

TOGETHER with any and all buildings and improvements now or hereafter erected on the premises, including, but not limited to, the fixtures, attachments, appliances, machinery, and other tangible personal property owned by Mortgagor now or any time hereafter located on or at the premises or used in connection therewith, including, but not limited to, all materials, goods, machinery, tools, equipment (including fire sprinklers and alarm systems, window or structural cleaning rigs, equipment used or useful for air conditioning, heating, refrigerating, electronic monitoring, water, lighting, power, sanitation,

TOGETHER with all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily);

TOGETHER with all easements, rights of way, and rights used in connection therewith or to provide a means of access there-to, and all tenements, hereditaments and appurtenances thereof and thereto pertaining or belonging, and all underground and overhead passageways and licenses in connection therewith;

TOGETHER with all easements, rights of way, and rights used in connection therewith or to provide a means of access there-to, and all tenements, hereditaments and appurtenances thereof and thereto pertaining or belonging, and all underground and overhead passageways and licenses in connection therewith;

TOGETHER with all easements, rights of way, and rights used in connection therewith or to provide a means of access there-to, and all tenements, hereditaments and appurtenances thereof and thereto pertaining or belonging, and all underground and overhead passageways and licenses in connection therewith;

THAT, WHEREAS Mortgagor has concurrently herewith executed and delivered to Mortgagee a mortgage note bearing even date herewith (the "Note") in the principal sum of EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$875,000) made payable to the order of Mortgagee, in and by which Note Mortgagee promises to pay the said principal sum, or so much thereof as has been advanced, and interest at the rates and in installments as provided in the Note, with a final payment of the outstanding principal balance and accrued and unpaid interest being due on or before August 1, 1996. All of said principal and interest is made payable at such place as the holder of the Note (the "Holder") may from time to time, in writing appoint.

WITNESSETH:

THIS MORTGAGE made as of July 17, 1986, by and between HARRIS TRUST AND SAVINGS BANK, an Illinois corporation, not personally but as Trustee under Trust Agreement dated June 16, 1971 and known as Trust No. 34598 ("Mortgagor"), and BENEFICIAL STANDARD LIFE INSURANCE COMPANY, a California corporation ("Mortgagee").

MORTGAGE

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waste removal, entertainment, recreation, maintenance and all other equipment of every kind), lobby, room and all other indoor or outdoor furniture (including tables, chairs, beds, planters, desks, sofas, shelves, lockers, dressers and cabinets), television sets, refrigerators, ranges, furnishings, inventory, rugs, carpets and other floor coverings, draperies, drapery rods and brackets, awnings, venetian blinds, partitions, chandeliers and other lighting fixtures, and all other fixtures, apparatus, equipment and articles used in connection with the operation of apartment buildings on the premises, it being understood that the enumeration of any specific articles of property shall in nowise result in or be held to exclude any items of property not specifically mentioned;

TOGETHER with all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Mortgagor now has or may hereinafter acquire in the premises, and any and all awards made for the taking of eminent domain, or by any proceedings or purchase in lieu thereof, or of the whole or any part of the premises, including without limitation any awards resulting from the change of grade of streets and awards for severance damages.

All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared to form a part and parcel of the real estate and to be appropriated to the use of the real estate, and shall for the purposes of this mortgage be deemed to be real estate and conveyed and mortgaged hereby.

TO HAVE AND TO HOLD the premises unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, Etc.

1. Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the premises which may become damaged or be destroyed; (b) keep the premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien hereof; provided, however, that Mortgagor shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claim upon furnishing (i) to the title insurance company approved by Mortgagee such security or indemnity as it may require to induce said title insurance company to issue its title insurance commitments or its mortgage title insurance policies insuring against all such claims or liens, or (ii) to Mortgagee such other security with respect to such claim as may be acceptable to Mortgagee; (c) pay when due any indebtedness which may be secured by a lien or charge on the premises and comply with all requirements of all loan documents evidencing or securing such indebtedness, and, upon request, exhibit satisfactory evidence of the discharge of such lien to Mortgagee; (d) complete within a reasonable time any building or buildings or any improvements now or at any time in the process of erec-

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tion upon the premises and any renovation of existing buildings; (e) timely comply with all requirements of law, municipal ordinances or restrictions of record with respect to the premises and the use thereof; (f) initiate or acquiesce in no zoning variation or reclassification without Mortgagee's written consent; (g) pay each item of indebtedness secured by this mortgage when due according to the terms hereof or of the Note; (h) suffer or permit no change in the general nature of the occupancy of the premises without Mortgagee's written consent; and (i) make no material alterations in the premises except as required by law or municipal ordinance.

Payment of Taxes

2. Mortgagor shall pay before any penalty attaches all general taxes, and shall pay special taxes, installments of special assessments, water charges, sewer service charges and other charges against the premises when due (provided that, where permitted by the taxing authority, the same may be paid in installments if each installment is paid when due) and shall, upon written request, furnish to Mortgagee duplicate receipts therefor. To prevent default hereunder, Mortgagor shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagor may decide to contest.

Tax Deposits

3. Commencing on the date hereof, and on the first day of each month thereafter until the indebtedness secured by this mortgage is fully paid, Mortgagor covenants and agrees to deposit at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the office of Mortgagee in Los Angeles, California, a sum equal to one-twelfth of the last total annual taxes and installments of special assessments due and payable in the last ascertainable year (general and special) on the premises (unless said taxes are based upon assessments which exclude the improvements or any part thereof now constructed, or to be constructed, in which event the amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed). Mortgagor, concurrently with the first monthly deposit of taxes required hereunder, will also: (i) deposit with Mortgagee an amount, based upon the taxes and assessments so ascertainable or if not ascertainable as so estimated by Mortgagee, as the case may be, for taxes and special assessments on said premises, on an accrual basis, for the period commencing on January 1 of the year succeeding the most recent year for which all taxes and assessments have been paid, and terminating on the date of such first monthly deposit. Such deposits are to be held without any allowance of interest and are to be used for the payment of taxes and assessments (general and special) on the premises next due and payable when they become due. If the funds so deposited are insufficient to pay any such taxes or assessments (general and special) for any year when the same shall become due and payable, Mortgagor shall, within ten (10) days after receipt of demand therefor from Mortgagee, deposit such additional funds as may be necessary to pay such taxes and assessments (general and special) in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) for any year, the excess shall be applied toward a subsequent deposit or deposits due from Mortgagor.

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Insurance and Premium Deposits

4. (a) Mortgagor shall furnish to Mortgagee original insurance policies for which the premiums have been fully prepaid which shall be with companies and in form and amounts and with coverage satisfactory to Mortgagee and with a mortgagee's clause attached naming Mortgagee as mortgagee.

Mortgagor shall insure the premises for its full replacement value (but in no event less than \$875,000) against loss or damage by fire or other casualty, with extended coverage and with coverage in so-called "all risk" form for such other hazards (including vandalism, malicious mischief and other perils, explosion, collapse and underground hazard) as Mortgagee may require. An insurance company providing fire or casualty insurance shall be deemed satisfactory to Mortgagee if it has a Best's rating of no less than A or A+ and if the amount of the policy is not more than 10% of the policyholder's surplus of such company.

If any portion of the premises is located in an area designated by the Secretary of Housing and Urban Development as having special flood hazards, then Mortgagor shall provide flood insurance; if no part of the premises is located in an area so designated as having special flood hazards, Mortgagor shall provide Mortgagee with a certificate to such effect from a registered surveyor or such other party acceptable to Mortgagee.

Mortgagor shall also carry (and furnish Mortgagee with certificates of) comprehensive liability insurance on the premises, which shall be with companies and in form satisfactory to Mortgagee naming Mortgagee as an additional insured, with limits for personal injury and property damage satisfactory to Mortgagee. Mortgagor shall also furnish business interruption/rent loss insurance policies (or certificates therefor) satisfactory to Mortgagee.

All policies (or certificates) required under this Section 4 shall provide that the insurance evidenced thereby shall not be cancelled or modified without at least thirty (30) days' prior written notice from the insurance carrier to Mortgagee. Further, Mortgagor shall deliver renewal certificates of all insurance required thereunder, together with written evidence of full payment of the annual premiums therefor at least thirty (30) days prior to the expiration of the existing insurance. All insurance required under this paragraph may be provided pursuant to endorsements to blanket policies maintained by Mortgagor which have been approved in writing by Mortgagee. If any insurance required under this Section 4 is written on a co-insurance basis, a sufficient amount of insurance to comply therewith and to fully protect Mortgagee shall be carried at all times.

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, non-contributory mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the original policy or policies of such insurance.

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(b) Commencing on the date hereof, and on the first day of each month thereafter until the indebtedness secured by this mortgage is fully paid, Mortgagor covenants and agrees to deposit at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the office of Mortgagee in Los Angeles, California, an installment of the premium or premiums that will become due and payable to renew the insurance as required in Section 4(a) hereof. Each of such installments shall be in an amount which, by the payment of approximately equal installments, will result in there accumulating in the hands of the depository a sufficient amount to pay renewal premiums upon such policies of insurance, at least one month prior to the expiration date or dates of the policy or policies to be renewed; such deposits shall be held without any allowance of interest and are to be used for renewal of such insurance policies. If the funds so deposited are insufficient to pay all premiums for such renewals, Mortgagor shall within ten (10) days after receipt of demand therefor from Mortgagee, deposit such additional funds as may be necessary to pay such premiums. If the funds so deposited exceed the amount required to pay such premiums, the excess shall be applied toward a subsequent deposit or deposits due from Mortgagor.

Mortgagee's Interest in and Use of Deposits

5. In the event of a default in any of the provisions contained in this mortgage, the Note or the Loan Documents, Mortgagee may, at its option, without being required to do so, apply any moneys at the time on deposit pursuant to any provision of this mortgage, as any one or more of the same may be applicable, on any of Mortgagor's obligations herein or in the Note or Loan Documents contained, in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the premises. Such deposits are hereby pledged as additional security for the indebtedness hereunder and shall be held to be irrevocably applied by the depository for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that neither Mortgagee nor said depository shall be liable for any failure to apply to the payment of taxes and assessments or insurance premiums any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested said depository in writing to make application of such funds to the payment of the particular taxes or assessments or the payment of the particular insurance premiums, as the case may be, for payment of which they were deposited, accompanied by the bills for such taxes and assessments or insurance premiums.

Adjustment of Losses with Insurer and Application of Proceeds of Insurance

6. In case of loss, Mortgagee (or after entry of decree of foreclosure, the purchaser at the sale, or the decree creditor, as the case may be) is hereby authorized at Mortgagee's sole option to either (a) to adjust and settle any claim under such insurance policies without consent of Mortgagor, or (b) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss; provided, however, that Mortgagee shall have the right to adjust and settle any claims

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that Mortgagor has not settled on or before ninety (90) days after the date of such loss. In either case Mortgagee is at all times authorized to collect and receipt for any insurance money.

Mortgagee shall have the right (but not the obligation), to receive, retain and apply to the indebtedness of Mortgagor secured hereby (which shall include the Prepayment Fee, as that term is defined in the Note) all insurance proceeds (after deduction of all expense of collection and settlement, including attorneys' and adjusters' fees and expenses). If Mortgagee does elect to apply such proceeds in payment or reduction of the indebtedness secured hereby, whether due or not, and if the same are insufficient to pay such amount in full (including the Prepayment Fee), then Mortgagee may at its option declare the balance remaining unpaid on the Note, this mortgage and the Loan Documents (including the Prepayment Fee) to be due and payable forthwith and avail itself of any of the remedies provided herein or in the Note as in the case of default.

In case Mortgagee does not elect to apply insurance proceeds to the indebtedness, such insurance proceeds shall be used to reimburse Mortgagor for the cost of rebuilding or restoration of the premises. The premises shall be so restored or rebuilt as to be of at least equal value and quality and substantially the same character as the premises were prior to such damage or destruction. In the event Mortgagee elects to reimburse Mortgagor out of insurance proceeds, such proceeds shall be made available, from time to time, upon Mortgagee's being furnished with satisfactory evidence of the estimated cost of completion thereof and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments as Mortgagee may require and approve and upon Mortgagor being otherwise in compliance with the customary provisions applicable to disbursement of construction loan proceeds by institutional lenders. If the estimated cost of the work exceeds five percent (5%) of the original principal amount of the indebtedness secured hereby, Mortgagee shall also be furnished with all plans and specifications for such rebuilding or restoration as the Mortgagee may require and approve. No payment made prior to final completion of the work shall exceed ninety percent (90%) of the value of the work performed, from time to time. The undisbursed balance of insurance proceeds shall at all times be sufficient to pay for the cost of completion of the repair and restoration free and clear of liens and if such proceeds are insufficient, Mortgagor shall deposit the amount of such deficiency with Mortgagee prior to the disbursement of any proceeds.

In case of loss after an action of foreclosure has been instituted, the proceeds of any such insurance policy or policies, if not applied as aforesaid in rebuilding or restoring the buildings or improvements, shall be applied in payment or reduction of the indebtedness secured hereby or in payment or reduction of the amount due in accordance with any judgment or foreclosure that may be entered in any such foreclosure action, and the balance, if any, shall be paid to the owner of the equity of redemption if it shall then be entitled to the same or as the court may direct. In case of such foreclosure action, the court in its judgment, and upon notice to the insurer, may provide that the mortgagee's clause attached to each of said insurance policies may be cancelled and that the purchaser at the foreclosure sale may cause a new loss clause to be attached

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to each of said policies making the loss thereunder payable to said purchaser; and any such foreclosure judgment may further provide that in case of one or more redemptions under said judgment, pursuant to the statute in such case made and provided, then and in every such case, each successive redepton may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such redepton. In the event of foreclosure sale (whether by action or advertisement), Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

Stamp Tax

7. If, by the laws of the United States of America, or of any state or political subdivision having jurisdiction over Mortgagor, any tax is due or becomes due in respect of the issuance of the Note, or recording of this mortgage, Mortgagor covenants and agrees to pay such tax in the manner required by any such law. Mortgagor further covenants to hold harmless and agrees to indemnify Mortgagee, its successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Note, or recording of this mortgage.

Prepayment Privilege

8. Mortgagor shall have the privilege of making prepayment on the principal of the Note in whole only, to the extent provided in, and in accordance with the terms and conditions set forth in the Note.

Effect of Extensions of Time

9. If the payment of the indebtedness secured by this mortgage, or any part thereof, be extended or varied or if any part of the security be released, all persons now or at any time hereafter liable therefor, or interested in the premises, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse, if any, against all such persons being expressly reserved by Mortgagee notwithstanding such extension, variation or release.

Effect of Changes in Laws Regarding Taxation

10. In the event of the enactment after this date of any law of the State of Illinois deducting from the value of land for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the property, or the manner of collection of taxes, so as to affect this mortgage or the debt secured hereby or the Holders, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee therefor; provided, however, that if in the opinion of counsel for Mortgagee (a) it might be unlawful to require Mortgagor to make such payment or

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(b) 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 the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

Mortgagee's Performance of Defaulted Acts; Subrogation

11. In case Mortgagor fails to perform any of its covenants and agreements herein or in the Note or any Loan Documents, Mortgagee may, but need not, after five business days' prior notice (except in the case of emergency, in which event no notice shall be required) make any payment or perform any act herein or therein required of Mortgagor, in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the premises or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other moneys advanced by Mortgagee to protect the premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the Default Rate (as such term is defined in Section 28 hereof). Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor. Should the proceeds of the Note or any part thereof, or any amount paid out or advanced hereunder by Mortgagee, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any lien or encumbrance upon the premises or any part thereof on a parity with or prior or superior to the lien hereof, then as additional security hereunder, the Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote, regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment.

Mortgagee's Reliance on Tax Bills, Etc.

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

Acceleration of Indebtedness in Case of Default

13. Any of the following events shall be deemed an Event of Default hereunder:

(a) default shall be made with respect to covenants, agreements and obligations of Mortgagor hereunder involving the payment of money and shall continue for ten (10) days; or

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(b) default shall be made with respect to non-monetary covenants, agreements and obligations of Mortgagor hereunder and shall continue uncured for thirty (30) days after notice thereof from Mortgagee; or

(c) any default shall have occurred under the Note or any of the Loan Documents and the default shall not have been cured within the applicable grace period provided therefor, if any; or

(d) Mortgagor or any Affiliated Person (as hereinafter defined in Section 30 hereof) shall commence a voluntary case concerning Mortgagor or such Affiliated Person under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto or any other present or future bankruptcy or insolvency statute (the "Bankruptcy Code"); or an involuntary case is commenced against Mortgagor or any Affiliated Person under the Bankruptcy Code and relief is ordered against Mortgagor or such Affiliated Person or the petition is controverted but not dismissed or stayed within forty-five (45) days after the commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Mortgagor or any Affiliated Person; or the Mortgagor or any Affiliated Person commences any other proceedings under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency, or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Mortgagor or any Affiliated Person; or there is commenced against Mortgagor or any Affiliated Person any such proceeding which remains undismissed or unstayed for a period of forty-five (45) days; or the Mortgagor or any Affiliated Person fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding, or any order of relief or other order approving any such case or proceeding is entered; or the Mortgagor or any Affiliated Person by any act or failure to act indicates its consent to, approval of, or acquiescence in any such case or proceeding or the appointment of any custodian or the like of or for it for any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of forty-five (45) days; or any actions are taken by Mortgagor or any Affiliated Person for the purpose of effecting any of the foregoing; or

(e) Mortgagor or any Affiliated Person shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; or

(f) any unpermitted transfer of title or other interests described in Section 31 hereof shall occur.

Upon the occurrence of any Event of Default hereunder, the whole of said principal sum hereby secured shall, at once, at the option of Mortgagee, become immediately due and payable, together with accrued interest thereon and the Prepayment Fee set forth in the Note, without any presentment, demand, protest or notice of any kind to Mortgagor.

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Foreclosure; Expense of Litigation; Indemnification

14. If an Event of Default has occurred hereunder, or when the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof.

It is further agreed that if default be made in the payment of any part of the secured indebtedness, as an alternative to the right of foreclosure for the full secured indebtedness after acceleration thereof, Mortgagee shall have the right to institute partial foreclosure proceedings with respect to the portion of said indebtedness so in default, as if under a full foreclosure, and without declaring the entire secured indebtedness due (such proceeding being hereinafter referred to as a "partial foreclosure"), and provided that if foreclosure sale is made because of default of a part of the secured indebtedness, such sale may be made subject to the continuing lien of this mortgage for the unmatured part of the secured indebtedness; and it is agreed that such sale pursuant to a partial foreclosure, if so made, shall not in any manner affect the unmatured part of the secured indebtedness, but as to such unmatured part this mortgage and the lien thereof shall remain in full force and effect just as though no foreclosure sale had been made under the provisions of this Section. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect at any time prior to a foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate the secured indebtedness by reason of any uncured default or defaults upon which such partial foreclosure was predicated or by reason of any other defaults, and proceed with full foreclosure proceedings. It is further agreed that several foreclosure sales may be made pursuant to partial foreclosure without exhausting the right of full or partial foreclosure sale for any unmatured part of the secured indebtedness, it being the purpose to provide for a partial foreclosure sale of the secured indebtedness for any matured portion of the secured indebtedness without exhausting the power to foreclose and to sell the premises pursuant to any such partial foreclosure for any other part of the secured indebtedness whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure.

In connection with any foreclosure of the lien hereof or any action to enforce any other remedy of Mortgagee under this mortgage or the Note, Mortgagor agrees to pay 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, stenographers' 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 title and value 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 premises and the right to such fees and expenses shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment. All expenditures and expenses of the nature in this

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Section mentioned, and such expenses and fees as may be incurred in the protection of the premises and the maintenance of the lien of this mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this mortgage, the Note or the premises (including without limitation the occupancy thereof or any construction work performed thereon), including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding whether or not an action is actually commenced, shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate (as hereinafter defined) and shall be secured by this mortgage.

Without limiting the liability of Mortgagor as set forth above, Mortgagor shall indemnify Mortgagee and hold it harmless from and against all claims, injury, damage, loss and liability of any and every kind to any persons or property by reason of (i) the operation or maintenance of the premises; or (ii) any other action or inaction by, or matter which is the responsibility of, Mortgagor.

Application of Proceeds of Foreclosure Sale

15. The proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding Section hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; and fourth, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

Appointment of Receiver

16. Upon, or at any time after, the filing of a complaint to foreclose this mortgage, the court in which such complaint is filed may appoint a receiver of the premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the premises or whether the same shall be then occupied as a homestead or not and Mortgagee hereunder or any Holders may be appointed as such receiver. Such receiver shall have power: (a) to collect the rents, issues and profits of the premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits; (b) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the premises are subject to the lien hereof and upon the purchaser or purchasers

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at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and (c) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any decree foreclosing this mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and (b) the deficiency in case of a sale and deficiency.

Assignment of Rents and Leases

17. To further secure the indebtedness secured hereby, Mortgagor hereby sells, assigns and transfers unto Mortgagee all the rents, issues and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any letting of, or of any agreement for the use or occupancy of the premises or any part thereof, which may have been heretofore or may be hereafter made or agreed to or which may be made or agreed to by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all such leases and agreements, and all the avails thereunder, to Mortgagee and not merely the passing of a security interest. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney in its name and stead but only upon default hereunder by Mortgagor (with or without taking possession of the premises as provided in Section 19 hereof) to rent, lease or let all or any portion of the premises to any party or parties at such rental and upon such terms as said Mortgagee shall, in its discretion, determine, and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter, and all now due or that may hereafter become due under each and every of the leases and agreements, written or verbal, or other tenancy existing, or which may hereafter exist on the premises, with the same rights and powers and subject to the same immunities, exoneration or liability and rights of recourse and indemnity as Mortgagee would have upon taking possession pursuant to the provisions of Section 19 hereof.

Mortgagor represents and agrees that no rent will be paid by any person in possession of any portion of the premises for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the said premises will be waived, released, reduced, discounted or otherwise discharged or compromised by Mortgagor, unless by doing so Mortgagor would incur costs and expenses in excess of the amount of the rents to be so waived, released, reduced, discounted or otherwise discharged or compromised by Mortgagor. As between Mortgagor and Mortgagee, Mortgagor waives any rights of set off against any person in possession of any portion of the premises. If any lease provides for the abatement of rent during repair of the premises demised thereunder by reason of fire or other casualty, Mortgagor shall furnish to Mortgagee rental insurance, the policies to be in amount and forms and written by such insurance companies as shall be satisfactory to Mortgagee. Mortgagor agrees that it will not assign any of the rents or profits of the premises, except to a purchaser or grantee of the premises.

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Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the taking of actual possession of the premises by Mortgagee pursuant to Section 19 hereof. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagor.

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

Although it is the intention of the parties that the assignment contained in this Section 17 shall be a present absolute assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this Section until a default shall have occurred under this mortgage, the Note, the Loan Documents or any other instrument evidencing or securing the indebtedness secured hereby and the default shall not have been cured within the applicable grace period provided therefor, if any.

Observance of Lease Assignment

18. Mortgagor expressly covenants and agrees that if Mortgagor, as lessor under any of the leases assigned and transferred to Mortgagor under Section 17 hereof, shall fail to perform and fulfill any term, covenant, condition or provision in said lease or leases, or any of them, on its part to be performed or fulfilled, at the times and in the manner in said lease or leases provided, or if Mortgagor shall suffer or permit to occur any breach or default under the provisions of any assignment of any lease or leases of the premises given as additional security for the payment of the indebtedness secured hereby and such default shall not have been cured within the applicable grace period provided therefor, if any, then and in any such event, such breach or default shall constitute a default hereunder and at the option of Mortgagee, after the notice and cure period described in Section 13(b) hereof, all unpaid indebtedness secured by this mortgage shall, notwithstanding anything in the Note or in this mortgage to the contrary, become due and payable as in the case of other defaults.

Mortgagee's Right of Possession in Case of Default

19. In any case in which under the provisions of this mortgage Mortgagee has a right to institute foreclosure proceedings, whether before or after the whole principal sum secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, Mortgagor shall forthwith, upon demand of Mortgagee, surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the premises or any part thereof, personally, or by its agent or attorneys. In such event Mortgagee in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of said premises, together with all documents, books, records, papers and accounts of Mortgagor or then owner of the premises relating thereto, and may exclude Mortgagor, its

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agents or servants, wholly therefrom and may, as attorney in fact or agent of Mortgagor, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (b) to disaffirm any lease or sublease which is then subordinate to the lien hereof; (c) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to enter into any management, leasing or brokerage agreements covering the premises; (e) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the premises as to it may seem judicious; (f) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; and (g) to receive all of such avails, rents, issues and profits; hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagor.

Mortgagor hereby constitutes and appoints Mortgagee its true and lawful attorney-in-fact with full power of substitution either in the name of Mortgagee or in the name of Mortgagor, to exercise any of the powers granted to Mortgagee pursuant to this Section 19. Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur by reason of its performance of any action authorized under this Section 19 and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements of Mortgagor. Should Mortgagee incur any such liability, loss or damage by its performance or non-performance of actions authorized by this Section, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, together with interest on any such amount at the Default Rate (as that term is hereinafter defined) shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

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Application of Income Received by Mortgagee

20. Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it by Section 17 and Section 19 hereof, shall have full power to use and apply the avails, rents, issues and profits of the premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(a) to the payment of the operating expenses of the premises, including cost of management and leasing thereof (which shall include reasonable compensation to Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the premises;

(c) to the payment of all maintenance, repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the premises, and of placing the premises in such condition as will, in the judgment of Mortgagee, make it readily rentable; and

(d) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

Mortgagee's Right of Inspection

21. Mortgagee shall have the right to inspect the premises at all reasonable times upon reasonable notice and access thereto shall be permitted for that purpose.

Condemnation

22. Mortgagor hereby assigns, transfers and sets over unto Mortgagee its interest (but only to the extent that the debt evidenced by the Note remains outstanding at the time of the award of condemnation proceeds) in the proceeds (the "Condemnation Proceeds") of any award or any claim for damages for any of the premises taken or damaged under the power of eminent domain or by condemnation or any transaction in lieu of condemnation ("Condemnation"). If Mortgagee so elects, the Condemnation Proceeds may be used to reimburse Mortgagor for the cost of rebuilding or restoring of buildings or improvements on the premises, if any, provided Mortgagor is not then in default under this mortgage. In all other cases Mortgagee shall have the right, at its option, to apply the Condemnation Proceeds upon or in reduction of the indebtedness secured hereby (including the Prepayment Fee specified in the Note), whether due or not, and if the same are insufficient to pay such amount in full, Mortgagee may, at its option, declare the balance remaining unpaid on the Note, this mortgage and the Loan Documents (including the Prepayment Fee specified in the Note) to be due and payable forthwith and avail itself of any of the remedies provided herein or in the Note as in the case of a default. If Mortgagee elects that the Condemnation Proceeds be used for the cost of rebuilding or restoring buildings or im-

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provements on the premises, and the buildings and other improvements shall be rebuilt or restored, the Condemnation Proceeds shall be paid out in the same manner as is provided in Section 6 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration of such buildings and other improvements. Any surplus which may remain out of the Condemnation Proceeds after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any other party entitled thereto. Notwithstanding the foregoing, Mortgagor may contest the Condemnation proceedings prior to the awarding of Condemnation Proceeds.

Release

23. If Mortgagor shall fully pay all principal and interest on the Note, and all other indebtedness secured hereby and comply with all of the other terms and provisions hereof to be performed and complied with by Mortgagor, then this mortgage shall be null and void. Mortgagee shall release this mortgage and the lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby and payment of any filing fee in connection with such release.

Giving of Notice

24. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given and effective upon receipt, if hand delivered, or two (2) days after mailing if mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Mortgagor:

Harris Trust and Savings Bank
As Trustee under Trust No. 34598
111 West Monroe Street
Chicago, Illinois
Attention: Land Trust Department

with a copy to:

James L. Zacharias
4123 West Peterson Avenue
Chicago, Illinois 60646

If to Mortgagee:

Beneficial Standard Life Insurance Company
3700 Wilshire Boulevard
Los Angeles, California 90010

Attn: Loan Servicing Manager

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

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Remedies Not Exclusive

25. No action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note. Mortgagee shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this mortgage or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this mortgage nor its enforcement, whether by court action or 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, it being agreed that Mortgagee shall be entitled to enforce this mortgage and any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given hereby to Mortgagee or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time, and as often as it may be deemed expedient by Mortgagee and Mortgagee may pursue inconsistent remedies. No waiver of any default of the Mortgagor hereunder shall be implied from any omission by the Mortgagee or Holders to take any action on account of such default if such default persists or be repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. No acceptance of any payment of any one or more delinquent installments, which does not include interest at the penalty or Default Rate from the date of delinquency, together with any required late charge, shall constitute a waiver of the right of Mortgagee or Holders at any time thereafter to demand and collect payment of interest at such Default Rate or penalty rate or of late charges, if any.

Waiver of Statutory Rights

26. To the extent permitted by law, Mortgagor hereby agrees that it shall not and will not apply for or avail itself of any appraisal, 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, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the premises sold as an entirety. To the extent permitted by law, Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this mortgage on its behalf and on behalf of each and every person, except decree or judgment creditors of Mortgagor, acquiring any interest in or title to the premises subsequent to the date of this mortgage. The foregoing waiver of right of redemption is made pursuant to Ill. Rev. Stat. ch. 110, § 12-125 (1982).

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Covenants of Mortgagor

27. Mortgagor covenants and agrees:

(a) That Mortgagor shall deliver or cause to be delivered to Mortgagee annual financial statements for each Affiliated Party as soon as available and in no event later than sixty (60) days after the close of each fiscal year for such Affiliated Party. The financial statements shall be in form acceptable to Mortgagee and shall be certified as true and correct by the chief financial officer of the entity for which such statements are issued or the person for whom such statements are issued, as the case may be.

Additionally, Mortgagor and each Affiliated Party will:

(i) promptly supply Mortgagee with such information concerning their respective affairs and property relating to the development and operation of the premises as Mortgagee may reasonably request from time to time hereafter;

(ii) deliver to Mortgagee no later than sixty (60) days after the close of each fiscal year of Beneficiary (as hereinafter defined), a statement certified as true and correct by Beneficiary in form acceptable to Mortgagee stating that title to the premises is held by Mortgagor, that Beneficiary is the sole beneficiary of Mortgagor and setting forth the names of all persons or entities holding ownership interests in Beneficiary and stating each such person or entity's percentage share of ownership in Beneficiary;

(iii) promptly notify Mortgagee of any condition or event which constitutes (or which upon the giving of notice or lapse of time or both would constitute) a breach or event of default of any term, condition, warranty, representation or provision of this mortgage or of any of the Loan Documents;

(iv) promptly notify Mortgagee of any "material adverse financial change" in connection with the operation of the premises;

(v) at any time whatever during regular business hours permit Mortgagee or any of its agents or representatives to have access to and examine all of its books and records regarding the development and operation of the premises; and

(vi) permit Mortgagee to copy and make abstracts from any and all of said books and records.

(b) That Mortgagor shall, from time to time, upon Mortgagee's request, execute, deliver, record and furnish such documents as Mortgagee may reasonably deem necessary or desirable to (i) perfect and maintain perfected as valid liens upon the premises, the liens granted by Mortgagor to Mortgagee under this mortgage and the other security interests under the other Loan Documents, and (ii) correct any errors of a typographical nature which may be contained in any of the Loan Documents.

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(c) That as long as any portion of the loan secured hereby remains outstanding, the premises shall be operated in a first class manner as a retail shopping center. Mortgagor shall fully and faithfully perform all of its covenants, agreements and obligations under each of the leases of space in the premises.

(d) Mortgagor shall also provide Mortgagee with copies of all notices pertaining to the premises or any part thereof received by Mortgagor (or its agents or representatives) from any federal, state or local governmental official body, board or department or from any insurance company providing insurance on any of the premises, within ten (10) business days after such notice is received.

Default Rate

28. "Default Rate" as used herein shall mean interest at the Default Rate defined in the Note.

Binding on Successors and Assigns

29. This mortgage and all provisions hereof, shall be binding upon Mortgagor and all persons claiming under or through Mortgagor, and shall inure to the benefit of the Holders from time to time and of the successors and assigns of the Mortgagee.

Definitions of "Mortgagor," "Mortgagee" and "Affiliated Persons"

30. The word "Mortgagor" when used herein shall include: (a) the original Mortgagor named in the preambles hereof; (b) said original Mortgagor's successors and assigns; and (c) all owners from time to time of the premises. The word "Beneficiary" shall mean James L. Zacharias and Richard M. Zacharias, the sole beneficiaries of Mortgagor on the date of the execution of this mortgage. The words "Affiliated Persons" when used herein shall mean any and all of: (a) guarantor of any of the obligations of Mortgagor under the Note, this mortgage or the Loan Documents; (b) if Mortgagor is a trustee, beneficiaries of the trust, including the general partners of any general or limited partnership which is a beneficiary of the trust and the joint venture partners of any joint venture which is a beneficiary of the trust; (c) if Mortgagor is a general or limited partnership, the general partners thereof; and (d) if Mortgagor is a joint venture, its joint venture partners. The words "Holder" and "Mortgagee" when used herein shall include all successors and assigns of the original Holder and Mortgagee identified in the preambles hereof.

Maintenance of Mortgagor's and Affiliated Persons' Interests

31. In determining whether or not to make the loan secured hereby, Mortgagee examined the credit-worthiness of Mortgagor's beneficiary, found it acceptable and relied and continues to rely upon same as the means of repayment of the loan. Mortgagee also evaluated the background and experience of Mortgagor's beneficiary in owning and operating property such as the premises, found it acceptable and relied and continues to rely upon same as the means of maintaining the value of the premises which is Mortgagee's security for the loan. Mortgagor's beneficiary is an entity controlled by individuals or entities well-experienced in borrowing money and owning and operating property such as the premises, was ably represented

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by a licensed attorney at law in the negotiation and documentation of the loan secured hereby and bargained at arm's length and without duress of any kind for all of the terms and conditions of the loan, including this provision. Mortgagor and its beneficiary recognize that Mortgagee is entitled to keep its loan portfolio at current interest rates by either making new loans at such rates or collecting assumption fees and/or increasing the interest rate on a loan, the security for which is purchased by a party other than the original beneficiary of Mortgagor. Mortgagor and its beneficiary further recognize that any secondary or junior financing placed upon the premises (a) may divert funds which would otherwise be used to pay the Note secured hereby; (b) could result in acceleration and foreclosure by any such junior encumbrancer which would force Mortgagee to take measures and incur expenses to protect its security; (c) would detract from the value of the premises should Mortgagee come into possession thereof with the intention of selling same; and (d) impair Mortgagee's right to accept a deed in lieu of foreclosure, as a foreclosure by Mortgagee would be necessary to clear the title to the premises.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security, both of repayment by Mortgagor and of value of the premises; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor's beneficiary; (iii) allowing Mortgagee to raise the interest rate and/or collect assumption fees; and (iv) keeping the premises free of subordinate financing liens, Mortgagor and its beneficiary agree that if this paragraph be deemed a restraint on alienation, that it is a reasonable one and that any sale, conveyance, assignment, further encumbrance or other transfer of title to the premises or any interest therein (whether voluntary or by operation of law) without the Mortgagee's prior written consent shall be an Event of Default hereunder. For the purpose of, and without limiting the generality of, the preceding sentence, it shall be deemed to be an unpermitted transfer of title to the premises or of other interests and therefore an Event of Default hereunder, giving Mortgagee the right at its election under Section 13 hereof, to declare immediately due and payable the entire indebtedness secured hereby, if without Mortgagee's prior written consent:

(a) Mortgagor shall voluntarily, involuntarily, by operation of law or otherwise, sell, transfer, convey, alien, pledge, hypothecate, mortgage, assign or lease all or substantially all of the premises or any part thereof or agree to do any of the foregoing; or

(b) any Affiliated Person shall voluntarily, involuntarily, by operation of law or otherwise, sell, transfer, convey, alien, pledge, hypothecate or alter in any way an interest he holds in the Mortgagor (whether in the form of a beneficial interest thereon or otherwise) or in any entity which holds an interest in the Mortgagor (whether in the form of a beneficial interest therein or otherwise) at the time this mortgage is executed or agree to do any of the foregoing, provided however that Mortgagee's consent is not required if the aggregate effect of all such transfers does not or will not result in a change of ownership or control of more than 25% of the interests in Mortgagor or Beneficiary; or

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(c) any Affiliated Person which is a corporation or a partnership entity is dissolved or its existence is otherwise terminated for any reason whatsoever, either voluntarily or by operation of law or any such Affiliated Person merges into or consolidates with any other corporation, firm or association or conveys, transfers, leases or otherwise disposes of all or substantially all of its property, assets or business.

Mortgagee may grant or deny such consent in its sole discretion. If such consent is granted, it may be conditioned upon an increase in the interest rate of the loan secured hereby. If consent should be given, any such transfer shall be subject to this mortgage (including any amendment, modification or extension hereof), and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein by assumption documentation satisfactory to Mortgagee, including, without limitation, the agreement to provide for an adjusted higher rate of interest. Such assumption shall not, however, release Mortgagor without the prior written consent of Mortgagee, and Mortgagor agrees to remain directly and primarily liable hereunder despite such assumption. If a consent to a transfer should be given, Mortgagor agrees to pay Mortgagee on demand a transfer fee not to exceed one percent (1%) of the unpaid principal balance of the Note. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. As used herein, "transfer" shall not include the leasing of individual stores or other portions of the rentable area within the improvements located on the premises.

Captions

32. The captions and headings of various paragraphs of this mortgage are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Security Agreement and Financing Statement

33. Mortgagor and Mortgagee agree: (i) that this mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code (the "Code") of the State in which the premises are located with respect to all sums on deposit with the Mortgagee pursuant to Sections 3 and 4 hereof ("Deposits") and with respect to any property included in the definition herein of the word "premises," which property may not be deemed to form a part of the real estate described in Exhibit A or may not constitute a "fixture" (within the meaning of Section 9-313 of the Code), and all replacements of such property, substitutions for such property, additions to such property, and the proceeds thereof (said property, replacements, substitutions, additions and the proceeds thereof being sometimes herein collectively referred to as the "Collateral"); and (ii) that a security interest in and to the Collateral and the Deposits is hereby granted to the Mortgagee; and (iii) that the Deposits and all of Mortgagor's right, title and interest therein are hereby assigned to the Mortgagee; all to secure payment of the indebtedness and to secure performance by the Mortgagor of the terms, covenants and provisions hereof.

If an Event of Default occurs under this mortgage, Mortgagee, pursuant to the appropriate provisions of the Code,

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shall have an option to proceed with respect to both the real property and Collateral in accordance with its rights, powers and remedies with respect to the real property, in which event the default provisions of the Code shall not apply. The parties agree that if the Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, Mortgagee shall have all remedies available to a secured party under the Code and ten (10) days notice of the sale of the Collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Mortgagee shall include, but not be limited to, attorneys' fees and legal expenses incurred by Mortgagee. Mortgagor agrees that, without the written consent of Mortgagee, Mortgagor will not remove or permit to be removed from the premises any of the Collateral, except that so long as the Mortgagor is not in default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of the Collateral when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the premises, but only upon replacing the same or substituting for the same other Collateral at least equal in value and utility to the initial value and utility of that disposed of and in such a manner that said replacement or substituted Collateral shall be subject to the security interest created hereby and that the security interest of Mortgagee shall be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the Collateral shall be and become immediately subject to the security interest of this mortgage and covered hereby. Mortgagor covenants and represents that all Collateral now is, and that all replacements thereof, substitutions therefor or additions thereto, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances, title retention devices and security interests of others.

Mortgagor and Mortgagee agree, to the extent permitted by law, that: (i) all of the goods described within the definition of the word "premises" herein are or are to become fixtures on the land described in Exhibit A; (ii) this instrument, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture filing" within the meaning of Sections 9-313 and 9-402 of the Code; and (iii) Mortgagor is the record owner of the land described in Exhibit A. The addresses of Mortgagor and Mortgagee are set forth in Section 24 hereof.

Mortgagor, upon request of Mortgagee from time to time, shall execute, acknowledge and deliver to Mortgagee, or cause any Affiliated Person to so execute, acknowledge and deliver to Mortgagee, a separate Security Agreement, Financing Statement or other similar security instruments, in form satisfactory to Mortgagee, covering all property of any kind whatsoever owned by Mortgagor or such Affiliated Person, as the case may be, which in the sole opinion of Mortgagee is essential to the operation of the premises and which constitutes goods within the meaning of the Code or concerning which there may be any doubt whether the title to same has been conveyed by or security interest perfected by this mortgage under the laws of the state in which the premises are located, and will further execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any financing statement, affidavit, continuation statement or certificate or other document as Mortgagee may request in order to perfect, preserve, maintain, continue and

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extend the security interest under and the priority of this mortgage and such security instrument. Mortgagor further agrees to pay to Mortgagee on demand all costs and expenses incurred by Mortgagee in connection with the preparation, execution, recording, filing and re-filing of any such document. Mortgagor shall from time to time, on request of Mortgagee, deliver to Mortgagee an inventory of the Collateral in reasonable detail.

Representations

34. To induce Mortgagee to make the loan secured hereby, Mortgagor hereby represents to Mortgagee as follows:

(a) That no litigation or proceeding is pending, or to the best of Mortgagor's knowledge is threatened, against Mortgagor or any Affiliated Party (i) which will affect the validity or priority of the lien of this mortgage or (ii) which will affect the ability of Mortgagor or any Affiliated Party to perform its or his respective obligations pursuant to and as contemplated by the terms and provisions of the Loan Documents;

(b) That the execution, delivery and performance of this mortgage and the Loan Documents have not constituted (and will not, upon the giving of notice or lapse of time or both, constitute) a breach or default under any other agreement to which Mortgagor or any Affiliated Party is a party or may be bound or affected, or a violation of any law or court order which may affect the premises, any part thereof, any interest therein, or the use thereof;

(c) That neither Mortgagor nor Mortgagor's beneficiary has entered into any leases or other arrangements for occupancy of space within the premises, other than leases furnished to Mortgagee;

(d) That (i) no condemnation of any portion of the premises, (ii) no condemnation or relocation of any roadways abutting the premises and (iii) no denial of access to the premises from any point of access to the premises, has commenced, or, to the best of Mortgagor's knowledge, is contemplated by any governmental authority;

(e) That all financial statements furnished to Mortgagee by Mortgagor or any Affiliated Party are true, correct and complete as of the dates thereof and all other information previously furnished by Mortgagor or any Affiliated Party to Mortgagee in writing in connection with the loan secured hereby are true, complete and correct in all material respects as of the dates the same were so furnished;

(f) That no material adverse change in the financial condition of Mortgagor and the Affiliated Parties or the premises has occurred since the date of the financial statements referred to in Section 34(e) hereof;

(g) That, to Mortgagor's best knowledge and belief, all consents, licenses and permits and all other governmental authorizations or approvals required to operate the premises have been obtained and that all laws, rules and regulations of the State of Illinois or any subdivision

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thereof relating to the operation of the premises have been complied with;

(h) That, to Mortgagor's best knowledge and belief, all other consents and approvals from any persons or entities which are necessary or required for the operation of the premises have been obtained by Mortgagor;

(i) That no brokerage fees or commissions are payable by or to any person in connection with the loan to be secured hereby other than the fee owed to Dwinn-Shaffer and Company, which fee has been paid prior to the date hereof; and

(j) That, to Mortgagor's best knowledge and belief, the premises do not violate in any respect (x) any applicable zoning, environmental control or land use law or ordinance, (y) any rule or regulation of any governmental authority or agency with respect to zoning, environmental control or land use laws or ordinances or (z) any covenant or restriction of record.

Partial Invalidity; Maximum Allowable Rate of Interest

35. Mortgagor and Mortgagee intend and believe that each provision in this mortgage and the Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this mortgage or the Note is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this mortgage and the Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent both of Mortgagor and Mortgagee that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, that the remainder of this mortgage and the Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of Mortgagor and Mortgagee under the remainder of this mortgage and the Note shall continue in full force and effect. All agreements herein and in the Note are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of maturity of the unpaid principal balance of the Note, or otherwise, shall the amount paid or agreed to be paid to the Holders for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Note or any other agreement referred to herein, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity and if from any circumstance the Holder shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due under the Note and not to the payment of interest.

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Mortgagee's Lien for Service Charge and Expenses

36. At all times, regardless of whether any loan proceeds have been disbursed, this mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all loan commissions, service charges, liquidated damages, expenses and advances due to or incurred by Mortgagee in connection with the loan to be secured hereby; provided, however, that in no event shall the total amount of loan proceeds disbursed plus such additional amounts exceed one hundred fifty percent (150%) of the face amount of the Note.

Applicable Law

37. This mortgage, the Note and all other instruments evidencing and securing the loan secured hereby shall be construed, interpreted and governed by the laws of the State of Illinois.

Business Loan Recital

38. Mortgagor represents and agrees that the obligations secured hereby: (a) constitute a business loan which comes within the purview of Ill. Rev. Stat., ch. 17, Sec. 64(1)(c), as amended; and (b) is an exempt transaction under the Truth-in-Lending Act, 15 U.S.C., § 1601 et seq.

Trust Exculpation

39. This Mortgage is executed by Harris Trust and Savings Bank, not personally but as trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said Bank hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing herein or in the Note contained shall be construed as creating any liability on Mortgagor or on said Bank personally to pay the Note or any interest that may accrue thereon, or any indebtedness accruing thereunder, or to perform any covenant either express or implied herein contained (it being understood and agreed that each of the provisions hereof, except the warranty hereinabove contained in this exculpation clause, shall constitute a condition and not a covenant or agreement, regardless of whether the same may be couched in language of a promise or covenant or agreement), all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as Mortgagor and its successors and said Bank personally are concerned, the Holders and the owner or owners of any indebtedness accruing hereunder shall look solely to any one or more of: (1) the premises and the rents, issues and profits thereof, for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in the Note provided; (2) any other security given to secure said indebtedness; or (3) the personal liability of the guarantors of the Note.

IN WITNESS WHEREOF, Mortgagor has caused its corporate seal to be hereunto affixed and these presents to be signed by its

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president or vice-president and attested by its secretary or assistant secretary on the day and year first above written, pursuant to authority given by resolutions duly passed by the Board of Directors of said corporation.


MORTGAGOR:

HARRIS TRUST AND SAVINGS BANK,
not personally but as Trustee
under Trust No. 34598

ATTEST:



Secretary

By: 

Its PRESIDENT

This instrument was prepared by:

Catherine D. Nardi
Sonnenschein Carlin Nath
& Rosenthal
8000 Sears Tower
Chicago, Illinois 60606

Box 179

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EXHIBIT A

THAT PART LYING NORTHWESTERLY OF THE NORTHWESTERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO AND NORTHWESTERN RAILWAY, KNOWN AS THE EVANSTON CUT OFF, SAID NORTHWESTERLY LINE BEING 50 FEET NORTHWESTERLY MEASURED AT RIGHT ANGLES FROM THE CENTER LINE BETWEEN THE 2 MAIN TRACKS OF THE RAILWAY OF THE JUNCTION RAILWAY COMPANY (NOW CHICAGO AND NORTHWESTERN RAILWAY COMPANY) AS SAID TRACKS AS NOW LOCATED AND CONSTRUCTED; AND LYING SOUTH OF THE SOUTH LINE OF PETERSON AVENUE; AND LYING SOUTHEASTERLY OF THE SOUTHEASTERLY LINE OF ROGERS AVENUE, AS SHOWN ON THE PLAT OF DEDICATION RECORDED NOVEMBER 25, 1932 AS DOCUMENT NO. 11168441 IN BOOK 300 OF PLATS, PAGE 24; AND LYING NORTHEASTERLY OF A STRAIGHT LINE DRAWN AT RIGHT ANGLES TO THE SOUTHEASTERLY LINE OF ROGERS AVENUE, AFORESAID, FROM A POINT 346.68 FEET (AS MEASURED ALONG THE SOUTHEASTERLY LINE OF ROGERS AVENUE) SOUTHWESTERLY FROM THE INTERSECTION OF THE SOUTHEASTERLY LINE OF ROGERS AVENUE WITH THE SOUTH LINE OF PETERSON AVENUE OF THE FOLLOWING TAKEN AS A TRACT; THENCE NORTH FRACTIONAL OF THE SOUTH EAST FRACTIONAL 1/4 NORTH OF THE INDIAN BOUNDARY LINE OF SECTION 3, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN AND LOT 1 IN OGDEN AND JONES' SUBDIVISION OF BRONSON'S PART OF CALDWELL'S RESERVE IN TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Pin # 13-03-403 - 010 H.W.
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DEPT-01 RECORDING \$37.00
T#3333 FROM 4448 07/17/86 15:19:00
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