

ADJUSTABLE RATE MORTGAGE
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THIS MORTGAGE (the "Mortgage"), made as of September 10, 1987, by Robert D. Hoglund and Robert Berez, d/b/a Highway Commercial Park, an Illinois general Partnership, (the "Mortgagor"), to The First National Bank of Elgin, a national banking association (the "Mortgagee").

87501784

WITNESSETH:

WHEREAS, Robert D. Hoglund and Robert Berez, have executed and delivered to Mortgagee a Mortgage Note (the "Note") dated September 10, 1987, payable to the order of Mortgagee in the principal sum of Seventy Five Thousand and 00/100 Dollars (\$75,000.00), bearing interest and payable as set forth in the Note, and due on October 1, 2002. The terms of the Note are hereby incorporated herein and made part hereof by this reference with the same effect as if set forth at length.

NOW, THEREFORE, to secure payment of the principal indebtedness under the Note and interest and premiums, if any, on the principal indebtedness under the Note (and all replacements, renewals and extensions thereof, in whole or in part) according to its tenor and effect, and to secure the payment of all other sums which may be at any time due and owing or required to be paid under the Note or this Mortgage (collectively sometimes referred to herein as "Indebtedness Hereby Secured"); and to secure the performance and observance of all the covenants, agreements and provisions contained in this Mortgage, the Note, any Loan Agreement (the "Loan Agreement") or any document or instrument executed pursuant to any Loan Agreement ("the Loan Documents") made by Mortgagor and Mortgagee (the term Loan Agreement" to include any commitment letter issued by Mortgagee); and to charge the properties, interests and rights hereinafter described with such payment, performance and observance, and for other valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the Mortgagor DOES HEREBY WARRANT, BARGAIN, GRANT, REMISE, ALIEN, MORTGAGE AND CONVEY unto Mortgagee, its successors and assigns forever, the Land (as hereinafter defined) together with the following described property, rights and interests, all of which are hereby pledged primarily and on a parity with the Land and not secondarily (and are, together with the Land, referred to herein as the "Premise"):

THE LAND (the "Land") is located in the State of Illinois and legally described on Exhibit A:

TOGETHER WITH all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all fixtures, of every nature whatsoever now or hereafter owned by Mortgagor or Borrower and located in or on, or attached to, or used or intended to be used in connection with or with the operation of, the Land, buildings, structures or other improvements, including all extensions, additions, improvements, betterments, renewals, substitutions, and replacements to any of the foregoing and all of the right, title and interest of Mortgagor in and to any such fixtures together with the benefit of any deposits or payments now or hereafter made on such fixtures by Mortgagor or on its behalf (the "Improvements");

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TOGETHER WITH all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Land, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law as well as in equity, or Mortgagor of, in and to the same;

TOGETHER WITH all rents, royalties, issues, profits, revenue, income and other benefits from the Premises to be applied against the Indebtedness Hereby Secured; provided, however, the permission is hereby given to Mortgagor so long as no Default has occurred hereunder, to collect, receive, take, use and enjoy such rents, royalties, issues, profits, revenue, income and other benefits as they become due and payable, but not more than one (1) month in advance thereof;

TOGETHER WITH all right, title and interest of Mortgagor in and to any and all leases now or hereafter on or affecting the Premises, whether written or oral, and all agreements for use of the Premises (the "Leases"), together with all security therefor and all monies payable thereunder, subject, however, to the conditional permission hereinabove given to Mortgagor to collect the rentals under any such Lease;

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THE COURT OF THE COMMON PLEAS IN AND FOR THE COUNTY OF COOK, ILLINOIS
DO hereby certify that the within and foregoing is a true and correct copy of the original as the same appears on the records of the Court.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Court at Chicago, Illinois, this _____ day of _____, 19____.

CLERK OF COURT

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Witness my hand and the seal of the Court at Chicago, Illinois, this _____ day of _____, 19____.

CLERK OF COURT

Witness my hand and the seal of the Court at Chicago, Illinois, this _____ day of _____, 19____.

CLERK OF COURT

Witness my hand and the seal of the Court at Chicago, Illinois, this _____ day of _____, 19____.

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TOGETHER WITH all fixtures now or hereafter owned by Mortgagor and forming a part of or used in connection with the Land or the Improvements or the operation thereof, including, but without limitation, any and all air conditioners, awnings, basins, boilers, carpets, coolers, dehumidifiers, disposals, doors, ducts, dynamos, elevators, engines, escalators, fans, fittings, floor coverings, furnaces, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, pipes, plumbing, pumps, radiators, ranges, screens, security systems, sinks, sprinklers, stokers, toilets, ventilators, wall coverings, windows, wiring, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to the Land or the Improvements in any manner; it being mutually agreed that all of the aforesaid property owned by Mortgagor and placed on the Land or the Improvements 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 proceeds of the foregoing, including, without limitation, all judgments, awards of damages and settlements hereunder made resulting from condemnation proceeds or the taking of the Premises or any portion thereof under the power of eminent domain, any proceeds of any policies of insurance, maintained with respect to the Premises or proceeds of any sale, option or contract to sell the Premises or any portion thereof; and Mortgagor hereby authorizes, directs and empowers Mortgagee, at its option, on behalf of Mortgagor, or the successors or assigns of Mortgagor, to adjust, compromise, claim, collect and receive such proceeds, 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 same may not then be due and payable or that the Indebtedness Hereby Secured in otherwise adequately secured.

TO HAVE AND TO HOLD the Premises unto the Mortgagee, its successors and assigns, forever, for the purposes and upon the uses herein set forth together with all right to possession of the Premises after the occurrence of any Default as hereinafter defined; the Mortgagor hereby **RELEASES AND WAIVES** all rights under and by virtue of the homestead exemption laws of the State in which the Premises are located.

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

THE MORTGAGOR FURTHER COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Indebtedness and Performance of Covenants. Mortgagor shall (a) pay when due the Indebtedness Hereby Secured; and (b) 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 in the Note, this Mortgage, and any applicable Loan Agreement or other Loan Document. Mortgagor shall have the privilege of making prepayments of the Note (in addition to the required payments thereunder) in accordance with the terms and conditions set forth in the Note.

2. Maintenance, Repair, Compliance with Law, Use, Etc. Mortgagor shall (a) promptly repair, restore, replace or rebuild any portion of the Improvements 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, free from waste; (c) complete, within a reasonable time, any building or buildings or other Improvements now or at any time in the process of erection upon the Premises; (d) comply with all requirements of statutes, ordinances, rules, regulations, orders, decrees and other requirements of law relating to the Premises or any part thereof by any federal, state or local authority; (e) refrain from any action and correct any condition which would increase the risk of fire or other hazard to the Improvements or any portion thereof and (f) observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the Premises or its use and occupancy. Without the prior written consent of Mortgagee, Mortgagor shall not cause, suffer or permit any unlawful use of, or nuisance to exist upon, the Premises.

3. Liens.

A. Prohibition. Subject to the provisions of Paragraphs 4 and 16 hereof, the Mortgagor shall not create or suffer or permit any mortgage, lien, charge or encumbrance to attach to or be filed against the Premises, including mechanic's liens,

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materialmen's liens, or other claims for lien made by parties claiming to have provided labor or materials with respect to the Premises (which liens are herein defined as "Mechanic's Lien") and excepting only the lien of real estate taxes and assessments not due or delinquent, any liens and encumbrances of Mortgagee, and any other lien or encumbrance permitted by the terms of any Loan Agreement.

B. Contest of Mechanic's Liens Claims. Notwithstanding the foregoing prohibition against Mechanic's Liens against the Premises, Mortgagor, or any party obligated to Mortgagor to do so, may in good faith and with reasonable diligence contest the validity or amount of any Mechanic's Lien and defer payment and discharge thereof during the pendency of such contest, provided: (i) that such contest shall have the effect of preventing the sale or forfeiture of the Premises or any part thereof, or any interest therein, to satisfy such Mechanic's Lien; (ii) that, within ten (10) days after Mortgagor has been notified of the filing of such Mechanic's Lien, Mortgagor shall have notified Mortgagee in writing of Mortgagor's intention to contest such Mechanic's Lien or to cause such other party to contest such Mechanic's Lien; and (iii) that Mortgagor shall have obtained a title insurance endorsement over such Mechanic's Liens insuring Mortgagee against loss or damage by reason of the existence of such Mechanic's Liens or Mortgagor shall have deposited or caused to be deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the place of payment designated in the Note, a sum of money which shall be sufficient in the judgment of Mortgagee to pay in full such Mechanic's Lien and all interest which might become due thereon, and shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional interest whenever, in the judgment of Mortgagee, such increase is advisable. Such deposits are to be held without any allowance of interest. In case Mortgagor shall fail to maintain or cause to be maintained sufficient funds on deposit as hereinabove provided, shall fail to prosecute such contest or cause such contest to be prosecuted with reasonable diligence or shall fail to pay or cause to be paid the amount of the Mechanic's Lien plus any interest finally determined to be due upon the conclusion of such contest, to the extent such amount exceeds the amount on deposit with Mortgagee, Mortgagee may, at its option, apply the money as deposited in payment of or on account of such Mechanic's Lien, or that part thereof then unpaid, together with all interest thereon. If the amount of money so deposited shall be insufficient for the payment in full of such Mechanic's Lien, together with all interest thereon, Mortgagor shall forthwith, upon demand, deposit with Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make such payment in full. In the event the contest of the Mechanic's Lien claim is ultimately resolved in favor of the claimant, Mortgagee shall apply the money so deposited in full payment of such Mechanic's Lien or that part thereof then unpaid, together with all interest thereon (provided Mortgagor is not then in default hereunder) when furnished with evidence satisfactory to Mortgagee of the amount of payment to be made. Any overplus remaining in the control of Mortgagee shall be paid to Mortgagor, provided Mortgagor is not then in default hereunder.

4. Taxes and Liens.

A. Payment. Mortgagor shall pay or cause to be paid 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, levied or assessed against the Premises or any part thereof or any interest therein or any obligation or instrument secured hereby, and all installments thereof (all herein generally called "Taxes"), whether or not assessed against Mortgagor, and Mortgagor shall furnish to Mortgagee receipts therefor on or before the date the same are due; and shall discharge any claim or lien relating to Taxes upon the Premises, other than matters expressly permitted by the terms of the Loan Agreement.

B. Contest. Mortgagor may, in good faith and with reasonable diligence, contest or cause to be contested the validity or amount of any such Taxes, provided that:

(a) Such contest shall have the effect of preventing the collection of the Taxes so contested and the sale or forfeiture of the Premises or any part thereof or interest therein to satisfy the same;

(b) Mortgagor has notified Mortgagee in writing of the intention of Mortgagor to contest the same or to cause the same to be contested before any Tax has been increased by any interest, penalties, or costs; and

(c) Mortgagor has deposited or caused to be deposited with Mortgagee, at such place as Mortgagee may from time to time in writing designate, a sum of money or other security acceptable to Mortgagee that, when added to the monies or other

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security, if any, deposited with Mortgagee pursuant to Paragraph 8 hereof, is sufficient, in Mortgagee's judgment, to pay in full such contested Tax and all penalties and interest that might become due thereon, and shall keep on deposit an amount sufficient, in Mortgagee's judgment, to pay in full such contested Tax, increasing such amount to cover additional penalties and interest whenever, in Mortgagee's judgment, such increase is advisable.

In the event Mortgagor fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit as hereinabove provided, Mortgagee may, at its option, apply the monies and liquidate any securities deposited with Mortgagee, in payment of, or on account of, such Taxes, or any portion thereof then unpaid, including all penalties and interest thereon. If the amount of the money and any such security so deposited is insufficient for the payment in full of such Taxes, together with all penalties and interest thereon, Mortgagor shall forthwith, upon demand, either deposit with Mortgagee a sum that, when added to such funds then on deposit with Mortgagee, is sufficient to make such payment in full, or, if Mortgagee has applied funds on deposit on account of such Taxes, restore such deposit to an amount satisfactory to Mortgagee. Provided that Mortgagor is not then in default hereunder, Mortgagee shall, if so requested in writing by Mortgagor, after final disposition of such contest and upon Mortgagor's delivery to Mortgagee of an official bill for such Taxes, apply the monies so deposited in full payment of such Taxes or that part thereof then unpaid, together with all penalties and interest thereon.

5. Change in Tax Laws. If, by the laws of the United States of America, or of any state or municipality having jurisdiction over Mortgagee, Mortgagor or the Premises, any Tax is imposed or becomes due in respect to the issuance of the Note or the recording of this Mortgage, Mortgagor shall pay such Tax in the manner required by such law. In the event that any law, statute, rule, regulation, order or court decree has the effect of deducting from the value of the Premises for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the Taxes required to be paid by the 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, the indebtedness hereby Secured by Mortgagee, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such Taxes, or reimburse Mortgagee therefor on demand, unless Mortgagee determines, in Mortgagee's sole and exclusive judgment, that 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 5 shall require Mortgagor to pay any income, franchise or excise tax imposed upon Mortgagee, excepting only such which may be levied against the income of Mortgagee as a complete or partial substitute for Taxes required to be paid by Mortgagor pursuant hereto.

6. Insurance Coverage. Mortgagor will insure the Premises against such perils and hazards, and in such amounts and with such limits, as Mortgagee may from time to time require, and in any event will continuously maintain the following described policies of insurance (the "Insurance Policies"):

(a) Casualty insurance against loss and damage by all risks of physical loss or damage, including fire, windstorm, flood, earthquake and other risks covered by the so-called extended coverage endorsement in amounts not less than the full insurable replacement value of all improvements and fixtures;

(b) Comprehensive public liability against death, bodily injury and property damage in an amount not less than One Million Dollars (\$1,000,000); and

(c) The types and amounts of coverage as are customarily maintained by owners or operators of like properties.

7. Insurance Policies. All Insurance Policies shall be in form, companies and amounts reasonably satisfactory to Mortgagee. All Insurance Policies insuring against casualty and other appropriate policies shall include non-contributing mortgagee endorsements in favor of and with loss payable to Mortgagee, as well as standard waiver of subrogation endorsements, shall provide that the coverage shall not be terminated or materially modified without thirty (30) days' advance written notice to Mortgagee and shall provide that no claims shall be paid thereunder without ten (10) days advance written notice to Mortgagee. Mortgagor will deliver all Insurance Policies, premium prepaid, to Mortgagee and, in case of Insurance Policies about to expire, Mortgagor will deliver renewal or replacement policies not less than thirty (30) days prior to the date of expiration. The requirements of the preceding sentence

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shall apply to any separate policies of insurance taken out by Mortgagor concurrent in form or contributing in the event of loss with the Insurance Policies. Insurance Policies maintained by tenants under the Leases may, if in conformity with the requirements of this Mortgage and if approved by Mortgagee, be presented to Mortgagee in satisfaction of Mortgagor's obligation to provide the insurance coverages provided by those Insurance Policies.

8. Deposits for Taxes and Insurance Premiums. This Paragraph is intentionally omitted.

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

(a) In case of loss or damage covered by any of the Insurance Policies, 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 Insurance Policies without the consent of Mortgagor, provided such settlement be done in a commercially reasonable manner, or (ii) allow Mortgagor to settle and adjust such claim without the consent of Mortgagee; provided that in either case Mortgagee shall, and is hereby authorized to, collect and receipt for any such insurance proceeds. Each insurance company which has issued an Insurance Policy is hereby authorized and directed to make payment for all losses covered by any Insurance Policy to Mortgagee alone, and not to Mortgagor and Mortgagee jointly.

(b) Mortgagee shall apply the proceeds of Insurance Policies consequent upon any casualty to reimburse Mortgagor for the cost of restoring, repairing, replacing or rebuilding the loss or damage of the casualty, subject to the conditions and in accordance with the provisions of Paragraph 10 hereof.

(c) Mortgagor hereby covenants to restore, repair, replace or rebuild the improvements, to be of at least equal value, and of substantially the same character as prior to such loss or damage, all to be effected in accordance with plans, specifications and procedures to be first submitted to and approved by Mortgagee, and Mortgagor shall pay all costs of such restoring, repairing, replacing or rebuilding.

10. Disbursement of Insurance Proceeds. Insurance proceeds held by Mortgagee for restoration, repairing, replacement or rebuilding of the Premises shall be disbursed from time to time upon Mortgagee being furnished with (i) evidence satisfactory to it of the estimated cost 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 and fully pay for the 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 require and approve. 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, as such value shall be determined by Mortgagor in its sole and exclusive judgment; funds other than proceeds of insurance shall be disbursed prior to disbursement of such proceeds, except as may otherwise be provided in the Loan Agreement; and at all times the undischursed balance of such proceeds remaining in the hands of Mortgagee, together with funds deposited or irrevocably committed to the satisfaction of Mortgagee by or on behalf of Mortgagor to pay the cost of such repair, restoration, replacement or rebuilding, shall be at least sufficient in the reasonable judgment of Mortgagee to pay the entire unpaid cost 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 be paid to Mortgagor.

11. Condemnation and Eminent Domain. Any and all awards (the "Awards") heretofore or hereafter made or to be made to the present, or any subsequent, owner of the Premises, by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Premises, (including any award from the United States government at any time after the allowance of a claim therefor, the ascertainment of the amount thereof, and the issuance of a warrant for payment thereof), are hereby assigned by Mortgagor to Mortgagee, which Awards Mortgagee is hereby authorized to collect and receive from the condemnation authorities, and Mortgagee is hereby authorized to give appropriate receipts and acquittances therefor. Mortgagor shall give Mortgagee immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the

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Premises and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings. Mortgagor further agrees to make, execute, and deliver to Mortgagee, at any time upon request, free, clear, and discharged of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning all Awards and other compensation heretofore and hereafter made to Mortgagor for any taking, either permanent or temporary, under any such proceeding. If any portion of or interest in the Premises is taken for condemnation or eminent domain, either temporarily or permanently, and the remaining portion of the Premises is not, in the judgment of Mortgagee, a complete economic unit having equivalent value to the Premises as it existed prior to the taking, then, at the option of Mortgagee, the entire Indebtedness Hereby Secured shall immediately become due and payable. Mortgagee shall be entitled to apply the proceeds toward repayment of such portion of the Indebtedness Hereby Secured as it deems appropriate without affecting the lien of this Mortgage. In the event of any partial taking of the Premises or any interest in the Premises, which, in the judgment of Mortgagee leaves the Premises as a complete economic unit having equivalent value to the Premises as it existed prior to the taking, and provided no Default has occurred and is then continuing, the Award shall be applied to reimburse Mortgagor for the cost of plans, specifications and procedures which must be submitted to and approved by Mortgagee, and such Award shall be disbursed in the same manner as is hereinabove provided for the application of insurance proceeds, provided that any surplus after payment of such costs shall be applied on account of the Indebtedness Hereby Secured. If the Award is not applied for reimbursement of such restoration costs, the Award shall be applied against the Indebtedness Hereby Secured, in such order or manner as Mortgagee shall elect.

12. Assignment of Rents, Leases and Profits. To further secure the Indebtedness Hereby Secured, Mortgagor hereby sells, assigns and transfers unto Mortgagee all of the rents, Leases, issues and profits now due and which may hereafter become due under or by virtue of any Leases which may have been heretofore or may be hereafter made or agreed to by Mortgagor or the beneficiary or beneficiaries of Mortgagor or the agents of any of them or which may be made or agreed to by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all such Leases, rents and all avails thereunder, to Mortgagee. Mortgagor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Premise for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the Premises has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by Mortgagor. Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the taking of actual possession of the Premises by Mortgagee pursuant to Paragraph 12 hereof. Mortgagor further agrees to assign and transfer to Mortgagee all future Leases upon all or any part of the Premises and to execute and deliver, at the request of Mortgagee, all such further assurances and assignments in the Premises as Mortgagee shall from time to time require. Although it is the intention of the parties that the assignment contained in this Paragraph shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this Paragraph until a Default shall exist under this Mortgage. In the event Mortgagee requires that Mortgagor execute and record a separate Collateral Assignment of Rents or separate assignments of any of the Leases to Mortgagee, the terms and provisions of those assignments shall control in the event of a conflict between the terms of this Mortgage and the terms thereof.

13. Observance of Lease Assignment. Mortgagor expressly covenants and agrees that if any lessee under any of the Leases transferred, sold or assigned to Mortgagee or if Mortgagor, as lessor therein, shall fail to perform and fulfill any term, covenant, condition or provision in said Lease, on its or their part to be performed or fulfilled at the times and in the manner in said Lease provided; or if Mortgagor shall cancel, terminate, amend, modify or void any of the Leases without Mortgagee's prior written consent; or if Mortgagor shall suffer or permit to occur any breach or default under the provisions of any assignment of any Lease given as additional security for the payment for the Indebtedness Hereby Secured and such default shall continue for fifteen (15) days; then and in any such event, such breach or default shall constitute a Default hereunder, and at the option of Mortgagee, and upon notice to Mortgagor, the Indebtedness Secured Hereby shall become due and payable as in the case of other defaults.

14. Mortgagee's Performance of Mortgagor's Obligations. In case of Default, Mortgagee, either before or after acceleration of 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

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Mortgagor (whether or not Mortgagor is personally liable therefor) in any form and manner deemed expedient to Mortgagee. Mortgagee may, but shall not be required to, complete any unfinished construction, furnishing and equipping of the Improvements 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 shall be operational and useable for their intended purposes. All monies paid, and all expenses paid or incurred in connection therewith (including attorney's fees), and other monies advanced by Mortgagee to protect the Premises and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Premises or to pay any such operating costs and expenses thereof or to keep the Premises operational and useable for their intended purpose shall be so much additional indebtedness hereby Secured, whether or not the Indebtedness Hereby Secured, as a result thereof, shall exceed the face amount of the Note, and shall become immediately due and payable on demand. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any Default nor shall the provisions of this Paragraph or any exercise by Mortgagee of its rights hereunder prevent any default from constituting a 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) for the purchase, discharge, compromise or settlement of any lien, may do so without inquiring as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction, furnishing or equipping of the Premises or the rental, operation or management of the Premises or the payment of operating costs and expenses thereof, may do so in such amounts and to such persons as Mortgagee may deem appropriate. Nothing contained herein shall be construed to require Mortgagee to advance or expend monies for any purpose mentioned herein, or for any other purpose.

15. Security Agreement. This Paragraph is intentionally omitted.

16. Restrictions on Transfer. Mortgagor shall not, without the prior written consent of Mortgagee, create, effect, contract for, consent to, suffer or permit 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 the Premises, 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 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; 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 16 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 leases and subleases of the Premises or portions thereof.

17. Defaults. If one or more of the following events (herein called "Defaults") shall occur:

(a) If any Default be made in the due and punctual payment of monies required under the Note, under this Mortgage or under any Loan Agreement, as and when the same is due and payable and any applicable period of grace expressly allowed for the cure of such Default in such document shall have expired;

(b) If any Default shall exist under any other document or instrument regulating, evidencing, securing or guaranteeing any of the Indebtedness Hereby Secured including, but not limited to, any Loan Agreement or Loan Document, in each case after the expiration of any period of grace expressly allowed for the cure of such Default in such other document or instrument;

(c) The occurrence of a prohibited transfer under Paragraph 16 hereof;

(d) If Default shall continue for thirty (30) days after notice thereof by Mortgagee to Mortgagor in the due and punctual performance or observance of any other agreement or condition herein contained and provided Mortgagor, prior to the expiration of said thirty (30) days, has not commenced to eliminate the cause of such Default and has not proceeded diligently and with reasonable dispatch to take all steps and do all work required to cure such Default;

(e) If:

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(i) Mortgagor shall file a voluntary petition in bankruptcy or for arrangement, reorganization or other relief under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter in effect;

(ii) Mortgagor shall file an answer or other pleading in any proceeding admitting insolvency, bankruptcy, or inability to pay its debts as they mature;

(iii) Within sixty (60) days after the filing against Mortgagor of any involuntary proceeding under the Federal Bankruptcy Act or similar law, state or federal, now or hereafter in effect, such proceedings shall not have been vacated;

(iv) All or a substantial part of Mortgagor's assets are attached, seized, subjected to a writ or distress warrant, or are levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within sixty (60) days;

(v) Mortgagor shall be adjudicated a bankrupt;

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

(vii) Any order appointing a receiver, trustee or liquidator of Mortgagor is not vacated within sixty (60) days following the entry thereof;

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 other right of Mortgagee hereunder, to declare, without further notice, all indebtedness Hereby Secured to be immediately due and payable with interest thereon at the Default Rate, 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 Note, any Loan Agreement or by law or in equity or any other document or instrument regulating, evidencing, securing or guaranteeing any of the Indebtedness Hereby Secured.

18. Foreclosure. When the Indebtedness Hereby Secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof in accordance with the laws of the State in which the Premises are located and to exercise any other remedies of Mortgagee provided in the Note, this Mortgage, any Loan Agreement, or which Mortgagee may have at law, in equity or otherwise. In any suit to foreclose the lien hereof there shall be allowed and included as additional Indebtedness Hereby Secured to the decree of sale, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee (including attorney's fees) for 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 shall be so much additional Indebtedness Hereby Secured and shall be immediately due and payable by Mortgagor.

19. Right of Possession. Upon the filing of a complaint to foreclose this Mortgage, or at any time thereafter, Mortgagor shall, forthwith upon demand of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take actual possession of, the Premises or any part thereof, personally or by its agent or attorneys, and Mortgagee, in its discretion, may enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers, and accounts of Mortgagor or the then owner of the Premises relating thereto, and may exclude Mortgagor, such owner, and any agents and servants thereof, wholly therefrom and may, on behalf of Mortgagor or such owner, or in its own name as Mortgagee and under the powers herein granted:

(a) hold, operate, manage, and control all or any part of the Premises and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed

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proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Premises, including, without limitation, actions for recovery of rent, actions in forcible detainer, and actions in distress for rent;

(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 without Mortgagee's prior written consent;

(d) extend or modify any then existing Leases and make new Leases of all or any part of the Premises, which extensions, modifications, and new Leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the loan evidenced by the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such Leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the Premises are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Indebtedness Hereby Secured, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;

(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 Property and all risks incidental to Mortgagee's possession, operation, and management thereof, and to receive all rents, issues, deposits, profits and avails therefrom; and

(f) apply the net income to the payment of Taxes, Premiums and other charges applicable to the Premises, or in reduction of the Indebtedness Hereby Secured, in such order and manner as Mortgagee shall select.

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.

20. Receiver. Upon the filing of a complaint to foreclosure this Mortgage or at any time thereafter, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to 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 collection of such rents, issues and profits, and such receiver shall have 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 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.

21. 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 18 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, on interest remaining unpaid upon the Note; fourth, to the principal remaining unpaid upon the Note; and lastly, any overplus to Mortgagor, and its successors or assigns, as their rights may appear. In the event of any foreclosure sale of said Premises, the same may be sold in one or more parcels. In addition, Mortgagee may be the purchaser at any foreclosure sale of the Premises or any part thereof.

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22. Insurance During Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any Insurance Policy, if not applied in rebuilding or restoring the 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 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 redeemer may cause the preceding loss clause attached to each casualty Insurance Policy to be cancelled and a new loss payable 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 Insurance Policies without credit or allowance to Mortgagor for prepaid Premiums thereon.

23. Waiver of Right of Redemption and Other Rights. This paragraph is intentionally omitted.

24. 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, now or hereafter provided by 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. 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.

25. Successors and Assigns.

A. Holder of the Note. This Mortgage and each and every covenant, agreement, and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitations, 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 Mortgagee and its successors and assigns. Wherever herein Mortgagee 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 holder from time to time of the Note shall have and enjoy all of the rights, privileges, powers, options and benefits afforded hereby and hereunder, and may enforce each and all of the terms and provisions hereof, as fully and to the same extent and with the same effect as if such holder of the Note from time to time were herein by name specifically granted such rights, privileges, powers, options and benefits, and were herein by name designated Mortgagee.

B. Covenants Run With Land; Successor Owners. All of the covenants of this Mortgage shall run with the Land and be binding on any successor owners of the Land. In the event that the ownership of the Premises or any portion thereof 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 without in any way releasing or discharging Mortgagor from its obligations hereunder. Mortgagor will give immediate written notice to Mortgagee of any conveyance, transfer, or change of ownership of the Premises, but nothing in this Paragraph shall vary or negate the provisions of Paragraph 16 hereof.

26. Effect of Extensions and Amendments. If the payment of the Indebtedness Hereby Secured, or any part thereof, be extended or varied, or if any part of the security or guarantees 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; 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 part thereof or any interest therein, shall take the said lien subject to the rights of Mortgagee to amend, modify,

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extend or release the Note, this Mortgage or any other document or instrument evidencing, securing or guaranteeing 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.

27. Future Advances. This mortgage also secures the payment of and includes all future or further advances as shall be made at all times, regardless of whether loan proceeds have been disbursed, by the Mortgagee herein or its successors or assigns, to and for the benefit of the Mortgagor, its heirs, personal representatives, or assigns, to the same extent as if such future advances were made on the site of the execution of this Mortgage. The total amount of Indebtedness Hereby Secured by this Mortgage may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed One Hundred Fifty Thousand Dollars (\$150,000.00), together with interest thereon and any and all disbursements made by the Mortgagee for the payment of Taxes, or insurance on the Premises covered by the lien of this Mortgage and for reasonable attorney's fees, loan commissions, service charges, liquidated damages, expenses and court costs incurred in the collection of any or all of such sums of money. Such further or future advances shall be wholly optional with the Mortgagee and the same shall bear interest at the same rate as specified in the Note referred to herein, unless said interest rate shall be modified by subsequent agreement.

28. Execution of Estoppel Letter. From time to time, Mortgagor will furnish within five (5) days after Mortgagee's request a written and duly acknowledged statement of the amount due under the Note and under this Mortgage and whether any alleged offsets or defenses exist against the Indebtedness Hereby Secured.

29. Subrogation. If any part of the Indebtedness Hereby Secured is used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any prior lien or encumbrance upon the Premises or any part thereof, then Mortgagee shall be subrogated to the rights of the holder thereof in and to such other lien or encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

30. Option to Subordinate. Subject to the terms of any specific agreement relating to subordination of leases, 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 nor any Award in condemnation) to any and all 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.

31. Governing Law. The place of negotiation, execution, and delivery of this Mortgage and the location of the Property being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that State, without reference to the conflicts of law principles of that State.

32. Business Loan. Mortgagor certifies and agrees that the proceeds of the Note will be used for the purposes specified in Illinois Revised Statutes, Chapter 17, Section 6404, and that the principal obligation secured hereby constitutes a "business loan" coming within the definition and purview of said Section.

33. Inspection of Premises. Mortgagee and its representatives and agents shall have the right to inspect the Premises at all reasonable times.

34. Financial Statements. This Paragraph is intentionally omitted.

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

36. 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.

37. Notices. Any notice, demand or other communication which any party hereto may desire or may be required to give to any other party hereto shall be in writing, and shall be deemed given if and when personally delivered, or on the

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EXHIBIT "A"

The Land

The Easterly half of the following described property: Part of the Southwest Quarter of Section 20, Township 41 North, Range 9 East of the Third Principal Meridian, described as follows: Beginning at a point in the center line of State Road (Illinois State Highway Route 5) North 71 degrees 45 minutes West 157.08 feet distant as measured along the center line of said State Road from the East line of the West half of the Southwest Quarter of said Section 20; thence Southerly along a straight line to a point which is North 72 degrees 39 minutes West 186.41 feet from a point in the East Line of the West Half of the Southwest Quarter of said Section 20 which is 314 feet South of the intersection of the center line of said State Road and said East line of the West Half of the Southwest Quarter of said Section 20; thence North 72 degrees 39 minutes West 482.59 feet; thence North 86 degrees 8 minutes West 77.8 feet; thence Northerly along a straight line parallel to the Easterly boundary line of premises herein described 331.7 feet more or less to center line of said State Road; thence South 71 degrees 45 minutes east along center line of said State Road 567 feet more or less to place of beginning, in Cook County, Illinois.

Commonly known as: Rural Route 1, Box 1118
Elgin, Illinois 60120

Permanent Index Number:

06-20-301-009-0000
06-20-301-010-0000
06-20-301-015-0000

M.,

Initials

88J/15

875M1784

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---nd business day after being deposited in the United States mail, registered or certified, postage prepaid, addressed to a party at its address set forth below, or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance herewith:

(a) If to Mortgagee:

The First National Bank of Elgin
Six Fountain Square Plaza
Elgin, Illinois 60120
Attention: Mr. H. Laurence Saxe

(b) If to Mortgagor:

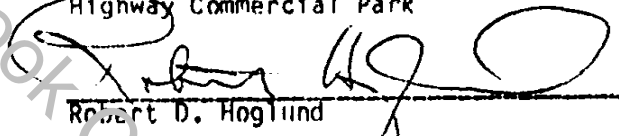
Robert Berecz & Robert D. Hoglund, d/b/a
Highway Commercial Park
Rural Route 1, Box 111R
Elgin, Illinois 60120

Except as otherwise specifically required herein, notice of the exercise of any right, power or option granted to Mortgagee by this Mortgage is not required to be given.

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

MORTGAGOR

Robert Berecz & Robert D. Hoglund, d/b/a
Highway Commercial Park

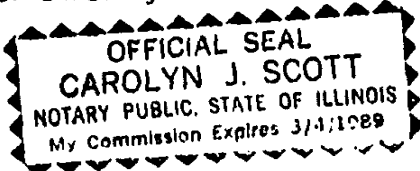

Robert D. Hoglund

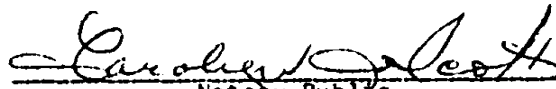

Robert Berecz

STATE OF ILLINOIS)
COUNTY OF Kane) SS.

I, the undersigned, a Notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT, Robert D. Hoglund and Robert Berecz, 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 severally acknowledged that they signed and delivered the said instrument, of their free and voluntary act, for the uses and purposes herein set forth.

Given under my hand and Notarial Seal, this 10th day of September, A.D., 1987.




Notary Public

My commission expires: March 4th 1989

THIS INSTRUMENT PREPARED BY:

The First National Bank of Elgin
Mr. H. Laurence Saxe
6 Fountain Square Plaza
Elgin, Illinois 60120

RETURN RECORDED DOCUMENT TO:

The First National Bank of Elgin
6 Fountain Square Plaza
Elgin, Illinois 60120

Attn: Mr. H. Laurence Saxe

875M1781

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the State of Illinois, at Springfield, this 1st day of January, 1900.

Approved: _____ (S)

Wm. A. ...
Governor

Approved: _____ (S)

Wm. A. ...
Governor

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the State of Illinois, at Springfield, this 1st day of January, 1900.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the State of Illinois, at Springfield, this 1st day of January, 1900.

Wm. A. ...
Governor

Wm. A. ...
Governor

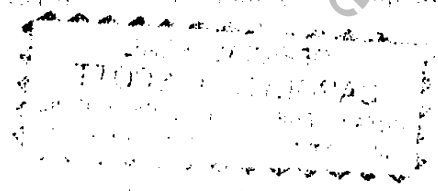
Wm. A. ...
Governor

Wm. A. ...
Governor

RECEIVED
JAN 1 1900

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the State of Illinois, at Springfield, this 1st day of January, 1900.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the State of Illinois, at Springfield, this 1st day of January, 1900.



ADDITIONAL

Wm. A. ...
Governor

Wm. A. ...
Governor

Wm. A. ...
Governor

Wm. A. ...
Governor

Wm. A. ...
Governor

Wm. A. ...
Governor

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ARM Additional Terms Rider
(For Security Instrument - Sign Last)

12329 C

THIS ARM ADDITIONAL TERMS RIDER is made this Sixth day of September, 1987 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") and any and all Riders attached thereto of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note to FIRST NATIONAL BANK OF ELGIN (the "Lender")

of the same date and covering the property described in the Security Instrument and located at: Rural Route 1, Box 111B, Elgin, Illinois
Property Address

ADDITIONAL COVENANTS

In addition to the covenants and agreements made in the Security Agreement and any and all Riders attached thereto, Borrower and Lender further covenant and agree to the following terms that are appropriately marked as indicated—(X).

XX THE INDEX

Beginning with the first Change Date, my interest rate will be based on an Index. That "Index" is UNITED STATES TREASURY NOTES ADJUSTED TO A CONSTANT MATURITY OF FIVE YEARS AND ROUNDED TO THE NEAREST 1/8 of 1%. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which is based on comparable information. The Note Holder will give me notice of this change.

XX CALCULATION OF CHANGES:

Before each Change Date, the Note Holder will calculate my new interest rate by adding two and one half percentage points (2.50%) to the Current Index. The Note Holder will then round the result of this addition to the nearest 1/8 of one percentage point. This rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation is my new monthly payment unless I have the option to limit my monthly payment and I choose the amount permitted by Section 5 in the Note.

XX APPLICATION OF PAYMENTS:

Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 of the Security Instrument attached hereto shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 of the Security Instrument, then to interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

XX INTEREST RATE LIMITATIONS:

My interest rate cannot be changed by more than 3.0 percentage points at any Change Date, subject to such limitations listed below for my maximum ("ceiling") and minimum ("floor") interest rates. The ceiling, or maximum interest rate, that can be charged on my loan is either 16.0%; or if not specified, provides for no set maximum limit. The floor, or the minimum interest rate, that will be charged on my loan is either 4.0%; or if not specified, provides for no set minimum rate.

XX TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER:

If all or any part of the Property or interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by Federal Law as of the date of this Security Instrument.

If Lender exercises this option Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

□ CONVERSION OPTION TO A FIXED RATE LOAN:

At the end of N/A months, Lender grants to Borrower an option to convert this adjustable rate loan to a loan with a fixed rate and a fixed term. Lender will provide to Borrower the terms and conditions of this conversion option — which the Borrower may either accept or reject — and the length of time before said conversion option expires.

□

24 Mar 87

BY SIGNING BELOW, Borrower accepts and agrees only to those appropriately marked XX additional terms and covenants contained in this ARM Additional Terms Rider.

X Robert M. Hoglund (Seal)
Robert M. Hoglund Borrower
X Robert Berez (Seal)
Robert Berez Borrower

REC'D-01 RECORDING
1987 MAR 24 10:06:00
NOTRE # 1987-07-501784-0
COOK COUNTY RECORDER

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