

LEASEHOLD MORTGAGE

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THIS LEASEHOLD MORTGAGE (herein referred to as "Mortgage") is made as of November 13, 1985, by NORTHBROOK CORPORATION, a Delaware Corporation having its principal place of business at 2215 Sanders Road, Suite 370, Northbrook, Illinois 60062 (herein, together with its successors and assigns referred to as "Mortgagor"), to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association ("Continental"), individually, and J. HENRY SCHRODER BANK & TRUST COMPANY ("Schroder"), (collectively referred to herein as the "Banks" and Continental as agent for itself and for Schroder, herein, in such capacity, referred to as "Mortgagee").

## R E C I T A L S:

A. Lease Agreement. On November 1, 1983, Mueller Engineering and Manufacturing Company, Inc., ("Mueller"), as Lessee, and Josef V. Strahammer, ("Strahammer"), as Lessor, entered into a Building Lease Agreement pursuant to which Building Lease Agreement Strahammer demised for a term of Five (5) years, commencing on November 1, 1983 and terminating on October 31, 1988, the buildings, structures, erections and improvements situated on the land ("Land") described on Exhibit A attached hereto and made a part hereof (each and every and all of Mortgagor's right, title, interest and estate in said buildings, structures, erections, improvements, and in the Land is herein referred to as the ("Premises")). As of December 28, 1983, Mueller merged into A.G. Holding Corp., a Delaware Corporation ("Holding"), pursuant to Articles of Merger filed with the Illinois Secretary of State on said January 4, 1984 consistent with which Holding succeeded to each and every and all of Mueller's right, title, interest and estate created by, arising under and existing pursuant to the Building Lease Agreement. On October 27, 1985, the term of said Building Lease Agreement was extended to December 31, 1990. As of November 13, 1985, Holding assigned to Mortgagor each and every and all of Holding's right, title, interest and estate created by, arising under and existing pursuant to the Building Lease Agreement (said Building Lease Agreement by and between Strahammer and Mortgagor as the same has been and may be amended from time to time hereafter, is herein referred to as the "Lease").

B. Term Loan Agreement. Mortgagor and Banks have entered into a Term Loan Agreement (herein, as it may from time to time be amended, supplemented or modified, referred to as the "Term Agreement") dated November 12, 1985, providing for Mortgagor to perform certain covenants and to satisfy certain conditions and for Banks to make certain loans and advances on a term basis, in the maximum aggregate amount of Nineteen Million Dollars (\$19,000,000) pursuant to the terms and conditions set out therein.

C. Line of Credit Agreement. Mortgagor and Continental have entered into a Line of Credit Agreement (herein, as it may from time to time be amended, supplemented or modified, referred to as the "Credit Agreement") dated November 12, 1985, providing for Mortgagor to perform certain covenants and to satisfy certain conditions and for Continental to make loans and advances on a revolving basis, in the maximum aggregate amount of One Million Dollars (\$1,000,000) pursuant to the terms and conditions set out therein. (Any term capitalized but not specifically defined in this Mortgage, which is capitalized and defined in the Term Agreement or the Credit Agreement, shall have the same meaning for purposes of this Mortgage as it has for purposes of the Term Agreement or the Credit Agreement.)

D. Notes, Principal and Interest. Pursuant to the Term Agreement and the Credit Agreement, Mortgagor has executed and delivered to the Banks certain promissory notes payable to the order of the Banks at the office of Mortgagee in Chicago, Illinois, and due and payable in full, if not sooner paid, on or before the dates indicated in such promissory notes, subject to acceleration as provided in such promissory notes or in the Term Agreement and the Credit Agreement (herein, such promissory notes, together with any and all amendments, supplements or modifications thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof or which may evidence any of the Obligations, hereinafter defined, are collectively referred to as the "Notes"), in principal amounts as follows:

(i) a Demand Note, payable to the order of Continental in the principal amount of One Million Dollars (\$1,000,000);

(ii) a Term Note, payable to the order of Continental, in the principal amount not to exceed Eleven Million Nine Hundred and Seventy Thousand Dollars (\$11,970,000); and

(iii) a Term Note, payable to the order of Schroder, in the principal amount not to exceed Seven Million and Thirty Thousand Dollars (\$7,030,000).

The Notes bear interest as provided in the Notes, on the principal amount thereof from time to time outstanding; all principal and interest on the Notes are payable in lawful money of the United States of America at the office of Mortgagee in Chicago, Illinois, or at such place as the holder thereof may from time to time appoint in writing.

E. Other Loan Documents. Pursuant to the Term Agreement and the Credit Agreement, Mortgagor has executed and delivered to Mortgagee this Mortgage and other security documents, which other security documents include but are not limited to: (i) a Security Agreement, of even date herewith, by which Mortgagor assigned and granted to Mortgagee a continuing security interest in, among other things, certain of Mortgagor's presently existing and after-acquired inventory, accounts receivable, chattel paper, general intangibles, equipment, fixtures, instruments, fixed assets and related property as more fully set forth therein; (ii) a Security Agreement of even date herewith, by which Mortgagor assigned to Mortgagee a continuing security interest in Continental Certificate of Deposit No. 464933 in the amount of \$1,000,000 and any replacements therefor or proceeds thereof; (iii) a Mortgage, of even date herewith from Mortgagor to Mortgagee by which Mortgagor granted to Mortgagee a mortgage on the property described therein which property is situated in Chicago, Illinois; (iv) a Mortgage and a Second Mortgage, of even date herewith, from Mortgagor to Mortgagee by which Mortgagor granted to Mortgagee a mortgage and a second mortgage on the property described therein which property is situated in Cullman, Alabama; (v) a Collateral Assignment of Leases, Subleases and Rents, of even date herewith, from Mortgagor to Mortgagee assigning Mortgagor's right, title, and interest in, to and under that certain Lease dated June 23, 1972 between Edward A. Cantor, as Landlord, and Mortgagor, as Tenant, covering the premises commonly known as 1075 Edward Street, City of Linden, Union County, New Jersey, as amended from time to time (unless the context provides otherwise, this Mortgage and all of the documents identified in (i), (ii), (iii), (iv), and (v) in this Recital E are herein collectively referred to as the "Security Document(s)" and the Security Documents together with the Notes, the Term Agreement,

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the Credit Agreement and each and every and all documents or instruments executed, granted and delivered by Mortgagor to Mortgagee to evidence and/or to secure the Obligations are herein collectively referred to as the "Loan Documents").

F. The Obligations. As used in this Mortgage, the term "Obligations" means and includes all of the following: the Secured Liabilities, as defined in the Term Agreement; all indebtedness of any kind arising under, and all amounts of any kind which at any time become due or owing to Mortgagee under or with respect to this Mortgage, the Notes and the other Loan Documents; all of the covenants, obligations and agreements (and the truth of all representations and warranties) of Mortgagor pursuant to this Mortgage and the other Loan Documents; all advances, costs or expenses paid or incurred by Mortgagee to protect any or all of the Property, hereinafter defined, or to perform any responsibility of Mortgagor hereunder and under the other Loan Documents; (provided, however, that the maximum amount included within the Obligations on account of principal shall not exceed the sum of an amount equal to Forty Million Dollars (\$40,000,000) plus the total amount of all advances made by Banks or Mortgagee to protect the Property and the security interest and lien created hereby); interest on all of the foregoing; and all costs of enforcement and collection of this Mortgage and the Obligations.

#### G R A N T

NOW THEREFORE, for and in consideration of the Banks' executing and delivering the Loan Documents and of the Banks' making any loan, advance or other financial accommodation to or for the benefit of Mortgagor (including, without limitation, loans and advances made or to be made under the Loan Documents), and for the purpose of securing the payment and performance of the Obligations by Mortgagor, and in consideration of the various agreements contained in the Loan Documents, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by Mortgagor,

MORTGAGOR HEREBY MORTGAGES, WARRANTS, GRANTS, SELLS, CONVEYS, TRANSFERS, BARGAINS AND ASSIGNS TO MORTGAGEE, AND GRANTS TO MORTGAGEE AND ITS SUCCESSORS AND ASSIGNS FOREVER A CONTINUING SECURITY INTEREST IN AND TO THE PROPERTY, WHICH PROPERTY IS HEREIN DEFINED TO MEAN AND INCLUDE:

All and each and every of, Mortgagor's rights, titles, interests and estates (except the last day of the denised term or the last day of the extended term as the case may be) created by, arising under and existing pursuant to the Lease;

TOGETHER with all credits, deposits, options, privileges and rights of Mortgagor under and pursuant to the Lease;

TOGETHER with all modifications, extensions and renewals of the Lease and the right of Mortgagor to renew or extend the term of the Lease;

TOGETHER with all right, title, interest and estate of Mortgagor in and to the Premises, and any after-acquired title therein;

TOGETHER with all right, title, interest or estate of Mortgagor in and to all fixtures and other improvements now or hereafter affixed to or attached to the Premises;

TOGETHER with all right, title, interest or estate of Mortgagor in and to all insurance proceeds and condemnation awards relating to the Premises.

TO HAVE AND TO HOLD the Property unto Mortgagee, its successors and assigns, forever, hereby expressly waiving and releasing any and all right, benefit, privilege, advantage or exemption under and by virtue of any and all statutes and laws of the State of Illinois providing for the exemption of homesteads from sale on execution or otherwise.

Mortgagor hereby covenants with and warrants to Mortgagee and with the purchaser at any foreclosure sale; that at the execution and delivery hereof the Property is free from all encumbrances whatsoever (and any claim of any other person thereto) other than the encumbrances permitted hereunder or under the other Loan Documents or as set forth in Exhibit B attached hereto and made a part hereof (hereinafter called the "Permitted Exceptions"), which Permitted Exceptions do not materially impair the value of the Property; that it has good and lawful right to mortgage and convey the Property; and that it and its successors and assigns will forever warrant and defend the Property against all claims and demands whatsoever.

ARTICLE I

REPRESENTATIONS, COVENANTS, WARRANTIES  
AND AGREEMENTS OF MORTGAGOR

Further to secure the payment and performance of the Obligations, Mortgagor represents, covenants, warrants and agrees to and with Mortgagee as follows:

1.1 Title. Mortgagor is in possession of the Property and has good and marketable title and ownership thereof subject only to Permitted Exceptions and has the full power, authority and right to convey the same and to execute and deliver this Mortgage; the Property is unencumbered except as may be herein expressly provided, and Mortgagor will forever warrant and defend the title to the Property unto Mortgagee against the claims of all persons whomsoever and further Mortgagor represents, covenants, warrants and certifies that:

(a) The Lease is in full force and effect and unmodified;

(b) That all rents (including additional rents and other charges) reserved in the Lease have been paid to the extent they were payable prior to the date hereof;

(c) That there is no existing default under the provisions of the Lease or in the performance of any of the terms, covenants, conditions or warranties thereof.

1.2 Payment of Obligations. Mortgagor agrees that it will punctually pay, timely and in the manner required in the Notes, the Obligations (including fees and charges) in lawful money of the United States.

1.3 Insurance Premiums and Taxes. Mortgagor will pay, when due and payable, all premiums on insurance policies required to be carried under the terms of this Mortgage as well as all taxes, assessments (general or special) and other charges imposed, levied on, or assessed, placed or made against the Premises or any part thereof or any property used in connection therewith, or the Notes, or any interest of Mortgagee in the Premises or any part thereof or the Obligations and promptly deliver to Mortgagee receipts showing payment in full of the same.

1.4 Tax and Insurance Deposits. Mortgagor will pay to Mortgagee, on the installment paying dates of the Notes, until said Notes are fully paid or until notification from

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Mortgagee to the contrary, an amount sufficient (as estimated by Mortgagee) to pay said insurance premiums, taxes, assessments and other charges next due. Nothing contained herein shall cause Mortgagee to be deemed a trustee of said funds and no interest shall be allowed to Mortgagor on account of any deposit or deposits made hereunder. Said deposits need not be kept separate and apart from any other funds of Mortgagee. Mortgagor shall furnish to Mortgagee before the date on which the same shall become due, insurance premium invoices and an official statement of the amount of said taxes and assessments next due, and Mortgagee shall be entitled to rely on same without inquiry as to the accuracy or validity of such invoice, statement, tax bills, etc. Mortgagee shall pay said premiums and charges but only if the amounts received from Mortgagor are sufficient to pay said premiums and charges. An official receipt therefor shall be conclusive evidence of such payment and of the validity of such charges. If such amounts received from Mortgagor are insufficient, Mortgagee shall notify Mortgagor of the shortage whereupon Mortgagor will immediately deposit with Mortgagee the needed funds. Mortgagee may elect to advance any needed funds and any so advanced shall become immediately due and payable to Mortgagee, become part of the Obligations, and bear interest at the Prime Rate, as defined in the Term Agreement, plus three per centum (3%) per annum from the date of such advance until repaid. If Mortgagor shall be in default under any one or all of the Loan Documents, Mortgagee, at its option, may instead apply such unused deposits in Mortgagee's possession to the Obligations in such priority as it may determine. Upon payment in full of the Obligations, the amount of any unused deposit credit shall be returned to Mortgagor.

#### 1.5 Insurance Coverage.

(a) Mortgagor will keep the Premises insured on a restoration or replacement cost basis (with replacement cost endorsement) for the benefit of itself and Mortgagee against all risks, including but not limited to loss or damage by fire, lightning, windstorm, hail, explosion, aircraft, earthquake, vehicles and smoke (excluding smoke and fire from industrial or agricultural operations), and rental or business interruption coverage, and when and to the extent required by Mortgagee, against any other risk including Public Liability and Property Damage coverage with limits of at least Six Million Dollars (\$6,000,000) Combined Single Limit Bodily Injury and Property Damage per occurrence or the limits required under the terms of the Lease, whichever is greater, and other coverages or endorsements as are called for by the Lease; that all insurance herein provided for shall be in form and content and be issued by carriers approved by Mortgagee and shall include: (i) a standard mortgage clause in favor of Mortgagee requiring thirty (30) days' notice to Mortgagee in the event of cancellation; (ii) a replacement cost or restoration endorsement; (iii) a provision to the effect that the waiver of subrogation rights of Mortgagor does not void the coverage; and (iv) other endorsements required by Mortgagee provided they can be obtained from the insurer. Mortgagor will also carry boiler insurance in an amount satisfactory to Mortgagee if equipment of such nature is located on the Premises, and will also carry flood insurance in an amount satisfactory to Mortgagee and in accordance with the provisions of the Flood Disaster Protection Act of 1973 (or any replacement or similar legislation) if the area in which the Premises is situated is designated as "flood prone," "a flood risk area," "within a flood plain" or similar designation so as to require flood insurance protection. If the Premises is not subject to flood hazards, Mortgagor agrees to furnish evidence to that effect to Mortgagee, in the form of a surveyor's certificate indicating that the Premises is not located in Actuarial Flood Rate Zones A, A1-A30, AH, AO, A99,

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V1-V30 or M; that Mortgagor will deliver to Mortgagee true copies of all policies of insurance which insure against any loss or damage to the Premises, as collateral and further security for the payment of the Obligations without contribution; if Mortgagor defaults in so insuring the Premises Mortgagee may at its option (but without any obligation so to do) effect such insurance from year to year and pay the premiums therefor, and Mortgagor will reimburse Mortgagee for any premiums so paid, with interest at the Prime Rate plus three percent (3%), on demand, and the same shall be secured by this Mortgage; Mortgagee, upon receipt of any money for loss or damage pursuant to such insurance, may, at its option, retain and apply such monies toward payment of the Obligations, or pay such monies in whole or in part to Mortgagor for the repair or restoration of said improvements or for the erection of new improvements to their place, or for any other purpose or object satisfactory to Mortgagee, but Mortgagee shall not be obligated to see to the proper application of any amount paid over to Mortgagor;

(b) not less than ten (10) days prior to the expiration dates of each policy required of Mortgagor pursuant to this paragraph 1.5, Mortgagor will deliver to Mortgagee a paid renewal binder or certificate; and

(c) in the event of a foreclosure of this Mortgage or deed in lieu of foreclosure or other transfer of title to the Premises in extinguishment, in whole or in part, of the Obligations all right, title and interest of Mortgagor in and to all policies of insurance on the Premises, including any right to unearned premiums, are hereby assigned to and shall inure to the benefit of Mortgagee or purchaser of the Premises. Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon under a standard mortgage clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

#### 1.6 Limitation on Conveyance.

(a) Mortgagor agrees that Mortgagee's willingness to enter into this financial transaction represented by the Loan Documents, was expressly based in part upon the consideration of Mortgagor's covenants contained herein and in the other Loan Documents, and upon Mortgagor's financial strength and ability to develop, improve and operate or manage the business to be conducted upon the Premises. Mortgagor agrees that these considerations are material considerations in the transactions out of which this Mortgage arises. Therefore, Mortgagor covenants not to sell, convey, assign, transfer, lease or otherwise dispose of or further encumber the Property or any part thereof, or any interest therein, either voluntarily or involuntarily, or agree so to do, without the written consent of Mortgagee being first obtained.

(b) Without limitation on the rights and remedies of Mortgagee arising under this Mortgage, in the event that Mortgagor or any subsequent owner of the Property or any part thereof shall at any time sell, convey or transfer or attempt to sell, convey or transfer the Property or any part thereof in violation of the provisions of paragraph 1.10(b) (iii) of this Mortgage, then Mortgagee shall, in addition to any other rights and remedies it may have at law or in equity or under this Mortgage, be entitled to a decree or order restraining and enjoining such sale, conveyance or transfer, and Mortgagor or such subsequent owner shall not plead in defense thereof that there would be an adequate remedy at law (it being hereby

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expressly acknowledged and agreed that damages at law would be an inadequate remedy for breach or threatened breach of the provisions of paragraph 1.10(b)(iii) of this Mortgage).

1.7 Junior Mortgages. Except for the assignments, conveyances or security interests provided for herein or in the other Loan Documents, Mortgagor will not, without the prior written consent of Mortgagee, execute or deliver any pledge, security agreement, mortgage or deed of trust covering all or any portion of the Property ("Junior Mortgage"). If Mortgagee consents to the foregoing or in the event the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable by the provisions of any applicable law, Mortgagor will not execute or deliver any Junior Mortgage unless there shall have been delivered to Mortgagee not less than ten (10) days prior to the date thereof a copy thereof which shall contain express covenants to the effect that:

(a) The Junior Mortgage (and all additional security for same including but not limited to assignments of leases and rents, security interests, etc.) is subject and subordinate to this Mortgage and the other Loan Documents and to all renewals, extensions, modifications, releases, increases, increases in interest rate and future advances hereunder without any obligation on Mortgagor's part to give notice of any kind thereof;

(b) The Junior Mortgage is subject and subordinate to any and all such leases of all or any portion of the Premises made or to be made, and if any action or proceeding shall be brought to foreclose the Junior Mortgage (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), no occupant or tenant of all or any portion of the Premises will be named as a party defendant except for officers or principals of Mortgagor who may be occupants thereof, nor will any action be taken with respect to the Premises which would terminate any occupancy or tenancy of the Premises without the consent of Mortgagee;

(c) The rents and profits, if collected through a receiver or by the holder of the Junior Mortgage, will be applied first to the Obligations including principal and interest due and owing on or to become due and owing on the Notes and then to the payment of maintenance, operating charges, taxes, assessments and disbursements incurred in connection with the ownership, operation and maintenance of the Premises;

(d) The rights of the holder of such Junior Mortgage to insurance proceeds and condemnation awards will be subject and subordinate to the prior rights of Mortgagee to same; and

(e) If any action or proceeding shall be brought to foreclose the Junior Mortgage, prompt notice of the commencement thereof will be given to Mortgagee.

Notwithstanding the foregoing, Mortgagor will not suffer or permit any action or omission whereby the Premises, or any part thereof shall become subject to any attachment, judgment, lien, change or other encumbrance or whereby any of the security represented by this Mortgage shall be impaired or threatened.

1.8 Prohibition against Removal or Material Alterations. No improvement or other property now or hereafter covered by the lien of this Mortgage shall be removed or demolished without the prior written consent of Mortgagee.

1.9 Maintenance; No Waste; Repair; Restoration; No Zoning Changes. Mortgagor will maintain the Premises in good condition and repair, and will not commit or suffer any waste

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of the Premises, and if required by the Lease, Mortgagor will promptly repair, restore, replace or rebuild any part of the Premises now or hereafter subject to the lien of this Mortgage which may be damaged or destroyed by any casualty whatsoever or which may be affected by any eminent domain or similar proceeding; Mortgagor will complete and pay for, within a reasonable time, any construction on the Premises; and Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions, limiting or defining the uses which may be made of the Premises or any part thereof.

1.10 Compliance with Laws.

(a) Mortgagor represents and warrants that to date it has fully complied with all laws, ordinances, rulings, regulations, and orders of all governmental authorities affecting the Premises and every part thereof (including but not limited to zoning and land use, environmental, etc.) and has obtained all necessary and proper permits and licenses for development and use of the Premises. Mortgagor further covenants and agrees that it will comply with or cause to be complied with all present and future laws, statutes, ordinances, rulings, regulations, orders and requirements of all federal, state, municipal, county, and other governmental agencies and authorities applicable to Mortgagor as well as to the Property, as well as all covenants, conditions, and restrictions affecting the same.

(b) Mortgagor covenants, represents and warrants that (i) no assets of any employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as now or hereafter amended, will be used in the satisfaction, exercise or performance of any of the obligations, rights or transactions specified or contemplated herein or in the other Loan Documents; (ii) the Property does not now, and without the prior written consent of Mortgagee will not, constitute an asset of any such employee benefit plan; and (iii) notwithstanding any other provisions of this Mortgage, Mortgagor will not sell, convey or transfer the Property or any part thereof to any person or entity which at the time of such transfer does not satisfy the representations set forth in clauses (i) and (ii) above; regardless of whether any of the above-described conditions arises by operation of law or otherwise.

1.11 Further Instruments. Mortgagor shall execute and deliver (and pay the costs of preparation and recording thereof) to Mortgagee and to any subsequent holder from time to time, upon demand, any further instrument or instruments, including, but not limited to, mortgages, security agreements, financing statements, continuation statements, leases, assignments, and renewal and substitution notes, so as to reaffirm, to correct and to perfect the evidence of the obligation hereby secured and the lien and security interest of Mortgagee to all or any part of the Property or whether now mortgaged, later substituted for, or acquired subsequent to the date of this Mortgage and any extensions or modifications thereof.

1.12 No Liens. Mortgagor shall not permit any mechanic's, laborer's or materialmen's liens to stand against the Premises. If any such lien shall at any time be recorded against the Premises, then Mortgagor shall (i) give written notice thereof promptly to Mortgagee and (ii) cause the same to be discharged of record within thirty (30) days after the date of recording of the same, either by payment, deposit or bond. If Mortgagor fails to discharge any such lien within such period, then Mortgagee, in addition to any other right or

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remedy hereunder, shall have the option (but not the obligation) to procure the discharge of such lien either by depositing the amount claimed to be due in court, or by bonding. Any amount paid or deposited by Mortgagee to discharge such lien, and all costs and other expenses, including all reasonable attorney's fees, incurred in defending any action to foreclose such lien, shall be deemed a part of the Obligations and shall be immediately due and payable, without demand.

1.13 Utilities. If and as required under the Lease, Mortgagor agrees to pay when due all utility charges which are incurred for the benefit of the Premises or which may become a charge or lien against the Premises for energy, fuel, gas, electricity, water or sewer services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting the Premises or any portion thereof, whether or not such assessments or charges are liens thereon.

1.14 Lease. Mortgagor shall:

(a) pay or cause to be paid all rents, additional rents, taxes, assessments, water rates, sewer rents and other charges mentioned in and made payable by the Lease, when and as often as the same shall become due and payable, and Mortgagor will in every case take, or cause to be taken, a proper receipt for any such claim so paid and, if requested by Mortgagee, will within ten (10) days after the time when such payment shall be due and payable deliver, or cause to be delivered to Mortgagee, the original receipts for any such payments and will observe and timely perform all the covenants, conditions and agreements in said Lease;

(b) at all times promptly and faithfully keep and perform, or cause to be kept and performed, all the covenants and conditions contained in the Lease by the Lessee therein to be kept and performed and in all respects conform to and comply with the terms and conditions of the Lease;

(c) not do, permit to be done, or refrain from doing anything, the doing of which or the omission of which will be grounds for declaring a forfeiture of the Lease; not modify, extend or in any way alter the terms of said Lease or cancel or surrender said Lease, or waive, condone or in any way release or discharge Strahammer, thereunder of or from the obligations, covenants, conditions and agreements by said Strahammer to be done and performed;

(d) within ten (10) days after written demand from time to time from Mortgagee, obtain from Strahammer and deliver to Mortgagee a certificate stating that such lease is in full force and effect, is unmodified, and that no notice of termination thereon has been served on the Lessee thereof, stating the date to which the rent thereunder has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any; and

(e) execute and deliver, on request of Mortgagee, such instruments as Mortgagee may deem useful or required to permit Mortgagee to cure any default under the Lease or permit Mortgagee to take such other action as Mortgagee considers desirable to cure or remedy the matter in default and preserve the interest of Mortgagee and Mortgagor in the Property.

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ARTICLE II

DEFAULTS AND REMEDIES

2.1 Events of Default. Time is of the essence hereof, and the term "Default," as used in this Mortgage, shall mean the occurrence of any one or more of the following events:

(a) Payments. The failure of Mortgagor to make any payment according to the terms of the Notes, or any failure to make any other payment of the principal, interest, or premium, if any, on the Notes, or payment of any of the other Obligations, including but not limited to taxes or insurance premiums, when and as the same shall become due and payable, whether at maturity, by acceleration, or otherwise, as in the Notes, this Mortgage, or the other Loan Documents provided; or

(b) Performance. The failure of Mortgagor to punctually and properly perform any other covenant, condition, representation, warranty or agreement contained in this Mortgage, the Notes, or the other Loan Documents; or

(c) Liens. The institution of proceedings to enforce any other lien including, but not limited to, judgment and mechanic's liens, upon the Premises or any part thereof; or

(d) Bankruptcy and Related Proceedings. The filing of a proceeding in bankruptcy or arrangement or reorganization by or against Mortgagor pursuant to the Federal Bankruptcy Act or any similar law, federal or state; including, but not limited to:

(1) Mortgagor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future Federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor or of all or any part of the Premises or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(2) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Mortgagor seeking any reorganization, dissolution or similar relief under any present or future Federal, state, or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive) from the first date of entry thereof, or any trustee, receiver or liquidator of Mortgagor or of all or any part of the Premises or of any or all of the royalties, revenues, rents, issues or profits thereof shall be appointed without the consent or acquiescence of Mortgagor and such appointment shall remain unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive); or

(e) Other Legal Proceedings. A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Premises, and such execution, attachment or similar process is not released, bonded, satisfied, vacated or stayed within thirty (30) days after its entry or levy; or

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(f) Abandonment. The abandonment of any part of the Premises by Mortgagor; or

(g) Misrepresentation. If any representation or warranty of Mortgagor set forth in this Mortgage, the Notes, the other Loan Documents or any other documents delivered by Mortgagor to Mortgagee in connection herewith or as required from time to time hereby, shall prove to be false, misleading or erroneous in any material respect;

(h) Default on Other Mortgage. A default by Mortgagor on any other mortgage affecting the Property or any part thereof;

(i) Default on Lease. A default by Mortgagor under the Lease, which default remains uncured within any applicable grace period therein contained or the failure by Mortgagor to, within five (5) days of notice of request by Mortgagee, to furnish immediately to Mortgagee any and all information which Mortgagee may request concerning the performance by Mortgagor of the covenants of the Lease, or the failure by Mortgagor to permit forthwith Mortgagee, or its representative, at all reasonable times to make investigation or examination concerning the performance by Mortgagor of the covenants of the Lease.

2.2 Remedies. Then in every such case, if any Default shall have occurred and/or be continuing, Mortgagee, at its option, shall have, in addition to any rights at law or in equity, each and all of the following rights and remedies, which may be exercised individually, collectively or cumulatively:

(a) Acceleration. Mortgagee may declare the Obligations to be due and payable, whereupon the Obligations shall become immediately due and payable, all without further notice of any kind (except that if an event described in Paragraph 2.1(d) occurs, the Obligations shall become immediately due and payable without declaration or notice of any kind). Mortgagee shall promptly advise Mortgagor of any such declaration, but failure to do so shall not impair the effect of such declaration.

(b) Management. Mortgagee may, with or without bringing any action or proceeding, and without regard to the adequacy of any security for the Obligations, in person or by agent or employee, or by a receiver appointed by a court of competent jurisdiction, enter upon and take possession of all or any part of the Premises, excluding Mortgagor and its agents and servants wholly therefrom; Mortgagor shall on demand peaceably surrender possession thereof to Mortgagee. Upon every such entry, Mortgagee, personally or by its agents or in the name of Mortgagor, at the expense of Mortgagor, from time to time, may maintain and restore the Premises, whereof it shall become possessed as aforesaid; and likewise, from time to time, at the expense of Mortgagor, Mortgagee may make all necessary or proper repairs, renewals and replacements and such useful alterations, additions, betterments and improvements thereto and thereon as to it may seem advisable or necessary to preserve the value, marketability or rentability of the Premises; and in every such case Mortgagee shall have the right to manage, control and operate the Premises and may make, cancel, modify or enforce leases, obtain and evict tenants, rent and lease the same to such persons, for such periods of time, and on such terms and conditions as Mortgagee in its sole discretion may determine, and with or without taking possession of the Premises, may sue for or otherwise collect any and all of the rents, issues and profits thereof, including those past due and unpaid and apply the same, less costs and expenses of management, operation and collection, including attorney's

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fees, upon the Obligations, all in such order as Mortgagee may determine. In dealing with the Premises as a Mortgagee in, or not in, possession, Mortgagee shall be without any liability, charge, or obligation therefor to Mortgagor other than for willful misconduct, and shall be entitled to operate any business then being conducted or which could be conducted thereon or therewith at the expense of and for the account of Mortgagor (and all net losses, costs and expenses thereby incurred shall be advancements, and will be immediately due and payable and if not paid become part of the Obligations), to the same extent as the owner thereof could do. The entering upon and taking possession of the Premises, the collection of rents, issues and profits shall not cure or waive Default under this Mortgage or invalidate any act done in response to any such Default or pursuant to any such notice and, notwithstanding the continuance in possession of the Premises or the collection, receipt of rents, issues and profits, Mortgagee shall be entitled to enforce every right and exercise every remedy provided for in this Mortgage and the other Loan Documents or by law upon a Default.

(c) Advances. In the event of the noncompliance of any duty or duties required of Mortgagor under the terms of this Mortgage, or the other Loan Documents, or the occurrence of any event which, in the judgment of Mortgagee, impairs the value of the Property, Mortgagee reserves the right, at its own election, to advance sufficient funds to accomplish said performance or maintain such security. Said sums, on notice from Mortgagee, shall become immediately due and repayable to Mortgagee. In Default of said payment, the amount advanced will be added to the outstanding principal balance, bearing interest at the Prime Rate plus three percent (3%) per year from the date of advancement until repaid.

(d) Legal Proceedings Mortgagee, with or without entry, personally or by its agents or attorneys, insofar as applicable may:

- (i) institute proceedings for the complete or partial foreclosure of this Mortgage and, at its election, cause to be sold the Property and all estate, right, title, interest, claim and demand therein and right of redemption thereof, at one or more public sales to satisfy the obligations hereof, and shall cause notice of such sale to be recorded in the office of the recorder of each county wherein said Property or some part thereof is situated. Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed, Mortgagee, without demand on Mortgagor, shall sell, or cause to be sold, the Property at the time and place fixed in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Purchaser will receive a deed or assignment of interest, whichever is applicable, conveying the Property so sold, but without any covenant or warranty express or implied. The recitals in such deed or assignment of interest of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Mortgagor or Mortgagee, may purchase at such sale. After deducting all costs, fees and expenses of sale, including cost of evidence of title and reasonable counsel fees (if permitted by law) in connection with the sale, the proceeds of sale

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shall be applied to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the Prime Rate plus three percent (3%) per annum; all other Obligations; and the remainder, if any, to the person or persons legally entitled thereto; and/or

- (ii) Mortgagee shall have the right from time to time to enforce any legal or equitable remedy against Mortgagor and to sue for any sums whether interest, damages for failure to pay principal or any installment thereof, taxes, installments or principal, or any other sums required to be paid under the terms of this Mortgage, as the same become due, without regard to whether or not the principal sum secured or any other sums secured by the Notes and Mortgage shall be due and without prejudice to the right of Mortgagee thereafter to enforce any appropriate remedy against Mortgagor including an action of foreclosure, or any other action, for a Default by Mortgagor existing at the time such earlier action was commenced; and/or
- (iii) Mortgagee may enforce its rights, whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement contained in the Notes, this Mortgage or the other Loan Documents, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall deem most advisable to protect and enforce any of its rights hereunder, or under the Notes or under the other Loan Documents. Mortgagee, at its option, shall have the power of sale, as and if provided for by statute or otherwise permitted under the laws of the State of Illinois, as the same may be amended from time to time, with or without entry, personally or by attorney, to sell to the highest bidder all or any part of the Property, and all right, title, interest, claim and demand therein in one lot or any entirety, or in separate lots, as Mortgagee may elect, and in one sale or in any number of separate sales held at one time or at any number of times, which said sale or sales shall be made at public auction at such place in the county in which the property to be sold is situated and at such time and upon such terms as may be fixed by Mortgagee and briefly specified in the notice of such sale or sales. Any sale by Mortgagee may nevertheless, at its option, be made at such other place or places, and in such other manner, as may now or hereafter be authorized by law. Notice of any sale by Mortgagee pursuant to the provisions hereof shall state the time and place when and where the same is to be made and shall contain a brief general description of the property to be sold and shall be sufficiently given if given in the manner provided by law; and/or
- (iv) Mortgagee is hereby appointed the true and lawful attorney of Mortgagor, in its name and stead or in the name of Mortgagee, to make all necessary conveyances, assignments, transfers and deliveries of the property rights so sold, and, for that purpose, Mortgagee may execute all necessary

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deeds and instruments of assignment and transfer, and may substitute one or more persons with like power. Mortgagor hereby ratifies and confirms all that its said attorney or attorneys or such substitute or substitutes shall lawfully do by virtue hereof. Mortgagor shall, nevertheless, if so requested in writing by Mortgagee, ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Mortgagee, for the purpose and as may be designated in such request. Any such sale or sales made under or by virtue of this Article II shall operate to divest all the estate, right, title, interest, claim and demand, whether at law or in equity, of Mortgagor in and to the Property and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and its successors and assigns.

(e) Mortgagee as Purchaser. In the case of any sale of the Property pursuant to any judgment or decree of any court or at public auction or otherwise in connection with the enforcement of any of the terms of this Mortgage, Mortgagee, its successors or assigns, may become the purchaser, and for the purpose of making settlement for or payment of the purchase price, shall be entitled to deliver over and use the Notes and any claims for interest accrued and unpaid thereon, together with all other sums, with interest, advanced and unpaid hereunder, in order that there may be credited as paid on the purchase price the sum then due under the Notes including principal and interest thereon and all other Obligations.

(f) Appointment of Receiver. If a Default under this Mortgage occurs and is continuing, Mortgagee, as a matter of right and without notice to Mortgagor or anyone claiming under Mortgagor, and without regard to the then value of the Property or the interest of Mortgagor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Property, and Mortgagor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers of Mortgagee and shall continue as such and exercise all such powers until the date of sale of the Property, unless such receivership is sooner terminated. Mortgagee hereunder or any holder of the Notes may be appointed as such receiver.

(g) Retention of Possession. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of Mortgagor's property, or of the Property or any part thereof, Mortgagee shall be entitled to retain possession and control of the Property now or hereafter granted, bargained, sold, mortgaged, warranted, conveyed, pledged and/or assigned to or held by Mortgagee under this Mortgage.

(h) Waiver of Certain Rights. To the extent that such rights may then be lawfully waived, Mortgagor hereby covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, (i) any stay or extension or moratorium law now or at any time hereafter in force; (ii) any law now or hereafter in force providing for the valuation or appraisal of the Property or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction, and (iii) any law now or at any time hereafter made or

enacted granting a right to redeem the Property so sold or any part thereof. To the extent permitted by law, Mortgagor expressly waives for itself and on behalf of each and every person acquiring any interest in or title to the Property or any part thereof, subsequent to the date of this Mortgage, all benefit and advantage of any such law or laws; and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to Mortgagee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

(i) Remedies not Exclusive. The cumulative rights of Mortgagee arising under the clauses and covenants contained in this Mortgage, the Notes, and the other Loan Documents shall be separate, distinct and cumulative and none of them shall be construed to be exclusive or an election to proceed under any one provision herein or otherwise to the contrary notwithstanding. In addition to any remedies provided herein or in the Notes, or the other Loan Documents for Default, Mortgagee shall have all other remedies allowed under the laws of the State of Illinois, and the laws of the United States. No failure on the part of Mortgagee to exercise any of its rights hereunder arising upon any Default shall be construed to prejudice its rights in the event of any other or subsequent Default. No delay on the part of Mortgagee in exercising any of such rights shall be construed to preclude it from the exercise thereof at any time during the continuance of such Default. Mortgagee may enforce any one or more remedies or rights hereunder in such order and manner as it may determine, successively or concurrently at its option. By accepting payment or partial payment of the Obligations after its due date, Mortgagee shall not make an accommodation or thereby waive the agreement herein contained that time is of the essence, nor shall Mortgagee waive either any of its remedies or options or its right to require prompt payment when due of all sums secured or to consider failure so to pay a Default hereunder. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee.

ARTICLE III

SECURITY AGREEMENT

Fixtures. It is mutually intended, agreed and declared that all personal property affixed or adapted to the Premises ("Fixtures") shall, to the fullest extent permitted by law, be deemed to form a part of the Premises and for the purposes of this Mortgage to be considered real estate, and as such secured by this Mortgage. If a separate fixture filing is necessary or appropriate regarding the Fixtures, then this Mortgage shall constitute a Security Agreement with respect to any all such Fixtures, to be perfected by filing this Mortgage or financing statement(s), if required, in the appropriate records of the Recorder of Deeds of Cook County, Illinois.

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ARTICLE IV

DAMAGE OR DESTRUCTION INSURANCE PROCEEDS

4.1 Notice. In case of casualty to the Premises resulting in damage or destruction, Mortgagor shall promptly give written notice thereof to Mortgagee.

4.2 Assignment of Insurance Proceeds; Authority to Settle Claims. Mortgagor hereby grants, transfers and assigns to Mortgagee any insurance proceeds which Mortgagor is otherwise entitled to receive in connection with any damages to the Premises or part thereof and the same shall be paid to Mortgagee. Mortgagor hereby authorizes and directs any affected insurance carrier to make payment of such proceeds directly to Mortgagee, and Mortgagee is hereby authorized and empowered by Mortgagor to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance. No interest shall be allowed to Mortgagor on any proceeds of insurance paid to and held by Mortgagee.

4.3 Mortgagee's Election re Insurance Proceeds. The insurance loss proceeds shall be delivered to Mortgagee and be applied (pursuant to the provisions of this Article) to the reduction or full pay off of the Obligations unless Mortgagee elects to make said proceeds available for restoration purposes. Within thirty (30) days after receipt of the written notice referred to in paragraph 4.1, Mortgagee shall advise Mortgagor in writing as to whether Mortgagee elects to apply the insurance loss proceeds on the Obligations or for restoration of the Premises. Notwithstanding the foregoing, in the event Mortgagee reasonably determines that twenty-five percent (25%) or less of the Premises is destroyed or damaged and that restoration of the Premises is economically feasible, Mortgagee shall make the insurance proceeds available to Mortgagor for repair and reconstruction necessary to restore the Premises.

4.4 Total Destruction. If at any time during the term of this Mortgage all or substantially all of the Premises is damaged or destroyed, and if Mortgagee elects to have all insurance proceeds applied to payment of the Obligations but such insurance proceeds are not sufficient to pay in full the then unpaid balance of said Obligations Mortgagor shall, within ten (10) days after application of the insurance proceeds, pay such deficiency to Mortgagee.

4.5 Application of Proceeds If Mortgagee elects to have the insurance loss proceeds applied to pay off or reduce the unpaid balance of the Obligations, said proceeds shall, promptly after receipt by Mortgagee, be applied by Mortgagee, first, to pay the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss, and, second, to reduction or pay off of the Obligations. If the damage or destruction is less than total as treated in paragraph 4.4 above, and if part of the Premises is to remain open or be reopened for business, and if such proceeds are not sufficient to pay off the Obligations in full then such reduction shall be applied in inverse order of payment in the Notes provided, and unless Mortgagee agrees in writing, any application of such insurance proceeds to reduction of principal shall not extend or postpone the due date of the installments or change the amount of such installments as provided for in the Notes.

4.6 Restoration. If the insurance proceeds are made available for restoration, and such restoration is permitted under the Lease, Mortgagor shall at its sole cost and expense, whether or not the insurance proceeds, if any, shall be sufficient for the purpose, restore, repair, replace, and rebuild (hereinafter referred to as "Restoration") the Premises as nearly as possible to its value, condition and character immediately prior to such damage or destruction. In such event, all insurance money paid to Mortgagee on account of such damage or destruction, less the actual cost, fees and expenses, if any, incurred in connection with adjustment of the loss, shall be released by Mortgagee to be applied to payment (to the



extent of actual restoration performed) of the cost of the aforesaid Restoration, including the cost of temporary repairs or for the protection of the Premises pending the completion of permanent Restoration. If the insurance proceeds are so made available by Mortgagee for Restoration, any surplus which may remain out of said proceeds after payment of the cost of Restoration shall, at the option of Mortgagee, be applied to the Obligations or be paid to any party entitled thereto and under the conditions that Mortgagee may require. Insurance proceeds released for Restoration shall at Mortgagee's option be paid out from time to time as such Restoration progresses or at one time upon completion of such Restoration subject to the following conditions:

(a) that Mortgagor is not then in default under any of the terms, covenants and conditions hereof or under the Notes, or any of the other Loan Documents; and

(b) that Mortgagee shall first be given satisfactory proof that all Premises affected by the loss or damage has been fully restored, or that by the expenditure of such proceeds will be fully restored, free and clear of all liens except as to the lien of this Mortgage and except as agreed to by Mortgagee; and

(c) that in the event such proceeds shall be insufficient to restore or rebuild the said Premises, Mortgagor shall either (i) deposit promptly with Mortgagee funds which, together with the insurance proceeds, shall be sufficient to restore and rebuild the same, or (ii) provide other assurance satisfactory to Mortgagee of such restoration or rebuilding; and

(d) that in the event Mortgagor shall fail within a reasonable time to restore or rebuild or cause to be restored or rebuilt the said Premises, Mortgagee, at its option, may restore or rebuild same or cause same to be restored or rebuilt for or on behalf of Mortgagor and for such purpose may do all necessary acts.

In the event any of the said conditions are not or cannot be satisfied, then the alternate disposition of such proceeds as provided herein shall again become applicable. Mortgagee shall not be obligated to see to the proper application of any funds released hereunder, nor shall any amount so released or used be deemed a payment on the Obligations.

If any of the said conditions is not satisfied, and if Mortgagee is unwilling to waive that condition and thereby to make said proceeds so available, Mortgagor shall have the right to prepay, without penalty, the balance of the Obligations after application of the proceeds or awards thereto.

4.7 Payment of Deposited Funds Upon (i) completion of all the Restoration in a good workmanlike manner and substantially in accordance with the plans and specifications therefor, if any, and (ii) receipt by Mortgagee of satisfactory evidence of the character required by conditions (b) and (c) of paragraph 4.6 hereof, that the Restoration has been completed and paid for in full (or, if any part of such Restoration has not been paid for, adequate security for such payment shall exist in form satisfactory to Mortgagee) and that there are no liens of the character referred to in said condition (b), any balance of the insurance money at the time held by Mortgagee shall be paid, as provided in this Article IV, to Mortgagor or its designee provided Mortgagor is not then in Default of any of the terms and provisions of this Mortgage.

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4.8 Application of Insurance Proceeds in Event of Default. If, while any insurance proceeds are being held by Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoring of buildings or improvements on the Premises, Mortgagee shall be or become entitled to, and shall accelerate the Obligations, then and in such event, Mortgagee shall be entitled to apply all such insurance proceeds then held by it in reduction of the Obligations and any excess held by it over the amount of the Obligations then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

ARTICLE V

EMINENT DOMAIN; CONDEMNATION AWARDS

5.1 Notice. In the event that the Premises, or any part thereof, shall be taken in condemnation proceedings or by exercise of any right of eminent domain or by conveyance(s) in lieu of condemnation (hereinafter called collectively, "condemnation proceedings"), or should Mortgagor receive any notice or information regarding any such proceeding, Mortgagor shall give prompt written notice thereof to Mortgagee. Mortgagor and Mortgagee shall have the right to participate in any such condemnation proceedings and the proceeds thereof shall be deposited with Mortgagee and be distributed in the manner set forth in this Article V. Mortgagor agrees to execute any and all further documents that may be required in order to facilitate collection of any award or awards and the making of any such deposit.

5.2 Assignment of Condemnation Awards. Mortgagor hereby grants, transfers and assigns to Mortgagee the proceeds of any and all awards or claims for damages, direct or consequential, which Mortgagor is otherwise entitled to receive, in connection with any condemnation of or injury to the Premises, or part thereof, or for conveyances in lieu of condemnation, and the same shall be paid to Mortgagee. Mortgagor hereby authorizes and directs any such condemning authority to make payment of such award(s) and claim(s) directly to Mortgagee. No interest shall be allowed to Mortgagor on any such condemnation awards paid to and held by Mortgagee.

5.3 Total Taking. If at any time during the term of this Mortgage title to the whole or substantially all of the Premises shall be taken in condemnation proceedings or by agreement between Mortgagor, Mortgagee and those authorized to exercise such right, Mortgagee shall apply such award or proceeds which it receives pursuant to paragraph 5.2 hereof first to pay the actual costs, fees and expenses, if any, incurred in connection with the collection of the award, and second to full payment of all of the Obligations and any excess award funds then remaining after payment of the Obligations in full shall be paid to Mortgagor. In the event that the amount of the award or proceeds received by Mortgagee shall not be sufficient to pay in full the then unpaid balance of the Obligations, with the accrued interest thereon, Mortgagor shall, within ten (10) days after the application of the award or proceeds as foresaid pay such deficiency to Mortgagee.

5.4 Partial Taking - Mortgagee's Election. If at any time during the term of this Mortgage title to less than the whole or substantially all of the Premises shall be taken as aforesaid, then Mortgagee will elect, within thirty (30) days after receipt of notice of such taking, whether to have the proceeds of the award applied to reduction of the unpaid principal balance of the Obligations or to have such proceeds

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made available to Mortgagor for the repair and reconstruction necessary to restore the Premises. If Mortgagee elects to have the award or proceeds applied to reduce the unpaid principal balance, said proceeds shall, promptly upon receipt by Mortgagee, be applied by Mortgagee, first, to pay the actual cost, fees and expenses, if any, incurred in connection with the collection of the award, and, second, to reduction of the Obligations in inverse order of payments provided for in the Notes. If Mortgagee elects to have the proceeds of the award used for repair and restoration, and if such repair and restoration is permitted under the Lease, all of the award or proceeds collected by Mortgagee shall be applied first to pay the actual cost, fees and expenses, if any, incurred in connection with the collection of the award, and the balance shall be paid over toward the cost of demolition, repair and restoration, substantially in the same manner and subject to the same conditions as those provided in paragraph 4.6 hereof with respect to insurance proceeds and other monies. Any balance of such award proceeds remaining in the hands of Mortgagee after payment of such costs of demolition, repair and restoration as aforementioned, shall be retained by Mortgagee and applied in reduction of the Obligations in inverse order of payments as set forth in the Notes. In the event that such costs shall exceed the net award amount collected by Mortgagee, Mortgagor shall pay the deficiency, on demand. Notwithstanding the foregoing, in the event Mortgagee reasonably determines that twenty-five percent (25%) or less of the Premises is so taken and that restoration of the Premises is economically feasible, Mortgagee shall make the proceeds available to Mortgagor for the restoration of the Premises.

5.5 Abandonment; Failure of Mortgagor to Respond to Offer, etc. If the Premises is abandoned by Mortgagor or if after notice to Mortgagee and/or Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to the offer and fails to advise Mortgagee within thirty (30) days of the date of such notice, then Mortgagee is authorized to collect and apply the proceeds at Mortgagee's option either to restoration or repair of the Premises or to the reduction of the Obligations.

5.6 Application of Proceeds. In the event of a reduction of the Obligations under the provisions of paragraphs 5.4 or 5.5 hereof, the application of such proceeds to the Obligations shall not extend or postpone the due date of the monthly installments or change the amount of such installments as provided in the Notes unless Mortgagee agrees otherwise in writing.

5.7 Expenses. In the case of any taking covered by the provisions of this Article V, Mortgagor and Mortgagee shall be entitled to reimbursement from any award or awards of all reasonable costs, fees and expenses incurred in the determination and collection of any such awards.

5.8 Application of Condemnation Awards in Event of Default. If, while any condemnation awards are being held by Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of the Premises Mortgagee shall be or become entitled to, and shall accelerate the Obligations, then and in such event, Mortgagee shall be entitled to apply all such condemnation awards then held by it in reduction of the Obligations and any excess held by it over the amount of Obligations then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

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## ARTICLE VI

### MISCELLANEOUS

#### 6.1 Loan Documents

(a) Mortgagor covenants that it will timely and fully perform and satisfy all the terms, covenants and conditions of the Loan Documents.

(b) If there shall be any inconsistency between the terms of provisions of this Mortgage and the Term Agreements the terms and provisions of the Term Agreement shall control.

(c) This Mortgage is granted to secure future advances and loans from the Banks to Mortgagor, as provided in the Loan Documents, and costs and expenses of enforcing Mortgagor's obligations under this Mortgage, and the other Loan Documents. All future advances made pursuant to the Credit Agreement are to be made within twenty (20) years from the date hereof and shall have the same priority as the original disbursement to the fullest extent permitted by law.

(d) Notwithstanding anything to the contrary in this Mortgage, it is understood and agreed that, in accordance with the provisions of the Credit Agreement (i) the Notes, issued pursuant thereto will vary from time to time with advances and repayments being made thereunder, (ii) Mortgagee may allocate repayments among the Notes, and the Obligations in such order as Mortgagee may elect in accordance with the provisions of the Credit Agreement and the Term Agreement. It is the intention of Mortgagor that Mortgagee shall be afforded the full benefits of this Mortgage, including the priority hereof, with respect to the actual amount owing under the Notes from time to time, and that insofar as Mortgagor and any persons or entities acquiring any subsequent interest in the Property or any part thereof are concerned, such persons and entities shall have to assume that the maximum amount to be advanced under the Notes has been in fact advanced and is at all times a portion of the outstanding Obligations.

6.2 Maximum Interest Payable. Neither the provisions of this Mortgage nor the Notes shall have the effect of, or be construed as requiring or permitting Mortgagor to pay interest in excess of the highest rate per annum allowed by the laws of the State of Illinois on the Obligations or any portion thereof. If under any circumstances Mortgagee shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall, ipso facto, be applied to the reduction of the unpaid Obligations due hereunder and not to the payment of interest.

6.3 Certain Additional Powers of Mortgagee; Sale no Effect on Obligations. Without affecting the liability of any person liable for the payment or performance of the Obligations and without affecting the lien or charge of this Mortgage upon any portion of the Property not then or theretofore released as security for all unpaid or unperformed obligations secured hereby, Mortgagee may from time to time and without notice (a) release any person so liable, (b) extend the maturity or alter any of the terms of any such obligation, (c) grant other indulgences, (d) release or reconvey, or cause to be released or reconveyed any parcel, portion or all of the Property, (e) take or release any other or additional security for any such obligations, or (f) make compositions or other arrangements with debtors in relation thereto. No sale of the Property or any part thereof shall in anywise affect the liability of any party to the Notes, or any person liable or to become liable with respect to the Obligations.

#### 6.4 Mortgagor's Duty to Defend and Pay Expenses.

Mortgagor, at its sole expense, will appear in and affirmatively defend all actions or proceedings purporting to affect the security hereof or any right or power of Mortgagee hereunder. Mortgagor shall save Mortgagee harmless from all costs and expenses, including, but not limited to, reasonable attorneys' fees, costs of title search, continuation of abstract(s) and preparation of survey incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body in which Mortgagee may be or become a part by reason of this Mortgage, including but not limited to condemnation, bankruptcy, and administrative proceedings, as well as any other of the foregoing where a proof of claim is by law required to be filed, or in which it becomes necessary to defend or uphold the terms or lien of this Mortgage. Mortgagee, in its sole discretion, may appear in and defend any such action or proceeding, and Mortgagee is authorized to pay, purchase or compromise on behalf of Mortgagor any encumbrance or claim which in its judgment appears to or purports to affect the security hereof or to be superior hereto. Mortgagor will pay on demand all sums so expended and all costs and expenses, including attorneys' fees, incurred in any such action by Mortgagee, with interest thereon from the date of expenditure at the Prime Rate plus three percent (3%). In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens' Certificates and similar data and assurances with respect to the title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Property. All expenditures and expenses of the nature in this paragraph mentioned, as well as record-keeping costs resulting therefrom and such expenses and fees as may be incurred in the protection of said Property and the maintenance of the lien of this Mortgage, including the fees of any attorneys employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Notes or the Property, including appellate, probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding shall be immediately due and payable by Mortgagor. All sums expended or costs incurred by Mortgagee referred to in this paragraph, if not repaid on demand, shall with interest at the Prime Rate plus three percent (3%) and be deemed a part of the Obligations. The provisions of this paragraph 6.4 shall not apply to any claim successfully asserted by Mortgagor against Mortgagee to the effect that Mortgagee materially breached the Loan Documents to the substantial impairment of Mortgagor's rights, title, interest, estates to or under the Property or the Loan Documents.

6.5 Business Loans. Mortgagor certifies and agrees that the proceeds of the Note will be used for the purposes specified in Illinois Revised Statutes, Chapter 17, Section 6404(1)(c), and that the Obligations a "business loan" coming within the definition and purview of said section.

6.6 Tax On Mortgage. In the event of the passage of any state, federal, municipal or other governmental law, order, rule, regulation in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages or the manner of collecting taxes so as to adversely affect the Mortgagee the entire balance of Obligations shall without notice become due and payable forthwith at

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the option of Mortgagee. Provided, however, if Mortgagor is permitted by law to pay the same, and provided such payment will not make this loan usurious, then and so long as Mortgagor does in fact pay and continue to pay same to Mortgagee's satisfaction, Mortgagee agrees not to exercise its option under this paragraph 6.6 to accelerate the Obligations.

6.7 Forebearance, etc., Not a Waiver. Failure to accelerate the maturity of the Obligations upon the occurrence of any Default hereunder, or acceptance of any sum after the same is due, or acceptance of any sum less than the amount then due, or failure to demand strict performance by Mortgagor of the provisions of this Mortgage or of the other Loan Documents or any forbearance by Mortgagee in exercising any right or remedy hereunder or otherwise afforded by law shall not constitute a waiver by Mortgagee of any provision of this Mortgage nor nullify the effect of any previous exercise of any such option to accelerate or other right of remedy.

6.8 Fee For Services Rendered. Mortgagee reserves the right to assess Mortgagor and Mortgagor agrees to pay to Mortgagee a reasonable fee for services rendered in connection with the Obligations or Property including but not limited to modification of any documents, collection efforts regarding mortgage payments as well as recordkeeping costs resulting therefrom and attorney's fees and court costs in connection with foreclosure proceedings under this Mortgage. Such fees shall, on notice to Mortgagor, become immediately due and payable to Mortgagee. In default of said payment, such fee shall be added to the Obligations and Mortgagee may avail itself of any rights and remedies under Article II hereof.

6.9 Mortgagee's Expenses. If Mortgagee shall incur or expend any sums, including reasonable attorney's fees, whether in connection with any action or proceeding or not, to sustain the lien of this Mortgage or its priority, or to protect or enforce any of its rights hereunder, or to recover, the Obligations or for any title examination or title insurance policy relating to the title to the Property, all such sums shall on notice and demand be paid by Mortgagor, together with the interest thereon at the Prime Rate plus three percent (3%) per annum and shall be a lien on the Property, prior to any right to title to, or interest in, or claim upon, the Property subordinate to the lien of this Mortgagee, and shall be deemed to be secured by this Mortgage.

6.10 Mortgagee Not a Joint Venturer or Partner. Mortgagor and Mortgagee acknowledge and agree that in no event shall Mortgagee be deemed to be a partner or joint venturer with Mortgagor. Without limitation of the foregoing, Mortgagee shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any of the other Loan Documents.

6.11 Mortgagor Certifications. Mortgagor, upon request, made either personally or by mail, shall certify, by writing duly acknowledged, to Mortgagee, or to any proposed assignee of this Mortgage, the amount of the Obligations and whether any offsets or defenses exist against the Obligations within ten (10) days of such request.

6.12 Filing and Recording Fees. Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgement of this Mortgage and all federal, state, county, and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Notes and this Mortgage and any of the other Loan Documents.

6.13 Notices. Any notice between the parties hereto or notices provided herein to be given shall be in writing (unless addressee otherwise provided herein) and, if mailed, shall be deemed to be given when sent by registered or certified mail, postage prepaid, and addressed to Mortgagor, or the Banks at the respective address set forth below or such other address as any of the parties shall designate as its address for purposes of this Mortgage in a writing delivered to Mortgagee:

Mortgagor:

Northbrook Corporation  
2215 Sanders Road  
Suite 370  
Northbrook, IL 60062  
Attention: President

Mortgagee:

Continental Illinois National Bank  
and Trust Company of Chicago  
231 South LaSalle  
Chicago, IL 60697  
Attention: N.W. Suburban Office

Schroder:

J. Henry Schroder Bank and Trust Company  
1 State Street  
New York, N.Y. 10011  
Attention: Ronald M. Winters

6.14 Severability. In case any one or more of the covenants, agreements, terms or provisions contained herein or in the Notes, or in any of the other Loan Documents, shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions shall in no way be affected, prejudiced or disturbed thereby, and to this end the provisions of the Security Documents are declared to be severable.

6.15 Covenants "To Run with Land"; Successors and Assigns. This Mortgage and all the terms, covenants, conditions, agreements and requirements hereof, whether stated herein at length or incorporated herein by reference, shall be covenants running with the land so long as this Mortgage is in effect and shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the Mortgagor and Mortgagee.

6.16 Definitions. Wherever used in this Mortgage, unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, the word "Mortgagor" shall mean "Mortgagor and/or any subsequent owner or owners of the Property," the word "Mortgagee" shall mean "Mortgagee or any subsequent holder or holders of this Mortgage," the word "Notes" shall mean "Notes of even date herewith secured by this Mortgage and any additional or substitute note or notes at any time secured by the Mortgage," the word "person" shall mean "an individual, corporation, partnership or unincorporated association," and pronouns of any gender shall include the other genders, and either the singular or plural shall include the other.

6.17 Governing Law. This Mortgage has been executed and delivered in the State of Illinois and is to be construed and enforced according to and governed by the laws of the State of Illinois.

6.18 Modification Procedure. This Mortgage cannot be modified except by an instrument in writing executed by the party against whom enforcement of the change is sought. No requirement of this Mortgage can be waived at any time except by a writing signed by Mortgagee, nor shall any waiver be deemed a waiver of any subsequent breach or default of Mortgagor.

6.19 Captions. The headings or captions of the Articles, sections, paragraphs, and subdivisions of this Mortgage are for convenience of reference only, are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof.

IN WITNESS WHEREOF, this Mortgage has been duly signed, acknowledged and delivered by Mortgagor this 13th day of November, 1985.

Attest:

Northbrook Corporation  
a Delaware corporation

By [Signature]  
Title: SECRETARY

By [Signature]  
Title: PRESIDENT

This instrument was prepared by Reynaldo P. Glover of Isham, Lincoln & Beale. After recording it should be returned to Reynaldo P. Glover, ISHAM, LINCOLN & BEALE Three First National Plaza Suite 5200 Chicago, Illinois 60603

BOX 333 - HV

(312) 558-7500

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Property of Cook County Clerk's Office





EXHIBIT "A"

Lots 11, 14, 15 and 16 in Block 1 in Buckingham Second Addition to Lake View in the North East 1/4 of Section 20, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

PROPERTY INDEX NUMBERS

14	26	215	013	0000
A	EA	BLK	PCL	UNIT

 (Lot 11) 40.

-011- (Lot 14)  
-010- (Lot 15 & 16)

Property of Cook County Clerk's Office

85 288 506

EXHIBIT B

Permitted Exceptions

1. TRUST DEED DATED AUGUST 31, 1973 AND RECORDED SEPTEMBER 20, 1973 AS DOCUMENT 22485761 MADE BY JOSEF V. STRAHAMMER AND JOHANNA STRAHAMMER, HIS WIFE, TO CHICAGO TITLE AND TRUST COMPANY TO SECURE A NOTE FOR \$72,000.00. (AFFECTS LOTS 14, 15 AND 16).
2. ASSIGNMENT OF RENTS MADE BY JOSEF V. STRAHAMMER AND JOHANNA STRAHAMMER, HIS WIFE, TO LINCOLN NATIONAL BANK RECORDED SEPTEMBER 20, 1973 AS DOCUMENT 22485762. (AFFECTS LOTS 14, 15 AND 16).

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Property of Cook County Clerk's Office