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SECOND MORTGAGE

THIS SECOND MORTGAGE, made as of this 2nd day of January 1987 by Marc G. Kresmery, Kurt F. Kresmery and Eric E. Kresmery, 208 Lawrence Avenue, Elgin, Illinois 60120 (hereinafter referred to as "Mortgagors") to Kenneth Kresmery, 208 Lawrence, Elgin, Illinois (hereinafter referred to as "Kresmery").

W I T N E S S E T H

WHEREAS, the Mortgagors are the owners and holders as joint tenants of fee simple title in and to all of the real estate described in Exhibit A attached hereto and by this reference made part hereof which real estate forms a portion of Premises hereinafter described;

WHEREAS, the Mortgagors have, concurrently herewith, executed and delivered a Promissory Note (hereinafter referred to as the "Note") of even date herewith payable to the order of Kenneth Kresmery in the principal sum of One Hundred Fifty-Six Thousand Dollars and 00/100 ($156,000.00) bearing interest at the rate specified therein, due on July 2, 1988; and

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WHEREAS, the (i) indebtedness evidenced by the Note including the principal thereof and interest and premiums, if any thereon, and all extensions or renewals thereof, if any, in whole or in part, and (ii) all other sums which may be at any time due or owing or required to be paid as herein provided, all of which are sometimes referred to as the "Indebtedness Hereby Secured;"

NOW, THEREFORE, to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured, and the performance and observance of all the covenants, agreements and provisions herein and in the Note contained, and in consideration of the premises and of the sum of $10.00 paid to the Mortgagors, and for other valuable considerations, the receipt and sufficiency whereof is hereby acknowledged, the Mortgagors DO HEREBY GRANT, REMISE, MORTGAGE, RELEASE, ALIEN AND CONVEY unto Kresmery, his successors and assigns forever, the real estate described in Exhibit A attached hereto and by this reference made a part hereof (hereinafter together with the property mentioned in the succeeding paragraphs hereto, referred to as the "Premises");

TOGETHER with all right, title and interest of the Mortgagors including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues and alleys adjoining the Premises;

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

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

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 improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises, and all fixtures and articles of personal property now or hereafter owned by the Mortgagors and attached to or contained in and used in connection with the Premises and/or the operation and convenience of any building or builings and improvements located thereon, including, but without limitation, all furniture, furnishings, equipment, apparatus, machinery, motors, elevators, fittings and all plumbing, electrical, heating, lighting, ventilating, refrigerating, incineration, air-conditioning and sprinkler equipment, systems, fixtures and conduits, 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 building or buildings in any manner, it being mutually agreed that all of the Premises shall, so far as permitted by law, be deemed to be fixtures, a part of the realty, and security for the Indebtedness Hereby Secured.

TOGETHER with all right, title, estate and interest of the Mortgagors in and to the Premises, estate, 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 event of default in payment, or breach of any covenant herein contained; 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 the holder of the First Mortgage or Kresmery, as their interests may appear and the Mortgagors hereby appoints Kresmery as its attorney-in-fact, coupled with an interest, and authorizes, directs and empowers such attorney, at the option of the attorney on behalf of the Mortgagors, or their successors or assigns, 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 at the election of the holder of the First Mortgage or if none, the holder hereof to the payment of the Indebtedness hereby secured or to restore or rebuild the Premises.

TO HAVE AND TO HOLD the Premises, with the appurtenances, and fixtures, unto Kresmery and his 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 as hereinafter defined; the Mortgagors hereby RELEASING and WAIVING all rights under and by virtue of the homestead exemption laws of the State of Illinois.

PROVIDED, NEVERTHELESS, that if the Mortgagors 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 it, then this Mortgage and the estate, right and interest of Kresmery in the Premises shall cease and become void and of no effect, otherwise to remain in full force and effect.

THE MORTGAGORS COVENANT AND AGREE AS FOLLOWS:

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

2. Maintenance, Repair, Restoration, Liens, Etc. The Mortgagors shall (a) promptly repair, restore or rebuild any building or improvement 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 mecha-

nic's, materialmen's 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 Kresmery satisfactory evidence of the discharge, of such prior lien, (d) complete, within a reasonable time, any improvements now or at any time in the process of erection on 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 Kresmery; (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 permit no unlawful use of, or nuisance to exist upon, the Premises.

3. Other Liens. The Mortgagors shall not create or suffer or permit any mortgage, lien, charge or encumbrance to attach to the Premises, which charge or encumbrance is superior to the lien of this Second Mortgage, excepting only the lien of the First Mortgage of even date herewith and the lien of real estate taxes and assessments not due or delinquent.

This Second Mortgage constitutes a junior mortgage inferior to the lien of Kenneth Kresmery dated January 2, 1987 securing a Note for $654,000.00 (hereinafter sometimes referred to as the "First Mortgage").

4. Deposit for Taxes and Insurance. For the purpose of providing funds with which to pay the general taxes and special assessments levied against the Premises, and with which to pay premiums on insurance policies becoming due on the said Premises, the Mortgagors shall at the election of Kresmery make monthly deposits with the holder of the First Mortgage on the 2nd day of every month, in an amount estimated by the holder of the Note to be equal to 1/12th of the general real estate taxes and special assessments last levied against the same Premises, and equal to 1/12th of the bills last received for premiums in insurance covering the Premises. Such deposit shall be computed and made by the Mortgagors to the due date, the amount necessary to pay the said real estate taxes and to pay premiums for renewal or replacement of expiring insurance policies. No interest shall be allowed on account of any deposit or deposits made hereunder, and said deposits need not be kept separate and apart.

In the event no First Mortgage is held against the Premises, then the Mortgagors shall pay all premiums on insurance policies becoming due, and exhibit receipts therefor upon request to Kresmery. Similarly, in the event no First Mortgage is held

against the Premises, the Mortgagors shall also pay, 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 (hereinafter referred to generally as "Taxes"), whether or not assessed against the Mortgagors, if applicable to the Premises or any obligation or agreement secured hereby; and Mortgagors shall, upon written request furnish to Kresmery duplicate receipts therefor. The Mortgagors shall pay in full under protest in the manner provided by statute, any Taxes which the Mortgagors may desire to contest; provided, however, that if deferment of payment of any such Taxes is required to conduct any contest or review, the Mortgagors shall deposit with the holder of the First Mortgage or if none, then to Kresmery, 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 the holder of the First Mortgage or if none, then Kresmery, the Premises shall be in jeopardy or in danger of being forfeited or foreclosed; and if the Mortgagors shall not pay the same when required so to do, then Kresmery 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 the holder of the First Mortgage or Kresmery, the payment of the whole or any part of the Taxes or liens herein required to be paid by the Trustee, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the interest of the holder of the First Mortgage or Kresmery in the Premises, or the manner of collection of Taxes, so as adversely to affect this Second Mortgage or the Indebtedness Hereby Secured or the First Mortgage then, and in any such event, the Mortgagors, upon demand by the holder of the First Mortgage or Kresmery, shall pay such Taxes, or reimburse the holder of the First Mortgage or Kresmery therefor on demand, unless such payment or reimbursement by the Mortgagors is unlawful in which event the Indebtedness Hereby Secured shall be due and payable within thirty (30) days after written demand. Nothing contained in this Paragraph 4 shall require the Mortgagors to pay any income, franchise or excise tax imposed upon the holder of the First Mortgage or Kresmery, excepting only such which may be levied against such income expressly as and for a specific substitute for Taxes on the Premises, and then only in an amount computed as if the holder of the First Mortgage or Kresmery derived no income from any source other than its interest hereunder.

The foregoing notwithstanding, the obligation of the Mortgagors to pay the taxes on the Premises shall be absolute, regardless of the presence or absence of a first mortgage.

5. Insurance Coverage. The Mortgagors will insure or cause to be insured and keep or cause to be kept insured all of the buildings and improvements now or hereafter constructed or erected upon the Premises and each and every part and parcel thereof, against such hazards as the holder of the First Mortgage, or if none, Kresmery, 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 the holder of the First Mortgage, or if none, Kresmerymay reasonably require in amounts equal to the full replacement value of the Premises;

(b) Public liability insurance against bodily injury and property damage with such limits as the holder of the First Mortgage, or if none, Kresmery may require;

(c) Steam boiler, machinery and other insurance of the types and in amounts as the holder of the First Mortgage, or if none, Kresmery may require but in any event not less than customarily carried by persons owning or operating like properties.

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 the holder of the First Mortgage and all policies of casualty insurance shall have attached thereto mortgage clauses or endorsements in favor of and with loss payable to the holder of the First Mortgage and Kresmery, as their interests may appear. The Mortgagors will deliver duplicate policies (or certificates evidencing said policies), including additional and renewal policies to the holder of the Note and, in case of insurance policies about to expire, the Mortgagors will deliver renewal policies not less than ten (10) days prior to the respective dates of expiration.

7. Proceeds of Insurance. The Mortgagors will give Kresmery prompt notice of any damage to or destruction of the Premises, and:

(a) In case of loss covered by policies of insurance, the holder of the First Mortgage, or if none, Kresmery (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 the Mortgagors, or (ii) allow the Mortgagors to agree with the insurance company or companies on the amount to be paid upon the loss; and provided that in any

case the holder of the First Mortgage, or if none, Kresmery shall, and is hereby authorized to, collect and receipt for any such insurance proceeds, and the expenses incurred by the holder of the First Mortgage, or if none, Kresmery in the adjustment and collection of insurance proceeds shall be so much additional Indebtedness Hereby Secured, and shall be reimbursed 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 the holder of the First Mortgage, or if none, Kresmery, 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 secured by the first or second mortgage, as the case may be, then, if no Event of Default, as hereinafter defined, shall have occurred and be then continuing, the proceeds of insurance shall be applied to reimburse the holder of the First Mortgage or Kresmery (as their interests appear), for the cost of restoring, repairing, replacing or rebuilding the Premises or part thereof, as provided for in paragraph 8 hereof; and the Mortgagors hereby convenant and agree forthwith to commence and diligently to prosecute such restoring, repairing, replacing or rebuilding; provided, always, that the Mortgagors 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 7, Kresmery shall apply the proceeds of insurance consequent upon any Insured Casualty upon the indebtedness as follows:

(i) The payment required by the First Mortgage; and

(ii) The payment of the Note secured by this Second Mortgage.

(d) In the event that proceeds of insurance, if any, shall be made available to the Mortgagors for the restoring, repairing, replacing or rebuilding of the Premises, the Mortgagors hereby covenant to restore, repair, replace or rebuild the same, to be of at least equal value, and of substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications to be first submitted to and approved by Kresmery.

8. Disbursement of Insurance Proceeds. In the event the Mortgagors are entitled to reimbursement out of insurance proceeds held by Kresmery, such proceeds shall be disbursed from time to time upon Kresmery, being furnished with satisfactory evidence of the estimated cost of completion of the restoration, repair, replacement and rebuilding with funds (or assurances satisfactory to Kresmery, that such funds are available) sufficient in addition to the proceeds of insurance, to complete the proposed restoration, repair, replacement and rebuilding and with 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 Kresmery may reasonably requie and approve. No payment made prior to the final completion of the restoration, repair, replacement and rebuilding shall exceed ninety per cent (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 Kresmery, together with funds deposited for that purpose or irrevocably committed to the satisfaction of Kresmery, by or on behalf of the Trustee for that purpose, shall be at least sufficient 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 Kresmery, after payment of such costs of restoration, repair, replacement or rebuilding shall be applied as provided for in Paragraph 7(c).

9. Condemnation. Except as may be otherwise provided in the first mortgage, the Mortgagors hereby assign, transfer and set over unto the holder of the First Mortgage or Kresmery as their interests may appear, 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. Kresmery shall apply the proceeds of the award as set forth in Paragraph 7(c) hereof or at the election of the holder of the First Mortgage or, if none, the Mortgagors, requiring the restoration or rebuilding of the Premises, in which event, the proceeds held by Kresmery will be used to reimburse the Mortgagors for the cost of such rebuilding or restoring. If, in the reasonable judgment of the holder of the First Mortgage or, if none, Kresmery, 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 the Mortgagors for the cost of restoration and rebuilding; provided always, that no Event of Default has occurred and is then continuing. If the Mortgagors are 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 the holder of the First Mortgage or if none, Kresmery; and proceeds of the award shall be paid out in the same manner as is provided in Paragraph 8 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, the Mortgagors 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, be applied as set forth in Paragraph 7(c) hereof. No interest shall be allowed the Mortgagors on account of any award held by Kresmery.

10. Stamp Tax. If, by the laws of the United States of America, or of any state or municipality having jurisdiction over the Mortgagors or the Premises, any tax becomes due in respect of the issuance of the Note, the Mortgagors shall pay such tax in the manner required by such law.

11. Prepayment Privilege. The Mortgagors shall have the privilege of making prepayments on the principal of the Note.

12. Effect of Extensions of Time and Amendments on Junior Liens and Others. If the payment of the Indebtedness Hereby Secured, or any part thereof, be extended or varied, or if any part of the Security therefor 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 and effect. Any person, firm or corporation taking a junior mortgage, or other lien upon the Premises or any interest therein, shall take the said lien subject to the rights of Kresmery to amend, modify and supplement this Second Mortgage and the Note 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 Second Mortgage losing its priority over the rights of any such junior liens.

13. Kresmery's Performance of Mortgagors' Obligations. In case of an Event of Default herein, Kresmery, either before or after acceleration of the Indebtedness Herein 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 the Mortgagors (whether or not the Mortgagors are personally liable therefor) in any form and manner deemed expedient to Kresmery; and Kresmery may, but shall not be require 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 useable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including attorney's fees and other monies advanced by Kresmery to protect the Premises and the lien hereof, or 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 and improvements operational and usable for its intended purpose shall be so much additional indebtedness hereby secured, whether or not they exceed the face amount of the Note, and shall become immediately due and payable without notice, and with interest thereon at the Default Rate specified in the Note (herein called the "Default Rate"). Inaction of Kresmery shall never be considered as a waiver of any right accruing to him on account of any default on the part of the Mortgagors. Kresmery in making any payment hereby authorized (a) relating to taxes and assessments, 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) 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; (c) in connection with the completion of construction, furnishing or equipping of the improvements of the Premises or the rental, operation or management or the Premises or the payment of operating, costs and expenses thereof, Kresmery may do so in such amounts and to such persons as Kresmery may deem appropriate and may enter into such contracts therefor as Kresmery may deem appropriate or may perform the same himself.

14. Inspection of Premises and Records. Kresmery 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.

15. Financial Statements. The Mortgagors covenant and agree while any Indebtedness Hereby Secured is outstanding to furnish to the holder of the Note within ninety (90) days of the end of each fiscal year of its operation, an annual financial statement showing the operation of the real estate

described in this instrument, said financial statements being prepared in accordance with the requirements of the Agreement between the Mortgagors' beneficiaries. The financial statements required under the provisions of this paragraph shall include the financial data relevant to the ownership and operation of the real estate and, in the event the improvements thereon are operated by a lessee, the statements required shall include an audit of the operations of the lessee, which shall also be provided within ninety (90) days of the end of the fiscal year of the lessee. Each of such financial statements shall be comprehensive and reflect, in addition to other data, the following: Gross income and source; real estate taxes; insurance premiums; operating expenses in reasonable detail; depreciation deduction for federal income tax purposes; federal income taxes and net income.

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

(a) If default be made in the punctual payment of the principal due hereunder, as and when the same is due and payable, or if default be made and shall continue for thirty (30) days after notice thereof by Kresmery to the Mortgagors in the making of any payment of monies required to be made under the Mortgage hereunder; or

(b) If, without the prior written consent of Kresmery,

(i) If the Mortgagors shall create, effect or consent to or shall suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Premises or any part thereof or interest therein, excepting only sales or other dispositions of Collateral (herein called "Obsolete Collateral") no longer useful 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, subject to the first and prior lien hereof, of at least equal value and utility;

(ii) If the Mortgagors shall create, effect or consent to, or shall suffer or permit any sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of all or any portion of the Premises or any beneficial interest therein;

(iii) If the Mortgagors are a partnership or joint

venture, then if any General Partner or joint venturer in such partnership or joint venture shall create, effect or consent to or shall suffer or permit any sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of all or any part of the partnership interest or joint venture interest, as the case may be, of such partner or joint venturer;

Provided, that the foregoing provisions of this paragraph 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, 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, personal representatives and/or committee. The provisions of this paragraph shall be operative with respect to, and shall be binding upon, any persons who, in accordance with the terms hereof or otherwise, shall acquire any part of or interest in or encumbrance upon the Premises.

(c) If (and for the purpose of this Paragraph only, the term Mortgagors shall mean and include not only each person who, as guarantor, co-maker or otherwise, shall be or become liable for or obligated upon all or any part of the indebtedness hereby evidenced or any of the covenants or agreement contained herein);

(i) the Mortgagors shall file a petition in voluntary bankruptcy under any chapter of the Federal Bankruptcy Act or any similar law, state or federal, now or hereafter in effect, or

(ii) the Mortgagors shall file an answer admitting insolvency or inability to pay its debts, or

(iii) within sixty (60) days after the filing against the Mortgagors of any involuntary proceeding under the Federal Bankruptcy Act or similar law, such proceedings shall not have been vacated or stayed, or

(iv) the Mortgagors shall be adjudicated a bankrupt, or a trustee or receiver shall be appointed for the Mortgagors for all or the major part of the Mortgagors' property in any involuntary proceeding, or any court shall have taken jurisdiction of all or the major part of the Mortgagors' property in any

involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Mortgagors, and such court-appointed trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within sixty (60) days, or

(v) the Mortgagors 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 court-appointed trustee or receiver or liquidator of all or the major part of its property, or

(vi) the Trustee's property shall be levied upon by execution or other legal process; or

(d) If any event of default shall exist under the assignment of insurance policies to the purchaser at a foreclosure sale pursuant to the Mortgage; or

(e) If default shall continue for thirty (30) days after notice thereof by Kresmery to the Mortgagors in the due and punctual performance or observance of any other agreement or condition herein contained; or

(f) If the Premises shall be abandoned;

then at the election of the legal holder hereof, at any time thereafter made and without demand, notice and opportunity to cure the default or Event of Default, Kresmery shall have the right to declare all sums unpaid hereon at once due and payable, whether or not such default be thereafter remedied by the Mortgagors and Kresmery may immediately proceed to foreclose this Second Mortgage and/or to exercise any right, power or remedy provided by this Second Mortgage, the Note or by law or in equity conferred.

17. Possession by Mortgagors. When the Indebtedness Hereby Secured shall become due, whether by acceleration or otherwise, Kresmery 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.

18. Foreclosure. When the Indebtedness Hereby Secured, or any part thereof, shall become due, whether by acceleration or otherwise, Kresmery shall have the right to foreclose the lien hereof for such Indebtedness or part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional Indebtedness in the decree of sale, all expenditures and expenses which may be paid or incurred by or on behalf of Kresmery for attorney's 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 Kresmery may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decrees, 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 Second Mortgage, including the fees of any attorney employed by Kresmery in any litigation or proceedings affecting this Second Mortgage, the Note 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 the Trustee, with interest thereon at the Default Rate per annum until paid.

19. Receiver. Upon, or at any time after the filing of a complaint to foreclose this Second 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 solvency or involvency of the Mortgagors 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 Kresmery or any holder of the Note 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 the Mortgagors, except for the intervention of such reciever, would be entitled to collection of 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 Second 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.

20. 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 19 hereof; Second, all other items which, under the terms hereof, constitute Indebtedness Hereby Secured additional to that evidenced by the Note, with interest on such items as herein provided; Third, to interest remaining unpaid upon the Note or under any further advances as are herein mentioned; Fourth, to the principal remaining unpaid upon the note; and upon any further advances as are herein mentioned; and lastly, any overplus to the Mortgagors, and their successors or assigns, as their rights may appear.

21. 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 Second Mortgage, the court, in its decree, may provide that the 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 redemptor 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 redemptor. In the event of foreclosure sale, Kresmery is hereby authorized, without consent of the Mortgagors, to assign any and all insurance policies to the purchaser at the sale, or to take such steps as Kresmery 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 the Mortgagors for prepaid premiums thereon.

22. Waiver. The Mortgagors hereby covenant and agree that it will not at any time insist upon or plead, or in any manner whatsoever claim or take 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 appraisement of the Premises, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or 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 hereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. The Mortgagors hereby expressly waive any and all rights of redemption from sale under any order or decree of foreclosure of this Second Mortage, 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 the Mortgagors and of all other persons, are and shall be deemed to be hereby waived to the full extent permitted by the provisions of Illinois Revised Statutes, Chapter 110, Sections 12-124 and 12-125, and any statute enacted in replacement or substitution thereof. The Trustee 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 Kresmery 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.

23. Mortgagee in Possession. Nothing herein contained shall be construed as constituting Kresmery a mortgagee in possession in the absense of the actual taking of possession of the Presmises.

24. Business Loan. The Mortgagors certify and agree that the proceeds of the Note secured hereby will be used for the purposes specified in Illinois Revised Statutes, Chapter 17, Section 6404(1)(c), and the principal obligation secured hereby constitutes a "business loan" coming within the definition and purview of said section.

25. Further Assurances. The Mortgagors will do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper, in the sole judgment of Kresmery, for the better assuring, conveying, mortgaging, assigning and confirming unto Kresmery all

property mortgaged hereby or property intended so to be; whether now owned by the Mortgagors or hereafter acquired.

26. Mortgagors' Successors. In the event that the ownership of Premises become vested in a person or person other than the Mortgagors, Kresmery may, without notice to the Mortgagors, deal with such successor or successors in interest of the Mortgagors with reference to this Mortgage and the Indebtedness Hereby Secured in the same manner as with the Mortgagors. The Mortgagors will give immediate written notice to Kresmery of any conveyance, transfer or change of ownership of the Premises, but nothing in this Paragraph 26 shall vary or negate the provisions of Paragraph 16 hereof.

27. Rights Cumulative. Each right, power and remedy herein conferred upon Kresmery 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 Kresmery 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 Kresmery 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.

28. Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagors and their successors and assigns (including, without limitation, each and every from time to time record owner of the Premises or any other person having an interest therein), and shall inure to the benefit of Kresmery and his successors and assigns. Wherever herein Kresmery is referred to, such reference shall be deemed to include the holder from time to time of the Note, whether so expressed or not; and each such from time to time holder of the Note 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.

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

30. 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 Note.

31. Time of Essence. Time is of the essence of the Note, this Mortgage and any other document evidencing or securing the Indebtedness Hereby Secured.

32. 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 and scope or intent of the provisons 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.

33. Notices. Any notice which any party hereto may desire or may be required to give to any other party shall be in writing, and the mailing thereof be certified or equivalent mail, postage prepaid, return receipt requested, to the respective addresses of the parties set forth below, or to such other place as any party hereto may by notice in writing designate for itself, shall constitute service of notice hereunder three (3) business days after the mailing thereof:

(a) If to Kresmery:

Kenneth Kresmery
208 Lawrence Avenue
Elgin, Illinois 60120

(b) If to the Mortgagors:

Eric E. Kresmery
208 Lawrence Avenue
Elgin, Illinois 60120

Any such notice may be served by personal delivery thereof to the other party which delivery shall constitute service of notice hereunder on the date of such delivery.

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

Marc G. Kresmery

Kurt F. Kresmery

Eric E. Kresmery

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Marjean Tanaka, a Notary Public in and for said County in the State aforesaid, do hereby certify that Marc G. Kresmery, Kurt F. Kresmery and Eric E. Kresmery, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary acts.

Given under my hand and Notarial Seal this 19th day of August, 1987.

Marjean Tanaka
Notary Public
My commission expires: 10/23/90

This instrument Prepared by:
Daniel M. Loewenstein, Esq.
Horn, Randall & Assoc., Ltd.
29 South LaSalle Street, Suite 450
Chicago, IL 60603

"OFFICIAL SEAL"
MARJEAN TANAKA
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 10/23/90

87481757

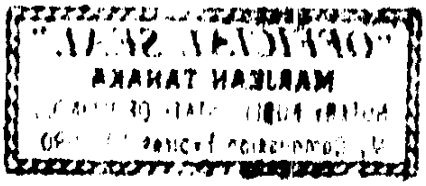

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EXHIBIT A

Parcel 1: Lot 1207 in Block 1200 in Kennington Square Third Addition, being a subdivision of part of the Southeast 1/4 of Section 7, Township 41 North, Range 9, East of the Third Principal Meridian, according to the Plat thereof recorded as Document No. 27337299.

Parcel 2: Easements for ingress and egress for the benefit of Parcel 1, as set forth in the Declaration recorded as Document No. 25442191 and amended by Document Nos. 25523804, 25881668, 26573744 and 27340367.

Parcel 3: Lots 1701, 1702, 1703, 1704, 1705, 1706 and 1708 in Block 1700 in Kennington Square Fourth Addition, being a subdivision of part of the Southeast 1/4 of the Southeast 1/4 of Section 4, Township 41 North, Range 9, East of the Third Principal Meridian, according to the Plat thereof recorded on July 15, 1986 as Document Number 86-294465.

Parcel 4: Easement for ingress and egress for the benefit of Parcel 3, as set forth in the Declaration of Covenants, Conditions and Restrictions recorded as Document Number 25442191, modified by instruments recorded as Document Numbers 26573744, 27281858, 87-007717 and as amended from time to time.

Parcel 5: Lots 1803, 1804, 1806, 1807, 1808, 1809 and 1810 in Block 1800 in Kennington Square Fourth Addition, being a subdivision of part of the Southeast 1/4 of the Southeast 1/4 of Section 7, Township 41 North, Range 9, East of the Third Principal Meridian, according to the plat thereof recorded on July 15, 1986 as Document Number 86-294465.

Parcel 6: Easement for ingress and egress for the benefit of Parcel 5, as set forth in the Declaration of Covenants, Conditions and Restrictions recorded as Document Number 25442191, modified by instruments recorded as Document Numbers 26573744, 27281858, 87-007717 and as amended from time to time.

DEPT-01 RECORDING $30.00
T#1111 TRAN 9863 09/01/87 14:54:00
#6556 # A *-87-481757
COOK COUNTY RECORDER

87481757

HFO

MAIL

30.00

MAIL TO:

HORN, RANDALL & ASSOCIATES
29 S. LASALLE
SUITE #450
CHICAGO, IL. 60603