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UNOFFICIAL COPY

MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

This Instrument was prepared by and when recorded return to:

BOX 333 - WJ

Jeffrey M. Dalebroux
Rooks, Pitts and Poust
Xerox Centre, Suite 1500
55 West Monroe Street
Chicago, Illinois 60603

3200

7144726-02

This Mortgage, Assignment of Rents and Security Agreement, made as of November 17, 1987, by LaSalle National Bank, as Trustee under a certain Trust Agreement dated November 13, 1987 (the "Trust") and known as Trust No. 112803 (the "Mortgagor"), with LaSalle National Bank, having its offices at 135 South LaSalle Street, Chicago, Illinois (the "Mortgagee").

WITNESSETH:

WHEREAS, Mortgagor is justly indebted to Mortgagee in the principal sum of Three Hundred Twenty-Eight Thousand and 00/100 Dollars (\$328,000.00) (the "Loan"), as evidenced by a certain Note of even date herewith executed by Mortgagor and made payable to the order of and delivered to Mortgagee and the owners of 100% of the beneficial interest in the Trust, Robert B. Smith and Donald H. Chudacoff (the "Beneficiaries") (the "Note") whereby Mortgagor and the Beneficiaries promise to pay the said principal sum, together with interest thereon, from the date thereof, as set forth therein, at the office of Mortgagee, or at such other place as may be designated in writing by the legal holders thereof, until the entire principal and accrued interest have been paid, provided, however, that if not sooner paid the principal sum secured hereby and all accrued interest thereon shall become due and payable in full on December 1, 1997;

NOW, THEREFORE, to secure the payment of the said principal sum and interest thereon, the performance of the covenants and agreements herein contained and any advances made by Mortgagee as provided herein, Mortgagor does by these presents grant, transfer, bargain set over, remise, release, assign, alien, warrant, pledge, sell, convey, and mortgage unto Mortgagee, its successors and assigns forever the real estate described in Exhibit A attached hereto and made a part hereof (the "Real Estate") and all of Mortgagor's leasehold estate, right, title, and interest therein situated in the County of Cook and State of Illinois;

TOGETHER WITH:

- (1) all right, title, and interest of Mortgagor, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, vaults, and alleys adjoining the Premises (as hereinafter defined);
- (2) all and singular the tenements, hereditaments, easements, minerals, appurtenances, passages, waters, water courses, riparian, irrigation and drainage rights, and other rights, liberties, and privileges thereof or in any way now or hereafter appertaining, including homestead and any other claim at law or in equity as well as any after-acquired title, franchise, or license and the reversion and reversions and remainder and remainders thereof,
- (3) all of Mortgagor's interest and rights as lessor in and to all leases now or hereafter affecting the Real Estate or any part thereof and all rents, issues, proceeds, and profits accruing and to accrue from the Real Estate, whether payable pursuant to any present or future leases or otherwise growing out of any occupancy or use of the Premises (which are pledged primarily and on a parity with the Real Estate, and not secondarily),
- (4) all proceeds or sums payable in lieu of or as compensation for the loss of or damage to the Premises, all rights in and to all present and future fire and other hazard insurance policies

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pertaining to the Premises, any and all sums at any time on deposit for the benefit of Mortgagee or the Borrowers or held by Mortgagee (whether deposited by or on behalf of Mortgagor or anyone else) pursuant to any of the provisions of this Mortgage, and all awards paid or to be paid in connection with or in lieu of any condemnation, eminent domain, change of grade or similar proceeding for the taking or for the degradation in the value of all or any part of the Premises, and

- (5) 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 immediately upon the delivery thereof to the Premises, and all fixtures and personal property now or hereafter owned by Mortgagor and attached to or contained in and used in connection with the Premises, including, but not limited to, all heating, air-conditioning, sprinklers, freezing, lighting, laundry, incinerating and dynamo and generating equipment; engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing and plumbing fixtures; lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating and communications apparatus; alarm systems; boilers, ranges, furnaces, oil burners or units thereof; appliances, air cooling and air-conditioning apparatus; vacuum cleaning systems; elevators, escalators; shades; awnings, screens; storm doors and windows; stoves, wall beds, refrigerators, cooking apparatus and mechanical equipment, gas and electrical fixtures; partitions, mantels, built-in mirrors, window shades, blinds, furniture of public spaces, halls and lobbies; attached cabinets, ducts and compressors; rugs and carpets; draperies; furniture and furnishings used in the operations of the Premises; and all additions thereto and renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to said building or buildings in any manner;

it being mutually agreed, intended, and declared that all the aforesaid property shall, so far as permitted by law, be deemed to form a part and parcel of the Real Estate and for the purpose of this Mortgage to be real estate, and covered by this Mortgage, and as to any of the property aforesaid which does not so form a part and parcel of the Real Estate, this Mortgage is hereby deemed to be, and is, as well, as Security Agreement under the Uniform Commercial Code as enacted in the State of Illinois (the "Uniform Commercial Code") for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to the Mortgagee as Secured Party (as such term is defined in the Uniform Commercial Code) it being further understood and agreed that the provisions of this paragraph shall not apply or attach to any trade fixtures or personal property of any tenant of the Premises. For the purposes hereof, the Real Estate and all of the other property enumerated in Paragraphs 1 through 5 above are collectively referred to as the "Premises";

TO HAVE AND TO HOLD the same unto the Mortgagee and its successors and assigns forever, for the purposes and uses herein set forth;

PROVIDED, HOWEVER, that if the Borrower shall pay the principal and all interest as provided in the Note, and shall pay all other sums herein provided for, or secured hereby, and shall well and truly keep and perform all of the covenants herein contained, then this Mortgage shall be released at the cost of the Mortgagor, otherwise to remain in full force and effect.

MORTGAGOR FURTHER COVENANTS and agrees as follows:

- 1. Payment of Principal and Interest. Mortgagor is pledging the property described herein to secure the prompt payment, when due, of the principal and interest on the indebtedness evidenced by the Note at the times and in the manner provided in this Mortgage and the Note.

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2. Taxes and Other Charges. Mortgagor shall pay, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer service charges, association charges, and all other charges of whatever kind, ordinary or extraordinary, whether public or private, which may be levied or imposed against the Premises, and shall furnish to Mortgagee official receipts therefor within thirty (30) days after payment thereof. Mortgagor shall also pay when due all charges incurred for the benefit of the Premises for utilities, including but not limited to energy, fuel, gas, electricity, water, sewer, and garbage removal, whether or not such charges are liens against the Premises.

3. Insurance.

(a) Casualty. Mortgagor shall keep the improvements now existing or hereafter erected on the Premises constantly insured against loss or damage under such types and forms of insurance policies and in such amounts and for such periods as Mortgagee may from time to time require, and Mortgagor shall pay promptly, when due, any premiums on such insurance. Unless Mortgagee otherwise agrees, all such insurance shall provide "all risk" agreed value replacement cost coverage and shall be carried with companies acceptable to the Mortgagee having a Best's rating of A+ or A, and shall have attached thereto standard noncontributing mortgage clauses in favor of Mortgagee, as well as standard waiver of subrogation endorsements. Mortgagor shall not carry separate insurance, concurrent in kind or form and contributing in the event of loss, with any insurance required hereunder. In the event of a change of ownership or of occupancy of the Premises (if approved in writing by Mortgagee), immediate notice thereof by mail shall be delivered to all insurers. In the event of any loss covered by such insurance, Mortgagor shall immediately notify Mortgagee in writing, and Mortgagor hereby authorizes and directs each and every insurance company concerned to make payments for such loss directly and solely to Mortgagee (which may, but need not, make proof of loss) and Mortgagee is hereby authorized to adjust, collect, and compromise in its discretion all claims under all policies, and Mortgagor shall sign, upon demand by Mortgagee, all receipts, vouchers, and releases required by such insurance companies. After deducting any costs of collection, Mortgagee shall permit the use or application of the proceeds, to repairing and restoring the improvements, in which event the Mortgagee shall not be obliged to see to the proper application thereof nor shall the amount so released or used for restoration be deemed a payment on the indebtedness secured hereby. Mortgagor may, at its option, direct Mortgagee to apply the proceeds as a credit upon any portion of the indebtedness secured hereby. In the event such proceeds are used or applied to restoring the improvements, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with satisfactory evidence of the estimated cost of such restoration and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments as Mortgagee may reasonably require and approve, and if the estimated cost of the work exceeds ten percent (10%) of the original principal amount of the indebtedness secured hereby, the Mortgagor shall furnish Mortgagee with all plans and specifications for such rebuilding or restoration as Mortgagee may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed, from time to time, and at all times the undisbursed balance of said proceeds remaining in the hands of the Mortgagee shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens. No interest shall be allowed to Mortgagor on any proceeds of insurance paid to and held by Mortgagee. In the event of foreclosure of this Mortgage, or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title, and interest of Mortgagor, in and to any insurance policies then in force, and any claims or proceeds thereunder shall pass to Mortgagee or any purchaser or grantee. In the event Mortgagee, in its reasonable discretion, determines that any insurance provided by Mortgagor, does not comply with the insurance requirements set forth herein, then Mortgagee may, at any time and at its own discretion, procure and substitute for any and all of the insurance so held as aforesaid, such other policy or policies of insurance, in such amount as carried in such company as it may

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determine, the cost of which shall be repaid to Mortgagee by Mortgagor upon demand. Mortgagor shall furnish to Mortgagee, upon its request, estimates or appraisals of insurable value, without cost to the Mortgagee, such as are regularly and ordinarily made by insurance companies to determine the then replacement cost of the building or buildings and improvements on the Premises.

(b) Liability. Mortgagor shall carry and maintain in full force at all times comprehensive public liability insurance as may be required from time to time by Mortgagee in forms, amounts, and with companies satisfactory to Mortgagee, and Mortgagor will apply all insurance proceeds under such policies to the payment and discharge of the liabilities in respect of which such proceeds are collected. It is understood and agreed that the amounts of coverage shall not be less than One Million Dollars (\$1,000,000.00) single limit and that the policy or policies shall name Mortgagee as an additional insured party thereunder.

(c) Rental or Business Interruption Insurance. Mortgagor shall carry and maintain in force at all times rental value insurance in an amount sufficient to cover a loss of twelve (12) months' gross rental income from the Premises if fully leased at the then current market rental rate, in form, in an amount, and with companies satisfactory to Mortgagee.

(d) Flood Insurance. Mortgagor shall carry and maintain in force at all times flood insurance in accordance with the provisions of the Flood Disaster Protection Act of 1973, as amended, if the area in which the Premises are situated is designated as "flood prone" or a "flood risk area," as defined in said act, in an amount satisfactory to Mortgagee, and Mortgagor shall comply with such other requirements of said act as are appropriate.

(e) Policies. Unless Mortgagee otherwise agrees, all policies of insurance required hereunder to be maintained by the Mortgagor, together with evidence that the premium therefor covering a period of not less than one (1) year has been prepaid, shall be deposited with Mortgagee and shall provide for, among other things, Mortgagee being named as additional insured thereunder and receiving written notice to Mortgagee of their expiration or cancellation at least twenty (20) days prior to such event occurring. Not less than thirty (30) days prior to the expiration of any such policy, Mortgagor shall deposit an appropriate renewal or replacement policy and evidence of the premium payment therefor, as aforesaid. All policies of insurance required hereunder shall contain lender's loss payable endorsements in favor of Mortgagee. In lieu of depositing policies of insurance required hereunder, Mortgagee may provide certificates of insurance evidencing policies of insurance otherwise required hereunder.

4. Preservation, Restoration and Use of Premises. Mortgagor shall complete, within a reasonable time, any building or buildings or other improvements now or any time in the process of being constructed upon the Real Estate. No building or other improvement on the Premises shall (except as required by law) be altered, removed, or demolished nor shall any fixtures or appliances on, in or about said buildings or improvements be severed, removed, sold or mortgaged, without the prior written consent of Mortgagee, and in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels, or articles or personal property covered hereby or by any separate security agreement given in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels, and articles of personal property at least equal in quality and condition to those replaced, free from any security interest in or encumbrances thereon or reservation of title thereto. Subject to the provisions of Section 3 hereof, Mortgagor shall promptly repair, restore, or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed. The buildings and improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. Mortgagor shall not permit, commit, or suffer any waste, impairment, or deterioration of the Premises or any part or improvement thereof, and shall keep and maintain the Premises and every part thereof in good repair and condition and effect such repairs as Mortgagee may reasonably require, and, from time to time, make all needful and proper replacements and additions

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thereto so that said buildings, fixtures, machinery, and appurtenances will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed. Mortgagor shall not suffer or permit the Premises to be abandoned or to be used for a purpose other than that for which the Premises are presently used, or represented to Mortgagee to be used. Mortgagor shall not subject the Premises to any use covenants or restrictions and shall not initiate, join in or consent to any change in any existing private restrictive covenant, zoning ordinance, or other public or private restriction limiting or defining the uses which may be made of or the kind of improvements which can be constructed or placed on the Premises or any part thereof, and shall promptly notify Mortgagee of, and appear in and defend, at its sole cost and expense, any such proceedings seeking to effect any of the foregoing. Mortgagor shall not subdivide the Real Estate and shall not subject the Premises to the provisions of the condominium laws of the state in which the Premises are situated. No improvement on the Real Estate or on land adjoining the Real Estate which is owned or controlled by Mortgagor shall be constructed unless plans and specifications therefor have been first submitted to the Mortgagee and approved by it, in the exercise of its reasonable judgment, as entailing no prejudice to the Loan or the security therefor. Mortgagor shall not cause or permit the person, firm or other entity responsible for the management of the Premises to be changed without Mortgagee's prior written consent.

5. Compliance with Governmental, Insurance and Other Requirements. Mortgagor shall comply with all statutes, ordinances, orders, requirements, or decrees relating to the Premises or the use thereof of any federal, state, or municipal authority, and shall observe and comply with all conditions and requirements necessary to maintain in force the insurance required under Section 3 hereof and to preserve and extend any and all rights, licenses, permits (including, but not limited to, zoning variances, special exceptions, and nonconforming uses) privileges, franchises, and concessions which are applicable to the Premises or which have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Premises. In the event that any building or other improvement on the Premises must be altered or removed to enable Mortgagor to comply with the foregoing provisions of this Section 5, Mortgagor shall not commence any such alterations or removals without Mortgagee's prior approval of the need therefor and the plans and specifications pertaining thereto. After such approval, which shall not be unreasonably withheld or delayed, Mortgagor, at its sole cost and expense, shall effect the alterations or removal so required and approved by Mortgagee. Mortgagor shall not by act or omission permit any building or other improvement on land not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be so used. Similarly, no building or other improvement on the Premises shall rely on any land not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission impair the integrity of the Premises as a single zoning lot separate and apart from all other Premises. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this Section shall be void. Mortgagor shall duly and punctually perform and comply with all covenants and conditions expressed as binding upon it under any recorded document or any other agreement of any nature whatsoever binding upon it which pertains to the Premises.

6. Liens, Encumbrances and Transfers of Ownership. Mortgagor shall keep the Premises free from liens of mechanics and materialmen and from all other liens, charges, and encumbrances of whatever nature regardless of (i) whether the same arise voluntarily or involuntarily on the part of Mortgagor and (ii) whether the same are subordinate to, prior to, or on a parity with the lien of this Mortgage, and shall furnish to Mortgagee satisfactory evidence of the payment and discharge of any such liens, charges, and encumbrances, asserted or claimed to exist against the Premises, excepting, however, any lien or encumbrance expressly consented to by Mortgagee, with respect to which Mortgagor shall pay, when due, the indebtedness secured thereby and upon Mortgagee's request, furnish to

Mortgagee satisfactory evidence of such payment or payments. Without in any way limiting Mortgagee's right to withhold its consent to Mortgagor hereinafter granting or creating a lien against all or any part of the Premises which is subordinate to the lien hereof, any lien for which such consent is given shall be subject and subordinate to all leases pertaining to the Premises whether then in existence or thereafter arising, and further subject to any and all renewals, extensions, modifications, releases, increases, changes or exchanges pertaining to the indebtedness secured hereby, without the consent of such subordinate lien holder and without any obligation to give notice of any kind thereto, regardless of whether or not expressed in such consent or in the document granting such subordinate lien. Mortgagor shall not, without the prior written consent of Mortgagee, sell, transfer, convey, encumber, or assign the title or any interest (beneficial or otherwise) therein to all or any portion of the Premises, or the rents, issues, or profits therefor, whether by operation of law, voluntarily, or otherwise, and shall not contract to do any of the foregoing (any such sale, transfer, conveyance, encumbrance, assignment or agreement to do any of the foregoing being herein referred to as an "Ownership Transfer").

7. Stamp Tax. If at any time the United States government or any state, or municipal government shall require Internal Revenue or other documentary stamps, hereon or on the Note secured hereby, or shall otherwise impose a tax or impose an assessment on this Mortgage or on the Note or shall require payment of an interest equalization tax upon the indebtedness secured hereby, then the said indebtedness and the accrued interest thereon shall be and become due and payable at the election of Mortgagee thirty (30) days after the mailing of notice of such election to Mortgagor, provided, however, said election shall be unavailing and this Mortgage and the Note shall be and remain in effect, if Mortgagor lawfully may pay for such stamps or such tax including interest and penalties thereon to or on behalf of Mortgagee and Mortgagor does in fact pay, when payable, for all such stamps or such tax, as the case may be, including interest and penalties thereon.

8. Effect of Change in Laws Regarding Taxation. In the event of the enactment, after the date of this Mortgage, of any law of the state in which the Premises are located deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holder thereof, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee therefor; provided, however, that if, in the opinion of counsel for Mortgagee, (i) it might be unlawful to require Mortgagor to make such payment or (ii) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then, and in such event, Mortgagee may elect, by notice in writing given to Mortgagor to declare all of the indebtedness secured hereby to be and become due and payable within thirty (30) days from the giving of such notice. Notwithstanding the foregoing, Mortgagor shall not be obligated to pay any portion of Mortgagee's federal or state income tax.

9. Mortgagee's Performance of Defaulted Acts. In case of default herein, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient by Mortgagee. By way of illustration and not in limitation of the foregoing, Mortgagee may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise, or settle any tax lien or other prior or junior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment. Mortgagee is hereby authorized to make or advance, in the place and stead of the Mortgagor, any payment relating to taxes, assessments, water rates, sewer rentals, and other governmental or municipal charges, fines, impositions, or liens asserted against the Premises and may do so according to any bill, statement, or estimate procured from the appropriate public office without

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inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof, and the Mortgagor is further authorized to make or advance in the place and stead of the Mortgagor any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, or charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Section, and may do so whenever, in its judgment and discretion, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, and in connection with any such advance, Mortgagee, at its option, may and is hereby authorized to obtain a continuation abstract or report of title or title insurance policy prepared by an abstractor or title insurance company of Mortgagee's choosing. All monies paid or incurred in connection therewith, including attorney's fees, and any other monies advanced by Mortgagee to protect the Premises and the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Mortgagor to Mortgagee without notice and with interest thereon at the Default Interest Rate. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

10. Eminent Domain. Mortgagee is hereby authorized to collect and receive from the condemnation authorities any and all awards heretofore or hereafter made or to be made to the present and all subsequent owners of the Premises by any governmental or other lawful authority for the taking, by condemnation or eminent domain, hereby assigned from Mortgagor to Mortgagee as aforesaid, 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 such proceedings under condemnation of eminent domain, affecting all or any part of the Premises or any easement therein or appurtenance thereof, including severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings. Mortgagor shall make, execute, and deliver to Mortgagee, at any time or times upon request, free, clear, and discharged of any encumbrances of any kind whatsoever, any and all further assignments and instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning to Mortgagee all awards and other compensation heretofore and hereafter to be made to Mortgagor for any taking, either permanent or temporary, under any such proceeding. The proceeds of all such awards shall be paid to Mortgagee and shall be applied by Mortgagee after the payment of all of its expenses in connection with such proceedings, including costs and attorneys' fees, to restoring the improvements and the same shall be paid out in the same manner as is provided, with respect to insurance proceeds, in Section 3(a) hereof. Mortgagor may, at its option, direct Mortgagee to apply the proceeds to the reduction of the indebtedness secured hereto. No interest shall be allowed to Mortgagor on any condemnation award paid to or held by Mortgagee.

11. Rents and Leases.

(a) Mortgagor's Obligations. Mortgagor, without any cost and expense to Mortgagee, shall (i) at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in all leases of all or any part of the Premises, on the part of the landlord thereunder to be kept and performed, (ii) enforce or secure the performance of all of the covenants, conditions and agreement of such leases on the part of the lessees to be kept and performed, (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with such leases or the obligations, duties or liabilities of landlord or the lessees thereunder, (iv) transfer and assign to Mortgagee upon request of Mortgagee, any lease or leases of all or any part of the Premises heretofore or hereafter entered into, and make, execute and deliver to Mortgagee upon demand, any and all instruments required to effect such assignment, (v) furnish Mortgagee, within fourteen (14) days after a request by Mortgagee so to do, a written statement containing the names of all lessees, terms of all leases, including the spaces occupied, and the rentals payable thereunder, and (vi) exercise within five (5) days of any demand therefor by Mortgagee any right to

request from the lessee under any lease of all or any part of the Premises a certificate with respect to the status thereof. Mortgagee shall have the option to declare this Mortgage in default because of a default of landlord in any lease of all or any part of the Premises, whether or not such default is cured by Mortgagee pursuant to the right granted herein. Any default under any separate assignment of Mortgagor's interest in any lease or under any assignment of rents given as additional security for the indebtedness secured hereby shall constitute a default hereunder on account of which the whole of the indebtedness secured hereby shall at once, at the option of the Mortgagee, become immediately due and payable without notice to the Mortgagor.

(b) Mortgagee Exoneration. Nothing in this Mortgage or in any other documents relating to the loan secured hereby shall be construed to obligate Mortgagee, expressly or by implication, to perform any of the covenants of Mortgagor, as landlord, tenant or assignor, under any of the leases assigned to Mortgagee or to pay any sum of money or damages therein provided to be paid by the landlord or landlord's assignee, each and all of which covenants and payments Mortgagor agrees to perform and pay.

(c) Lessee Attornment. In the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee under each lease of all or any part of the Premises made after the date of recording this Mortgage shall, at the option of the Mortgagee, attorn to any person succeeding to the interest of Mortgagor, as a result of such enforcement and shall recognize such successor in interest as landlord under such lease without change in the terms or other provisions thereof, provided, however, that said successor in interest shall not be bound by any payment of rent for more than one month in advance or any amendment or modification to any lease made without the prior consent of Mortgagee or said successor in interest.

(d) Declaration of Subordination. At the option of Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all 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 County Recorder in and for the county wherein the Premises are situated, of a unilateral declaration to that effect.

12. Inspection of Premises. Mortgagor shall permit Mortgagee or its agents to inspect the Premises at all reasonable times on reasonable written notice, and access thereto shall be permitted for such purpose.

13. Inspection of Books and Records. Mortgagor shall keep and maintain full and correct records showing in detail the income and expenses of the Premises and within ten (10) days after written demand therefor shall allow the Mortgagee to examine and copy such books and records and all supporting vouchers and date any time and from time to time, on request, at its offices, hereinbefore identified, or at such other location as may be mutually agreed upon.

14. Future Advances. Mortgagee may, at its option upon request of Mortgagor, at any time before full payment of this Mortgage, make further advances to Mortgagor, and the same, with interest, shall be on a parity with, and not subordinate to, the indebtedness evidenced by the Note and shall be secured hereby in accordance with all covenants and agreements herein contained, provided, that the amount of principal secured hereby and remaining unpaid shall not, including the amount of such advances, exceed ten times the original principal sum accrued hereby, and provided, that if Mortgagee shall make further advances as aforesaid, Mortgagor shall repay all such advances in accordance with the note or notes, or agreement and agreements, evidencing the same, which Mortgagor shall execute and deliver to Mortgagee and which shall be payable no later than the maturity of this Mortgage and shall include such other terms as Mortgagee shall require.

15. Partial Invalidity. Mortgagor and Mortgagee intend and believe that each provision in this Mortgage and the Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Mortgage or the Note is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Mortgage or the Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent both of Mortgagor and Mortgagee that such portion, provision or provisions shall be given force to the fullest possible extent that it or they are legal, valid and enforceable, that the remainder of this Mortgage and the Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained herein, and that the rights, obligations and interest of Mortgagor and Mortgagee under the remainder of this Mortgage and the Note shall continue in full force and effect. If under the circumstances interest in excess of the limit allowable by law shall have been paid by Mortgagor in connection with the loan evidenced by the Note, such excess shall be applied by Mortgagee to the unpaid principal balance of the Note or refunded to Mortgagor in the manner to be determined by Mortgagee and if any such excess interest has accrued, Mortgagee shall eliminate such excess interest so that under no circumstances shall interest on the loan evidenced by the Note exceed the maximum rate allowed by the law.

16. Subrogation. In the event the proceeds of the loan made by Mortgagee to Mortgagor, or any part thereof, or any amount paid out of advanced by Mortgagee, be 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 such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of same.

17. Mortgagee's Right to Deal with Transferee. In the event of the voluntary sale, or transfer by operation of law, or otherwise, of all or any part of the Premises, Mortgagee is hereby authorized and empowered to deal with such vendee or transferee with reference to the Premises, or the debt secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might with Mortgagor, without in any way releasing, or discharging Mortgagor from said Mortgagor's covenants and undertakings hereunder, specifically including Section 6 hereof, and without Mortgagee waiving its rights to accelerate the Note in the event of a breach of said Section 6.

18. Execution of Security Agreement and Financing Statement. Mortgagor, within ten (10) days after request, shall execute, acknowledge and deliver to Mortgagee any security agreement, financing statement, or other similar security instrument, in form satisfactory to Mortgagee, covering all property of any kind whatsoever owned by Mortgagor which, in the sole opinion of Mortgagee, is essential to the operation of the Premises and concerning which there may be any doubt as to whether the title to same has been conveyed by or a security interest therein perfected by this Mortgage under the laws of the State of Illinois and shall further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement, or certificate or other documents as Mortgagee may request in order to perfect, preserve, maintain, continue, and extend the security interest. Mortgagor further agrees to pay to Mortgagee, on demand, all costs and expenses incurred by Mortgagee in connection with the preparation, execution, recording, filing, and refiling of any such document. To the extent that this Mortgage may operate as a security agreement under the Uniform Commercial Code, Mortgagee shall have all rights and remedies conferred therein for the benefit of a Secured Party (as said term is defined in the Uniform Commercial Code).

19. Releases. Mortgagee, without notice, and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens, may release any part of the Premises or any person liable for any indebtedness secured hereby, without in any way affecting the liability of any part to the Note and this Mortgage or

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guaranty, if any, given as additional security for the indebtedness secured hereby and without in any way affecting the priority of the lien of this Mortgage, and may agree with any party obligated on said indebtedness herein to extend the time for payment of any part or all of the indebtedness secured hereby. Such agreement shall not, in any way, release or impair the lien created by this Mortgage, or reduce or modify the liability, if any, of any person or entity personally obligated for the indebtedness secured hereby, but shall extend the lien hereof as against the title of all parties having any interest in said security which interest is subject to the indebtedness secured by this Mortgage.

20. Expenses Incurred by Mortgagee. Any costs, damages, expenses or fees, including attorneys' fees, incurred by Mortgagee in connection with (i) sustaining the lien of this Mortgage or its priority, (ii) obtaining any abstract, title opinion, commitment for title insurance or title insurance policy, (iii) protecting the Premises, (iv) protecting or enforcing any of Mortgagee's rights hereunder, (v) recovering any indebtedness secured hereby, (vi) any litigation or proceedings (including, but not limited to, bankruptcy, probate and administrative law proceedings) affecting this Mortgage, the Note, or the Premises, or (vii) preparing for the commencement, defense or participation in any threatened litigation or proceedings as aforesaid, or as otherwise enumerated in Section 21(c) hereof, shall be so much additional indebtedness secured hereby and shall be immediately due and payable by Mortgagor, without notice, with interest thereon at the Default Interest Rate.

21. Remedies on Default.

(a) Events of Default. It shall constitute a default under this Mortgage when and (i) if any default occurs in the due and punctual payment of the entire principal sum secured hereby, or of any installment of interest and said default continues for five days, or (ii) if any default occurs in the due and punctual performance of or compliance with any other term, covenant or condition in this Mortgage, or in the Note or in any other instrument now or hereafter evidencing or securing said indebtedness and any such default is not cured within any applicable cure period contained in such agreements, or (iii) if Mortgagor, or any guarantor of the indebtedness secured hereby is voluntarily adjudicated a bankrupt or insolvent, seeks or consents to the appointment of a receiver or trustee or custodian for itself or for all or any part of its property, files a petition seeking relief under or files an answer admitting the material allegations of a petition filed against it under any bankruptcy or similar laws of the United States or any state, makes a general assignment for the benefit of creditors, takes any action for the purpose of effecting any of the foregoing, is generally not paying such person's debts as such debts become due or suffers to exist any event of default under any lease of all or a portion of the Premises, or (iv) if any order, judgment or decree is entered upon an application of a creditor or Mortgagor or guarantor of the indebtedness secured hereby, without the consent of the party against whom it is entered, by a court of competent jurisdiction appointing a receiver or trustee or custodian of all or a substantial part of the assets of Mortgagor or of such guarantor, as the case may be, or approving any petition filed against Mortgagor or any guarantor of the indebtedness secured hereby seeking relief under any bankruptcy or other similar laws of the United States or any state and remains in force, undischarged or unstayed for a period of sixty days or (v) if Mortgagor defaults under the terms of any loans made by the Mortgagee to Mortgagor, or (vi) any of the representations or warranties of Mortgagor made herein shall prove to be false when made.

(b) Remedies. In addition to any other remedy herein specified, if any default under this Mortgage shall occur, Mortgagee may, at its option, (i) declare the entire indebtedness secured hereby to be immediately due and payable, without notice or demand (each of which is hereby expressly waived by Mortgagor) whereupon the same shall become immediately due and payable, (ii) institute proceedings for the complete foreclosure of this Mortgage, (iii) institute proceedings to collect any delinquent installment or installments of the indebtedness secured hereby without accelerating the due date of the entire indebtedness by proceeding with foreclosure of this Mortgage with respect to any delinquent installment or installments of

such indebtedness only and any sale of the Premises under such a foreclosure proceedings shall be subject to and shall not affect the unmatured part of the indebtedness and this Mortgage shall be and continue as a lien on the Premises securing the unmatured indebtedness, (iv) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall elect, or (v) enforce this Mortgage in any other manner permitted under the laws of the state in which the Premises are situated.

(c) Expense of Litigation. In any suit to foreclose the lien of this Mortgage or enforce any other remedy of Mortgagee under this Mortgage or the Note there shall be allowed and included, as additional indebtedness in the judgment or decree, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, survey costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or value of the Premises.

(d) Mortgagee's Right of Possession in the Case of Default. In any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings whether or not the entire principal sum secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after said thereunder, forthwith, upon demand of Mortgagee, Mortgagor shall 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, as for condition broken 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 manager of the Premises relating thereto, and may exclude Mortgagor, its agents, or servants, wholly therefrom and may, as attorney-in-fact or agent of Mortgagor, or in its own name as Mortgagee and under the powers herein granted: (i) hold, operate, manage, and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues and profits of the Premises including actions for recovery of rent, actions in forcible detainer and actions in distress for rent, hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagor, (ii) cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same, (iii) elect to disaffirm any lease or sublease made subsequent to this Mortgage or subordinated to the lien hereof, (iv) extend or modify any then existing leases and make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and 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 herein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and to be also binding upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser, (v) make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements to the Premises as to Mortgagee may seem judicious, (vi) insure and reinsure the Premises and all risks incidental to

Mortgagee's possession, operation, and management thereof, and (vii) receive all avails, rents, issues and profits.

(e) Application of Rental Proceeds. Any avails, rents, issues and profits of the Premises received by Mortgagee after having possession of the Premises, or pursuant to any assignment thereof to Mortgagee under the provisions of this Mortgage or of any separate assignment of rents or assignment of leases, shall be applied in payment of or on account of the following, in such order as Mortgagee (or in case of a receivership, as the court) may determine: (i) to the payment of the operating expenses of the Premises, including reasonable compensation to Mortgagee or the receiver and its agent or agents, if management of the Premises has been delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases and the payment of premiums in insurance hereinabove authorized, (ii) to the payment of taxes, special assessments, and water taxes now due or which may hereafter become due on the Premises, or which may become a lien prior to the lien of this Mortgage, (iii) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises, including the cost from time to time of installing or replacing personal property or fixtures necessary to the operation of the Premises, and of placing said property in such condition as will, in the judgment of Mortgagee or receiver, make the Premises readily rentable, (iv) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale, or (v) with respect to any surplus or remaining funds, to the Mortgagee, its successors, or assigns, as their rights may appear.

(f) Appointment of Receiver. Upon or at any time after the filing of any action to foreclose this Mortgage, Mortgagor consents upon application by Mortgagee to the appointment of a receiver of the Premises. Such appointment may be made either before or after sale without notice and without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness secured hereby and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not, and without bond being required of the applicant. Such receiver shall have the power to take possession, control, and care of the Premises and to collect the rents, issues, and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption (provided that the period of redemption has not been waived by Mortgagor), as well as during any further times when Mortgagor, its heirs, administrators, executors, successors, or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, and profits, and all other powers which may be necessary or are useful in such cases for the protection, possession, control, management, and operation of the Premises, during the whole of said period. To the extent permitted by law, said receiver may be authorized by the court to extend or modify any then existing leases to make new leases, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder it being understood and agreed that any such leases and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser.

(g) Sale of Premises. Any Real Estate or any interest or estate therein sold pursuant to any court order or decree obtained pursuant to the Mortgage shall be sold in one parcel as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by the laws of the state in which the Premises are situated. At any such sale, Mortgagee may bid for and acquire, as Purchaser, the Premises or any part thereof, and in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

(h) Application of Proceeds From Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Section 21(c) hereof, (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon, at the Default Interest Rate (as defined in the Note), (iii) all principal and interest remaining unpaid on the Note, and (iv) any overplus to Mortgagor, its successors, or assigns, and their rights may appear.

(i) Application of Deposits Held by Mortgagee. With respect to any deposits made with or held by Mortgagee or any depository pursuant to any of the provisions of this Mortgage, in the event of a default in any of the provisions contained in this Mortgage or in the Note, Mortgagee may, at its option, without being required to do so, apply any monies or securities which constitute such deposits on any of Mortgagor's obligations herein or in the Note contained, in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Premises. Such deposits are hereby pledged as additional security for the prompt payment of the Note and any other indebtedness hereunder and shall be held to be irrevocably applied by the depository for the purposes for which made hereunder and shall not be subject to the direction or control of the Mortgagor.

(j) Waiver of Defenses. No action for the enforcement of the lien of this Mortgage shall be subject to any defense which would not be good and available to the party interposing the same in an action of law upon the Note.

(k) Partial Payments. Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid, together with all accrued interest thereon, immediately due and payable without notice, or any other rights of the Mortgagee at that time or any subsequent time, nor nullify any prior exercise of such option or such rights of Mortgagee without its express consent except and to the extent otherwise provided by law.

(l) Tender of Payment After Acceleration. Upon default by Mortgagor and following the acceleration of maturity as aforesaid, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby made at any time prior to foreclosure sale by Mortgagor, its successors or assigns or by anyone in behalf of Mortgagor, its successors or assigns shall constitute an evasion of the prepayment privilege and shall be deemed to be a voluntary prepayment hereunder and such prepayment to the extent permitted by law, will therefore include a premium required under the prepayment privilege, if any, contained in the Note. In case, after legal proceedings are instituted to foreclose the lien of this Mortgage, tender is made of the entire indebtedness due hereunder, Mortgagee shall be entitled to reimbursement for expenses incurred in connection with such legal proceedings, including such expenditures as are enumerated above, and such expenses shall be so much additional indebtedness secured by this Mortgage, and no such suit or proceedings shall be dismissed or otherwise disposed of until such fees, expenses, and charges shall have been paid in full.

(m) Delays and Omissions. No delay in the exercise of or failure to exercise any remedy or right accruing or any default under this Mortgage shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or of a different nature.

(n) Rescission of Election. Acceleration of maturity, once made by Mortgagee, may at the option of Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed, whereupon, in either of

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such events, Mortgagor and Mortgagee shall be restored to their former positions, and the rights, remedies and power of Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been commenced, as the case may be.

(o) Remedies Cumulative and Concurrent. The rights and remedies of Mortgagee as provided in the Note, in this Mortgage and in the guaranty of any guarantor shall be cumulative and concurrent and may be pursued separately, successively or together against Mortgagor, any guarantor or the Premises, or any one or more of them, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by the laws of the state in which the Premises are situated. If Mortgagee elects to proceed under one right or remedy under this Mortgage or the Note, Mortgagee may at any time cease proceeding under such right or remedy and proceed under any other right or remedy under this Mortgage or the Note.

22. Giving of Notice. All notices to Mortgagor or Mortgagee that are either required or contemplated in connection with this Mortgage shall be in writing, and shall be deemed given upon the earlier of the actual receipt thereof by Mortgagor or Mortgagee and five (5) days after mailing with postage prepaid via certified first class mail the same:

to Mortgagor at:

LaSalle National Bank
135 South LaSalle Street
Chicago, Illinois 60690
Attn: Land Trust Department

with copies to:

Robert B. Smith
General Truck Parts and Equipment, Inc.
3835 West 42nd Street
Chicago, Illinois 60632

Donald H. Chudacoff
Midwest Truck & Auto Parts, Inc.
Chicago, Illinois 60606

Allen H. Dropkin
Arvey, Hodes, Costello & Burman
180 North LaSalle Street
Chicago, Illinois 60601-2804; and

to Mortgagee at:

LaSalle National Bank
135 South LaSalle Street
Chicago, Illinois 60690
Attn: Metropolitan Division

By notice complying with the foregoing provisions of this section, Mortgagor or Mortgagee may from time to time change its address for notice purposes, except that any such notice shall not be deemed delivered until actually received. Except as otherwise specifically required, notice of the exercise of any option granted to the Mortgagor or Mortgagee herein, or in the Note, is not required to be given.

23. Time is of the Essence. It is specifically agreed that time is of the essence of this Mortgage. The waiver of the options or obligations secured hereby shall not at any time thereafter be held to be abandonment of such rights.

24. Mortgagee's Lien for Service Charge and Expenses. At all times, regardless of whether any proceeds of the Note have been disbursed, this Mortgage shall secure (in addition to any loan proceeds disbursed from time to time) the payment of any and all loan commissions,

service charges, liquidated damages, expenses, and advances due to or incurred by the Mortgagee in connection with this transaction.

25. Modifications. This Mortgage may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the party against which enforcement of the change, waiver, discharge or termination is asserted.

26. Covenants to Run with the Land. All the covenants hereof shall run with and touch and concern the land.

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

28. Construction. This Mortgage and the rights and indebtedness hereby secured shall be construed and enforced according to the laws of the State of Illinois.

29. Binding on Successors and Assigns, Definitions. This Mortgage and all provisions hereof shall extend and be binding upon Mortgagor's successors and assigns and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include and refer to, in addition to Mortgagor, all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Note. Whenever used, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders. The word "person" as used herein means any natural person and any partnership, joint venture, corporation, association, or other legal entity.

30. Further Assurances. Mortgagor shall execute, acknowledge and deliver to Mortgagee and to any subsequent holder from time to time upon demand (and pay the costs of preparation and recording thereof) any further instrument or instruments, including, but not limited to, mortgages, security agreements, financing statements, assignments and renewal and substitution notes, so as to re-affirm, to correct and to perfect the evidence of the obligation hereby secured and the lien of Mortgagee to all or any part of the Premises intended to be hereby mortgaged, whether now mortgaged, later substituted for, or acquired subsequent to the date of this Mortgage and extensions or modifications thereof, and will do or cause to be done all such further acts and things as may reasonably be necessary fully to effectuate the intent of this Mortgage.

31. Recording and Filing. Mortgagor, at its expense, will cause this Mortgage and all supplements thereto for which constructive notice must be given to protect Mortgagee, at all times to be recorded and filed, and re-recorded and refiled, in such manner and in such places as Mortgagee shall reasonably request, and will pay all such recording, filing, re-recording, re-filing, taxes, fees and other charges to the maximum extent permitted by the laws of the state in which the Premises are situated.

32. Right to Contest Taxes and Mechanics' Liens. The obligations of Mortgagor under Sections 2 and 6 hereof, and the rights of Mortgagee under Section 8 hereof, are subject to the rights Mortgagor shall have to contest in good faith the validity or amount of any tax or assessment or lien arising from any work performed at or materials furnished to the Premises which right, however, is conditional upon (i) such contest having the effect of preventing the collection of the tax, assessment or lien so contested and the sale or forfeiture of the Premises or any part thereof or interest therein to satisfy the same, (ii) Mortgagor giving Mortgagee written notice of its intention to contest the same in a timely manner, which, with respect to any contested tax or assessment, shall mean before any such tax, assessment or lien has been increased by any penalties or costs, and with respect to any contested mechanic's lien claim, shall mean within ten (10) days after Mortgagor receives actual notice of the filing thereof, (iii) Mortgagor making and thereafter maintaining with Mortgagee

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or such other depository as Mortgagee may designate, a deposit of cash (or United States government securities, in discount form, or other security as may, in Mortgagee's sole discretion, be acceptable to Mortgagee, and in either case having a present value equal to the amount herein specified) in an amount not less than One Hundred Twenty-Five percent (125%) of the amount which, in Mortgagee's reasonable opinion, determined from time to time, shall be sufficient to pay in full such contested tax, assessment or lien and penalties, costs and interest that may become due thereon in the event of a final determination thereof adverse to Mortgagor or in the event Mortgagor fails to prosecute such contest as herein required, and (iv) Mortgagor diligently prosecuting such contest by appropriate legal proceedings. In the event Mortgagor shall fail to prosecute such contest with reasonable diligence or shall fail to maintain sufficient funds, or other security as aforesaid, on deposit as hereinabove provided, Mortgagee may, at its option, liquidate the securities deposited with Mortgagee, and apply the proceeds thereof and other monies deposited with Mortgagee in payment of, or on account of, such taxes, assessments, or liens or any portion thereof then unpaid, including the payment of all penalties and interest thereon.

33. Grace Periods. Notwithstanding any provisions herein or in the Note to the contrary and in the event of any default in the payment of principal or interest hereunder or under the terms of the Note secured hereby on the part of the Mortgagor, Mortgagee shall be entitled to enforce the remedies therefor provided only after such default in the payment of any amounts uncorrected for five (5) days, and with respect to a non-monetary default hereunder, for thirty (30) days after written notice from Mortgagee to Mortgagor with respect to any other default. The foregoing to the contrary notwithstanding, it is understood that in the event of a default hereunder, other than a monetary default, if the default is incapable of cure within said thirty (30) day period and in the event Mortgagor has commenced and proceeds to diligently cure such default, then Mortgagor shall have such extra time as may be necessary to cure the default.

34. Waivers by Mortgagor. Mortgagor shall not and will not apply for or avail itself of any appraisement, valuation, redemption, stay, extension, or exemption laws or any so called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure, pursuant to rights herein granted, on behalf of the Mortgagor, the trust estate, and all persons beneficially interested therein, and each and every person acquiring any interest in or title to the Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by law.

35. Representations and Warranties of Mortgagor. To induce the Bank to make the Loan provided for herein, the Mortgagor represents and warrants that:

(a) The Mortgagor has the lawful power to own its properties and to engage in the business it conducts.

(b) The Mortgagor is empowered to perform all acts and things undertaken and done pursuant to this Mortgage and has taken all corporate action necessary to authorize the execution, delivery and performance of this Mortgage. This Mortgage when delivered will be valid, binding, and enforceable in accordance with its terms.

(c) The lien of this Mortgage is a valid first mortgage lien.

36. Environmental Matters. Neither the Premises nor any part thereof, has even been used (whether by the Mortgagor or, to the best knowledge of the Mortgagor, by and other person) as a dump site or

storage (whether permanent or temporary) site for any Hazardous Material other than those used in the manufacturing processes conducted on the Premises.

The Mortgagor hereby agrees to indemnify the Mortgagee and agrees to hold the Mortgagee harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against the Mortgagor for, with respect to, or as a direct or indirect result of, the presence on or under or the escape, seepage, leakage, spillage, discharge, emission, injecting, discharging or release from the Premises or any part thereof of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards on conduct concerning, any Hazardous Material), regardless of whether or not caused by, or within the control of, the Mortgagor.

For purposes of this Mortgage, "Hazardous Material" means and includes any hazardous, toxic or dangerous waste substance or material defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect.

37. Indemnification. The Mortgagor hereby agrees to indemnify the Mortgagee and hold the Mortgagee harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Mortgagee for, with respect to, or as a direct or indirect result of, the presence on the Premises or the Real Estate of any asbestos, regardless of whether or not caused by, or within the control of the Mortgagor.

38. No Mergers. It being the desire and intention of the parties hereto that this Mortgage and the lien hereof do not merge in fee simple title to the Premises, it is hereby understood and agreed that should the Mortgagee acquire an additional or other interests in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by the Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

39. No Joint Venture. The Mortgagor and the Mortgagee acknowledge and agree that in no event shall the Mortgagee be deemed to be a partner or joint venturer with the Mortgagor. Without limitation of the foregoing, the Mortgagee shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document evidencing or securing any of the obligations secured hereby, or otherwise.

40. Exculpation of Land Trustee. This Mortgage is executed by LaSalle National Bank, not personally, but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee, and is enforceable as to Trustee only with respect to the property specifically described herein securing the payment of the Note. No personal liability shall be asserted or be enforceable against the Trustee, because or in respect to this Mortgage or the Note or the making, issue or transfer thereof, all such liability, if any, being expressly waived by each taker and holder of the Note, but nothing herein contained shall modify or discharge the personal liability expressly assumed by the other makers thereof or any guarantor hereof. No duty shall rest upon LaSalle National Bank, as Trustee aforesaid, to sequester any rents, issues

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or profits arising from the property described herein, or the proceeds arising from the sale or other disposition thereof.

IN WITNESS WHEREOF, Mortgagor has signed these presents the 17 day of November, 1987.

LaSalle National Bank, as Trustee under Trust Agreement dated November 13, 1987 and known as Trust No. 112803, and not personally

By:
Its:



ASSISTANT VICE PRESIDENT

Attest:



ASSISTANT SECRETARY

Property of Cook County Clerk's Office

COOK COUNTY CLERK
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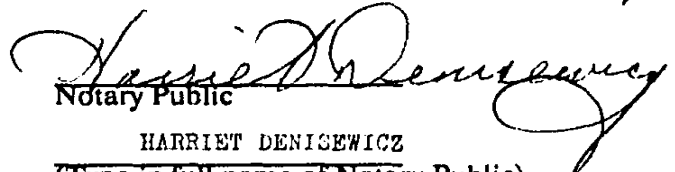
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STATE OF ILLINOIS }
COUNTY OF COOK } SS.

I, HARRIET DENISEWICZ, a Notary Public, in said County, in the State aforesaid, do hereby certify that Corinne Bea, who is personally known to me to be the ASSISTANT VICE PRESIDENT of LaSalle National Bank, and Clifford Scott Rudnik, who is personally known to me to be the ASSISTANT SECRETARY of LaSalle National Bank, each of whom are 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 in their respective capacities as ASSISTANT VICE PRESIDENT and ASSISTANT SECRETARY of LaSalle National Bank, as their own free and voluntary act and as the free and voluntary act of LaSalle National Bank, as Trustee under a Trust Agreement dated November 13, 1987 and known as Trust No. 112803, for the uses and purposes therein set forth.

Given under my hand and Seal of Office this 30 day of November, 1987


Notary Public
HARRIET DENISEWICZ
(Type in full name of Notary Public)

My commission expires:
10-30-91

Property of Cook County Clerk's Office

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EXHIBIT A

Legal Description

An irregular shaped parcel of land in the West Half (W 1/2) of Section Two (2), Township Thirty-eight (38) North, Range Thirteen (13) East of the Third Principal Meridian, more particularly described as follows:

Beginning at a point on the south line of West Forty-second (W. 42nd) Street (a private street) which is One Hundred Sixty-eight and Ninety-six Hundreths (168.96) feet (measured perpendicularly) west from the east line of the West Half (W 1/2) of the Northwest Quarter (NW 1/4) of said Section Two (2) and running thence southwestwardly along the arc of a circle having a radius of Two Hundred Seventy-Five and Twelve Hundreths (275.12) feet and convex southeasterly a distance of Four Hundred Thirty-six and Six Hundreths (436.06) feet to a point on a line Three Hundred Twenty-one (321) feet north of and parallel to the south line of said West Half (W 1/2) of Northwest Quarter (NW 1/4) which point is Four Hundred Forty-seven and Sixty-three Hundreths (447.63) feet (measured parallel to said south line of West half (W 1/2)) west of said east line of West half (W 1/2); thence west along the above described parallel line a distance of Fifty-one and Eighty-two Hundreths (51.82) feet to its intersection with a line Four Hundred Ninety-nine and Forty-five Hundreths (499.45) feet (measured parallel to said south line of West half (W 1/2) west of and parallel to said east line of West Half (W 1/2); thence north along the last above described parallel line a distance of Two Hundred Seventy-nine and Five Hundreths (279.05) feet to its intersection with said south line of West Forty-second (W. 42nd) Street, and thence east along said south street line a distance of Three Hundred Thirty and Forty-eight Hundreths (330.48) feet to the point of beginning.

Containing Seventy-five Thousand Four Hundred Seventy-nine (75,479) square feet of land, more or less.

The foregoing description is based upon the following definition:

West Forty-second (W. 42nd) Street (a private street) is defined as a strip of land lying on the West Half (W 1/2) of Section Two (2), Township Thirty-eight (38) North, Range Thirteen (13) East of the Third Principal Meridian, Cook County, Illinois, the north line of which extends easterly along a line parallel to the south line of the West Half (W 1/2) of the Northwest Quarter (NW 1/4) of Section Two (2) aforesaid from a point on the east line of South Pulaski Road (formerly South Crawford Avenue) One Thousand Nine Hundred Thirty-one and Twenty Hundreths (1931.20) feet south of the north line of Section Two (2) aforesaid (measured parallel to the west line of Section Two (2) to a point One Hundred Fifty-eight (158) feet west of the east line of the West Half (W 1/2) of the Northwest Quarter (NW 1/4) of Section Two (2) aforesaid (measured parallel to said south line of the West Half (1/2) of the Northwest Quarter (NW 1/4) of Section Two (2)).

The South line of said strip is a straight line parallel to and Sixty-six (66) feet south of the north line of said strip.

Parcel #2:

An easement, in common with others, for ingress and egress over and upon West Forty-second (W. 42nd) Street (a private street) as the same is defined above.

together with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, claim or demand whatsoever of the

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said Grantor, either in law or in equity, of, in and to the above described premises.

And also:

Easements:

The Grantor hereby conveys and assigns unto Grantee, all of its rights and benefits in and to the easements upon the private street and private alley set forth in that certain deed dated the 31st day of August, 1962, recorded in the Office of the Recorder of Deeds of Cook County, Illinois as Document Number 18584421, wherein W. Wood Prince and James F. Donovan, as Trustees of the Central Manufacturing District under an Indenture dated February 1, 1916, and recorded in the Recorders Office of Cook County, Illinois as Document Number 5814222 are Parties of the First Part and Sylvia Block, a spinster, is Party of the Second Part.

Tax No. 19-02-100-026-0000A

Address: 3835 W. 42nd Street
Chicago, Ill

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COVENANT

In consideration of the economic benefits to be derived from the transactions contemplated by the Note, and related security documents, including without limitation to this Mortgage, Robert B. Smith and Donald H. Chudacoff, owners of 100% of the beneficial interest in that certain Trust with LaSalle National Bank, as Trustee under a Trust Agreement dated November 13, 1987, and known as Trust No. 112803 ("Mortgagor"), covenant and agree that they will perform or cause to be performed all of the Mortgagor's covenants and agreements contained in the Mortgage and make, reaffirm and warrant each and every representation contained in the Mortgage.


Robert B. Smith


Donald H. Chudacoff

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