

SR.

REVOLVING CREDIT MORTGAGE
SECURITY AGREEMENT, AND
ASSIGNMENT OF RENTS

87414633

THIS MORTGAGE made as of the 24th day of July, 1987 by Williams Electronics Games, Inc. a Delaware corporation ("Mortgagor"), to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (together with its successors and assigns, the "Mortgagee"),

R E C I T A L S

A. Real Estate. The Mortgagor is the owner and holder of fee simple title in and to all of the real estate described in Exhibit A attached hereto and made a part hereof ("Real Estate") which Real Estate forms a portion of Premises (as defined below).

B. Loan. Mortgagor has entered into a certain revolving line of credit arrangement under a Loan and Security Agreement, dated as of December 31, 1984 (which Loan and Security Agreement, together with all amendments, extensions, modifications, substitutions, and renewals entered into from time to time, is hereinafter referred to as the "Loan Agreement") with Mortgagee as "Lender," providing for revolving credit loans and advances from time to time, to or for the benefit of Mortgagor (the "Loans"). The Loans are payable as set forth in the Loan Agreement. The maximum principal amount of the Loans is not to exceed the "Loan Limit" set forth in Supplement A to the Loan Agreement of FIFTEEN MILLION and 00/100 DOLLARS (\$15,000,000.00) at any one time outstanding, plus interest.

C. Liabilities & Future Advances. The parties intend to secure (on a first priority basis from the date of recording of this Mortgage), payment of all Loans and other "Liabilities" (as defined in the Loan Agreement) made within twenty (20) years of the date of recording of this Mortgage, including without limitation all Loans (including but not limited to principal, interest, and premiums, if any), whether the entire amount shall have been advanced to the Mortgagor as of the date hereof or at a later date, or having been advanced, shall have been repaid in part or in full and further advances made at a later date. At any time before this Mortgage's cancellation and release, the Loan Agreement and Mortgage, including the terms of repayment, may from time to time be modified or amended in writing by Mortgagor and Mortgagee to include future advances for any purpose made by Mortgagee, at its option, to or for the benefit of Mortgagor. Mortgagor covenants and agrees that this Mortgage secures (on a priority basis from the date of recording of this Mortgage) any and all such future advances, whether said advances are of the same or a different kind or quality as the original advances or whether related to the original advances, and secures the interest thereon as well as the principal and interest now evidenced by the Loans.

D. Secured Indebtedness. The term "Indebtedness Hereby Secured" shall include: the Loans and other Liabilities, including the principal and interest and premiums, if any, and all extensions, amendments, modifications, substitutions or renewals, in whole or in part, any future advances, with interest, made by the Mortgagee to Mortgagor pursuant to the previous paragraph or to Paragraph 40 ("Future

after recording:

Please return to:
Attn: Josie Carlson
Tior Title Insurance
69 W. Washington
Chicago, IL 60602 Re:

N24-14028-14

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Advances"), and all other sums which at any time may be due or owing or required to be paid as provided herein, in the Loan Agreement or in the other Loan Documents (hereinafter defined), the performance and discharge of all covenants, obligations, and agreements under each of the Loan Documents, and all other indebtedness of Mortgagor to Mortgagee, whether now or hereafter existing, whether direct or indirect, absolute or contingent, or due or to become due. The total principal amount of the Indebtedness Hereby Secured shall not exceed TWENTY MILLION and 00/100 DOLLARS (\$20,000,000.00) at any one time, plus interest. (Nothing contained in this paragraph shall be construed as limiting the interest which may be secured hereby or the amounts that shall be secured hereby when advanced to protect the real estate security or any other "Collateral" (as such term is defined in the Loan Agreement), or to enforce the provisions of the Loan Agreement or of this Mortgage or the other Loan Documents.) The term "Loan Documents" shall mean the Loan Agreement, the Mortgage, and all other documents or instruments securing, evidencing, guaranteeing or otherwise relating or pertaining to the indebtedness evidenced by the Loan Agreement or otherwise inuring to the benefit of Mortgagee on account thereof (together with all future amendments, modifications, substitutions, renewals, or extensions of any of them made from time to time) are hereinafter referred to as the "Loan Documents." (By this reference, terms and provisions of the other Loan Documents are incorporated herein by reference as if fully set forth herein).

NOW, THEREFORE, (i) to secure the payment of the principal of and interest on all Loans made within twenty (20) years of the date of recording of this Mortgage and all other Liabilities in accordance with the Loan Agreement; and (ii) to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all the covenants, agreements and provisions contained herein, in the Loan Agreement and in the other Loan Documents (including but not limited to those certain Guarantee made by WMS Industries, Inc. a Delaware corporation [formerly known as Williams Electronics, Inc.], dated July 24, 1987 and that certain Guaranty and Security Agreement made by Williams Telephone Co., Inc., a Delaware corporation, dated May 8, 1986 both of which were delivered to Mortgagee); and (iii) in consideration of the above Recitals; and (iv) for other good and valuable considerations, whose receipt and sufficiency are acknowledged by the Mortgagor; the Mortgagor DOES HEREBY MORTGAGE, GRANT, DEMISE, CONVEY AND WARRANT unto the Mortgagee, its successors and assigns forever, all of its estate, right, title and interest in, to and under the Real Estate. The Real Estate, together with the property mentioned in the next succeeding paragraphs, is called the "Premises";

TOGETHER with all right, title and interest of Mortgagor, including any after-acquired title or reversion, in and to the beds of the ways, gores of land, streets, avenues and alleys adjoining the Real Estate;

TOGETHER with all and singular the tenements, hereditaments, easements, appurtenances, emblements, passages, waters, water courses, riparian rights, zoning variances and exceptions, other rights, liberties and privileges thereof or in any way now or hereafter appertaining to the Real Estate, including any other claim at law or in equity as well as any after-acquired title, franchise or license and the reversions and remainder and remainders thereof;

TOGETHER with all rents, income, receipts, revenues, issues, proceeds and profits accruing and to accrue from the Premises;

TOGETHER with all monies on deposit for the payment of real estate taxes and/or special assessments against the Premises or the Real Estate, or for the payment of premiums on policies of fire or other hazard insurance covering all or any of the Premises, the Real Estate or the other Collateral (hereinafter defined) and all proceeds of any award or claims for damages to any or all of the Premises, the Real Estate or the other Collateral described herein due to casualty loss;

TOGETHER with all right, title, estate and interest of Mortgagor in and to the Premises, property, improvements, furniture, furnishings, apparatus and fixtures hereby conveyed, assigned, pledged and hypothecated, or intended so to be, and all right to retain possession of the Premises after the occurrence of an Event of Default, as hereinafter defined; and

TOGETHER with all awards and other compensation heretofore or hereafter to be made to the present and all subsequent owners of the Premises for any taking by eminent domain, either permanent or temporary, of all or any part of the Premises or any easement or appurtenance thereof, including severance and consequential damage and change in grade of streets, which said awards and compensation are hereby assigned to Mortgagee, and Mortgagor hereby designates Mortgagee as its agent and directs and empowers Mortgagee, at the option of Mortgagee, on behalf of Mortgagor, or the successors or assigns of Mortgagor, to adjust or compromise the claim for any award and to collect and receive the proceeds thereof, to give proper receipts and acquittances therefor, and, after deducting expenses of collection, to apply the net proceeds as a credit upon any portion, as selected by Mortgagee, of the Indebtedness Hereby Secured, notwithstanding the fact that the amount owing thereon may not then be due and payable or that the Indebtedness Hereby Secured is otherwise adequately secured, all subject to the provisions of Paragraph 10 hereof;

TOGETHER with all buildings and improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration and repairs of such buildings and improvements now or hereafter erected thereon (whether or not installed on the Premises), all of which materials shall be deemed to be included within the Premises immediately upon the delivery thereof to the Real Estate, and all fixtures and articles of personal property now or hereafter owned by Mortgagor and attached to or forming a part of or used or intended to be used in connection with the Real Estate or the operation and convenience of any buildings and improvements located thereon, including, but without limitation, all furniture, furnishings, equipment, apparatus, machinery, motors, elevators, fittings, screens, awnings, partitions, carpeting, curtains and drapery hardware used or useful in the operation or for the convenience of the Real Estate or any buildings and improvements thereon and all plumbing, electrical, heating, lighting, ventilating, refrigerating, incineration, air-conditioning and sprinkler equipment, systems, fixtures and conduits (including, but not limited to, all furnaces, boilers, plants, units, condensers, compressors, ducts, apparatus and hot-and-cold water equipment and systems), and all renewals or replacements thereof or articles in substitution therefor, in all cases whether or not the same are or shall be attached to said buildings and improvements in any manner, it being mutually agreed that all of the aforesaid property owned by Mortgagor and placed on the Real Estate shall, so far as permitted by law, be deemed to be fixtures, a part of the Real Estate, and security for the Indebtedness Hereby Secured.

Notwithstanding the agreement and declaration hereinabove expressed that certain articles of property form a part of the Real Estate encumbered by this Mortgage and be appropriated to its use and deemed to be realty, to the extent that such agreement and declaration may not be effective and that any of the aforesaid articles or sums may constitute goods, equipment or any other category of collateral (as said terms are used in the Uniform Commercial Code), this instrument shall constitute a security agreement creating a security interest in such goods, equipment and other collateral, and any proceeds thereof, as collateral hereunder, and Mortgagor hereby grants a security interest in such goods, equipment, and other collateral, and any proceeds thereof, to Mortgagee as a secured party, all in accordance with said Uniform Commercial Code as is more particularly set forth in Paragraph 17 hereof;

TO HAVE AND TO HOLD the Premises and the other collateral described above, with the appurtenances, and fixtures, unto Mortgagee, its successors and assigns, forever, for the purposes and upon the uses and purposes herein set forth together with all right to possession of the Premises upon the occurrence of any event of Default; Mortgagor hereby **RELEASING AND WAIVING** all rights under and by virtue of the homestead exemption laws of the State of Illinois.

PROVIDED, NEVERTHELESS, that if Mortgagor shall pay when due the Indebtedness Hereby Secured and shall duly and timely perform and observe all of the terms, provisions, covenants and agreements herein provided to be performed and observed by Mortgagor, then this Mortgage and the estate, right and interest of Mortgagee in the Premises shall cease and become void and of no effect, otherwise to remain in full force and effect.

THE MORTGAGOR COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Indebtedness. Mortgagor shall pay when due (a) the principal of and interest and premium, if any, on the indebtedness evidenced by the Loans and (b) all other Indebtedness Hereby Secured; and Mortgagor shall duly and punctually perform and observe all of the terms, provisions, conditions, covenants and agreements on Mortgagor's part to be performed or observed as provided herein and in the Loan Agreement; and this Mortgage shall secure such payment, performance and observance.

2. Maintenance, Repair, Restoration, Liens, Etc. Mortgagor shall (a) promptly repair, restore or rebuild any building or improvement now or hereafter included within the Premises which may become damaged or be destroyed whether or not proceeds of insurance are available or sufficient for the purpose; (b) keep the Premises in good condition and repair, without waste, and free from mechanics', materialmens' or like liens or claims or other liens or claims for lien; (c) pay, when due, any indebtedness which may be secured by a lien or charge on the Premises superior to the lien hereof and, upon request, exhibit to Mortgagee satisfactory evidence of the discharge of such prior lien; (d) complete, within a reasonable time, any building or other improvements now or at any time in the process of erection upon the Premises; (e) comply with all requirements of law, municipal ordinances or restrictions and covenants of record with respect to the Premises and the use thereof; (f) make or permit no material alterations in the Premises except as required by law or ordinance without the prior written consent of Mortgagee; (g) suffer or permit no change in the general nature of the occupancy of the Premises; (h) initiate or acquiesce in no zoning reclassification with respect to the Premises; (i) suffer or

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permit no unlawful use of, or nuisance to exist upon, the Premises; (j) cause the Premises to be managed in a competent and professional manner; and (k) give notice in writing to Mortgagee of and, unless otherwise directed in writing by Mortgagee, appear in and defend any action or proceeding purporting to affect the Premises, the security of this Mortgage or the rights or powers of Mortgagee.

3. Other Liens. Subject to Paragraph 18 hereof, Mortgagor shall not create or suffer or permit any mortgage, lien, charge or encumbrance to attach to the Premises, whether such lien or encumbrance is inferior or superior to the lien of this Mortgage, excepting only the lien of real estate taxes and assessments not due or delinquent.

4. Taxes. Mortgagor shall pay when due and before any penalty attaches, all general and special taxes, assessments, water charges, sewer charges, and other fees, taxes, charges and assessments of every kind and nature whatsoever (all herein generally called "Taxes"), whether or not assessed against Mortgagor, if applicable to the Premises or any interest therein, or the Indebtedness Hereby Secured, or any obligation or agreement secured hereby; and Mortgagor shall, upon written request, furnish to Mortgagee duplicate receipts therefor. Mortgagor shall pay in full under protest in the manner provided by statute, any Taxes which Mortgagee may desire to contest; provided, however, that if deferment of payment of any such Taxes is required to conduct any contest or review, Mortgagor shall deposit with Mortgagee the full amount thereof, together with an amount equal to the estimated interest and penalties thereon during the period of contest, and in any event, shall pay such Taxes, notwithstanding such contest, if in the opinion of Mortgagee the Premises shall be in jeopardy or in danger of being forfeited or foreclosed; and if Mortgagor shall not pay the same when required so to do, Mortgagee may do so and may apply such deposit for the purpose. In the event that any law or court decree has the effect of deducting from the value of the 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 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 interest of Mortgagee in the Premises, or the manner of collection of Taxes, so as to affect this Mortgage or the Indebtedness Hereby Secured or Mortgagee then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such Taxes, or reimburse Mortgagee therefor on demand, unless such payment or reimbursement by Mortgagor is unlawful in which event the Indebtedness Hereby Secured shall be due and payable within thirty (30) days after written demand by Mortgagee to Mortgagor. Nothing in this Paragraph 4 contained shall require Mortgagor to pay any income, franchise or excise tax imposed upon Mortgagee, excepting only such which may be levied against such income expressly as and for a specific substitute for Taxes pertaining to the Premises, and then only in an amount computed as if Mortgagee derived no income from any source other than its interest hereunder.

Mortgagee is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to Taxes not paid by Mortgagor when due. Mortgagee may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy or the validity of any tax, assessment, lien, sale, forfeiture, or related title or claim. Mortgagee is further authorized to make or advance, in the place and stead of Mortgagor, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any

other purpose herein authorized, whenever, in its judgment and discretion, such advance seems necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Mortgagee is further authorized, at its option, to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Mortgagee's choosing. All such advances and indebtedness authorized by this Paragraph shall constitute additional indebtedness hereby secured and shall be repayable by Mortgagor upon demand with interest.

5. Insurance Coverage. Mortgagor will insure and keep insured all of the buildings and improvements now or hereafter included within the Premises and each and every part and parcel thereof, against such perils and hazards as Mortgagee may from time to time require, and in any event including:

(a) Insurance against loss by fire, risks covered by the so-called extended coverage endorsement, and other risks as Mortgagee may reasonably require, in amounts equal to not less than ninety percent (90%) of the full replacement value of the Premises;

(b) Public liability against bodily injury and property damage with such limits as Mortgagee may require;

(c) Rental or business interruption insurance in amounts sufficient to pay during any period of up to one (1) year in which the Premises may be damaged or destroyed, all amounts required herein to be paid by Mortgagor;

(d) Steam boiler, machinery and other insurance of the types and in amounts as Mortgagee may require but in any event not less than customarily carried by persons owning or operating like properties; and

(e) Insurance against loss or damage by flood or mud slide, if the Premises are now, or at any time while the Indebtedness Hereby Secured remains outstanding shall be, situated in any area which an appropriate governmental authority designates as a flood or mud slide hazard area or the like, in such amounts as Mortgagee may require, but no amount in excess of the maximum legal limit of coverage shall be so required.

6. Insurance Policies. All policies of insurance to be maintained and provided as required by Paragraph 5 hereof shall be in form, companies and amounts reasonably satisfactory to Mortgagee and all policies of casualty insurance shall have attached thereto standard noncontributory mortgagee clauses or endorsements in favor of and with loss payable to and in form satisfactory to Mortgagee. Mortgagor will deliver all policies, including additional and renewal policies to Mortgagee and, in case of insurance policies about to expire, Mortgagor will deliver renewal policies not less than thirty (30) days prior to the respective dates of expiration. All insurance policies shall contain a provision requiring at least thirty (30) days notice to Mortgagee prior to any cancellation or modification of such policies. Mortgagor shall not permit any condition to exist on with respect to the Premises which would wholly or partially invalidate any insurance thereon.

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 mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any separate insurance is taken out and shall promptly deliver to Mortgagee any policies or certificates of such insurance.

7. Deposits for Taxes and Insurance Premiums. In order to assure the payment of Taxes and insurance premiums payable with respect to the Premises as and when the same shall become due and payable:

(a) Mortgagor shall, if hereafter required by Mortgagee, deposit with Mortgagee on the first day of each and every month, commencing with the date the first payment of principal and/or interest shall become due on the Indebtedness Secured Hereby, an amount equal to:

(i) One-twelfth (1/12) of the Taxes next to become due upon the Premises; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subparagraph (i), will result in a sufficient reserve to pay the Taxes next becoming due one month prior to the date when such Taxes are, in fact, due and payable, plus;

(ii) One-twelfth (1/12) of the annual premiums on each policy of insurance upon the Premises; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subparagraph (ii), will result in a sufficient reserve to pay the insurance premiums next becoming due one month prior to the date when such insurance premiums are, in fact, due and payable;

provided that the amount of such deposits (herein generally called "Tax and Insurance Deposits") shall be based upon Mortgagee's reasonable estimate as to the amount of Taxes and insurance premiums next to be payable; and all Taxes and Insurance Deposits shall be held by Mortgagee without any allowance of interest thereon.

(b) The aggregate of the monthly Tax and Insurance Deposits, together with monthly payments of principal and/or interest payable on the Loans shall be paid in a single payment each month, to be applied prior to the occurrence of an Event of Default to the following items in the order stated:

- (i) Taxes and insurance premiums;
- (ii) Indebtedness Hereby Secured other than principal and interest on the Loans;
- (iii) Interest on the Loans;
- (iv) Amortization of the principal balance of the Loans.

(c) Mortgagee will, out of the Tax and Insurance Deposits, upon the presentation to Mortgagee by the Mortgagor of the bills therefor, pay the insurance premiums and Taxes or will, upon the presentation of receipted bills therefor, reimburse Mortgagor for such payments made by Mortgagor. If the total Tax and Insurance Deposits on hand shall not be sufficient to pay all of the Taxes and insurance premiums when the same shall become due, then Mortgagor shall

pay to Mortgagee on demand any amount necessary to make up the deficiency. If the total of such Deposits exceeds the amount required to pay the Taxes and insurance premiums, such excess shall be credited on subsequent payments to be made for such Deposits.

(d) Upon the occurrence of an Event of Default, Mortgagee may, at its option, without being required so to do, apply any Tax and Insurance Deposits on hand to any of the Indebtedness Hereby Secured, in such order and manner as Mortgagee may elect. When the Indebtedness Hereby Secured has been fully paid, then any remaining Tax and Insurance Deposits shall be paid to Mortgagor. All Tax and Insurance Deposits are hereby pledged as additional security for the Indebtedness Hereby Secured, and shall be held by Mortgagee to be irrevocably applied for the purposes for which made as herein provided, and shall not be subject to the direction or control of Mortgagor.

(e) Notwithstanding anything herein contained to the contrary, Mortgagee, and its loan servicing agent, or their successors and assigns, shall not be liable for any failure to apply to the payment of Taxes and insurance premiums any amounts deposited as Tax and Insurance Deposits unless Mortgagor, while no Event of Default has occurred and is continuing hereunder, shall have requested Mortgagee in writing to make application of such Deposits on hand to the payment of the particular Taxes or insurance premiums for the payment of which such Deposits were made, accompanied by the bills therefor. Neither Mortgagee nor its loan servicing agent shall be liable for any act or omission taken in good faith or pursuant to the instructions of any party but only for its gross negligence or willful misconduct.

B. Proceeds of Insurance. Mortgagor will give Mortgagee prompt notice of any damage to or destruction of the Premises, and:

(a) In case of loss covered by policies of insurance, Mortgagee (or, after entry of decree of foreclosure, the purchaser at the foreclosure sale or decree creditor, as the case may be) is hereby authorized at its option either (i) to settle and adjust any claim under such policies without the consent of Mortgagor, or (ii) allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss; provided, that Mortgagor may itself adjust losses aggregating not in excess of ONE HUNDRED THOUSAND and 00/100 DOLLARS (\$100,000.00) if such adjustment is carried out in a competent and timely manner and provided that, in any case, Mortgagee shall, and is hereby authorized to, collect and receipt for any such insurance proceeds; and the expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be so much additional Indebtedness Hereby Secured, and shall be reimbursed to Mortgagee upon demand.

(b) In the event of any insured damage to or destruction of the Premises or any part thereof (herein called an "Insured Casualty"), and if, in the reasonable judgment of Mortgagee, the Premises can be restored to an economic unit not less valuable than the same was prior to the Insured Casualty, and adequately securing the outstanding balance of the Indebtedness Hereby Secured, then, if no Event of Default, shall have occurred and be then continuing, the proceeds of insurance shall be applied to reimburse Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises or part thereof subject to Insured Casualty, as

provided for in Paragraph 9 hereof; and Mortgagor hereby covenants and agrees forthwith to commence and diligently to prosecute such restoring, repairing, replacing or rebuilding; provided, always, that Mortgagor shall pay all costs of such restoring, repairing, replacing or rebuilding in excess of the net proceeds of insurance made available pursuant to the terms hereof.

(c) Except as provided in Subsection (b) of this Paragraph 8, Mortgagee may apply the proceeds of insurance consequent upon any Insured Casualty upon the Indebtedness Hereby Secured (whether due or not), in such order or manner as Mortgagee may elect. Such application of proceeds shall not be considered a voluntary prepayment of the Loans which would require the payment of any prepayment premium or penalty.

(d) If the proceeds of insurance, if any, shall be made available to Mortgagor for the restoring, repairing, replacing or rebuilding of the Premises, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to be of at least equal value, and of substantially the same character as prior to the Insured Casualty, all to be effected in accordance with plans and specifications to be first submitted to and approved by Mortgagee.

9. Disbursement of Insurance Proceeds. If Mortgagor is entitled to reimbursement out of insurance proceeds held by Mortgagee, such proceeds shall be disbursed from time to time upon Mortgagee being furnished with (i) evidence satisfactory to it of the estimated cost of completion of the restoration, repair, replacement and rebuilding, (ii) funds (or assurances satisfactory to Mortgagee that such funds are available) sufficient in addition to the proceeds of insurance, to complete the proposed restoration, repair, replacement and rebuilding and (iii) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, plats of survey and such other evidences of cost, payment and performance as Mortgagee may reasonably require and approve; and Mortgagee may, in any event, require that all plans and specifications for such restoration, repair, replacement and rebuilding be submitted to and approved by Mortgagee prior to commencement of work. No payment made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety percent (90%) of the value of the work performed from time to time; funds other than proceeds of insurance shall be disbursed prior to disbursement of such proceeds; and at all times the undisbursed balance of such proceeds remaining in the hands of Mortgagee, together with funds deposited for that purpose or irrevocably committed to the satisfaction of Mortgagee by or on behalf of Mortgagor for that purpose, shall be at least sufficient in the reasonable judgment of Mortgagee to pay for the cost of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien. Any surplus which may remain out of insurance proceeds held by Mortgagee after payment of such costs of restoration, repair, replacement or rebuilding shall, at the option of Mortgagee, be applied on account of the Indebtedness Hereby Secured, then most remotely to be paid, or be paid to any other party that may be entitled thereto. No interest shall be allowed to Mortgagor on account of any proceeds of insurance or other funds held in the hands of Mortgagee.

10. Condemnation. Mortgagor hereby assigns, transfers and sets over unto Mortgagee the entire proceeds of any award or claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation, including any

payments made in lieu of and/or in settlement of a claim or threat of condemnation. Mortgagee may elect to apply the proceeds of the award upon or in reduction of the Indebtedness Hereby Secured then most remotely to be paid, whether due or not, or require Mortgagor to restore or rebuild the Premises, in which event, the proceeds shall be held by Mortgagee and used to reimburse Mortgagor for the cost of such rebuilding or restoring. If, in the reasonable judgment of Mortgagee, the Premises can be restored to an economic unit not less valuable than the same was prior to the condemnation and adequately securing the outstanding balance of the Indebtedness Hereby Secured, the award shall be used to reimburse Mortgagor for the cost of restoration and rebuilding; provided always, that no Event of Default has occurred and is then continuing. If Mortgagor is required or permitted to rebuild or restore the Premises as aforesaid, such rebuilding or restoration shall be effected solely in accordance with plans and specifications previously submitted to and approved by Mortgagee, and proceeds of the award shall be paid out in the same manner as is provided in Paragraph 9 hereof for the payment of insurance proceeds towards the cost of rebuilding or restoration. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such costs in excess of the award, before being entitled to reimbursement out of the award. Any surplus which may remain out of the award after payment of such costs of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the Indebtedness Hereby Secured, then most remotely to be paid, or be paid to any other party that may be entitled thereto. No interest shall be allowed to Mortgagor on account of any award held by Mortgagee.

11. Stamp Tax. If, by the laws of the United States of America, or of any state or municipality having jurisdiction over Mortgagor or the Premises, any tax is used or becomes due in respect of the issuance of the Loans or the granting of this Mortgage, Mortgagor shall pay such tax in the manner required by such law. Mortgagor further agrees to reimburse Mortgagee for any sums which Mortgagee may expend by reason of the imposition of any tax upon the issuance of the Loans or the granting of this Mortgage.

12. Intentionally Omitted.

13. Effect of Extensions of Time and Amendments on Junior Liens and Others. If the payment of the Indebtedness Hereby Secured, or any part thereof, is extended or varied, or if any part of the security therefor is 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 and effect; the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding any such extension, variation or release. Any person, firm or corporation taking a junior mortgage, or other lien upon the Premises or any interest therein, shall take such lien subject to the rights of Mortgagee to amend, modify and supplement this Mortgage, the Loan Agreement, and the Assignment herein referred to, and to extend the maturity of the Indebtedness Hereby Secured, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

14. Mortgagee's Performance of Mortgagor's Obligations. If an Event of Default shall occur and be continuing, Mortgagee, either before or after acceleration the Indebtedness Hereby Secured or the foreclosure of the lien hereof and during the

period of redemption, if any, may, but shall not be required to, make any payment or perform any act herein required of Mortgagor (whether or not Mortgagor is personally liable therefor) in any form and manner deemed expedient by Mortgagee; and Mortgagee may, but shall not be required to, 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, and may, but shall not be required to, complete construction, furnishing and equipping of the improvements upon the Premises and rent, operate and manage the Premises and such improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including attorneys' fees and other monies advanced by Mortgagee to protect the Premises and the lien hereof, to complete construction, furnishing and equipping or to rent, operate and manage the Premises and such improvements or to pay any such operating costs and expenses thereof or to keep the Premises operational and usable for its intended purpose shall be so much additional Indebtedness Hereby Secured, whether or not they exceed the principal amount of the loans, and shall become immediately due and payable without notice, and with interest thereon at the Default Rate specified in the Loan Agreement (herein called the "Default Rate"). Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it as a result of the occurrence of an Event of Default. Mortgagee, in making any payment hereby authorized (a) relating to Taxes, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (b) relating to the purchase, discharge, compromise or settlement of any prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) relating to the completion of construction, furnishing or equipping of the improvements or the rental, operation or management of the Premises or the payment of operating costs and expenses thereof, Mortgagee may do so in such amounts and to such persons as Mortgagee may deem appropriate and may enter into such contracts therefor as Mortgagee may deem appropriate or may perform the same itself.

15. Inspection of Premises and Records; Testing. Mortgagee shall have the right to inspect the Premises and all books, records and documents relating thereto at all reasonable times, and access thereto shall be permitted for that purpose. Without limitation of any of the foregoing, Mortgagee shall also have the right from time to time to enter the Premises to inspect same and to conduct tests thereon necessary, in Mortgagee's discretion, for the purposes of determining Mortgagor's compliance with all environmental Laws (hereinafter defined in Paragraph 41 hereof).

16. Intentionally Omitted.

17. Uniform Commercial Code. This Mortgage constitutes a Security Agreement under the Uniform Commercial Code of the State of Illinois (herein called the "Code") with respect to all of the collateral described in the granting clauses of this Mortgage (including but not limited to any part of the Premises which may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate (all for the purposes of this Paragraph 17 called "Collateral")); all of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and

to the same extent as to any other property comprising the Premises; and the following provisions of this Paragraph 17 shall not limit the generality or applicability of any other provision of this Mortgage but shall be in addition thereto:

(a) Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof.

(b) The Collateral is to be used by Mortgagor solely for business purposes, being installed upon the Premises for Mortgagor's own use or as the equipment and furnishings furnished by Mortgagor, as landlord, to tenants of the Premises.

(c) The Collateral will be kept at the Real Estate, and will not be removed therefrom without the consent of Mortgagee (being the Secured Party as that term is used in the Code) or any other person and the Collateral may be affixed to the Real Estate but will not be affixed to any other real estate.

(d) The only persons having any interest in the Premises are Mortgagor, Mortgagee and permitted tenants and users thereof.

(e) No Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office except pursuant hereto; and Mortgagor will at its own cost and expense, upon demand, furnish to Mortgagee such further information and will execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee and will do all such acts and things as Mortgagee may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Indebtedness Hereby Secured, subject to no adverse liens or encumbrances and Mortgagor will pay the cost of filing the same or filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by Mortgagee to be necessary or desirable.

(f) If an Event of Default shall occur and be continuing, Mortgagee at its option may declare the Indebtedness Hereby Secured to be immediately due and payable, all as more fully set forth in Paragraph 19 hereof, and thereupon Mortgagee shall have the remedies of a secured party under the Code, including without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Mortgagor can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace), upon any place where the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code); and Mortgagee shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Mortgagor's right of redemption in satisfaction of Mortgagor's obligations, as provided in the Code. Mortgagee without removal may render the Collateral unusable and dispose of the Collateral on the Premises. Mortgagee may require Mortgagor to assemble the Collateral and make it available to the Mortgagee for its possession at a place to

be designated by Mortgagee which is reasonably convenient to both parties. Mortgagee will give Mortgagor at least five (5) days notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is made. Notice of sale, if mailed, shall be deemed reasonably and properly given if mailed at least five (5) days before the time of sale or disposition, by registered or certified mail, postage prepaid, addressed to Mortgagor at the address shown in Paragraph 36 of this Mortgage. Mortgagee may buy at any public sale and if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, Mortgagee may buy at private sale. Any such sale may be held as part of and in conjunction with any foreclosure sale of the Real Estate comprised within the Premises, the Collateral and Real Estate to be sold as one lot if Mortgagee so elects. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorneys' fees and legal expenses incurred by Mortgagee, shall be applied against the Indebtedness Hereby Secured. Mortgagee will account to Mortgagor for any surplus realized on such disposition.

(g) The remedies of Mortgagee hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of Mortgagee, including having the Collateral deemed to be a part of the Real Estate upon any foreclosure thereof so long as any part of the Indebtedness Hereby Secured remains unsatisfied.

(h) The terms and provisions contained in this Paragraph 17 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code.

(i) This Mortgage is intended to be a financing statement within the purview of Section 9-402(6) of the Code with respect to the Collateral and the goods described at the beginning of this Mortgage which goods are or are to become fixtures relating to the Premises. The addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are set forth in Paragraph 36 hereof. This Mortgage is to be filed for record with the Recorder of Deeds of the County or Counties where the Real Estate is located. Mortgagor is the record owner of the Real Estate.

18. Restrictions on Transfer. Mortgagor shall not, without the prior written consent of Mortgagee, create effect, contract for, consent to, suffer or permit any "Prohibited Transfer" (as defined herein). Any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing) of any of the following properties, rights or interests which occurs, is granted, accomplished, attempted or effectuated without the prior written consent of Mortgagee shall constitute a "Prohibited Transfer":

(a) the Premises or any part thereof or interest therein, excepting only sales or other dispositions of Collateral (herein called "Obsolete Collateral") no longer used in connection with the operation of the Premises, provided that prior to the sale or other disposition thereof, such Obsolete Collateral has been replaced by Collateral of at least equal value and utility which is subject to the lien hereof with the same priority as with respect to the Obsolete

Collateral. Notwithstanding the foregoing language in Paragraph 18(a), this Mortgage does not and is not intended to limit or otherwise restrict Mortgagor's on Mortgagee's rights under the Loan Agreement or otherwise pertaining to disposal of Mortgagor's inventory, and operating equipment used or useful primarily in the operation of Mortgagor's business ("Trade Equipment") (as distinguished from equipment used or useful primarily in operation of the improvements located on the Real Estate), and transfers of said inventory and Trade Equipment shall be governed by the terms of the Loan Agreement;

(b) all or any portion of such beneficial interest or power of direction in or to the trust under which Mortgagor is acting, if Mortgagor is a Trustee;

(c) any shares of capital stock of a corporate Mortgagor, a corporation which is a direct or indirect beneficiary of a trustee Mortgagor, a corporation which is a general partner of a partnership Mortgagor, a corporation which is a general partner of a partnership beneficiary of a trustee Mortgagor, or a corporation which is the owner of substantially all of the capital stock of any corporation described in this subparagraph (other than the shares of capital stock of a corporate trustee or a corporation whose stock is publicly traded on a national securities exchange or on the National Association of Securities Dealer's Automated Quotation System);

in each case whether any such conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation is effected directly, indirectly, voluntarily or involuntarily, by operation of law or otherwise; provided, however, that the foregoing provisions of this Paragraph 18 shall not apply (i) to liens securing the Indebtedness Hereby Secured, (ii) to the lien of current taxes and assessments not in default, or (iii) to any transfers of the Premises, or part thereof, or interest therein, or any beneficial interests, or shares of stock or partnership or joint venture interests, as the case may be, by or on behalf of an owner thereof who is deceased or declared judicially incompetent, to such owner's heirs, legatees, devisees, executors, administrators, estate or personal representatives.

19. Events of Default. If one or more of the following events (herein called "Events of Default") shall occur:

(a) A default shall be made in the due and punctual payment of the Loans or any installment thereof, either principal or interest, as and when the same is due and payable, or a default shall be made in the making of any payment of monies required to be made hereunder or under the Loan Agreement; or

(b) A Prohibited Transfer shall occur; or

(c) An Event of Default shall occur under the Loan Agreement or under any other of the Loan Documents;

(d) A default shall occur and be continuing under the provisions of Paragraph 26 hereof, or under the Assignment referred to in said Paragraph; or

(e) A default shall continue for five (5) days after notice thereof by Mortgagee to Mortgagor in the due and punctual performance or observance of any other agreement or condition herein; or

(f) The Premises shall be abandoned; or

(g) The title of Mortgagor to its interest in the Premises or any substantial part thereof shall become the subject matter of litigation which would or might, in Mortgagee's opinion, upon final determination result in substantial impairment or loss of the security provided by this instrument and upon notice by Mortgagee to Mortgagor such litigation is not dismissed within thirty (30) days of such notice; or

(h) This Mortgage shall not constitute a valid first lien on an security interest in the Premises; or

(i) The Premises or any part thereof at any time are or become located in a designated flood or mudslide hazard area, and the insurance required by Paragraph 5(e) hereof is not available or becomes unavailable, either because the local governmental authority having jurisdiction over the Premises is a "non-participating" community in any governmental program providing or subsidizing such flood or mudslide hazard insurance, or for any other reason;

then Mortgagee is hereby authorized and empowered, at its option, and without affecting the lien hereby created or the priority of said lien or any right of Mortgagee hereunder to declare, without further notice, all Indebtedness Hereby Secured to be immediately due and payable, whether or not such default be thereafter remedied by Mortgagor, and Mortgagee may immediately proceed to foreclose this Mortgage and/or to exercise any right, power or remedy provided by this Mortgage, the Loan Agreement, the Assignment or by law or in equity conferred. Notwithstanding anything to the contrary contained in this Paragraph 19, if the applicable cure periods in the Loan Agreement for any act or omission which would be or become default or Event of Default hereunder or under the Loan Agreement differ from the cure periods provided in this Mortgage, the cure periods set forth in the Loan Agreement shall supersede and control those set forth in this Paragraph 19.

20. Possession by Mortgagee. When the Indebtedness Hereby Secured shall become due, whether by acceleration upon the occurrence of an Event of Default or otherwise, Mortgagee shall, if applicable law permits, have the right to enter into and upon the Premises and take possession thereof or to appoint an agent or trustee for the collection of the rents, issues and profits of the Premises; and the net income, after allowing a reasonable fee for the collection thereof and for the management of the Premises, may be applied to the payment of Taxes, insurance premiums and other charges applicable to the Premises, or in reduction of the Indebtedness Hereby Secured; and the rents, issues and profits of and from the Premises are hereby specifically pledged to the payment of the Indebtedness Hereby Secured.

To the full extent not prohibited by applicable law, Mortgagee may:

(a) hold, operate, manage, and control all or any part of the Premises and conduct the business thereof, either personally or by its agents. Mortgagee shall have full power to use such measures, legal or equitable, as it in its discretion may deem proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Premises, including actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(b) cancel or terminate any lease or sublease of all or any part of the Premises for any cause or on any ground that would entitle Mortgagor to cancel the same;

(c) elect to disaffirm any lease or sublease of all or any part of the Premises made subsequent to this Mortgage or subordinated to the Lien;

(d) extend or modify any then existing leases in accordance therewith and make new leases of all or any part of the Premises. Such extensions, modifications, and new leases may provide for terms, or for options to lessees to extend or renew terms, beyond the maturity date of the Loans evidenced by the Loan Agreement and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale. Any such leases, and the options or other provisions therein, shall be binding upon Mortgagor, all persons whose interests in the Premises are subject to the lien of this Mortgage, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Secured Indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and

(e) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Premises as may seem judicious to Mortgagee, to insure and reinsure the Premises and all risks incidental to Mortgagee's possession, operation, and management, and to receive all rents, issues, deposits, profits, and avails.

21. Foreclosure. When the Indebtedness Hereby Secured, or any part thereof, shall become due, whether by acceleration upon the occurrence of an Event of Default or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such Indebtedness Hereby Secured or part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional Indebtedness Hereby Secured in the decree of sale, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurance with respect to title, as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree, the true conditions of the title to or the value of the Premises. All expenditures and expenses of the nature mentioned in this Paragraph, and such other 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 proceedings affecting this Mortgage, the Loan Agreement or the Premises, including probate and bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, shall be so much additional Indebtedness Hereby Secured and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate per annum until paid.

22. Receiver. 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 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 employee or agent thereof may be appointed as such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a 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 and 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 may, from time to time, authorize the receiver to apply the net income from the Premises in his hands in payment in whole or in part of:

(a) The Indebtedness Hereby Secured or the indebtedness secured by a 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 the foreclosure sale; or

(b) The deficiency in case of a sale and deficiency.

23. Proceeds of Foreclosure Sale. 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 Paragraph 21 hereof; Second, all other items which, under the terms hereof, constitute Indebtedness Hereby Secured additional to that evidenced by the Loans, with interest on such items as herein provided; Third, to interest remaining unpaid upon the Loans; Fourth, to the principal remaining unpaid upon the Loans; and lastly, any overplus to Mortgagor; and its successors or assigns, as their rights may appear.

24. Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in rebuilding or restoring the buildings or improvements, as aforesaid, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In the case of foreclosure of this Mortgage, the court, in its decree, may provide that Mortgagee's clause attached to each of the casualty insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said casualty insurance policies making the loss thereunder payable to said decree creditors; and any such foreclosure decree may further provide that in case of one or more redemptions under said decree, pursuant to the statutes in such case made and provided, then in every such case, each and every successive redeemer may cause the preceding loss clause attached to each casualty insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such redeemer. In the event of foreclosure sale, 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 without credit or allowance to Mortgagor for prepaid premiums thereon.

24(A). Application of Deposits. Upon the occurrence of any Event of Default, Mortgagee may, at its option, apply any monies or securities that constitute deposits made to or held by Mortgagee or any depository pursuant to this Mortgage toward payment of any of Mortgagor's obligations under the Mortgage or the Loan Agreement, in such order and manner as Mortgagee may elect. When the Indebtedness Hereby Secured has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Property. Such deposits are pledged as additional security for the prompt payment of the indebtedness evidenced by the Loan Agreement and any other Indebtedness Hereby Secured and shall be held to be applied irrevocably by such depository for the intended purposes and shall not be subject to the direction or control of Mortgagor.

25. Waiver. Mortgagor hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or pursuant to any decree, judgment or order of any court of competent jurisdiction, or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and of all other persons, are and shall be deemed to be hereby waived to the full extent permitted by the provisions of applicable law. Mortgagor will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the exercise of any right, power or remedy herein or otherwise granted or delegated to Mortgagee, but will suffer and permit the exercise of every such right, power and remedy as though no such law or laws have been made or enacted.

26. Assignment. As further security for the Indebtedness Hereby Secured, Mortgagor has, concurrently herewith, executed and delivered to Mortgagee a separate instrument (herein called the "Assignment") dated as of the date hereof, wherein and whereby, among other things, Mortgagor has assigned to Mortgagee pursuant to an Assignment of Leases and Rents all of the rents, issues and profits with respect to the Premises, and any and all leases now or hereafter executed by Mortgagor, as lessor or landlord, with respect to the Premises. All of the terms and conditions of said Assignment are hereby incorporated herein by reference as fully and with the same effect as if set forth herein at length. Mortgagor agrees that it will duly perform and observe all of the terms and provisions on its part to be performed and observed under the Assignment. Nothing herein contained shall be deemed to obligate Mortgagee to perform or discharge any obligation, duty or liability of Mortgagor under the Assignment and Mortgagor shall and does hereby indemnify and hold Mortgagee harmless from any and all liability, loss or damage which Mortgagee may or might incur by reason of the Assignment; and any and all such liability, loss or damage incurred by Mortgagee, together with the costs and expenses, including reasonable attorneys' fees, incurred by Mortgagee in the defense of any claims or demands therefor

(whether successful or not), shall be so much additional Indebtedness Hereby Secured, and Mortgagor shall reimburse Mortgagee therefor on demand, together with interest at the Default Rate from the date of demand to the date of payment.

27. Mortgagee in Possession. Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Premises.

28. Further Assurances. Mortgagor will do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper, in the sole judgment of Mortgagee, for the better assuring, conveying, mortgaging, assigning and confirming unto Mortgagee all property mortgaged hereby or property intended so to be; whether now owned by Mortgagor or hereafter acquired.

29. Covenants Run With Land; Mortgagor's Successors. All of the covenants of this Mortgage shall run with the land and be binding on any successor owners of the Premises. In the event that the ownership of the Premises becomes vested in a person or persons other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest of Mortgagor with reference to this Mortgage and the Indebtedness Hereby Secured in the same manner as with Mortgagor. Mortgagor will give immediate written notice to Mortgagee of any conveyance, transfer or change of ownership of the Premises, but nothing in this Paragraph 29 shall vary or negate the provisions of Paragraph 18 hereof.

30. Rights Cumulative. Each right, power and remedy herein conferred upon Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient to Mortgagee and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

31. Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner from time to time of the Premises or any other person having an interest therein), and shall inure to the benefit of the Mortgagee and its successors and assigns. Wherever herein the Mortgagee is referred to, such reference shall be deemed to include the holder from time to time of the Loans, whether so expressed or not; and each such from time to time holder of the Loans shall have and enjoy all of the rights, privileges, powers, options and benefits afforded hereby and hereunder, and may enforce all and every of the terms and provisions hereof, as fully and to the same extent and with the same effect as if such from time to time holder were herein by name specifically granted such rights, privileges, powers, options and benefits and was herein by name designated Mortgagee.

32. Provisions Severable. The unenforceability or invalidity of any provision or provisions hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

33. Waiver of Defense. No action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid to the party interposing the same in an action at law upon the Loan Agreement.

34. Time of the Essence. Time is of the essence of the Loan Agreement, this Mortgage, the Assignment and any other document evidencing or securing the Indebtedness Hereby Secured.

35. Captions and Pronouns. The captions and headings of the various sections of this Mortgage are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

36. Notices. Any notice which any party hereto may desire or may be required to give to any other party shall be in writing, and may be served by hand delivery or by deposit in the U.S. registered or certified mail, postage prepaid, return receipt requested and addressed to Mortgagor or Mortgagee at its address set forth below, or to such other address as Mortgagor or Mortgagee may by notice in writing designate as its address for the purpose of notice hereunder:

(a) If to Mortgagee:

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
231 South LaSalle Street
Chicago, Illinois 60697
Attention: Commercial Finance
(Edmund M. Hall, Vice President)
With a copy to:

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
231 South LaSalle Street
Chicago, Illinois 60697
Attention: Law Department (Barbara C. Herbert, Esq.)

(b) If to Mortgagor:

Williams Electronics Games, Inc.
3401 North California Avenue
Chicago, Illinois 60618
Attention: Vice President and
General Counsel

With a copy to:

WMS Industries, Inc.
c/o 767 Fifth Avenue
23rd Floor
New York, New York 10153
Attention: Office of Vice President and
General Counsel (Barbara Norman, Esq.)

Notices shall be deemed served and effective upon delivery, if hand delivered, or three (3) days after the date of mailing as shown on the certified or registered receipt, if mailed.

37. Option to Subordinate. At the option of Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all 1294r

leases of all or any part of the Premises upon the execution by Mortgagee and recording thereof, at any time hereafter, in the Office of the Recorder of Deeds in and for the county wherein the Premises are situated, of a unilateral declaration to that effect.

38. Estoppel Certificate. Mortgagor shall within ten (10) days of a written request from Mortgagee furnish Mortgagee with a written statement, duly acknowledged, setting forth the sums secured by this Mortgage and any right of set-off, counterclaim or other defense which exists against such sums and the obligations of this Mortgage.

39. Release. Upon payment of the Indebtedness Hereby Secured, Mortgagee shall release this Mortgage and the lien hereof by proper instrument. Mortgagor shall pay Mortgagee's reasonable costs incurred in releasing this Mortgage.

40. Future Advances. Upon request of Mortgagor, Mortgagee, at Mortgagee's option so long as this Mortgage secures indebtedness held by Mortgagee, may make Future Advances to Mortgagor. Such Future Advances, with interest thereon, shall be secured by this Mortgage when evidenced by promissory notes stating that said notes are secured hereby. At no time shall the principal amount of the Indebtedness Hereby Secured, not including sums advanced in accordance herewith to protect the security of this Mortgage, exceed the Loan Limit of the Loans (\$15,000,000.00) plus the additional sum of \$5,000,000.00.

41. Environmental Compliance. Mortgagor hereby represents, warrants and covenants to Mortgagee that:

(a) The Premises and the other Collateral, and the use and operation thereof, are currently in compliance and will remain in compliance with all applicable laws and regulations (including but not limited to all environmental, health and safety laws and regulations);

(b) All required governmental permits are in effect and will remain in effect. The Premises, and the other Collateral, and the use and operation thereof, comply and will continue to comply therewith;

(c) There are and will be no environmental, health or safety hazards that pertain to any of the Premises or the business or operations conducted thereon, or the other Collateral. No storage, treatment or disposal of hazardous waste or material (collectively, "Hazardous Materials") has or will occur on or in the Premises; provided, however, Mortgagor may store such Hazardous Materials as are currently and customarily used in the normal course of its business to service solely the current operations on the Premises and no other sites or operations, so long as said storage and handling of such Hazardous Materials complies with all applicable laws and regulations. (For purposes of these representations and warranties, the term "Hazardous Materials" shall include, but shall not be limited to, pollutants and substances defined as "hazardous substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1802, The Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq., and those substances defined as "hazardous waste" in Section 1003(j) of the Illinois Environmental Protection Act, Ill. Rev. Stat. ch. 111 1/2 Para. 1001 et seq., and the regulations

adopted and publications and requirements promulgated pursuant to said laws. The references to laws, requirements, regulations and publications in this Subparagraph 41(c) shall be deemed to include all amendments and additions to any of the foregoing, any successor legislation to any of the foregoing, and any other laws, regulations, requirements and publications promulgated at any time in the future by any governmental body having jurisdiction of the Premises, which laws, regulations, requirements and publications pertain to environmental matters [collectively "Laws"].)

(d) There are no pending or threatened actions or proceedings (or notices of potential actions or proceedings) from any governmental agency or any other person or entity regarding the condition or use of either of the Premises or the other Collateral, or regarding any environmental, health or safety law. Mortgagor will promptly notify Mortgagee of any notices and any pending or threatened action or proceeding in the future, and Mortgagor will promptly cure and have dismissed with prejudice any such actions and proceedings to the satisfaction of Mortgagee;

(e) The business and all operations conducted on the Premises have and will lawfully dispose of their Hazardous Materials. There are no pending or threatened actions or proceedings concerning the disposal of Hazardous Materials that pertain to any of the Premises or the business or operations conducted thereon, or the other Collateral. Mortgagor will promptly notify Mortgagee of any such proceedings in the future, and Mortgagor will promptly cure and have dismissed with prejudice any such actions or proceedings to the satisfaction of Mortgagee;

(f) Except for the storage for the specifically set forth above in Subparagraph 41(c), there are no other Hazardous Materials present on the Premises and none will be on the Premises in the future.

(g) There are no pending or threatened liens or similar governmental actions or proceedings that could impair the value of either of the Premises or the other Collateral, or the priority of the lien of this Mortgage or of any of the other Loan Documents. Mortgagor will promptly notify Mortgagee of any such future actions and proceedings, and Mortgagor will promptly cure and have dismissed with prejudice any such actions and proceedings to the satisfaction of Mortgagee; and

(h) There are no underground storage tanks present on the Premises, except for ^{those} ~~that~~ certain storage tanks referenced in Permit No. 684-438 (the "Existing Tank"), and there will no be no others in the future. Mortgagee has, or promptly within 10 days will, fill said Existing Tank with fly gravel or cement. The Existing Tank does and in the future will comply with all applicable Laws.

(i) Mortgagor assumes all obligations of compliance with all environmental Laws that affect either or both of the Premises or the other Collateral, or any business or other activity conducted thereon or therewith. Any fees, costs and expenses imposed upon or incurred by Mortgagee at any time and from time to

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[Handwritten signatures and initials]

time on account of any breach of any of the covenants, representations or warranties contained in this Paragraph 41 shall be immediately due and payable by Mortgagor to Mortgagee upon demand for reimbursement for same, and shall (together with interest thereon at the Default Rate accruing from the date such fees, costs and expenses are so imposed upon or incurred by Mortgagee) become part of the Indebtedness Hereby Secured. Mortgagor hereby covenants and agrees to protect, defend, indemnify, and hold harmless Mortgagee from any and all such costs and expenses, and to provide whatever additional assurances or security Mortgagee may request in order to effectuate the intent of this Paragraph 41(h).

42. Conflicting Provisions. In the event of a conflict between the provisions of this Mortgage and those of the Loan Agreement (including provisions relating to notice or waiver thereof), those of the Loan Agreement shall govern and prevail over those of this Mortgage.

43. Business Loans. Mortgagor certifies and agrees that the proceeds of the loans secured by this Mortgage will be held and used for the purposes specified in Illinois Revised Statutes, Chapter 17, Section 6404(1)(a), and that the principal obligation secured hereby constitutes a "business loan" within the definition and purview of that Section.

44. Indemnity. Mortgagor shall indemnify and save Mortgagee harmless from and against any all liabilities, losses, damages, claims, expenses (including attorneys' fees and court costs) which may be imposed on, incurred by or asserted against Mortgagee at any time by any third party which relate to or arise from: the Mortgage; any suit or proceeding (including probate and bankruptcy proceedings), or the threat thereof, in or to which Mortgagee may or does become a party, either as plaintiff or as a defendant, by reason of this Mortgage or for the purpose of protecting the lien of this Mortgage; the offer for sale or sale of all or any portion of the Premises; or the ownership, use, operation or maintenance of the Premises.

45. Subordination of Leases to Mortgagee. Mortgagee shall have the option to require Mortgagor to cause any or all leases to the Premises to be subordinated to the Mortgage and to require tenants to execute whatever instruments are requested by Mortgagee to effect or evidence such subordination.

46. Counterpart Execution. This Mortgage may be executed in several counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

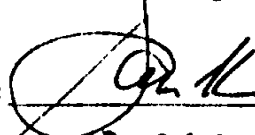
47. Applicable Law. This Mortgage shall be governed by, and construed in accordance with, the laws of the State of Illinois.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly signed, sealed and delivered the day and year first above written.

WILLIAMS ELECTRONICS GAMES, INC.,
a Delaware Corporation

ATTEST:

Name: _____
Title: _____
1294r

By: 
Name: BARBARA M. NORMAN
Title: VICE PRES. + SEC.

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UNOFFICIAL COPY

-24-

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

Barabra C. Horbert, Esq.
Law Department (105/9)
Continental Illinois National Bank
and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60697

Property of Cook County Clerk's Office

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EXHIBIT A - LEGAL DESCRIPTION

PARCEL 1:

A tract of land, lying West of a line which is 389 feet and 3 inches (measured along the North line of West Roscoe Street) East of the East line of North California Avenue and which runs North from and at right angles to the said North line of West Roscoe Street which tract of land aforesaid is contained in the following described land:

Commencing at a point in the North and South center line of Section 24, Township 40 North, Range 13 East of the Third Principal Meridian, 1238.5 feet North of the South line of said Section running; thence East to a point on or near the West bank of the North branch of the Chicago River and distant from the point of beginning 719.2 feet; thence North 7 Degrees 30 Minutes West, 303.5 feet to a point West of said North Branch of the Chicago River; thence West 679.2 feet to said North and South center line of said Section 24; thence South along said North and South center line 300 feet to the point of beginning, (excepting from the said tract the west 33 feet taken for North California Avenue and South 33 feet taken for Roscoe Street), in Cook County, Illinois.

PARCEL 2:

The South 153 feet of the North 339.22 feet of the South 1238.50 feet of the West 169.24 feet (except the West 33 thereof, taken for North California Avenue) of the South East 1/4 of Section 24, Township 40 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 3:

The North 56 feet of the South 159.5 feet of the South East 1/4 Section 24, Township 40 North, Range 13 East of the Third Principal Meridian, lying West of the North Branch of the Chicago River as established and used by the Sanitary District of Chicago, and East of a line 308.77 feet East of and parallel with the west line of said South East 1/4 of Section 24, being a part of Lot 17 in the County Clerk's Division of unsubdivided lands in the South East 1/4 of said Section 24, in Cook County, Illinois.

Permanent Tax Numbers:	13-24-400-003 (Affects Parcel 1)	Commonly known As: 3401 N. California Avenue Chicago, IL 60618
	13-24-404-009 (Affects Parcel 2)	
	13-24-400-006 (Affects Parcel 3)	

UNOFFICIAL COPY

STATE OF Illinois)
COUNTY OF Cook)

I, Maxwell P. Herman, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that Robert H. Norman personally known to me to be the same person(s) whose name(s) are subscribed to the foregoing instrument as Not Attached and Attached appeared before me this day in person and acknowledged that she signed and delivered the said instrument as her own free and voluntary act and as the free and voluntary act of William E. Norman for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 29th day of July, 1987.
Maxwell P. Herman

My Commission Expires: 1/3/87

Property of Cook County Clerk's Office

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