Mortgagor fails to make payment of any such claims and demands, Mortgagee may, but shall not be obligated to, make payment thereof, and Mortgagor shall, upon demand, reimburse Mortgagee for all sums so expended together with interest computed at the applicable Default Rate set forth in the Note.

(b) Nothing in this Section 1.07 shall require the payment or discharge of an obligation imposed upon Mortgagor by subparagraph (a) of this Section 1.07 so long as Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which proceedings must operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Mortgaged Property or any part thereof to satisfy the same; provided that (i) Mortgagor has notified Mortgagee in writing, in advance, of its intent to contest such liens, and (ii) during such contest Mortgagor shall, at the option of Mortgagee, provide security satisfactory to Mortgagee (in Mortgagee's sole discretion), assuring the discharge of Mortgagor's obligations hereunder and of any additional interest, charge or expense arising from or incurred as a result of such contest.

Section 1.08. Condemnation Awards. The proceeds of any award or claim for damages, direct or consequential, payable to Mortgagor in connection with any condemnation or other taking of all or any part of the Mortgaged Property, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee. Mortgagee may elect to apply the proceeds of the award upon or in reduction of the Indebtedness, whether due or not, or to require Mortgagor to restore or rebuild, in which event the proceeds shall be held by Mortgagee and used to reimburse Mortgagor for costs incurred in connection with the rebuilding or restoring the Mortgaged Property or the improvements thereon. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the award, before being entitled to reimbursement out of the award. Any surplus that may remain out of said award after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the Indebtedness, or be paid to any other party entitled thereto.

Section 1.09. Authorization. Mortgagor hereby covenants and represents that the execution and delivery of this Mortgage, the Note and all of the other Loan Documents executed by Mortgagor have been duly authorized and that there is no provision in any instrument or document to which Mortgagor is a party or by which Mortgagor may be bound that requires further consent for such action by any other entity or person; it is duly organized, validly existing and in good standing under the laws of the state of its formation, and has (a) all necessary licenses, authorizations, registrations and approvals and (b) full power and authority to own its

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properties and carry on its business as presently conducted; and the execution and delivery by and performance of its obligations under this Mortgage, the Note and the other Loan Documents will not result in Mortgagor being in default under any provision of any instrument or document to which Mortgagor is a party or by which Mortgagor may be bound, or any law, order, writ, injunction or decree of any court or governmental authority.

Section 1.10. Costs of Defending and Upholding the Lien. If any action or proceeding is commenced to which action or proceeding Mortgagee is made a party or in which it becomes necessary to defend or uphold the lien of this Mortgage, Mortgagor shall, on demand, reimburse Mortgagee for all expenses (including, without limitation, attorneys' fees and costs) incurred by Mortgagee in any such action or proceeding to the extent that Mortgagee is the successful party in any such action or proceeding.

Section 1.11. Additional Advances and Disbursements. Except as otherwise may be permitted hereunder, Mortgagor shall pay when due all payments and charges on all liens, encumbrances, ground and other leases, and security interests which may be or become superior or inferior to the lien of this Mortgage, and in default thereof Mortgagee shall have the right, but shall not be obligated, to pay such payments and charges and Mortgagor shall, on demand, reimburse Mortgagee for amounts so paid and all costs and expenses incurred in connection therewith, together with interest thereon, at the Default Rate from the date such payments and charges are so advanced until the same are paid to Mortgagee. In addition, upon default of Mortgagor in the performance of any other terms, covenants, conditions or obligations by it to be performed under any such prior or subordinate lien, encumbrance, lease or security interest following any applicable grace or cure period therein provided, Mortgagee shall have the right, but not the obligation, to cure such default in the name of and on behalf of Mortgagor. All sums advanced and expenses incurred at any time by Mortgagee pursuant to this Section 1.11 or as otherwise provided under the terms and provisions of this Mortgage or under applicable law shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at a rate equivalent to the Default Rate.

Section 1.12. Costs of Enforcement. Mortgagor agrees to bear and pay all expenses (including attorneys' fees and costs) of or incidental to the enforcement of any provision hereof, or the enforcement, compromise or settlement of this Mortgage or the Indebtedness, or for defending or asserting the rights and claims of Mortgagee in respect thereof, by litigation or otherwise. All rights and remedies of Mortgagee shall be cumulative and may be exercised singly or concurrently.

Section 1.13. Mortgage Taxes. Mortgagor shall pay any and all taxes, charges, filing, registration and recording fees, excises and levies imposed upon Mortgagee by reason of its ownership of the Note or this Mortgage or any mortgage supplemental hereto, any security instrument with respect to any fixtures or personal property owned by Mortgagor at the Mortgaged Property and any instrument of further assurance, other than income, franchise and doing business taxes, and shall pay all stamp taxes and other taxes required to be paid on the Note. If Mortgagor fails to make such payment within five (5) days after written notice thereof from Mortgagee, then Mortgagee shall have the right, but shall not be obligated, to pay the amount due, and Mortgagor shall, on demand, reimburse Mortgagee for said amount, together with interest at the Default Rate computed from the date of payment by Mortgagee.

Section 1.14. Escrow of Funds for Taxes, Insurance and Other Charges. Subject to applicable law or to an express, specific written waiver by Mortgagee, in addition to the required Note payments, Mortgagor shall pay to Mortgagee on the day monthly installments of principal or interest are payable under the Note (or on another day designated in writing by Mortgagee), until the Note is paid in full, a sum (herein the "Funds") equal to one-twelfth of (a) the yearly taxes and assessments which may be levied on the Mortgaged Property, and (b) the yearly premium installments for fire and other hazard insurance and such other insurance covering the Mortgaged Property as Mortgagee may require, all as reasonably estimated initially and from time to time by Mortgagee on the basis of assessments and bills and reasonable estimates thereof. Any waiver by Mortgagee of a requirement that Mortgagor pay such Funds may be revoked by Mortgagee, in Mortgagee's sole discretion, at any time upon

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notice in writing to Mortgagor. Mortgagee may require Mortgagor to pay to Mortgagee, in advance, such other Funds for other taxes, charges, premiums, assessments and impositions in connection with Mortgagor or the Mortgaged Property which Mortgagee shall deem necessary to protect Mortgagee's interests (herein "**Other Impositions**"). Unless otherwise provided by applicable law, Mortgagee may require Funds for Other Impositions to be paid by Mortgagor in a lump sum or in periodic installments, at Mortgagee's option, from time to time.

The Funds shall be held in an institution(s) the deposits or accounts of which are insured or guaranteed by a Federal or state agency (including Mortgagee if Mortgagee is such an institution). Mortgagee shall apply the Funds to pay said taxes, assessments, insurance premiums and Other Impositions so long as Mortgagor is not in breach of any covenant or agreement of Mortgagor in this Mortgage. Mortgagee shall make no charge for so holding and applying the Funds, analyzing said account or for verifying and compiling said assessments and bills, unless applicable law permits Mortgagee to make such a charge. Unless applicable law requires interest, earnings or profits to be paid, Mortgagee shall **not** be required to pay Mortgagor any interest, earnings or profits on the Funds. Mortgagee shall give to Mortgagor, without charge, an annual accounting of the Funds in Mortgagee's normal format showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. **The Funds are hereby pledged as additional security for all obligations, indebtedness and sums secured by this Mortgage.**

If the amount of the Funds held by Mortgagee at the time of the annual accounting thereof shall exceed the amount deemed necessary by Mortgagee to provide for the payment of taxes, assessments, insurance premiums, and Other Impositions as they fall due, such excess may, in Mortgagee's discretion, be credited to Mortgagor on the next monthly installment or installments of Funds due. If at any time the amount of the Funds held by Mortgagee shall be less than the amount deemed necessary by Mortgagee to pay taxes, assessments, insurance premiums, rents and Other Impositions as they fall due, Mortgagor shall pay to Mortgagee an amount necessary to make up the deficiency within not more than thirty (30) days after notice from Mortgagee to Mortgagor requesting payment thereof.

Upon the occurrence of an Event of Default, Mortgagee may apply, in any amount and in any order as Mortgagee shall determine in Mortgagee's sole discretion, any Funds held by Mortgagee at the time of application (i) to pay rates, rents, taxes, assessments, insurance premiums and Other Impositions which are now or will hereafter become due, or (ii) as a credit against sums secured by this Mortgage. Upon complete payment in full of all obligations, indebtedness and sums secured by this Mortgage, Mortgagee shall refund to Mortgagor any Funds held by Mortgagee.

Mortgagee may, in its sole discretion, elect at any time to suspend imposition of the foregoing required escrow of such Funds for real estate taxes and other impositions, provided, however, any such suspension shall be subject to Mortgagee's right to elect to reinstate and/or commence imposition of such escrow requirements at any future date during the term of the Loan, by written notice thereof to Mortgagor.

Section 1.15. Acceleration in Case of Mortgagor's Insolvency. If Mortgagor shall voluntarily file a petition under the Federal Bankruptcy Code, as such Code may from time to time be amended, or under similar or successor Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in any involuntary proceeding admitting insolvency or inability to pay debts, or if Mortgagor shall fail to obtain a vacation or stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Mortgagor, or if Mortgagor shall be adjudged a bankrupt or if a trustee or receiver shall be appointed for Mortgagor or Mortgagor's property, or if any part of the Mortgaged Property shall become subject to the jurisdiction of a Federal bankruptcy court or similar state court, or if Mortgagor shall make an arrangement for the benefit of Mortgagor's creditors, or if there is an attachment, execution or other judicial seizure of any portion of Mortgagor's assets and such seizure is not discharged within ten days, then

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Mortgagee may, at Mortgagee's option, declare all the sums secured by this Mortgage to be immediately due and payable without prior notice to Mortgagor, and Mortgagee may invoke any remedies permitted by Article II of this Mortgage. Any attorneys' fees and other expenses incurred by Mortgagee in connection with Mortgagor's bankruptcy or any of the other aforesaid events shall be additional indebtedness of Mortgagor secured by this Mortgage. For purposes of this Section 1.15, the term "Mortgagor" shall include any beneficiary of Mortgagor if Mortgagor is a land trustee.

Section 1.16. Restrictive Covenants. Mortgagor agrees that in determining whether or not to make the Loan, Mortgagee evaluated the background and experience of Mortgagor in owning and developing property such as the Mortgaged Property, found them acceptable and relied and continues to rely upon the same as the means of maintaining the value of the Mortgaged Property which is Mortgagee's primary security for the Note. Mortgagor is experienced in borrowing money and owning and developing property such as the Mortgaged Property, has been ably represented by a licensed attorney at law in the negotiation and documentation of the Loan and having bargained at arm's length and without duress of any kind for all of the terms and conditions of the Loan, including this provision. Mortgagor recognizes that Mortgagee is entitled to keep its loan portfolio at current interest rates by, among other things, making new loans at such rates. Mortgagor further recognizes that any further financing placed upon the Mortgaged Property (1) could divert funds which would otherwise be used to pay the Indebtedness, (2) could result in acceleration and foreclosure of said further encumbrance which would force Mortgagee to take measures and incur expenses to protect its security, (3) would detract from the value of the Mortgaged Property should Mortgagee come into possession thereof with the intention of selling the same, and (4) would impair Mortgagee's right to accept a deed in lieu of foreclosure, because a foreclosure by Mortgagee would be necessary to clear the title to the Mortgaged Property.

In accordance with the foregoing and for the purposes of (1) protecting Mortgagee's security for the repayment of each respective Loan, the value of the Mortgaged Property and the payment of the Indebtedness and the performance of Mortgagor's obligations under the Loan Documents; (2) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; and (3) keeping the Mortgaged Property free of subordinate mortgage liens, Mortgagor agrees that if this Section 1.16 be deemed a restraint on alienation, that it is a reasonable one, and that Mortgagor shall not, without the prior written consent of Mortgagee, create, effect, consent to, suffer or permit any **"Prohibited Transfer"** (as defined herein). A **"Prohibited Transfer"** shall include any sale or other conveyance, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation, including but not limited to the entering into of any contract, sale, installment sale or sale under articles of agreement, the placement or granting of liens or the placement or granting of chattel mortgages, conditional sales contracts, financing or security agreements which would be or create a lien, the placement or granting of a mortgage commonly known as a "wrap around" mortgage or an improvement loan, on any of the following properties, rights, or interests which occurs, is granted, accomplished, attempted or effectuated without the prior written consent of Mortgagee:

- a. If Mortgagor shall create, effect, contract for, commit to or consent to, or shall suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Mortgaged Property of any part thereof, or interest therein, excepting only sales or other dispositions of personalty no longer useful in connection with the operation of the Mortgaged Property, provided that prior to the sale or other disposition thereof, such personalty has been replaced by other personalty, subject to the first and prior lien hereof, of at least equal value and utility; or
- b. In the event that Mortgagor is a land trustee, if any beneficiary of Mortgagor shall create, effect, contract for, commit to or consent to, or shall suffer or permit any sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of such beneficiary's beneficial interest in Mortgagor; or

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- c. In the event that Mortgagor or any beneficiary of Mortgagor is a partnership, corporation, or company, if Mortgagor or any partner, shareholder or member of such beneficiary shall create, effect, contract for, commit to or consent to, or shall suffer or permit any encumbrance, sale, assignment, transfer, lien, pledge, mortgage, security interest, or other encumbrance or alienation of any such partnership interest, shares of stock, or membership interest,

in each case whether any such conveyance, sale (installment or otherwise), assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation is effected directly, indirectly, voluntarily or involuntarily, by operation of law or otherwise; ***provided, however***, that the foregoing provisions of this Section 1.16 shall not apply to: (i) any Prior Mortgages (as herein defined), which exist in favor of Mortgagee; (ii) the lien in favor of Mortgagee securing the Indebtedness, (iii) the lien of current taxes and assessments not yet due and payable, (iv) the Permitted Exceptions. Any consent by Mortgagee or any waiver of any condition or Event of Default under this Section 1.16 shall not constitute a consent to or waiver of any right, remedy or power of Mortgagee upon a subsequent Event of Default under this Section 1.16. Mortgagor acknowledges that any agreements, liens or encumbrances created in violation of the provisions of this Section 1.16 shall, at the option of Mortgagee, be voidable and, if Mortgagee exercises the option to void such agreement, lien, or encumbrance, it shall be of no further force or effect, and to the extent the provisions of this Section 1.16 conflict with or are inconsistent with similar provisions of the Note or any of the Loan Documents, the provisions of this Section 1.16 shall govern and control.

Section 1.17. Estoppel Certificate. Mortgagor, within three (3) business days upon request in person or within five (5) business days upon request by mail, shall furnish to Mortgagee a written statement, duly acknowledged, setting forth the amount due on this Mortgage, the terms of payment and maturity date of the Note, the date to which interest has been paid, whether any offsets or defenses exist against the Indebtedness and, if any are alleged to exist, the nature thereof shall be set forth in detail.

Section 1.18. Indemnity. Mortgagor hereby represents and covenants that it has dealt with no broker, finder or like agent in connection with the Indebtedness. In addition to any other indemnity provisions of this Mortgage, Mortgagor will indemnify, defend, and hold Mortgagee harmless against any loss, liability, cost or expense, including, without limitation, any judgments, attorney's fees and costs arising out of or relating to any claim by any such broker, finder or like agent who dealt with Mortgagor.

Section 1.19. Mortgagee's Performance of Defaulted Acts; Protective Advances; Subrogation; Reliance on Bills. In the event Mortgagor fails to perform any of its covenants and agreements herein or such Note secured hereby or any of the other Loan Documents, Mortgagee may, but need not, make any payment or perform any act herein or therein required of Mortgagor, in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on any Prior Encumbrances (as hereinafter defined), if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof or redeem from any tax sale on, forfeiture affecting the Mortgaged Property or contest any tax or assessment.

All advances, disbursements and expenditures (collectively "**advances**") made by Mortgagee before and during foreclosure, prior to sale, and where applicable, after sale, for the following purposes, including interest thereon at the applicable Default Rate set forth in the Note, are hereinafter referred to as "**Protective Advances**";

- (a) advances pursuant to this Section 1.19 and Sections 1.04, 1.07, 1.11 and 1.13 of this Mortgage;
- (b) advances in accordance with the terms of this Mortgage to: (i) protect, preserve or restore the Mortgaged Property; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b) (5) of Section 735 ILCS 5/15-1302 of the Act;

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- (c) payments of (i) installments of principal, interest or other obligations in accordance with the terms of any Prior Encumbrance: (ii) installments of real estate taxes and other Impositions: (iii) other obligations authorized by this Mortgage: or (iv) any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, all as referred to in the first paragraph of this Section 1.19 of this Mortgage and in Section 735 ILCS 5/15-1505 of the Act;
- (d) attorneys' fees and other costs incurred in connection with the foreclosure of this Mortgage as referred to in Sections 735 ILCS 5/15-1504(d)(2) and 735 ILCS 5/15-1510 of the Act and in connection with any other litigation or administrative proceeding to which Mortgagee may be or become or be threatened or contemplated to be a party, including probate and bankruptcy proceedings, or in the preparation for the commencement or defense of any such suit or proceeding, including filing fees, appraisers' fees, outlays for documents and expert evidence, witness fees, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of judgment) of procuring all such abstracts of title, title charges and examinations, foreclosure minutes, title insurance policies, appraisals, and similar data and assurances with respect to title and value as Mortgagee may deem necessary either to prosecute or defend such suit or, in case of foreclosure, to evidence to bidders at any sale which may be had pursuant to the foreclosure judgment the true condition of the title to or the value of the Mortgaged Property;
- (e) Mortgagee's fees and costs arising between the date of entry of judgment of foreclosure and the date of confirmation hearing as referred to in Subsection (b) (1) of Section 735 ILCS 5/15-1508 of the Act;
- (f) Mortgagee's advances of any amount required to make up a deficiency in deposits for installments of Impositions, as required of Mortgagor by Section 1.06 of this Mortgage;
- (g) expenses deductible from proceeds of sale referred to in Subsections (a) and (b) of Section 735 ILCS 5/15-1512 of the Act; and
- (h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if any of the Mortgaged Property consists of an interest in 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; (ii) premiums upon casualty and liability insurance made by Mortgagee whether or not Mortgagee or a receiver is in possession, without regard to the limitation to maintaining of insurance in effect at the time any receiver or mortgagee takes possession of the Mortgaged Property imposed by Subsection (c) (1) of Section 735 ILCS 5/15-1704 of the Act; (iii) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Property or required to be made by the owner of the Mortgaged Property under any grant or declaration of easement, easement agreement, reciprocal easement agreement, agreement with any adjoining land owners or other instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; and (iv) operating deficits incurred by Mortgagee in possession or reimbursed by Mortgagee to any receiver. This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time the Mortgage is recorded, pursuant to Subsection (b)(5) of Section 735 ILCS 5/15-1302 of the Act.

The Protective Advances shall, except to the extent, if any, that any of the same are clearly contrary to or inconsistent with the provisions of the Act, be included in:

- (a) determination of the amount of indebtedness secured by this Mortgage at any time;
- (b) the indebtedness found due and owing to Mortgagee in the judgment of foreclosure and any subsequent amendment of such judgment, supplemental judgments, orders, adjudications or findings

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by the court of any additional indebtedness becoming due after entry of such judgment, it being hereby agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

- (c) if the right of redemption has not been waived by this Mortgage, computation of the amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 735 ILCS 5/15-1603 of the Act;
- (d) determination of amounts deductible from sale proceeds pursuant to Section 735 ILCS 5/15-1512 of the Act;
- (e) determination of the application of income in the hands of any receiver or mortgagee in possession; and
- (f) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Section 735 ILCS 5/15-1506 and Section 735 ILCS 5/15-1511 of the Act.

All moneys paid for Protective Advances or any of the other purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other moneys advanced by Mortgagee to protect the Mortgaged Property and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the applicable Default Rate set forth in the Note. Inaction of Mortgagee shall not be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

Should the proceeds of the Note or any part thereof, or any amount paid out or advanced hereunder by Mortgagee, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any senior mortgage (as described in Subsection (a) of Section 735 ILCS 5/15-1505 of the Act) or any other lien or encumbrance upon the Mortgaged Property or any part thereof on a parity with or prior or superior to the lien hereof (each, a **"Prior Encumbrance"**), then as additional security hereunder, Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote, regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment.

Mortgagee in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted.

Section 1.20. Environmental Matters.

- a. Definitions. As used herein, the following terms shall have the following meanings:
 - i. **"Environmental Laws"** means all federal, state and local statutes, laws, rules, regulations, ordinances, requirements, or rules of common law, including, but not limited to, those listed or referred to in paragraph (b) below, any judicial or administrative interpretations thereof, and any judicial and administrative consent decrees, orders or judgments, whether now existing or hereinafter promulgated, relating to public health and safety and protection of the environment.
 - ii. **"Hazardous Material"** means without limitation, above or underground storage tanks, flammables, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, methane, lead-based paint, polychlorinated biphenyl compounds, hydrocarbons or like substances and their additives or constituents, pesticides and toxic or hazardous substances or

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materials of any kind, including without limitations, substances now or hereafter defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the following statutes, as amended: the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Sec. 9601, et seq., "CERCLA") as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Sec 9671 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. Sec. 1801 et seq.); the Toxic Substances Control Act (15 U.S.C. Sec. 2601, et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Sec. 6901, et seq.); the Clean Air Act (42 U.S.C. Sec. 7401 et seq.); the Clean Water Act (33 U.S.C. Sec. 1251, et seq.); the Rivers and Harbors Act (33 U.S.C. Sec. 401 et seq.); the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.) and any so-called "Superlien Law"; and in the regulations promulgated pursuant thereto, and any other applicable federal, state or local law, common law, code, rule, regulation, order, policy or ordinance, presently in effect or hereafter enacted, promulgated or implemented. Nothing contained herein shall prevent the storage, use and disposal on the Mortgaged Property of cleaning compounds in amounts and concentrations usually used in building maintenance in accordance with the requirements of Environmental laws.

- iii. "Environmental Liability" means any losses, liabilities, obligations, penalties, charges, fees, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, response costs, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against Mortgagee, and its affiliates, shareholders, directors, officers, employees, and agents (collectively "Affiliates") in connection with or arising from:
- (1) any Hazardous Material on, in, under or affecting all or any portion of the Mortgaged Property, the groundwater, or any surrounding areas;
 - (2) any misrepresentation, inaccuracy or breach of any warranty, covenant or agreement contained or referred to in this section of a material nature;
 - (3) any violation or claim of violation by Mortgagor of any Environmental Laws;
 - (4) the imposition of any lien for damages caused by, or the recovery of any costs for, the cleanup, release or threatened release of Hazardous Material;
 - (5) the costs of removal of any and all Hazardous Materials from all or any portion of the Mortgaged Property or any surrounding areas; and
 - (6) costs incurred to comply, in connection with all or any portion of the Mortgaged Property or any surrounding areas, with all Environmental Laws with respect to Hazardous Materials.
- b. Representations and Warranties. Mortgagor hereby represents and warrants to Mortgagee that to the best of Mortgagor's actual knowledge without independent investigation or inquiry:
- i. Compliance. The Mortgaged Property (including underlying groundwater and areas leased to tenants, if any), and the use and operation thereof, are currently in compliance with all applicable Environmental Laws. All required governmental permits and licenses are in effect, and

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Mortgagor is in compliance therewith. All Hazardous Material generated or handled on the Mortgaged Property, if any, has been disposed of in a lawful manner.

- ii. Absence of Hazardous Material. No generation, manufacture, storage, treatment, transportation or disposal of Hazardous Material is occurring on or from the Mortgaged Property. No underground storage tanks (including petroleum storage tanks) are present on or under the Mortgaged Property.
 - iii. Proceedings and Actions. There are no pending or threatened: (a) actions or proceedings by any governmental agency or any other entity regarding public health risks or the environmental condition of the Mortgaged Property, or the disposal or presence of Hazardous Material, or regarding any Environmental Laws; or (b) liens or governmental actions, notices of violations, notices of non-compliance or other proceedings of any kind that could impair the value of the Mortgaged Property, or the priority of the lien of this Mortgage, or of any of the other documents or instruments now or hereafter given as security for the indebtedness secured by this Mortgage.
- c. Mortgagor's Covenants. Mortgagor hereby covenants and agrees with Mortgagee as follows:
- i. Compliance. The Mortgaged Property and the use and operation thereof shall comply with all Environmental Laws. All required governmental permits and licenses shall remain in effect and Mortgagor shall comply therewith. All Hazardous Material present, handled or generated on the Mortgaged Property will be disposed in a lawful manner. Mortgagor will satisfy all requirements of applicable Environmental Laws for the maintenance and removal of all underground storage tanks on the Mortgaged Property. Without limiting the foregoing, all Hazardous Material shall be handled in compliance with all applicable Environmental Laws.
 - ii. Absence of Hazardous Material. No Hazardous Material shall be introduced to or handled on the Mortgaged Property.
 - iii. Proceedings and Actions. Mortgagor shall immediately notify Mortgagee and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports or notices relating to the environmental condition of the Mortgaged Property or compliance with Environmental Laws. Mortgagor shall promptly cure and have dismissed any such actions and proceedings to the satisfaction of Mortgagee. Mortgagor shall keep the Mortgaged Property free of any lien imposed pursuant to any Environmental Laws.
 - iv. Environmental Audit. Mortgagor shall provide such information and certifications that Mortgagee may request from time to time to insure Mortgagor's compliance with this section. To investigate Mortgagor's compliance with Environmental Laws and with this section, Mortgagee shall have the right, but not the obligation, to enter upon the Mortgaged Property, take samples, review Mortgagor's books and records, interview Mortgagor's employees and officers, and conduct similar activities. Mortgagor shall cooperate in the conduct of such an audit.
- d. Mortgagee's Right to Rely. Mortgagee is entitled to rely upon Mortgagor's representations and warranties contained in this section despite any independent investigations by Mortgagee or its consultants. Mortgagor shall take actions to determine for itself, and to remain aware of, the environmental condition of the Mortgaged Property and shall have no right to rely upon any environmental investigations or findings made by Mortgagee or its consultants.

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- c. Indemnification. Mortgagor agrees to indemnify, defend (at trial and appellate levels and with counsel acceptable to Mortgagee and at Mortgagor's sole cost) and hold Mortgagee and its Affiliates free and harmless from and against Mortgagee's Environmental Liability. The foregoing indemnity shall survive satisfaction of the loan evidenced by the Note and any transfer of the Mortgaged Property to Mortgagee by voluntary transfer, foreclosure or by a deed in lieu of foreclosure. This indemnification shall not apply to any liability incurred by Mortgagee as a direct result of affirmative actions of Mortgagee as owner and operator of the Mortgaged Property after Mortgagee has acquired title to the Mortgaged Property and which actions are the sole and direct cause of damage resulting from the introduction and initial release of a Hazardous Material upon the Mortgaged Property by Mortgagee; *provided*, however, this indemnity shall otherwise remain in full force and effect, including, without limitation, with respect to Hazardous Material which is discovered or released at the Mortgaged Property after Mortgagee acquires title to the Mortgaged Property but which was not actually introduced at the Mortgaged Property by Mortgagee, with respect to the continuing migration or release of Hazardous Material previously introduced at or near the Mortgaged Property and with respect to all substances which may be Hazardous Material and which are situated at the Mortgaged Property prior to Mortgagee taking title but are removed by Mortgagee subsequent to such date. Notwithstanding any provision to the contrary set forth herein, Mortgagor shall not be liable for any Environmental Liability suffered or incurred as a result of (i) any Hazardous Materials having been brought onto the Mortgaged Property after Mortgagee or its agents or nominees has taken title to or actual possession and control of the Mortgaged Property, provided that neither Mortgagor nor Mortgagor's agents took any part in the introduction of such Hazardous Materials onto the Mortgaged Property, or (ii) any negligence on the part of Mortgagee or its agents or nominees in removing any Hazardous Materials from the Mortgaged Property, to the extent of any additional Environmental Liability resulting therefrom.
- f. Waiver. Mortgagor, its successors and assigns, hereby waives, releases and agrees not to make any claim or bring any cost recovery action against Mortgagee under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that Mortgagee is strictly liable under any Environmental Laws, Mortgagor's obligation to Mortgagee under this indemnity (to the extent limited by the foregoing paragraph (c)) shall likewise be without regard to fault on the part of Mortgagor with respect to the violation of condition which results in liability to Mortgagee.

Section 1.21 Inspection. Mortgagee may make or cause to be made entries upon and inspections of the Mortgaged Property.

Section 1.22 Books and Records. Mortgagor shall keep and maintain at all times at Mortgagor's address stated below, or such other place as Mortgagee may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Mortgaged Property and copies of all written contracts, leases and other instruments which affect the Mortgaged Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any time by Mortgagee. Mortgagor shall, within ninety (90) days after the end of each fiscal year of Mortgagor, furnish to Mortgagee financial and operating statements of the Mortgaged Property for such fiscal year, in reasonable detail, and in any event including such itemized statements of receipts and disbursements as shall enable Mortgagee to determine whether an Event of Default then exists. Such financial and operating statements shall be prepared at Mortgagor's expense in a manner acceptable to Mortgagee, and shall include a statement as to whether or not an Event of Default exists hereunder.

Section 1.23 Uniform Commercial Code Security Agreement. This Mortgage is intended to be a security agreement pursuant to the Illinois Uniform Commercial Code (the "Code") for any of the items specified above as part of the Mortgaged Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Mortgagor hereby grants Mortgagee a security interest in said items.

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Mortgagor agrees that Mortgagee may file this Mortgage, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Mortgaged Property. Any reproduction of this Mortgage or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Mortgagor agrees to execute and deliver to Mortgagee, upon Mortgagee's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproduction of this Mortgage in any form as Mortgagee may require to perfect a security interest with respect to said items. Mortgagor shall pay all costs of filing statements and any extensions, renewals, amendments and releases thereof, and shall pay all costs and expenses of any record searches for financing statements Mortgagee may require. Without the prior written consent of Mortgagee, Mortgagor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto. Upon Mortgagor's breach of any covenant or agreement of Mortgagor contained in this Mortgage, including the covenants to pay when due all sums secured by this Mortgage, Mortgagee shall have the remedies of a secured party under the Uniform Commercial Code and, at Mortgagee's option, may also invoke the remedies provided in Article II of this Mortgage as to such items. In exercising any of said remedies, Mortgagee may proceed against the items of real property and any items of personal property specified above as part of the Mortgaged Property separately or together and in any order whatsoever, without in any way affecting the availability of Mortgagee's remedies under the Uniform Commercial Code or of the remedies provided in Article II of this Mortgage.

Section 1.24. Indemnification. Mortgagor agrees to indemnify and hold Mortgagee harmless from any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, decrees, costs and expenses (including attorneys' fees), arising directly or indirectly, in whole or in part, out of the acts and omissions whether negligent, willful or otherwise, of Mortgagor, or any of its officers, directors, agents, subagents, or employees, in connection with this Mortgage or as a result of: (a) ownership of the Mortgaged Property or any interest therein or receipt of any rent or other sum therefrom; (b) any accident, injury to or death of persons or loss of or damage to property occurring in, or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, vaults and vault space, if any, adjacent parking areas, streets or ways; (c) any use, non-use or condition of the Mortgaged Property or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, if any, the adjacent parking areas, streets or ways; (d) any failure on the part of the Mortgagor to perform or comply with any of the terms of this Mortgage; or (e) the performance of any labor or services or the furnishing of any materials or other property with respect to the Mortgaged Property or any part thereof. Any amounts payable to the Mortgagee under this paragraph which are not paid within ten (10) days after written demand therefor by the Mortgagee shall bear interest at the applicable Default Rate defined in the Note. The obligations of the Mortgagor under this paragraph shall survive any termination or satisfaction of this Mortgage.

ARTICLE II DEFAULT AND REMEDIES

Section 2.01. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Mortgage (subject to any applicable notice and/or cure periods specifically set forth in the Note or the other Loan Documents):

- (a) default in the payment of principal or interest on such Note, or default in payment of any other amounts required to be paid hereunder, whether by maturity or acceleration, on or before the due date thereof; or
- (b) default in the due observance or performance of any of the other monetary or non-monetary terms, covenants or conditions contained in this Mortgage or in any of the other Loan Documents; or
- (c) if any certification, assurance, representation or warranty made herein or any other Loan Documents proves to be untrue or misleading in any material respect when made; or

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- (d) if Mortgagor ceases to do business or terminates its business as presently conducted for any reason whatsoever; or
- (e) the occurrence of a Prohibited Transfer; or
- (f) the occurrence of any "Event of Default" as such term is defined in the respective Note(s), the Loan Agreement or any of the other Loan Documents, which may include, but not be limited to, occurrence of a cross-default as may be further provided in such Note or such Loan Agreement or Loan Documents; or
- (g) the occurrence of any "Event of Default" with respect to any of the aforementioned Prior Mortgage(s) or any loan or indebtedness secured by the same.

Section 2.02. Remedies. (a) Upon the occurrence of any Event of Default, Mortgagee 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 Mortgaged 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 Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee: (1) declare a portion of or the entire unpaid Indebtedness to be immediately due and payable without any presentment, demand, protest or notice of any kind to Mortgagor; or (2) enter into or upon the Mortgaged Property, either personally or by its agents, nominees or attorneys as provided in subsections (b)(2) and (c) of Section 735 ILCS 5/15-1701 of the Illinois Mortgage Foreclosure Law (the "**Act**") and dispossess Mortgagor and its agents and servants therefrom, and thereupon Mortgagee may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Mortgaged Property and conduct the business thereat; (ii) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property; (iii) exercise all rights and powers of Mortgagor with respect to the Mortgaged 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 earnings, revenues, rents, issues, profits and other income of the Mortgaged Property and every part thereof, (iv) apply the receipts from the Mortgaged Property to the payment of the Indebtedness, after deducting therefrom all expenses (including attorneys' fees and disbursements) incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, assessments, insurance and other charges in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of Mortgagee, its counsel, agents and employees; and (v) exercise all rights and powers provided in Section 735 ILCS 5/15-1703 of the Act; or (3) institute proceedings for the complete foreclosure of this Mortgage (in which case the Mortgaged Property may be sold for cash or upon credit in one or more parcels) and pursue all remedies afforded to a mortgagee under and pursuant to the Act; or (4) 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 Mortgage for the portion of the Indebtedness then due and payable, subject to the continuing lien of this Mortgage for the balance of the Indebtedness not then due and payable; or (5) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the respective Note(s) or in any of the other Loan Documents; or (6) recover judgment on the respective Note(s) either before, during or after any proceedings for the enforcement of this Mortgage; or (7) apply for the appointment of mortgagee-in-possession relief and/or appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Indebtedness and without regard for the solvency of Mortgagor, or of any person, firm or other entity liable for the payment of the Indebtedness; (8) pursue any available remedies pursuant to the Illinois Uniform Commercial Code; or (9) pursue such other remedies as Mortgagee may have under the Loan Documents or under applicable law. **It is understood and agreed that all of Mortgagee's rights, remedies and recourses, pursuant to this Mortgage as well as any other Loan Documents are**

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cumulative and not mutually exclusive and may be exercised by Mortgagee in such manner and combination as Mortgagee may elect to fullest extent permitted under applicable law.

(b) The proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in accordance with the provisions of Subsection (c) of Section 735 ILCS 5/15-1512 of the Act. The judgment of foreclosure or order confirming the sale shall provide (after application pursuant to Subsections (a) and (b) of said Section 735 ILCS 5/15-1512) for application of sale proceeds in the following order of priority; first, all items not covered by the provisions of said Subsections (a) and (b), which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; and second, all principal and interest remaining unpaid on the Note.

(c) Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(d) Upon the completion of any sale or sales made by Mortgagee under or by virtue of this Article II, Mortgagee, or an officer of any court empowered to do so, shall execute and deliver to the purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Any such sale or sales made under or by virtue of this Article II, whether made under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under Mortgagor.

(e) Upon any sale made under or by virtue of this Article II (whether made under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Indebtedness the net sales price (after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage).

(f) No recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Mortgagor shall affect in any manner or to any extent the lien of this Mortgage upon the Mortgaged Property or any part thereof or any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

Section 2.03. Possession of the Mortgaged Property. Upon the occurrence of an Event of Default hereunder, it is agreed that the then owner of the Mortgaged Property, if it is the occupant of the Mortgaged Property or any part thereof, shall immediately surrender possession of the Mortgaged Property so occupied to Mortgagee, and if such occupant is permitted to remain in possession, the possession shall be as tenant of Mortgagee and, on demand, such occupant shall pay to Mortgagee monthly, in advance, a reasonable rental for the space so occupied and in default thereof may be dispossessed by summary proceedings. The covenants herein contained may be enforced by a receiver of the Mortgaged Property or any part thereof.

Section 2.04. Interest After Default. If any payment due hereunder, under the Note or any of the other Loan Document is not paid when due, either at stated or accelerated maturity or pursuant to any of the terms hereof, then and in such event, Mortgagor shall pay interest thereon from and after the date on which such payment first becomes due at the respective applicable Default Rate (as set forth in the Note) and such interest

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shall be due and payable, on demand, at the Default Rate until the entire amount due is paid to Mortgagee, whether or not any action shall have been taken or proceeding commenced to recover the same or to foreclose this Mortgage.

Section 2.05. Mortgagor's Actions After Default. After the occurrence of an Event of Default and immediately upon the commencement of any action, suit or other legal proceedings by Mortgagee to obtain judgment for the Indebtedness, or of any other nature in furtherance of the enforcement of the Note or of this Mortgage or any of the other Loan Documents, Mortgagor shall, if required by Mortgagee, consent to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof. The court in which such action, suit or legal proceeding is commenced shall appoint a receiver of the Mortgaged Property whenever Mortgagee so requests pursuant to Section 735 ILCS 5/15-1702(a) of the Act or when such appointment is otherwise authorized by operation of law. Such receiver shall have all powers and duties prescribed by Section 735 ILCS 5/15-1704 of the Act. In addition, such receiver shall have all other powers that may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of the period of receivership. The court from time to time, either before or after entry of judgment of foreclosure, may authorize the receiver to apply the net income in his hands in payment in whole or in part of (a) the indebtedness secured hereby, or by or included in any judgment of foreclosure or supplemental judgment or other item for which Mortgagee is authorized to make a Protective Advance; and (b) the deficiency in case of a sale and deficiency. Mortgagee's right to the appointment of a receiver under this Section 2.05 is an absolute right and shall not be affected by adequacy of security or solvency of Mortgagor.

Section 2.06. Control by Mortgagee After Default. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of its property, or of the Mortgaged Property or any part thereof, Mortgagee shall be entitled to retain possession and control of all property now and hereafter covered by this Mortgage.

Section 2.07. Assignment of Rents and Leases. To further secure the repayment of the Indebtedness, Mortgagor hereby sells, assigns and transfers unto Mortgagee all the rents, issues and profits now due and which may hereafter become due under or by virtue of any lease, whether written or unwritten, or any letting of, or of any agreement for the use or occupancy of the Mortgaged Property or any part thereof, which may have been heretofore or may be hereafter made or agreed upon or which may be made or agreed upon by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all such leases and agreements, and all the avails thereunder, to Mortgagee and not merely the passing of a security interest. As between Mortgagor and Mortgagee, Mortgagor waives any rights of set off against any person in possession of any portion of the Mortgaged Property.

Nothing herein contained shall be construed as constituting Mortgagee a "mortgagee in possession" in the absence of the taking of actual possession of the Mortgaged Property by Mortgagee pursuant to this Mortgage. In the exercise of the powers herein granted to Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagor.

Mortgagor further agrees to assign and transfer to Mortgagee all future leases upon all or any part of the Mortgaged Property and to execute and deliver, at the request of Mortgagee, all such further assurances and assignments in the Mortgaged Property as Mortgagee shall from time to time request.

Although it is the intention of the parties that the assignment contained in this Section 2.07 shall be a present absolute assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this Section 2.07 until an Event of Default shall have occurred under this Mortgage, the Note, the other Loan Documents

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or any other instrument evidencing or securing the indebtedness secured hereby or delivered pursuant to this Mortgage, the Note or the other Loan Documents.

Section 2.08. Mortgagee's Right of Possession in Case of Default. Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify, defend, and hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur by reason of its performance of any action authorized under Sections 2.02(a)(2), 2.03, and 2.07 hereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements of Mortgagor, except to the extent caused by or resulting from the gross negligence or willful misconduct of Mortgagee, its agents, employees or representatives or the failure of Mortgagee to materially comply with the terms hereof. Should Mortgagee incur any such liability, loss or damage, by its performance or nonperformance of actions authorized by this Section, or in the defense of any claims or demands, the amount thereof, including costs, expenses and attorneys' fees, together with interest on any such amount at the applicable Default Rate set forth in the Note shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

Section 2.09. Application of Income Received by Mortgagee. Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it by Sections 2.02(a)(2), 2.03, 2.06, and 2.07 hereof, shall have full power to use and apply the avails, rents, issues and profits of the Mortgaged Property to the payment of or on account of the following, in such order as Mortgagee may determine:

- (a) to the payment of the operating expenses of the Mortgaged Property, including cost of management and leasing thereof (which shall include reasonable compensation to Mortgagee and its agent or agents if management be delegated to an agent or agents), established claims for damages, if any, and premiums on insurance hereinabove authorized;
- (b) to the payment of Protective Advances; and
- (c) to the payment of any Indebtedness or any deficiency which may result from any foreclosure sale.

Mortgagee and any receiver of the Mortgaged Property or any part thereof shall be liable to account for only those rents, issues and profits actually received.

ARTICLE III MISCELLANEOUS

Section 3.01. No Release. Mortgagor agrees that if the Mortgaged Property is sold and Mortgagee enters into any agreement with the then owner of the Mortgaged Property extending the time of payment of the Indebtedness, or otherwise modifying the terms hereof, Mortgagor shall continue to be liable to pay the Indebtedness according to the tenor of any such agreement unless expressly released and discharged in writing by Mortgagee.

Section 3.02. Notices. Any notice, demand, request or other communication desired to be given or required pursuant to the terms hereof or the terms of any of the other Loan Documents (except as expressly provided therein to the contrary) shall be in writing and shall be delivered by personal service or sent by registered or certified mail, return receipt requested, postage prepaid, or sent by overnight courier service, addressed as follows or to such other address as the parties hereto may designate in writing from time to time:

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Mortgagee: **PeopleFirst Bank**
 Attn: Commercial Loan Department
 3100 Theodore Street
 Joliet, IL 60435

Mortgagor: **1768 Inc.**
 Attn: Mr. George Nediakalayil, President
 2290 Holly Court
 Northbrook, IL 60053

Any such notice, demand, request or other communication shall be deemed given on the date personally served or on the date deposited into the US Mail or delivered to the overnight courier service. Failure to have effectuated service of a courtesy copy of any notice upon a party's legal counsel shall not render invalid or ineffective any otherwise validly given notice to a party, whether the Mortgagor or the Mortgagee.

Section 3.03. Binding Obligations. The provisions and covenants of this Mortgage shall run with the land, shall be binding upon Mortgagor and shall inure to the benefit of Mortgagee, subsequent holders of this Mortgage and their respective successors and assigns. For the purpose of this Mortgage, the term "Mortgagor" shall mean the Mortgagor named herein, any subsequent owner of the Mortgaged Property, and their respective heirs, executors, legal representatives, successors and assigns. If there is more than one Mortgagor, all their undertakings hereunder shall be deemed joint and several.

Section 3.04. Captions. The captions of the Sections of this Mortgage are for the purpose of convenience only and are not intended to be a part of this Mortgage and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

Section 3.05. Further Assurances. Mortgagor shall perform, execute, acknowledge, and deliver, at the sole cost and expense of Mortgagor, all and every such further acts, deeds, conveyances, mortgages, assignments, security agreements, financing statements, continuation statements, estoppel certificates, notices of assignment, transfers and assurances as Mortgagee may require from time to time in order to better assure, convey, assign, transfer and confirm unto Mortgagee, the rights now or hereafter intended to be granted to Mortgagee under this Mortgage, any other instrument executed in connection with this Mortgage or any other instrument under which Mortgagor may be or may hereafter become bound to convey, mortgage or assign to Mortgagee for carrying out the intention of facilitating the performance of the terms of this Mortgage.

Section 3.06. Severability. Any provision of this Mortgage, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

Section 3.07. General Conditions. (a) This Mortgage may not be altered, amended, modified or discharged orally, and no agreement shall be effective to modify or discharge any of the terms or provisions of this Mortgage in whole or in part, unless it is in writing and signed by the party against whom enforcement of the modification, alteration, amendment or discharge is sought.

(b) No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee in exercising any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default, or any acquiescence therein. Acceptance of any payment after the occurrence of an Event of Default shall not be

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deemed to waive or cure such Event of Default; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. No acceptance of any payment of any one or more delinquent installments which does not include interest at the penalty or the applicable Default Rate from the date of delinquency, together with any required late charges, shall constitute a waiver of the right of Mortgagee at any time thereafter to demand and collect payment of interest at such Default Rate or of late charges, if any. Nothing in this Mortgage or in the Note or in any of the other Loan Documents shall affect the obligation of Mortgagor to pay the Indebtedness in the manner and at the time and place therein respectively expressed.

(c) No waiver by Mortgagee shall be effective unless it is in writing and then only to the extent specifically stated. Without limiting the generality of the foregoing, any payment made by Mortgagee for insurance premiums, taxes, assessments, water rates, sewer rentals or any other charges affecting the Mortgaged Property shall not constitute a waiver of Mortgagor's default in making such payments and shall not obligate Mortgagee to make any further payments.

(d) Mortgagee shall have the right to appear in and defend any action or proceeding, in the name and on behalf of Mortgagor, which may adversely affect the Mortgaged Property or this Mortgage as determined by Mortgagee in its sole discretion. Mortgagee shall also have the right to institute any action or proceeding which should be brought to protect its interest in the Mortgaged Property or its rights hereunder as determined by Mortgagee in its sole discretion. All costs and expenses incurred by Mortgagee in connection with such actions or proceedings, including, without limitation, attorneys' fees and costs, shall be paid by Mortgagor on demand.

(e) In the event of the enactment after the date of this Mortgage of any law of any governmental authority having jurisdiction, deducting from the value of land for the purpose of taxation, any lien or encumbrance thereon or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor or changing in any way the laws of the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the property for federal, state or local purposes, or the manner of the collection of any such taxes, so as to affect this Mortgage or the indebtedness secured hereby, Mortgagor shall promptly pay to Mortgagee, on demand, all taxes, costs and charges for which Mortgagee is or may be liable as a result thereof, provided said payment shall not be prohibited by law or render any of the Note usurious.

(f) The information set forth on the cover hereof and/or added by schedules, addenda or exhibits are hereby incorporated herein.

(g) Mortgagor acknowledges that it has received a true copy of this Mortgage.

(h) For the purposes of this Mortgage, all defined terms contained herein shall be construed, whenever the context of this Mortgage so requires, so that the singular and plural shall be interchangeable and that the masculine, feminine, and neuter shall be interchangeable.

(i) This Mortgage, together with the Note and the other Loan Documents, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

Section 3.08. Promotional Material. Mortgagor authorizes Mortgagee to issue press releases, advertisements and other promotional materials in connection with Mortgagee's own business promotional and marketing activities, describing the Loan referred to in this Mortgage and the matters giving rise to the Loan.

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Section 3.09. Legal Construction. The enforcement of this Mortgage shall be governed, construed and interpreted in accordance with the laws of the State of Illinois. Nothing in this Mortgage, the Note or in any other agreement between Mortgagor and Mortgagee shall require Mortgagor to pay, or Mortgagee to accept, interest in an amount which would subject Mortgagee to any penalty under applicable law. If the payment of any interest due hereunder or under the Note or any such other agreement, or a payment which is deemed interest, exceeds the maximum amount payable as interest under the applicable usury laws, then such excess amount shall be applied to the reduction of the principal amount of the Indebtedness, or if such excess interest exceeds the then unpaid balance of the principal amount of the Indebtedness, the excess shall be applicable to the payment of such other portions of the Indebtedness then outstanding and upon payment in full of the Indebtedness, shall be deemed to be a payment made by mistake and shall be refunded to Mortgagor.

Section 3.10. Credits Waived. Mortgagor will not claim nor demand nor be entitled to any credit or credits against the Indebtedness for so much of the taxes assessed against the Mortgaged Property or any part thereof as is equal to the tax rate applied to the amount due on this Mortgage or any part thereof, and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property or any part thereof by reason of this Mortgage or the Indebtedness.

Section 3.11. No Joint Venture or Partnership. Mortgagor and Mortgagee intend that the relationship created hereunder and under the Note and the other Loan Documents be solely that of mortgagor and mortgagee or borrower and lender, as the case may be. Nothing herein is intended to create, nor shall create nor be deemed to create a joint venture, partnership or tenancy relationship between Mortgagor and Mortgagee, nor to grant Mortgagee any interest in the Mortgaged Property other than that of mortgagee or lender.

Section 3.12. Failure to Consent. If Mortgagor shall seek the approval or the consent of Mortgagee hereunder or under the Note or any of the other Loan Documents, and Mortgagee shall fail or refuse to give such consent or approval, Mortgagor shall not be entitled to any damages for any withholding or delay of such approval or consent by Mortgagee, it being intended that Mortgagor's sole remedy shall be to bring an action for an injunction or specific performance. The remedy of injunction or specific performance shall be available only in those cases, if any, where Mortgagee has expressly agreed hereunder or under the Note or under any of the other Loan Documents not to unreasonably withhold or delay its consent or approval.

Section 3.13. Release. Upon full and complete payment and satisfaction of Indebtedness of the Note and other Loan Documents secured by this Mortgage instrument, Mortgagee shall release this Mortgage in its entirety. Mortgagor shall pay any recordation costs associated with such release.

Section 3.14. Effect of Extensions of Time and Amendments. If the payment of the indebtedness secured by this Mortgage or any part thereof is extended or varied or if any part of the security is released, all persons now or at any time hereafter liable therefor, or interested in the Mortgaged Property, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse, if any, against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release. Any person or entity taking a junior mortgage or other lien upon the Mortgaged Property or any interest therein, shall take said lien subject to the rights of Mortgagee herein to amend, modify, and supplement this Mortgage, the Note, the other Loan Documents, or any other document or instrument evidencing, securing, or guaranteeing the indebtedness hereby secured and to vary the rate of interest and the method of computing the same, and to impose additional fees and other charges, and to extend the maturity of said indebtedness, and to grant partial releases of the lien of this Mortgage, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien. Nothing in this paragraph contained shall be construed as waiving any provision contained herein which provides, among other things, that it shall constitute an Event of Default if the Mortgaged Property be sold, conveyed, or encumbered.

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Section 3.15. Fixtures. Mortgagor and Mortgagee agree, to the extent permitted by law, that: (i) all of the goods described within the definition of the word "Mortgaged Property" herein are or are to become fixtures on the property described in **Exhibit "A"**; and (ii) this Mortgage, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture filing" within the meaning of Sections 9-313 and 9-402 and other applicable provisions of the Code.

Section 3.16. Conflict. In the event of any conflict or inconsistency between the provisions of this Mortgage and those of the other Loan Documents or any other agreement relating to the Loan, the terms of the Note shall govern, but if the conflict is between this Mortgage and a Loan Document other than the Note, the terms of this Mortgage shall govern.

Section 3.17. Maximum Indebtedness. At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures as part of the Indebtedness the payment of all loan commissions, service charges, liquidated damages, attorneys' fees, expenses and advances due to or incurred by Mortgagee, including, but not limited to, all Protective Advances in connection with the Indebtedness, all in accordance with the Note, the Loan Agreement, any of the other Loan Documents and this Mortgage; provided, however, that in no event shall the total amount of the Indebtedness, including loan proceeds disbursed plus any additional charges, exceed **THREE HUNDRED (300%) PERCENT** the stated maximum principal amount of the aforescribed and identified Note. All such advances are intended by the parties hereto to be a lien on the premises from the time this Mortgage is recorded, as provided in the Illinois Mortgage Foreclosure Act, as amended from time to time (the "**Act**").

Section 3.18. Business Loan. Mortgagor acknowledges, covenants, represents and warrants that the Loan evidenced by the Note and secured hereby is a business loan within the purview of Section 205/4(c) of Chapter 815 of the Illinois Compiled Statutes (or any substitute, amended, or replacement statutes or equivalent or similar statutes of such other state law as may be applicable) transacted solely for the purpose of carrying on or acquiring the business of the Mortgagor and that the Loan is exempt from the provisions of the Federal Truth-In-Lending Act and Regulation Z (or any substitute, amended, or replacement statutes or regulations).

Section 3.19. Waiver of Homestead, Redemption, Right to Trial By Jury, and Statute of Limitations. Mortgagor hereby waives all right of homestead exemption in the Mortgaged Property. Mortgagor hereby waives all right of redemption or equity of redemption on behalf of Mortgagor and on behalf of all other persons acquiring any interest or title in the Mortgaged Property subsequent to the date of this Mortgage pursuant to the provisions of Section 735 ILCS 5/15-1601(b) of the Act. Mortgagor represents and warrants that all rights of redemption have been effectively waived to the full extent permissible under the provisions of the Act. **MORTGAGOR HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY.** Mortgagor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Mortgage or to any action to enforce any of the Note(s) or any other obligation secured by this Mortgage. Mortgagor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof wherever or whenever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage. Mortgagor will not, at any time, claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction, nor, after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof. Mortgagor covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any

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foreclosure hereof. Mortgagor acknowledges that the Mortgaged Property does not constitute "residential real estate" as defined in Section 735 ILCS 5/15-1219 of the Act.

Section 3.20. Revolving Credit Mortgage. This Mortgage secures the aforesaid Revolving Line, which provides for disbursement, repayment and re-disbursement of the principal thereof on a revolving credit basis subject to the revolving credit terms, conditions and limitations set forth in the Revolving Credit Note (as may from time to time hereafter be modified and amended) evidencing such Revolving Line, such Note and the aforementioned Loan Agreement and other Loan Documents and the revolving credit covenants set forth herein including the following provisions:

- a. so long as no Event of Default (including any "cross-default") exists and Borrower complies with all other terms and conditions of the Revolving Credit Note, this Mortgage and the aforementioned Loan Agreement and other Loan Documents, Mortgagee will from time to time make Future Advances to Mortgagor upon Mortgagor's request of amounts of principal on a revolving credit basis and Mortgagor in its discretion may repay such Future Advances and use them again during the term of such Revolving Line;
- b. all such Future Advances shall have the same priority as this Mortgage as if such Future Advance were made on the date hereof;
- c. in no event will any Future Advance be made on or after twenty (20) years from the date hereof; and
- d. in no event shall the aggregate outstanding Principal Balance of the Revolving Line portion of the Indebtedness secured hereby, including any such Future Advances hereunder, ever exceed the sum of **SIX HUNDRED THOUSAND AND NO/100 (\$600,000.00) DOLLARS.**

Section 3.21. Junior Mortgage/Subordination to the "Prior Mortgage". This Mortgage is a Junior Mortgage, subject and subordinate to the aforementioned Prior Mortgage in favor of Mortgagee, described and identified in the Recitals hereinabove, and any modifications, extensions or renewals thereof. Accordingly, the parties acknowledge and agree that the lien and security interests, rights and powers granted Mortgagee pursuant to this Junior Mortgage shall be subject and subordinate to such respective lien, security interests, rights and powers arising or existing by virtue of such Prior Mortgage, provided further, however, that in the event at the time of any enforcement or foreclosure of this Junior Mortgage the Mortgagee continues to be the holder of such Prior Mortgage as well, Mortgagee shall be permitted to enforce, foreclose and/or otherwise proceed under this Junior Mortgage and Prior Mortgage, either separately or in concert, howsoever Mortgagee should then elect.

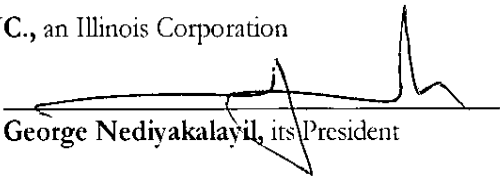
Section 3.22. Incorporation of Recitals and Exhibits. The foregoing Recitals as well as each and every Exhibit attached to this Mortgage instrument form an integral part of this Mortgage and are hereby incorporated into and made a part of this Mortgage by this reference.

IN WITNESS WHEREOF, Mortgagor has executed this Junior (Second) Mortgage by its duly authorized representative on the date first above written.

MORTGAGOR:

1768 INC., an Illinois Corporation

By:


George Nediyaikalayil, its President

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STATE OF ILLINOIS)
COUNTY OF LAKE) SS.

I, the undersigned, a Notary Public, in and for the County and State aforesaid, **DO HEREBY CERTIFY** that **GEORGE NEDIYAKALAYIL**, President of **1768, INC.**, an Illinois Corporation, , personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth. **GIVEN** under my hand and official seal this 4th day of February, 2022

A. Constantin

Notary Public



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EXHIBIT "A"
LEGAL DESCRIPTION OF "MORTGAGED PROPERTY"

LOTS 14 AND 15 (EXCEPT THAT PART OF LOTS 14 AND 15 LYING NORTHEAST OF A LINE DRAWN FROM THE SOUTHEAST CORNER OF LOT 15 TO A POINT ON THE NORTH LINE OF LOT 14 AFORESAID, 54 FEET EAST OF THE NORTHWEST CORNER THEREOF) IN DEVILLO R. HOLT'S SUBDIVISION OF LOTS 42 AND 43, IN GERRISH & EILES' RESUBDIVISION OF SUNDRY LOTS, IN BLOCK 21, IN SHEFFIELD'S ADDITION TO CHICAGO, IN SECTION 31, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN;

ALSO:

LOTS 16, 17 AND 18 AND THAT PART OF LOT 19 LYING SOUTHWEST OF A LINE DRAWN FROM A POINT ON THE NORTH LINE THEREOF, 13 FEET WEST OF THE NORTHEAST CORNER THEREOF, TO A POINT ON THE EAST LINE THEREOF, 12 FEET SOUTH OF SAID NORTHEAST CORNER, IN THE SUBDIVISION OF BLOCK 21 (EXCEPT ORIGINAL LOTS 1, 6 AND 12 IN SHEFFIELD'S ADDITION TO CHICAGO);

ALSO:

LOT 11 (EXCEPT THAT PART LYING NORTH OF A LINE DRAWN FROM A POINT ON THE WEST LINE THEREOF, 12 FEET SOUTH OF THE NORTHEAST CORNER THEREOF, TO A POINT ON THE EAST LINE THEREOF, 38 FEET SOUTH OF THE NORTHEAST CORNER THEREOF) IN KONRAD EILES' RESUBDIVISION OF ORIGINAL LOT 6 IN BLOCK 21 IN SHEFFIELD'S ADDITION TO CHICAGO AFORESAID;

ALSO:

THAT PART OF LOT 19 IN AFORESAID HOLT'S SUBDIVISION AND LOTS 11 AND 12 IN AFORESAID KONRAD EILES' RESUBDIVISION BOUNDED AND DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 19; THENCE ON AN ASSUMED BEARING OF NORTH 89 DEGREES 55 MINUTES 46 SECONDS WEST, 2.93 FEET ALONG THE NORTH LINE OF SAID LOT 19 TO THE POINT OF BEGINNING; THENCE CONTINUING NORTH 89 DEGREES 55 MINUTES 46 SECONDS WEST, 10.07 FEET ALONG THE AFORESAID NORTH LINE OF LOT 19; THENCE SOUTH 45 DEGREES 38 MINUTES 26 SECONDS EAST, 54.46 FEET TO A POINT ON THE EAST LINE OF SAID LOT 11; THENCE SOUTH 00 DEGREES 19 MINUTES 05 SECONDS WEST, 86.86 FEET ALONG THE AFORESAID EAST LINE OF LOT 11 TO THE SOUTHEAST CORNER THEREOF; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 11 FEET ALONG THE SOUTH LINE OF SAID LOT 12; THENCE NORTH 00 DEGREES 19 MINUTES 05 SECONDS EAST, 96.22 FEET ALONG A LINE 11.0 FEET EASTERLY OF AND PARALLEL WITH THE WEST LINE OF SAID LOT 12; THENCE NORTH 54 DEGREES 17 MINUTES 04 SECONDS WEST, 49.17 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS; AND

ALSO:

ALL THAT PART OF THE EAST-WEST ALLEY VACATED BY ORDINANCE RECORDED AUGUST 27, 2007 AS DOCUMENT NUMBER 0723915059, LYING SOUTH OF LOT 15 IN HOLT'S SUBDIVISION OF LOTS 42 AND 43 OF GARRISH AND EILES' RESUBDIVISION OF SUNDRY LOTS IN BLOCK 21 IN SHEFFIELD'S ADDITION TO CHICAGO AFORESAID, LYING NORTH OF THE NORTH LINES OF LOTS 16, 17, 18 AND 19 IN THE SUBDIVISION OF BLOCK 21 (EXCEPT ORIGINAL LOTS 1, 6 AND 12 IN SHEFFIELD'S ADDITION TO CHICAGO AFORESAID), LYING EAST OF A LINE DRAWN FROM THE SOUTHWEST CORNER OF LOT 15 IN HOLT'S SUBDIVISION AFORESAID TO THE NORTHWEST CORNER OF LOT 16 IN THE SUBDIVISION OF BLOCK 21 AFORESAID, AND LYING WEST AND WESTERLY OF A LINE DRAWN FROM THE SOUTHEAST CORNER OF LOT 15 IN HOLT'S SUBDIVISION AFORESAID TO A POINT ON THE NORTH LINE OF SAID LOT 19, SAID POINT BEING 2.93 FEET WEST OF THE NORTHEAST CORNER OF SAID LOT 19 AS MEASURED ALONG THE NORTH LINE THEREOF, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 1768 WEST ARMITAGE AVENUE, CHICAGO, IL 60622

P.L.N. NOS: 14-31-217-029; 14-31-217-030; 14-31-217-037; AND 14-31-217-042