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3912 West McLean Avenue
Chicago, Illinois

OPEN-END MORTGAGE

(THIS MORTGAGE SECURES FUTURE ADVANCES
IN AN AMOUNT UP TO \$5,000,000.00)

THIS OPEN-END MORTGAGE ("this Mortgage"), made December 11, 1986, by PSW INDUSTRIES, INC. ("Mortgagor"), a Delaware corporation with its principal office at 3912 West McLean Avenue, Chicago, Illinois 60647, and SANWA BUSINESS CREDIT CORPORATION ("Mortgagee"), a Delaware corporation with an office at One South Wacker Drive, Chicago, Illinois 60606.

1. DEFINITIONS

1.1 Wherever used in this Mortgage, "Mortgagor's Liabilities" means: (i) the indebtedness owing by Mortgagor to Mortgagee evidenced by an Installment Note ("the Installment Note") dated this date in the principal sum of One Million Five Hundred Seventy Thousand Dollars (\$1,570,000.00) executed by Mortgagor and payable to Mortgagee, together with interest, costs and expenses provided for in the Note, and any and all renewals and extensions of the whole or any part of either of the Note and/or any part of the indebtedness secured by this Mortgage however evidenced; (ii) all present and future loans and advances which Mortgagee is obligated to or does make to Mortgagor pursuant to a Loan and Security Agreement, dated the date of this Mortgage and executed by Mortgagor to Mortgagee (the agreement(s) and any amendments or modifications being called the "Loan and Security Agreement"); and (iii) all other liabilities and indebtedness of any and every kind and nature now owing or arising after this date, due or becoming payable from Mortgagor to Mortgagee, however evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise, and whether arising under the Note and/or the Loan and Security Agreement or under mortgages, leases, instruments, guarantees, documents, contracts and similar agreements, the foregoing documents, exclusive of this Mortgage are individually and/or collectively referred to as "the Other Agreements," or by oral agreement or operation of law, and whether evidenced by instruments or other evidences of indebtedness.

1.2 The maximum amount of Mortgagor's Liabilities, exclusive of interest which may be outstanding from time to time and secured by this Mortgage is Five Million Dollars (\$5,000,000.00).

1.3 Wherever used in this Mortgage, "Mortgagor's Obligations" means the prompt, full and faithful performance, discharge, compliance and observance by Mortgagor of each and every term, condition, warranty, representation, agreement, undertaking, covenant and provision to be performed, discharged observed or complied with by Mortgagor contained in this Mortgage, the Note, and the Other Agreements, and in any other agreement, instrument or document now existing or executed after this date by Mortgagor and delivered to Mortgagee.

1.4 Wherever used in this Mortgage, "Mortgaged Property" means: (i) all that land situated in the County of Cook, State of Illinois, and legally described at Exhibit "A" hereto, together with all buildings, improvements, easements, fixtures and appurtenances now or at any time after this date belonging to or

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situated on the land and all vacated alleys and streets abutting the land; and (ii) all present and future rents, issues, profits and proceeds of and from the Mortgaged Property howsoever accruing, existing, created or arising, and whether under leases, tenancies or otherwise now existing or from time to time created after this date; and (iii) all judgments, awards of damages and settlements made as a result or in lieu of any taking of the Mortgaged Property or any part of the Mortgaged Property under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Property or any part of the Mortgaged Property, and all proceeds of the foregoing; and (iv) all apparatus, machinery, equipment, fixtures and articles of personal property of every kind and nature whatsoever now or at any time or times used, installed or located in or on the Mortgaged Property including; but not limited to, any such item now or at any time or times after this date situated on the Mortgaged Property and used to supply heat, gas, air-conditioning, water, light, power, plumbing, refrigeration, ventilation, electricity, mobility, communication, incineration, laundry service and all related matters, all of them being declared to be a part of the above Mortgaged Property, whether physically attached or not, and it is agreed that all similar apparatus, equipment or articles placed in or on the Mortgaged Property by Mortgagor after this date shall be considered as constituting part of the Mortgaged Property; and (v) all insurance policies now in force or in force at any time after this date insuring the Mortgaged Property and the apparatus, equipment and articles.

1.5 The terms and provisions of the Other Agreements are, to the extent not expressly inconsistent with the terms of this Mortgage, incorporated by reference.

2. CONVEYANCE

2.1 To secure the payment by Mortgagor of Mortgagor's Liabilities and the performance by Mortgagor of Mortgagor's Obligations, Mortgagor conveys, gives, grants, bargains, sells, transfers, warrants, mortgages, confirms, assigns, pledges and sets over to Mortgagee all of the Mortgaged Property as defined in Paragraph 1.4 above, including without limitation that real property lying and being in the County of Cook, State of Illinois, and legally described on Exhibit A.

3. COVENANTS WARRANTIES AND REPRESENTATIONS

3.1 Mortgagor covenants with and warrants and represents to Mortgagee that:

(a) Mortgagor will promptly pay or cause to be paid when due or declared due Mortgagor's Liabilities and will promptly, fully and faithfully perform, discharge, observe and comply with each and every of Mortgagor's Obligations.

(b) Mortgagor is the owner of and has good and indefeasible fee simple title to the Mortgaged Property, free and clear of all claims, liens and encumbrances, except general real estate taxes not yet payable and a junior mortgage (the "Junior Mortgage") dated on or about this date in favor of MSL Industries, Inc., as mortgagee, given to secure a

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and rights of the public and utilities in vacated streets and alleys

promissory note in the principal amount of \$503,514.67, ~~and recorded~~ easements in favor of various public utilities (the "Permitted Liens"), has the right and power to convey, mortgage and warrant the Mortgaged Property to Mortgagee free and clear of all claims, liens and encumbrances except for the Permitted Liens, and is in peaceful possession of and will forever warrant and defend the Mortgaged Property against any and all claims of any and all persons. Mortgagor will immediately upon request by Mortgagee, at Mortgagor's sole expense, cause to be made, executed, acknowledged and delivered, in form satisfactory to Mortgagee, all such other mortgages, deeds, security agreements, instruments and documents as may at any time or times be reasonably required to perfect and continue perfected, as first and valid liens, any liens granted by Mortgagor to Mortgagee upon the Mortgaged Property (subject to the Permitted Liens).

(c) Mortgagor will not abandon the Mortgaged Property and shall at all times keep the Mortgaged Property in good condition and repair and will not commit or suffer waste and will make all necessary repairs, replacements, and renewals to the Mortgaged Property so that the value and operating efficiency shall at all times be maintained and preserved. Mortgagor shall not remove any fixture or demolish any building or improvement located in or on the Mortgaged Property. Mortgagor will pay for and complete within a reasonable time any building or improvement at any time in the process of erection upon the Mortgaged Property, shall promptly repair, restore or rebuild any building or improvement which may become damaged or destroyed, shall refrain from impairing or diminishing the value of the Mortgaged Property, and will make no material alterations to the Mortgaged Property which in the opinion of Mortgagee diminishes its value (except as may be permitted in the Loan and Security Agreement). Mortgagor will comply with all requirements of law and all municipal ordinances governing the Mortgaged Property and its use, and shall permit Mortgagee and its agents to inspect the Mortgaged Property at all reasonable times. If, at any time after default by Mortgagor, the management or maintenance of the Mortgaged Property shall be determined by Mortgagee to be unsatisfactory, Mortgagor will, at its own expense, employ as managing agent of the Mortgaged Property, for the duration of such default, any person from time to time designated by Mortgagee.

(d) Mortgagor will promptly pay and discharge as and when due and payable, before any penalty attaches, all assessments and taxes (whether special or otherwise), water charges, sewer service charges, municipal or governmental charges of any kind or nature and all other charges that may be at any time levied, assessed or imposed upon or against all or any part of the Mortgaged Property and all claims for labor, materials and supplies which, if unpaid, might become a lien or charge upon or against all or any

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part of the Mortgaged Property; provided however, that Mortgagor may in good faith, by appropriate proceeding, contest the validity, applicability or amount of any asserted tax or assessment if Mortgagor adequately reserves for such tax or assessment, as determined by Mortgagee. If Mortgagee is required by legislative enactment or judicial decision to pay any tax or taxes or assessments (excluding income taxes) in or to any state, municipality or government on the Mortgaged Property (or on any interest), then, in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments or reimburse Mortgagee within thirty (30) days after the mailing to Mortgagor of such demand; provided, however, that if in the opinion of counsel for Mortgagee (i) it might be unlawful to require Mortgagor to make such payment or (ii) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of Mortgagor's Liabilities to be and become due and payable sixty (60) days from the giving of such notice.

Mortgagor need not pay and discharge liens or encumbrances filed against the Mortgaged Property if Mortgagor contests the liens or encumbrances by proceedings which delay the enforcement of the lien or encumbrance provided that (a) if the lien or encumbrance is in excess of \$10,000, Mortgagor shall deposit with Mortgagee cash, or securities reasonably satisfactory to Mortgagee, in an amount sufficient to pay the lien or encumbrance in full including interest which may accrue thereon during the proceedings, and (b) Mortgagor pays the lien or encumbrance, or directs Mortgagee to pay the lien or encumbrance from the deposited funds, before any judgment entered thereon becomes final and non-appealable.

(e) Except for the liens granted to Mortgagee pursuant to this Mortgage and the Permitted Liens, Mortgagor will at all times keep the Mortgaged Property free and clear of all claims, liens and encumbrances of any and every kind and nature and will promptly pay as and when due and payable or when declared due and payable any indebtedness which may or has resulted in such a claim, lien or encumbrance on or against the Mortgaged property, and, upon request, will exhibit to Mortgagee satisfactory evidence of the payment and discharge of such lien, claim or encumbrance. If, in accordance with the terms of this Mortgage, Mortgagee makes payment of any such claim, lien or encumbrance, Mortgagee shall be subrogated to the rights of such claimant notwithstanding that the claim, lien or encumbrance be released of record.

(f) Mortgagor will save Mortgagee harmless from any and all damage, loss and expense, including reasonable attorneys' fees, incurred by reason of any

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suit or proceeding in and to which Mortgagee may be a party by reason of Mortgagor's Liabilities, this Mortgage or the Note.

(g) Mortgagor, within five (5) business days after written request by Mortgagee, will certify in writing to Mortgagee or to any proposed assignee of this Mortgage the amount of principal and interest then owing upon the Note and this Mortgage and whether any offsets or defenses exist against the same.

(h) Mortgagor will not change the use or character of the Mortgaged Property and will not (except as may be provided for in the Loan and Security Agreement) acquire any fixtures, equipment, furnishings or apparatus relating to the operation of the Mortgaged Property subject to any security interest or other charge or lien taking precedence over this Mortgage. Within five (5) business days after request by Mortgagee, Mortgagor will execute, acknowledge and deliver to Mortgagee a security agreement and financing statement, in form satisfactory to Mortgagee, covering the property of any kind whatsoever owned by the Mortgagor which, in the sole opinion of Mortgagee, is necessary for the operation of the Mortgaged Property and concerning which there may be any doubt as to its being subject to the lien of this Mortgage.

(i) If Mortgagor shall neglect or refuse to keep the Mortgaged Property in good repair, to replace or maintain the same as herein agreed, to pay the premiums for insurance which may be required as herein agreed, or to pay and discharge all taxes, revenue stamps, claims, encumbrances, liens, attorneys' fees, costs, assessments and charges of every nature and to whomever assessed, Mortgagee may, at its election, cause such repairs or replacements to be made, obtain such insurance or pay said taxes, revenue stamps, claims, encumbrances, liens, attorneys' fees, costs, assessments and charges, and any amounts so paid by Mortgagee, together with interest at the rate provided in the Note from the date of Mortgagee's payment until repaid by Mortgagor to Mortgagee, shall be immediately due and payable by Mortgagor to Mortgagee, and, until paid, shall be added to and become a part of Mortgagor's Liabilities, and the same may be collected in any suit on this Mortgage or upon the Note. However, such advances by Mortgagee shall not be deemed to relieve Mortgagor from any default under this Mortgage or impair any right or remedy as a result of such default, and the exercise of the right to make advances granted in this paragraph shall be optional with Mortgagee and Mortgagee shall not in any case be liable to Mortgagor for failure to exercise any such right.

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4. INSURANCE

4.1 Mortgagor will at all times keep the Mortgaged Property insured (without any co-insurance clause) against loss or damage by, or abatement of rental income resulting from, fire and such other hazards, casualties and contingencies (including, but not limited to, war risk insurance, if available) as Mortgagee may hereafter from time to time require in companies, form, amounts and for such periods as is reasonably satisfactory to Mortgagee. Mortgagor shall carry and maintain such liability and indemnity insurance (including, but without limitation, the so-called assumed and contractual liability coverage) as may be required from time to time by Mortgagee, in such amounts, with such companies, in such form and for such periods as Mortgagee may require. All such policies and renewals thereof shall contain, in form acceptable to Mortgagee standard mortgagee loss payable clauses naming Mortgagee as mortgagee as well as a standard waiver of subrogation endorsement and shall be delivered as issued to Mortgagee, with premiums therefor paid in full by Mortgagor. All such policies shall provide that they are non-cancellable by the insurer without first giving at least thirty (30) days written notice to Mortgagee of any intended cancellation. Mortgagor will give immediate written notice to Mortgagee of any loss or damage to the Mortgaged Property caused by any casualty. Full power is hereby conferred on Mortgagee to settle and compromise claims under all such policies, to demand, receive and receipt for all monies becoming payable under such policies, to execute in the name of Mortgagor or in the name of Mortgagee any proofs of loss, notices or other instruments in connection with such policies or any loss covered by such policies, and to assign all policies to any holder of Mortgagor's Liabilities or to the grantee of the Mortgaged Property in the event of the foreclosure of this Mortgage or other transfer of title to the Mortgaged Property. In the event of loss under any of such policies, the proceeds payable will be paid by the insurer to Mortgagee and Mortgagee shall apply such proceeds, after deducting all costs of collection, including reasonable attorneys' fees, first, to the extent required by the terms of leases of the Mortgaged Property, toward the alteration, reconstruction, repair or restoration of the Mortgage Property, and, secondly, as a payment on account of Mortgagor's Liabilities (without affecting the amount or time of subsequent installment payments required to be made by Mortgagor to Mortgagee under the Note), and whether or not then due or payable. In case of policies about to expire, Mortgagor will deliver to and deposit with Mortgagee renewal policies not less than ten (10) days prior to the respective dates of expiration. Mortgagor will deliver and deposit with Mortgagee receipts for the payment of the premiums on all policies required to be maintained. In the event of foreclosure of this Mortgage or assignment hereof by Mortgagee or transfer of title to the Mortgaged Property in extinguishment of Mortgagor's Liabilities, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser, grantee or assignee.

5. CONDEMNATIONS

5.1 All awards made by any public or quasi-public authority to Mortgagor relating to the Mortgaged Property by virtue of an exercise of the right of eminent domain by such authority (including any award for a taking of title, possession or right of access to a public way, or for any change of grade of

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streets affecting the Mortgaged Property) are hereby assigned to Mortgagee. Mortgagee, at its option, is authorized, directed and empowered to collect and receive the proceeds of any such award or awards from the authorities making the same and to give proper receipts, and may, at Mortgagee's election, use such proceeds in any one or more of the following ways: (i) apply the same or any part to Mortgagor's Liabilities (without affecting the amount or time of subsequent installment payments required to be made by Mortgagor to Mortgagee under the Note), (ii) use the same or any part to satisfy, discharge, or perform any of the Mortgagor's Obligations, (iii) use the same or any part to replace or restore the Mortgaged Property to a condition satisfactory to Mortgagee, or (iv) release the same to Mortgagor. Mortgagor, upon request by Mortgagee, shall make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning all such awards to Mortgagee free and clear of all claims, liens and encumbrances. Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Mortgaged Property by any public or quasi-public authority or corporation, Mortgagor shall continue to pay interest on Mortgagor's Liabilities until any such award or payment shall have been actually received by Mortgagee, and any reduction in Mortgagor's Liabilities resulting from the application by Mortgagee of such award or payment shall be deemed to take effect only on the date of such receipt. If, prior to the receipt by Mortgagee of such award or payment, the Mortgaged Property shall have been sold on foreclosure of this Mortgage, Mortgagee shall have the right to receive such award or payment to the extent of any deficiency found to be due upon such sale, with legal interest, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and of the reasonable attorney's fees, costs and disbursements incurred by Mortgagee in connection with the collection of such award or payment.

6. DEFAULT

6.1 Any one of the following events shall constitute a default under this Mortgage:

(a) Failure of Mortgagor to pay any of Mortgagor's liabilities when due or declared due; or

(b) Failure of Mortgagor (after any applicable notice or grace period) to promptly, fully and faithfully perform, discharge, observe and comply with each and every of Mortgagor's Obligations; or

(c) A default by Mortgagor under the Other Agreements which remains uncured after any applicable notice or grace period; or

(d) A default under the Junior Mortgage which remains uncured after any applicable notice or grace period.

6.2 In the event of a default under this Mortgage, the Mortgagee may, in its sole discretion and at its election, without further notice of such election, except to the extent required by applicable law, and without demand, do any one or more of the following:

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(a) Declare all of Mortgagor's Liabilities immediately due and payable.

(b) Either with or without process of law, forcibly or otherwise, enter upon and take immediate possession of the Mortgaged Property, expel and remove any persons, goods or chattels occupying or upon the same, receive all rents, income and revenues pertaining to the Mortgaged Property, manage, control and operate the Mortgaged Property as fully as Mortgagor might do if in possession thereof, including, without limitation, the making of all repairs and replacements deemed necessary by Mortgagee and the leasing of the same or any part from time to time, and, after deducting all reasonable attorneys' fees and all expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to Mortgagor's Liabilities or upon any deficiency decree entered in any foreclosure proceeding.

(c) Mortgagee may file one or more suits at law or in equity for the foreclosure of this Mortgage or to collect Mortgagor's Liabilities. In the event of the commencement of any such suit by Mortgagee, Mortgagee shall have the right, either before or after sale, without notice and without requiring bond (notice and bond being hereby waived), without regard to the solvency or insolvency of Mortgagor at the time of application and without regard to the then value of the Mortgaged Property or whether the same is then occupied, to make application for and obtain the appointment of a receiver for the Mortgaged Property and all rents, income, revenues and profits pertaining thereto. Such receiver shall have the power to collect the rents, income and revenues of the Mortgaged Property during the pendency of such suit and, in case of a sale and a deficiency, during the full statutory period of redemption, if any, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, income and revenues, and all other powers which may be necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property. The Court before whom such suit is pending may from time to time authorize the receiver to apply the net income in his possession or control in payment, in whole or in part, of Mortgagor's Liabilities.

(d) To the extent permitted by applicable law, sell, grant, bargain, release or convey or cause to be sold, granted, bargained, released or conveyed the Mortgaged Property, or any part thereof, and all right, title and interest of Mortgagor therein at public or private auction in accordance with the statutes and laws of the State of Illinois ("the State"). Mortgagee may become the purchaser at such sale. Mortgagee may execute and deliver to the

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purchaser or purchasers at any such sale, deeds of conveyance or other instruments of conveyance, good and sufficient at law, for the Mortgaged Property.

6.3 In the event the Mortgagee elects to exercise any of the remedies provided for in this Article, there will be included as part of Mortgagor's Liabilities (and allowed in any decree for sale) the costs, charges, expenses and reasonable attorneys' fees as provided in paragraph 6.4 below, expenditures which may be paid or incurred by or on behalf of Mortgagee for appraisers' fees, documentary and expert evidence, stenographers' charges, publication costs, fees and expenses for examination of title, title searches, guaranty policies, torrens certificates and similar data and assurances with respect to the title to the Mortgaged Property and all other costs and expenses which Mortgagee may deem to be reasonably necessary either to prosecute such remedy or to inform bidders, at any sale which may be had pursuant to this Article or decree, of the true condition of title or to the value of the Mortgaged Property. All such expenditures shall be part of Mortgagor's Liabilities, payable on demand, and bear interest at the rate set forth in the Note from the date of Mortgagee's payment thereof until repaid to Mortgagee.

6.4 If foreclosure proceedings are instituted upon this Mortgage, or if Mortgagee shall be a party to, shall intervene, or file any petition, answer, motion or other pleading in any suit or proceeding relating to this Mortgage, the Note or Mortgagor's Liabilities, or if Mortgagee shall incur or pay any expenses, costs, charges or reasonable attorneys' fees by reason of the employment of counsel for counsel or advice with respect to this Mortgage, the Note or Mortgagor's Liabilities, and whether in court proceedings or otherwise, such expenses and reasonable attorneys' fees shall be part of Mortgagor's Liabilities, payable on demand, and bear interest at the rate provided for in the Note from the date of Mortgagee's payment thereof until repaid to Mortgagee.

6.5 The proceeds of any foreclosure sale of the Mortgaged Property will be applied and distributed, first, on account of the costs and expenses mentioned in paragraph 6.3 above, second, to the balance of Mortgagor's Liabilities, and third, the surplus, if any, to Mortgagor.

6.6 Mortgagor shall not apply for or avail itself of any appraisalment, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, and hereby waives the benefit of such laws. As an express inducement to Mortgagee to make the loan secured hereby, Mortgagor does hereby waive for itself, its successors and assigns, in the event of foreclosure of this Mortgage, any equitable right, otherwise available to it, in respect of marshaling of assets hereunder, so as to require separate sales of portions of the premises.

6.7 To the extent permitted by applicable law, Mortgagor does hereby expressly waive any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, and if the Mortgaged Property is in trust, the trust estate and all persons beneficially interested therein, and each and every person except decree or judgment creditors of

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the Mortgagor (in its representative capacity and of the trust estate if the Mortgaged Property is in trust), acquiring any interest in or title to the premises subsequent to the date of this Mortgage.

6.8 No right or remedy of Mortgagee hereunder is exclusive of any other right or remedy hereunder or now or hereafter existing at law or equity, but is cumulative and in addition thereto and the holder of the obligations secured hereby may recover judgment thereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting or affecting or impairing the security or any right or remedy afforded by this Mortgage. No delay in exercising, or omission to exercise, any such right or remedy will impair any such right or remedy or will be construed to be a waiver of any default by Mortgagor hereunder, or acquiescence therein, nor will it affect any subsequent default hereunder by Mortgagor of the same or different nature. Every such right or remedy may be exercised independently or concurrently, and when and so often as may be deemed expedient by Mortgagee. No terms or conditions contained in this Mortgage or the Note may be waived, altered or changed except as evidenced in writing signed by Mortgagor and Mortgagee.

5.9 Any failure of Mortgagee to insist upon the strict performance by the Mortgagor of any of the terms and provisions of this Mortgage or the Note shall not be deemed to be a Waiver of any of the terms and provisions thereof, and Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions thereof to be performed by Mortgagor. Neither Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of Mortgagor's Liabilities shall be relieved of such obligation by reason of the transfer of the Mortgaged Property or the failure of the Mortgagee to comply with any request of the Mortgagor or of any other person to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or the Note, or by reason of the release, regardless of consideration, of the whole or any part of the security held for Mortgagor's Liabilities, or by reason of any agreement or stipulation between any subsequent owner or owners of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms of the Note or Mortgage without first having obtained the consent of Mortgagor or such other person, and, in the latter event, Mortgagor and all such other persons shall continue liable to make such payments according to the terms of any such agreement or extension or modification unless expressly released and discharged in writing by Mortgagee. Mortgagee may, without notice, release, regardless of consideration, any part of the security held for Mortgagor's Liabilities, without, as to the remainder of the security, in anywise impairing or affecting the lien of this Mortgage or the priority of such lien over any subordinate lien. Mortgagee may resort for the payment of Mortgagor's Liabilities to any other security therefor held by the Mortgagee in such order and manner as Mortgagee may elect.

6.10 Every provision for notice, demand or request shall be deemed fulfilled by written notice, demand or request personally served on (or mailed to, as hereinafter provided) the party entitled thereto or on its successors or assigns. If

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mailed, such notice, demand or request shall be made by depositing it in any post office station or letter-box, enclosed in a post-paid envelope addressed to such party at its address last known to Mortgagee.

7. MISCELLANEOUS

7.1 Mortgagee agrees that if Mortgagor pays and discharges Mortgagor's Liabilities as and when they become due and payable and performs and satisfies all of Mortgagor's Obligations according to the tenor and effect hereof, then, and in that event only, this Mortgage (and the conveyance contained herein) will be and become null and void.

7.2 Upon any default by Mortgagor hereunder and following acceleration of maturity of the Note by Mortgagee, as provided herein, a tender by Mortgagor of payment of the amount necessary to satisfy all of Mortgagor's Liabilities, which tender is made at any time prior to foreclosure sale, shall be deemed to be a voluntary prepayment under the Note.

7.3 All the covenants contained in this Mortgage will run with the land.

7.4 This Mortgage and all the provisions hereof will be binding upon and inure to the benefit of the successors and assigns of the Mortgagor and Mortgagee, and although being a lien upon real estate located in the State of Illinois will be governed as to validity, interpretation, effect and in all other respects by the laws and decisions of the State of Illinois.

7.5 Any provision of this Mortgage which is unenforceable in any state in which this Mortgage may be filed or recorded or is invalid or contrary to the law of such state, or the inclusion of which would affect the validity, legality or enforcement of this Mortgage, shall be of no effect, and in such case all the remaining terms and provisions of this Mortgage shall subsist and be fully effective according to the tenor of this Mortgage the same as though no such invalid portion had ever been included herein.

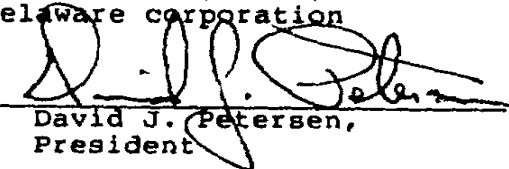
7.6 This Mortgage is given to secure the unpaid balance of all loan disbursements, including unpaid balances of any such loan disbursements made after this Mortgage is filed for recording. The Mortgagee is obligated to make said disbursements in accordance with and subject to the terms and conditions contained in the Loan and Security Agreement. Such additional sums of money as may be advanced to the Mortgagor by the Mortgagee shall become a part of the principal debt secured by this Mortgage and shall be evidenced by the account records of the Mortgagee and/or the Note or any other note executed and delivered by Mortgagor to Mortgagee, and the parties hereto intend that this

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Mortgage shall secure, subject to the Permitted Liens, the unpaid balances of such future advances as a valid first lien on the Mortgaged Property.

MORTGAGOR:



PSW INDUSTRIES, INC.,
a Delaware corporation

By: 
David J. Petersen,
President

ATTEST:


Susan Capadona, Secretary

Signed and Sealed
in the presence of:

Property of Cook County Clerk's Office

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COOK COUNTY, ILLINOIS
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CORPORATE ACKNOWLEDGMENT

STATE OF ILLINOIS)
) ss.
COUNTY OF C O O K)

PERSONALLY came and appeared before me the undersigned authority in and for the jurisdiction aforesaid, and while within my official jurisdiction, DAVID J. PETERSEN and SUSAN CAPADONA, personally known to me to be the President and Secretary, respectively, of the within named PSW INDUSTRIES, INC., a Delaware corporation, who acknowledged that they signed, sealed and delivered the above and foregoing instrument in writing on the day and for the purposes therein mentioned, for and on behalf of said corporation and as its own act and deed.

WITNESS my signature and official seal of office on this 11th day of December, 1986.

Patricia J. Guild

Notary Public

My commission expires:

12/7/87

This instrument was prepared by:

Ma. L. Co.
James B. Gottlieb
MUCH SHELIST FREED DENENBERG
AMENT & EIGER, P.C.
200 North LaSalle Street
Chicago, IL 60601
(312) 346-3100

BOX 333 1-88

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EXHIBIT A

PARCEL 1:

LOTS 4 TO 9, BOTH INCLUSIVE, AND LOTS 29 TO 37, BOTH INCLUSIVE AND LOTS 39 TO 53, BOTH INCLUSIVE, (EXCEPT THE NORTH 4 FEET OF LOTS 51 TO 53, BOTH INCLUSIVE DEDICATED FOR PUBLIC STREET PURPOSES BY PLAT OF DEDICATION RECORDED SEPTEMBER 29, 1966 AS DOCUMENT 19956481) IN PRICE AND MOSS SUBDIVISION OF THE SOUTH WEST 1/4 OF THE SOUTH WEST 1/4 OF THE NORTH WEST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

ALL THAT PART OF THE EAST AND WEST 16 FOOT VACATED ALLEY LYING SOUTH OF AND ADJOINING LOTS 4-9, BOTH INCLUSIVE AND LYING NORTH OF AND ADJOINING LOTS 30-37, BOTH INCLUSIVE, IN PRICE AND MOSS SUBDIVISION OF THE SOUTH WEST 1/4 OF THE SOUTH WEST 1/4 OF THE NORTH WEST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE NORTH 1/2 OF VACATED MCLEAN AVENUE LYING SOUTH OF AND ADJOINING LOTS 29-37, BOTH INCLUSIVE AND THE SOUTH 1/2 OF VACATED MCLEAN AVENUE LYING NORTH OF AND ADJOINING LOTS 39-50, BOTH INCLUSIVE, IN PRICE AND MOSS SUBDIVISION OF THE SOUTH WEST 1/4 OF THE SOUTH WEST 1/4 OF THE NORTH WEST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as: 3912 W. McLean, Chicago, IL 60647

P.I.N.	13-35-123-035 - 53	13-35-123-011 - 9
	13-35-123-036 52	13-35-123-079 - 31 - 37
	13-35-123-037 51	13-35-123-024 - 30
	13-35-123-038 50	13-35-123-023 - 29
	13-35-123-039 49	13-35-123-041 - 47
	13-35-123-040 48	13-35-123-042 46
	13-35-123-066 5-8	

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Clerk's Office

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