87083929

MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT
OF LEASES AND RENTS AND FINANCING STATEMENT

#50.00

This Mortgage, Security Agreement, Assignment of Leases and Rents, and Financing Statement ("Mortgage") is made as of the 9th day of February, 1987, by The Cosmopolitan National Bank of Chicago a national banking association ("Mortgagor"), not personally or individually but solely as Trustee under Trust Agreement dated January 16, 1985 and known as Trust Number 27362, to Continental Illinois National Bank and Trust Company of Chicago, a national banking association ("Lender"), and pertains to the real estate described in Exhibit A attached hereto and made a part hereof.

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I

RECITALS

1.00 Premises. Mortgagor is the owner and holder of fee simple title in and to all of the real estate described in Exhibit A attached hereto (the "Premises") which Premises forms a portion of the Property described below; and

1.01 Note. Mortgagor has executed and delivered to Lender a Mortgage Note ("Note") of even date herewith, wherein Mortgagor promises to pay to the order of Lender the principal amount of Two Million Three Hundred Thousand and no/100ths Dollars ($2,300,000.00) in repayment of a loan (the "Loan") from Lender to Mortgagor in like amount, or so much as may now or hereafter be disbursed by Lender under the Note, together with interest, at the rate and in installments as set forth in the Note. The entire unpaid principal balance and accrued interest is due and payable on or before the fifth annual anniversary of the date (Amortization Date") at which installment payments of principal and interest commence under the Note, but in any event, no later than February 1, 1994 (the "Maturity Date"). The terms and provisions of the Note are incorporated herein and made a part hereof with the same effect as if set forth at length;

1.02 Indebtedness. The indebtedness evidenced by the Note, including the principal and any interest and premiums, and all extensions, renewals, modifications or substitutions, in whole or in part, made by Lender to Mortgagor, and all other sums which may be at any time due or owing or required to be paid as provided in this Mortgage or the Loan Documents defined in Paragraph 1.03 hereinbelow are referred to as the "Indebtedness" or the "Secured Indebtedness;"

1.03 Other Loan Documents. As security for the repayment of the Indebtedness, in addition to this Mortgage, there have been executed and delivered to Lender certain other loan documents including without limitation, those described in Exhibit B attached hereto and made a part hereof. (The Note, this Mortgage, and all such other loan documents, whether now or hereafter existing, as they may be amended, modified or supplemented from time to time, are collectively referred to as the "Loan Documents"); and

87083929

This instrument was prepared by
and should be returned to
Robert J. Garrett
Winston & Strawn
One First National Plaza
Chicago, Illinois 60603

BOX 333—HV

1.04 This Mortgage. As security for the repayment of the Loan in addition to the other Loan Documents, Mortgagor is required by the Loan Documents to execute and deliver to Lender this Mortgage.

II

THE GRANT

NOW, THEREFORE, in order to secure the payment of the principal amount of the Note and interest thereon and the performance of all of the covenants, provisions, agreements and obligations contained in this Mortgage or in the Loan Documents (whether or not the Mortgagor is personally liable for such payment, performance or observation) and also to secure the payment of any and all indebtedness, direct or contingent, that may now or hereafter become owing from Mortgagor to Lender and the performance of all other obligations under the Loan Documents in consideration of Ten and No/100 Dollars ($10.00) in hand paid by the Lender to the Mortgagor, the Recitals above stated, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor GRANTS, SELLS, ASSIGNS, RELEASES, ALIENS, TRANSFERS, REMISES, CONVEYS and MORTGAGES to Lender and its successors and assigns forever and represents and grants to Lender and its successors and assigns forever a continuing security interest in and to the Premises described on Exhibit A, and all of its estate, right, claim, demand title, and interest therein, together with the following described property, all of which other property is pledged primarily on a parity with the Premises and not secondarily (the Premises and the following described rights, interests, claims and property collectively referred to as "Property"):

(a) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated, or placed upon the Premises ("Improvements"), together with any and all Personal Property (as defined in Paragraph (k) below), attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with, or incorporated in any such Improvements including all extensions, additions, betterments, renewals, substitutions and replacements to any of the foregoing;

(b) all estate, claim, demand, right, title and interest of Mortgagor now owned or hereafter acquired, including without limitation, any after-acquired title, franchise, license, remainder or reversion, in and to (i) any land or vaults lying within the right-of-way of any street, avenue, way, passage, highway, or alley, open or proposed, vacated or otherwise, adjoining the Premises; (ii) any and all alleys, sidewalks, streets, avenues, strips and gores of land belonging, adjacent or pertaining to the Premises and Improvements; (iii) storm and sanitary sewer, water, gas, electric, railway and telephone services relating to the Premises and

Improvements; (iv) all development rights, air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the Premises or any part thereof; and (v) each and all of the tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances, and privileges relating to the Premises or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity;

(c) all leasehold estates, right, title and interest of the Mortgagor in any and all leases, subleases, management agreements, arrangements, concessions or agreements, written or oral, relating to the use and occupancy of the Premises and Improvements or any portion thereof, now or hereafter existing or entered into (collectively "Leases");

(d) all rents, issues, profits, royalties, revenue, advantages, income, avails, claims against guarantors, all cash or security deposits, advance rentals, deposits or payments given and other benefits now or hereafter derived directly or indirectly from the Premises and Improvements under the Leases or otherwise (collectively "Rents"), pursuant to the right, power and authority in the Assignment of Rents (as hereinafter defined) to collect and apply the Rents;

(e) all right, title and interest of Mortgagor in and to all options to purchase or lease the Premises or Improvements or any portion thereof or interest therein, or any other rights, interests or greater estates in the rights and properties comprising the Property now owned or hereafter acquired by the Mortgagor;

(f) any interests, estates or other claims of every name, kind or nature, both in law and in equity, which Mortgagor now has or may acquire in the Premises and Improvements or other rights, interests or properties comprising the Property now owned or hereafter acquired;

(g) all goodwill, trademarks, trade names, option rights, books and records, and general intangibles of the Mortgagor relating to the Premises or Improvements, and all accounts, contract rights, instruments, chattel paper and other rights of the Mortgagor for payment of money, for property sold or lent, for services rendered, for money lent, or for advances or deposits made relating to the Premises or Improvements;

(h) all rights of the Mortgagor to any and all plans and specifications, designs, drawing and other matters prepared for any construction on the Premises or to the Improvements;

(i) all rights of the Mortgagor under any contracts executed by the Mortgagor with any provider of goods or services for or in connection with any construction undertaken on or services performed or to be performed in connection with the Premises or Improvements, including, without limitation, any management

agreement in connection with the conduct of the unit rental and/or hotel business on the Premises;

(j) all rights of the Mortgagor as seller or borrower under any agreement, contract, understanding or arrangement pursuant to which the Mortgagor has, with the prior written consent of the Lender, obtained the agreement of any person or entity to pay or disburse any money for the Mortgagor's sale (or borrowing on the security) of the Property or any part thereof;

(k) all right, title and interest of the Mortgagor in and to all tangible personal property ("Personal Property"), owned by Mortgagor and now or at any time hereafter located in, on or at the Premises or Improvements or used or useful in connection with the ownership, improvement, and/or operations of the Premises or the Improvements, and any replacements thereof and/or substitutions therefor, including, but not limited to:

(i) all furniture, furnishings and equipment furnished by the Mortgagor to occupants of the Premises or Improvements, (but expressly excluded from the term Personal Property any furniture, equipment trade fixtures, furnishings or other property of or owned by the occupants of the Property);

(ii) all building materials and equipment located upon the Premises and intended for construction, reconstruction, alteration, repair or incorporation in or to the Improvements now or hereafter to be constructed thereon, whether or not yet incorporated in such Improvements, (all of which shall be deemed to be included in the Property upon delivery thereof);

(iii) all machines, machinery, fixtures, apparatus, equipment or articles used in supplying heating, gas, electricity, air-conditioning, water, light, power, plumbing, sprinkler, waste removal, refrigeration, ventilation, and all fire sprinklers, alarm systems, protection, electronic monitoring equipment and devices;

(iv) all window, structural, maintenance and cleaning equipment and rigs;

(v) all furniture, including without limitation, tables, chairs, planters, desks, sofas, shelves, lockers and cabinets, wall beds, wall sofas and other furnishings;

(vi) all rugs, carpets and other floor coverings, curtains, draperies, drapery rods and brackets, awnings, window shades, venetian blinds and curtains;

(vii) all lamps, chandeliers and other lights;

(viii) all recreational equipment and materials;

(ix) all right, title, and interest of Mortgagor in all personal property owned and to be owned

and used and to be used in connection with the improvement and/or operations of the Premises and/or the conduct of the business of Mortgagor and its associates and agent thereupon, including, without limitation, communications equipment, business equipment and inventories, files, calculators, computers, office machines, books of account, records, supplies and equipment relating to tenant services, related inventories, construction supplies and equipment relating to the construction and improvement of the Premises;

(x) all equipment, including without limitation, refrigerators, ovens, stoves, dishwashers, range hoods, exhaust systems and disposal units;

(xi) all laundry equipment and supplies including, without limitation, washers and dryers;

(xii) all tractors, mowers, sweepers, snow removers, motor vehicles and other equipment used in the maintenance of the Premises or Improvements;

(xiii) all fixtures and personal property now or hereafter owned by Mortgagor and attached to or contained in and used or useful in connection with the ownership, improvement, and/or business operations of the Premises or the Improvements now or hereafter located thereon, including, without limitation, any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, bidets, boilers, bookcases, cabinets, carpets, coolers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, floor coverings, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, sinks, sprinklers, stokers, stoves, toilets, ventilators, wall coverings, washers, windows, window coverings, wiring, and all renewals, replacements or substitutions, whether or not attached to such Improvements. All such property owned by Mortgagor and placed by it on the Premises or used in connection with the operation or maintenance shall, so far as permitted by law, be deemed for the purposes of this Mortgage to be part of the real estate constituting and located on the Premises and covered by this Mortgage. As to any of the property that is not part of such real estate or does not constitute a "fixture," as such term is defined in the Uniform Commercial Code of the State, this Mortgage shall be deemed to be a security agreement under the Uniform Commercial Code for the purpose of creating hereby a security interest in property, which Mortgagor hereby grants to the Lender as "secured party" as defined in the Code. The enumeration of any specific items of Personal Property set forth herein shall in no way exclude or be held to exclude any items of property not specifically enumerated;

(1) all the estate, interest, right, title or other claim or demand which Mortgagor now has or may hereafter have or acquire with respect to (i) proceeds of insurance in effect with respect to the Property and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Property, including, without limitation, any awards and compensation resulting from a change of grade of streets and awards and compensation for severance damages (collectively "Awards").

To Have And To Hold the Property hereby mortgaged and conveyed or so intended, together with its rents, issues and profits, unto the Lender, its successors and assigns, forever, free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State or such other jurisdiction in which the Property is located (which rights and benefits are hereby expressly released and waived), for the uses and purposes herein set forth.

The Mortgagor hereby covenants with the Lender and with the purchaser at any foreclosure sale: that at the execution and delivery hereof, Mortgagor owns the Property and has good, indefeasible estate therein, in fee simple; that the Property is free from all encumbrances whatsoever (and any claim of any other person) other than those matters and encumbrances permitted by the Lender in writing ("Permitted Exceptions"); that it has good and lawful right to sell, mortgage and convey the Property; and that Mortgagor and its successors and assigns shall forever ~~warrant and~~ defend the Property against all claims and demands whatsoever.

If and when Mortgagor has paid all of the Secured Indebtedness, has paid any and all other amounts required under the Loan Documents, and has strictly performed and observed all of the agreements, terms, conditions, provisions and warranties contained herein and in all of the Loan Documents, then this Mortgage and the estate, right and interest of the Lender in and to the Property shall cease and shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect. Lender shall be entitled to charge a reasonable release fee.

III

GENERAL AGREEMENTS

3.01 Payment of Indebtedness. Mortgagor shall pay promptly and when due the principal and interest on the Indebtedness evidenced by the Note and all other Indebtedness at the times and in the manner provided in the Note, this Mortgage, or any of the other Loan Documents, Mortgagor shall duly perform and observe all of the covenants, agreements, and provisions contained in the Mortgage, the Note or in the Loan Documents. All sums payable by Mortgagor shall be paid without demand, counterclaim, offset, deduction or defense. Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, deduction or defense.

3.02 Deposits for Taxes and Insurance. The deposits for taxes and insurance premiums under subparagraphs 3.02(a) and 3.02(b) shall not be required in the absence of a demand from

Lender to make such deposits. In the event Lender should determine in its reasonable discretion that such deposits would be required so as to keep the proper administration of the Loan from being in an insecure status, Lender shall serve a demand upon Mortgagor to make the deposits for such purposes and, upon the service of such notice, Mortgagor shall deposit with Lender or a depositary designated by Lender, in addition to installments required by the Note, monthly, until the principal indebtedness evidenced by the Note is paid:

(a) a sum equal to all real estate and property taxes and assessments ("taxes") next due on the Property, all as estimated by Lender, divided by the whole number of months to elapse before the month prior to the date when such taxes will become due and payable; and

(b) a sum equal to an installment of the premium or premiums that will become due and payable to renew the insurance as required in Paragraph 3.05, each installment to be in such an amount that the payment of approximately equal installments will result in the accumulation of a sufficient sum of money to pay renewal premiums for such insurance at least one (1) month prior to the expiration or renewal date or dates of the policy or policies to be renewed.

All payments described in this Paragraph or in Paragraph 3.03 shall be held in trust, without accruing any interest. The aggregate of the funds so deposited, together with monthly payments of interest and/or principal payable on the Note shall be paid in a single payment each month, to be applied to the following items in the order stated: (i) Taxes and insurance premiums; (ii) Secured Indebtedness other than principal and interest on the Note; (iii) interest on the Note; (iv) amortization of the principal balance of the Note. If the funds so deposited are insufficient to pay, when due, all taxes and premiums, Mortgagor shall, within ten (10) days after receipt of demand from Lender, deposit such additional funds as may be necessary. If the funds so deposited exceed the amounts required to pay such items, the excess shall be applied on a subsequent deposit or deposits.

In the Event of Default (as hereinafter defined), the Lender may, at its option, apply any funds deposited on any of the Secured Indebtedness, in such order and manner as the Lender may elect. When the Secured Indebtedness has been fully paid, then any remaining funds so deposited shall be paid to the Mortgagor. All funds deposited are pledged as additional security for the Secured Indebtedness, and shall be held in trust to be irrevocably applied for the purposes provided, and shall not be subject to the direction or control of the Mortgagor.

Neither Lender nor any depositary shall be liable for any failure to make payments of insurance premiums or taxes unless Mortgagor, while not in default, has requested Lender or such depositary, in writing, to make application of such deposits to the payment of particular insurance premiums or taxes, accompanied by the bills for such insurance premiums or taxes. Lender may, at its option, make or cause such depositary to so apply the deposits without any direction or request by Mortgagor.

3.03 Property Taxes. Mortgagor shall pay immediately, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges, fees, taxes, claims, levies, expenses, liens and

assessments, ordinary or extraordinary, governmental or nongovernmental, statutory or otherwise, that may be asserted against the Property or any part thereof or interest therein ("Taxes"). Mortgagor shall furnish to Lender duplicate receipts for payment within thirty (30) days after payment. Unless any waiver by Lender of the monthly deposits required by Paragraph 3.02(a) is then in effect, Lender, at its option, either may make such deposits available to Mortgagor for the payments required under this Paragraph 3.03 or may make such payments on behalf of Mortgagor.

Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any 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 Property or any sub-part or interest;

(b) Mortgagor has notified Lender in writing of the intention of Mortgagor to prosecute the contest before any Taxes have been increased by any interest, penalties, or costs;

(c) At Lender's option: (i) Mortgagor has obtained a title insurance endorsement over such contested tax and assessment insuring the Lender against all loss or damages by reason of the existence of such contested Taxes; or (ii) Mortgagor has deposited with Lender, at such place as Lender may from time to time in writing designated, a sum of money or other security acceptable to Lender that, when added to the monies or other security, if any, deposited with Lender pursuant to Paragraph 3.02, is sufficient, in Lender's sole judgment, to pay in full such contested Taxes and all penalties and interest that might become due. Mortgagor shall keep on deposit with Lender or a depositary designated by Lender an amount sufficient, in Lender's judgment, to pay in full such contested Taxes, increasing such amount to cover additional penalties and interest whenever, in Lender's judgment, such increase is advisable; and

(d) Mortgagor shall diligently prosecute the contest of such Taxes by appropriate legal proceedings and shall permit Lender to be represented in any such contest and shall pay all expenses incurred by Lender in so doing, including fees and expenses of Lender's counsel (all of which shall constitute additional Secured Indebtedness bearing interest at the Default Interest Rate (as hereinbelow defined) until paid, and shall be payable upon demand.

In the event Mortgagor fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit as required, Lender may, at its option, apply the monies and liquidate any securities deposited with Lender, in payment of, or on account of, such Taxes, including all penalties and interest. If the amount of the deposited money and security is insufficient for the full payment of Taxes, together with all penalties and interest, Mortgagor shall, upon demand, either (i) deposit with Lender a sum that, when added to such funds then on deposit, is sufficient to make such full payment, or, (ii) if Lender has applied funds on deposit on account of such Taxes, restore such

deposit to an amount satisfactory to Lender. If Mortgagor is not then in default, Lender shall, if so requested in writing by Mortgagor, after final disposition of such contest and upon Mortgagor's delivery to Lender of an official bill for such taxes, apply the money deposited in full payment of such Taxes then unpaid, together with all penalties and interest.

3.04 Tax Payments by Lender. Lender is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to Taxes. Lender may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy or the validity of any Taxes, lien, sale, forfeiture, or related title or claim. Lender is further authorized to make or advance, in place of Mortgagor, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Paragraph, whenever, in Lender's judgment and discretion, such advance seems necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Lender is further authorized, at its option, to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Lender's choosing. All such advances and indebtedness authorized by this Paragraph shall constitute additional Secured Indebtedness and shall be repayable by Mortgagor upon demand with interest at the Default Interest Rate (as defined in Paragraph 5.02).

3.05 Insurance.

(A). Coverage. The Mortgagor shall insure and keep insured the Property against such perils and hazards as the Lender may from time to time require, and in any event including:

(a) Insurance against loss to the Improvements caused by fire, lightning, windstorms, vandalism, malicious mischief, and risks covered by the so-called "all perils" endorsement and such other risks as the Lender may reasonably require, in amounts (but in no event less than the initial stated principal amount of the Note) equal to the full replacement value of the Improvements, plus the cost of debris removal, with full replacement cost and inflation guard endorsement;

(b) Comprehensive general public liability insurance against bodily injury and property damage in any way arising in connection with the Property with such limits as the Lender may reasonably require;

(c) Rent and rental value insurance (or, at the discretion of Lender, business interruption insurance) in amounts sufficient to pay during any period of up to one (1) year in which the Improvements may be damaged or destroyed (i) all rents derived from the Property and (ii) all amounts (including, but not limited to, all Taxes, utility charges and insurance premiums) required to be paid by the Mortgagor or by tenants of the Property;

(d) Broad form boiler and machinery insurance on all equipment and objects customarily covered by such insurance (if any are located at the Property), providing for full repair and replacement cost coverage, and

other insurance of the types and in amounts as the Lender may reasonably require, but in any event not less than that customarily carried by persons owning or operating like properties;

(e) During the making of any alterations or improvements to the Property (i) insurance covering claims based on the owner's or employer's contingent liability not covered by the insurance provided in subsection (b) above and (ii) Worker's Compensation insurance covering all persons engaged in making such alterations or improvements;

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

(g) If any part of the Property is now or hereafter used for the sale or dispensing of beer, wine, spirits or any other alcoholic beverages, so-called "dram shop" or "innkeeper's liability" insurance against claims or liability arising directly or indirectly to persons or property on account of such sale or dispensing of beer, wine, spirits or other alcoholic beverages, including in such coverage loss of means of support, all in amounts as may be required by law or as the Lender may specify;

(h) Plate glass, sprinkler leakage and machinery and pressurized vessel insurance;

(i) Any other insurance coverage required under the Loan Documents.

All insurance shall be in form and content, and shall be carried in companies, approved in writing by Lender. All policies and renewals (or certificates evidencing the same), marked "paid," shall be delivered to Lender at least thirty (30) days before the expiration of existing policies and shall have attached standard non-contributing mortgage clauses entitling Lender to collect any and all proceeds payable under such insurance, as well as standard waiver of subrogation endorsements. Mortgagor shall not carry any separate insurance on such improvements concurrent in kind or form with any insurance required hereunder or contributing in the event of loss. Notice of a change in ownership or of occupancy of the Premises shall be immediately delivered by mail to all insurers. Mortgagor shall give immediate notice of any casualty loss by mail to Lender.

(B). Settlement and Application of Proceeds. In case of loss covered by policies of insurance, the Lender (or, after entry of decree of foreclosure, the purchaser at the foreclosure sale or decree creditor, as the case may be) is hereby authorized at its option either (i) to settle and adjust any claim under such policies without Mortgagor's consent, or (ii) allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. Mortgagor may itself adjust losses aggregating not in excess of Thirty Thousand Dollars ($30,000.00). In any case the Lender shall, and is hereby authorized to, collect

and receipt for any such insurance proceeds. The expenses incurred by the Lender in the adjustment and collection of insurance proceeds shall be so much additional Secured Indebtedness and shall be reimbursed to the Lender upon demand.

(a) In the event of any insured damage to or destruction of the Property or any part thereof ("Insured Casualty") the proceeds of insurance shall be applied to reimburse the Mortgagor for the cost of restoring, repairing, replacing or rebuilding (herein generally called "Restoring") the Property or any part thereof if all of the following conditions are met: (i) if in the reasonable judgment of Lender, the Property can be restored to an architectural and economic unit of the same character and not less valuable than existed prior to the Insured Casualty and adequately securing the outstanding balance of the Secured Indebtedness; (ii) if the insurers do not deny liability to the insureds; (iii) if no Event of Default shall have occurred and be then continuing; (iv) if all then existing Leases shall continue in full force and effect without reduction or abatement of rentals (except during the period of untenability); and (v) if Lender is given an architect's certificate acceptable to Lender indicating the Property may be reconstructed at least 30 days prior to the Maturity Date.

(b) If in the reasonable judgment of Lender, the Property cannot be restored to an architectural and economic unit as provided and within the time set forth above, then at any time from and after the Insured Casualty, upon thirty (30) days written notice to Mortgagor, Lender may declare the entire balance of the Secured Indebtedness to be, and at the expiration of such thirty (30) day period the Secured Indebtedness shall be and become immediately due and payable.

(c) Except as may be otherwise provided herein, Lender shall apply the proceeds of insurance (including amounts not required for Restoring) resulting from any Insured Casualty upon the Secured Indebtedness in such order or manner as the Lender may elect; provided that no premium or penalty shall then be payable in connection with any prepayment of the Secured Indebtedness made out of insurance proceeds.

(d) In the event that proceeds of insurance, if any, shall be made available to the Mortgagor for the Restoring of the Property, Mortgagor hereby covenants to restore the same to at least equal value and substantially the same character as prior to such damage or destruction in accordance with plans and specifications to be first submitted to and approved by Lender. In the event Borrower shall fail within a reasonable time, subject to delays beyond its control, to restore or rebuild the Improvements, then Lender, at its option, may, but shall not be obligated to, restore and rebuild the Improvements, for or on behalf of the Mortgagor, and for such purpose may do all necessary acts including, using the insurance proceeds or any other amounts deposited by the Mortgagor.

(e) Any portion of the insurance proceeds remaining after deduction for all expenses incurred in the

collection and administration of the insurance proceeds (including attorney's fees) and after payment in full of the Secured Indebtedness shall be paid to Mortgagor or as ordered by a court of competent jurisdiction.

(f) No interest shall be payable by Lender on account of any insurance proceeds at any time held by Lender.

(g) In the event of foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the Secured Indebtedness, all right, title, and interest of Lender in and to any such insurance policies then in force, and any claims or proceeds, shall pass to Lender or any purchaser or grantee. Lender may, at any time and in its sole discretion, procure and substitute for any and all of the insurance policies, such other policies of insurance, in such amounts, and carried in such companies, as it may select.

3.06 Condemnation and Eminent Domain. Mortgagor shall give Lender prompt notice of all proceedings, instituted or threatened, seeking condemnation or taking by eminent domain or like process (generally "Taking"), of all or any part of the Property or affecting any related easement or appurtenance (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Lender copies of any and all papers served in connection with any such proceeding.

(a) Mortgagor hereby assigns, transfers and sets over unto Lender the entire proceeds of any and all Awards resulting from any Taking. Lender is hereby authorized to collect and receive from the condemnation authorities all Awards and is further authorized to give appropriate receipts and acquittances;

(b) If in the reasonable judgment of the Lender, the Property can be restored to an architectural and economic unit of the same character and not less valuable than existed prior to such Taking and adequately securing the outstanding balance of the Secured Indebtedness, then if no Event of Default shall be then continuing, the Award shall be applied to reimburse Mortgagor for the cost of Restoring the portion of the Property remaining after such Taking as provided below;

(c) If in the reasonable judgment of Lender the Property cannot be restored to such an architectural and economic unit, then at any time from and after the Taking, upon thirty (30) days' written notice to Mortgagor, Lender may declare the entire balance of the Secured Indebtedness to be due and at the expiration of such thirty (30) day period the Secured Indebtedness shall be and become immediately due and payable;

(d) Except as provided in Subparagraph (b) above, Lender shall apply any Award (including the amount not required for Restoring in accordance with Subparagraph (b)) upon the Secured Indebtedness in such order or manner as Lender may elect; provided that no premium or penalty shall then be payable in connection with any prepayment of the Secured Indebtedness made out of any Award;

(e) In the event that any Award shall be made available to the Mortgagor for Restoring the portion of the Property remaining after a Taking, Mortgagor hereby covenants to restore the remaining portion of the Property to be of at least equal value and of substantially the same character as existed prior to such Taking in accordance with the provisions for disbursement as set forth below. In the event the Mortgagor shall fail within a reasonable time, subject to delays beyond its control, to commence and complete the Restoring, Lender may, but shall not become obligated to, rebuild the Property for or on behalf of the Mortgagor and for such purpose may do all necessary acts including, without limitation, using the Awards;

(f) Any portion of any Award remaining after deduction for all expenses incurred in the collection and administration of the Award (including attorneys' fees) and after payment in full of the Secured Indebtedness shall be paid to Mortgagor or as ordered by a court of competent jurisdiction;

(g) No interest shall be payable by Lender on account of any Award at any time held by Lender;

(h) Mortgagor agrees to make, execute and deliver upon proper written direction to Lender, at any time upon request, free, clear and discharged of any encumbrances of any kind whatsoever any and all further assignments and other instrument deemed necessary by the Lender 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.

In the event the Mortgagor is entitled to reimbursement out of insurance proceeds or any Award held by the Lender, such proceeds shall be disbursed upon the Lender being furnished with: (i) satisfactory evidence of the estimated cost of completion of the Restoring, with funds (or assurances satisfactory to the Lender that such funds are available) sufficient in addition to the proceeds of insurance or Award, to complete the proposed Restoring; and (ii) such architect's certificates, waivers of lien, contractor's sworn statements and such other evidences of cost and of payment as the Lender may reasonably require and approve. Lender may require that all contractors and subcontractors, in addition to all plans and specifications for such Restorings, be approved by the Lender prior to commencement of work. No payment made prior to the final completion of the Restoring shall exceed ninety percent (90%) of the value of the work performed from time to time. Funds other than proceeds of insurance or the Award shall be disbursed prior to disbursement of such proceeds, except as may otherwise be provided in any loan agreement expressly approved by the Lender. At all times the undisbursed balance of such proceeds remaining in the hands of the Lender, together with funds deposited for the purpose or irrevocably committed to the satisfaction of the Lender by or on behalf of the Mortgagor for the Restoring, shall be at least sufficient in the reasonable judgment of the Lender to pay for the cost of completion of the Restoring, free and clear of all liens or claims for lien.

3.07 Maintenance of Property. Mortgagor shall:

(a) promptly repair, restore, replace or rebuild any portion of the Property which may become damaged, destroyed, altered, removed, severed, or demolished, whether or not proceeds of insurance are available or sufficient for the purpose, with replacements at least equal in quality and condition as previously existed, free from any security interest in, encumbrances on or reservation of title thereto;

(b) keep the Property in good condition and repair, without waste, and free from mechanics', materialmen's or like liens or claims or other liens or claims for lien;

(c) complete, within a reasonable time, any Improvements now or hereafter in the process of erection upon the Property;

(d) comply with all statutes, rules, regulations, orders, decrees and other requirements of any governmental body, federal, state or local, having jurisdiction over the Property and the use thereof and observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions that are applicable to the Property or its use and occupancy;

(e) make no material alterations in the Property, except as required by law or municipal ordinance;

(f) suffer or permit no change in the general nature of the occupancy of the Property without the Lender's prior written consent;

(g) pay when due all operating costs of the Property;

(h) initiate or acquiesce in no zoning reclassification with respect to the Property without Lender's prior written consent;

(i) provide, improve, grade, surface and maintain, clean, repair, and adequately light parking areas within the Property of sufficient size to accommodate not less than the amount of standard-size American-made automobiles as may be required by Lender or as may be required by law, ordinance or regulation (whichever may be greater), together with any sidewalks, aisles, streets, driveways and sidewalk cuts and sufficient paved areas for ingress, egress and right-of-way to and from the adjacent thoroughfares necessary or desirable for the use thereof;

(j) reserve and use all such parking areas solely and exclusively for the purpose of providing ingress, egress and parking facilities for automobiles and other passenger vehicles of Mortgagor and tenants of the Property and their invitees and licensees;

(k) not reduce, build upon, obstruct, redesignate or relocate any such parking areas, sidewalks, aisles, streets, driveways, sidewalk cuts or paved areas or rights-of-way

or lease or grant any rights to the use the same to any person (except tenants and invitees of tenants of the Property) without the prior written consent of the Lender;

(l) not abandon the Property nor do anything whatsoever to depreciate or impair the value of the Property or the security of this Mortgage;

(m) refrain from any action and correct any condition which would increase the risk of fire or other hazard to the Improvements;

(n) cause the Property to be managed in a competent and professional manner;

(o) not permit the granting of any easements, licenses, covenants, conditions or declarations of use against the Property other than use restrictions provided for or contained in Leases previously approved by the Lender;

(p) not permit execution of any Leases without the prior written consent of the Lender; and

(q) not permit any unlawful use or nuisance to exist upon the Property.

3.08 Compliance with Laws. Upon proper written direction submitted in compliance with the Trust Agreement of Mortgagor, Mortgagor shall comply with all statutes, ordinances, regulations, rules, orders, decrees, and other requirements relating to the Property by any federal, state, or local authority. Mortgagor shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions, and noncomforming uses), privileges, franchises, and concessions that are applicable to the Property or that have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Property.

3.09 Prohibited Liens and Transfers.

(a) Liens. Except for the Permitted Exceptions, Mortgagor shall not create, suffer, or permit to be created or filed against the Property any mortgage lien or other lien superior or inferior to the lien created by this Mortgage. Mortgagor may, within ten (10) days after the filing thereof, contest any lien claim arising from any work performed, material furnished, or obligation incurred by Mortgagor upon furnishing Lender security and indemnification satisfactory to Lender for the final payment and discharge of the lien. In the event Mortgagor otherwise suffers or permits any lien to be attached to the Property, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance and all interest accrued to be immediately due and payable, without notice to Mortgagor.

(b) Prohibited Transfers. In the absence of the prior written consent of Lender, which consent shall not unreasonably be withheld, Mortgagor shall not (1) sell, transfer, convey, assign, or hypothecate, the title to all or any portion of the Property, or a transfer occurs

of all or any portion of any beneficial interest of Mortgagor (including a collateral assignment or change in the power of direction), whether by operation of law, voluntarily, or otherwise; or (2) contract to do any of the foregoing ("Prohibited Transfers"). If a Prohibited Transfer occurs, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance, accrued interest, and prepayment premium, if any, to be immediately due and payable, without notice to Mortgagor. Without limiting the generality of the foregoing, each of the following events shall be deemed a Prohibited Transfer:

(i) if the owners of all or any part of the beneficial interest in Mortgagor (sometimes called ("Beneficiary", the term to collectively include all owners of such beneficial interest, if more than one owner) consists of or includes one or more corporations, sale, conveyance, assignment, or other transfer of all or a portion of the stock of any such corporation, that results in a material change in the identity of the person(s) or entities previously in control of such corporation;

(ii) if Beneficiary consists of or includes a partnership or joint venture, any sale, conveyance, assignment or other transfer of all or a portion of the partnership interest of a partner of such partnership, or joint venture interest of a joint venturer in the joint venture, that results in a material change in the identity of the person(s) in control of such partnership or joint venture;

(iii) a sale, conveyance, assignment, or other transfer of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of any corporation or partnership consisting or included within Beneficiary that results in a material change in the identity of the person(s) in control of such entity; and

(iv) any hypothecation of all or any portion of the stock thereof, if Beneficiary is or includes a corporation, or of all or any portion of the partnership interest of any general partner thereof, if Beneficiary is or includes a partnership, or of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of such corporation or partnership, that could result in a material change in the identity of the person(s) in control of such corporation, partnership, or entity directly or indirectly in control of such corporation or partnership if the secured party under such hypothecation exercised its remedies.

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This Paragraph 3.09 shall not apply (i) to liens securing the Secured Indebtedness, (ii) to the lien of current Taxes not in default or (iii) to any transfers of the Property, or part thereof, or interest therein, or any beneficial interests, or shares of stock or partnership or joint venture interests as the case may be, in the Mortgagor or any beneficiary of a Trustee Mortgagor by or on behalf of an owner thereof who is deceased or

declared judicially incompetent, to such owner's heirs, legatees, devisees, executors, administrators, estate, personal representatives or committee. This Paragraph 3.09 shall be operative with respect to, and shall be binding upon, any persons who, in accordance with the terms hereof or otherwise, shall acquire any part of or interest in or encumbrance upon the Property, or such beneficial interest in, share of stock of or partnership or joint venture interest in the Mortgagor or any beneficiary of a Trustee Mortgagor. Any waiver by Lender of this Paragraph 3.09 shall not be deemed to be a waiver of the right of the Lender in the future to insist upon strict compliance with its provisions. Lender may condition any consent upon such increase in rate of interest payable upon the Secured Indebtedness, change in monthly payments thereon, change in maturity thereof or the payment of a fee, all as Lender may in its sole discretion require.

3.10 Subrogation to Prior Lienholder's Rights. If the proceeds of the Loan, or any amount paid out by Lender, are used directly or indirectly to pay off or satisfy, in whole or in part, any prior lien or encumbrance upon the Property, then Lender shall be subrogated to the rights of the holder of such other lien or encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

3.11 Lender's Dealings with Transferee. In the event of the sale or transfer, by operation of law, voluntarily, or otherwise, of all or any part of the Property, Lender shall be authorized and empowered to deal with the vendee or transferee with regard to the Property, the Secured Indebtedness, and the Mortgage as fully and to the same extent as it might with Mortgagor, without in any way releasing or discharging Mortgagor's obligations, specifically including Paragraph 3.09 and without waiving Lender's right of acceleration pursuant to such Paragraph 3.09.

3.12 Stamp Taxes. If at any time the United States government, or any federal, state, or municipal governmental subdivision, requires Internal Revenue or other documentary stamps, levies, or any tax on this Mortgage or on the Note, or requires payment of the United States Interest Equalization Tax or any comparable tax on the Secured Indebtedness then Mortgagor shall pay such tax, including interest and penalties, in the required manner.

3.13 Change in Tax Laws. In the event of the enactment, after the date of this Mortgage, of any law of the State in which the Premises are located ("State") (i) deducting from the value of the Premises, for the purpose of taxation, the amount of any lien thereon; (ii) imposing upon Lender the payment of all or any part of the taxes, assessments, charges, or liens hereby required to be paid by Mortgagor, or (iii) changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagor's interest in the Property, or the manner of collection of taxes, so as to affect this Mortgage or the Secured Indebtedness; then Mortgagor, upon demand by Lender, shall pay such taxes, assessments, charges, or liens or reimburse Lender therefor. If, in the opinion of counsel for Lender, it might be unlawful to require Mortgagor to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then Lender may elect, by notice in writing given to Mortgagor, to declare all of the Secured Indebtedness to become due and payable within sixty (60) days after the giving of such notice. Nothing contained in this Paragraph 3.13 shall be construed as obligating Mortgagor to pay any portion of Lender's federal income tax.

3.14 Inspection of Property. Mortgagor shall permit Lender and its representatives and agents to inspect the Property from time to time during normal business hours and as frequently as Lender considers reasonable.

3.15 Inspection of Books and Records. Mortgagor shall keep and maintain full and correct books and records showing in detail the income and expenses of the Property. Within ten (10) days after demand by Lender, Mortgagor shall permit Lender or its agents to examine such books and records and all supporting vouchers and data at any time on request at its offices or at the address identified above.

3.16 Certified Annual Operating Statements. Within ninety (90) days after the close of each fiscal year, Mortgagor shall furnish to Lender an annual balance sheet and operating statement of income and expenses of the Property and also of Mortgagor, if so required by Lender, signed and certified by a certified public accountant. Such report shall contain such detail and embrace such items as Lender may reasonably require.

3.17 Acknowledgement of Debt. Mortgagor shall furnish from time to time, within fifteen (15) days after Lender's request: (i) a written statement, duly acknowledged, specifying the amount due under the Note and this Mortgage and disclosing whether any alleged offsets or defenses exist against the Secured Indebtedness; and (ii) a certificate of Mortgagor setting forth the names of all lessees under any Leases, the terms of their respective leases, the space occupied, the rents payable thereunder, and the dates through which any and all rents have been paid.

3.18 Other Amounts Secured. At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures (in addition to any loan proceeds disbursed from time to time and any advances pursuant to Paragraphs 3.04, 3.05, and 4.03) litigation expenses pursuant to Paragraph 5.05, and any other specified amounts, the payment of any and all loan commissions, service charges, liquidated damages, expense, and advances due to or paid or incurred by Lender in connection with the Loan, the application and loan commitment, if any, and the other Loan Documents.

3.19 Assignment of Rents. All right, title and interest of the Mortgagor in and to all present and future Leases affecting the Property, together with all of the Rents, from or due or arising out of the Property have been transferred and assigned simultaneously herewith to the Lender as further security for the payment of said Secured Indebtedness under provisions of an Assignment of Leases and Rents ("Assignment of Rents"), of even date herewith, executed by Mortgagor and to be recorded simultaneously herewith. The terms, covenants and conditions of the Assignment of Rents are hereby expressly incorporated herein by reference and made a part hereof, with the same force and effect as though more particularly set forth herein. In the Event of Default, Lender shall have such powers and rights as are contained in the Assignment of Rents in addition to any nonconflicting rights and powers as provided herein. Except for Leases substantially similar to the lease format submitted to and approved by Lender, all future Leases affecting the Property shall be submitted by the Mortgagor to the Lender for its approval prior to the execution thereof. All approved and executed Leases shall be specifically assigned to the Lender by instrument in form satisfactory to Lender. All or any such Leases, shall, at the option of Lender, be paramount or subordinate to this Mortgage.

3.20 Default under Leases.

Mortgagor expressly covenants and agrees that if it as lessor (or any other lessor under any of the Leases) (i) fails to perform and fulfill any term, covenant, condition or provision in any of the Leases, which failure results in a termination of one or more of the Leases, or (ii) suffers or permits to occur any breach or default under the provisions of the Assignment of Rents, then at the option of the Lender and without notice to Mortgagor, such breach or default shall constitute an Event of Default hereunder.

3.21 Lender in Possession. Nothing herein contained shall be construed as constituting the Lender as a lender in possession in the absence of the actual taking of possession of the Property by the Lender.

3.22 Declaration of Subordination. At the option of Lender, 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 condemnation or eminent domain award) to any and all leases of all or any part of the Property upon Lender's executing and recording a unilateral subordination declaration in the appropriate official records of the county in which the Property is situated.

3.23 Uniform Commercial Code. This Mortgage constitutes a Security Agreement as that term is used in the Code of the State in which the Property is located with respect to: (i) all sums at any time on deposit for the benefit of the Lender pursuant to any of the provisions of this Mortgage or any of the Loan Documents; and (ii) any part of the Property which may or might now or hereafter be or be deemed to be personal property, fixtures or property (including all replacements, additions and substitutions) other than real estate (collectively "Collateral"). All of Mortgagor's right, title and interest in the Collateral are hereby assigned to the Lender to secure the payment of the Secured Indebtedness and the performance of all of the Mortgagor's obligations. All of the terms, provisions, conditions and agreements contained in this Mortgage apply to the Collateral as fully and to the same extent as to any other property comprising the Property. The following provisions of this Paragraph shall not limit the generality or applicability of any other provision of this Mortgage but shall be in addition thereto:

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

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

(c) The Collateral shall be kept at the Premises shall not be removed therefrom without the consent of the Lender. The Collateral may be affixed to such Premises but shall not be affixed to any other real estate;

(d) No Financing Statement as that term is used in the Code covering any of the Collateral or any proceeds

thereof is on file in any public office (except Financing Statements showing Lender as the sole Secured Party, or such other liens and encumbrances as may be included within the Permitted Exceptions). Mortgagor shall at its own cost and expense, upon demand, furnish to the Lender such further information, shall execute and deliver to the Lender such Financing Statements and other documents in form satisfactory to the Lender, and shall do all such acts and things as the Lender may reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Secured Indebtedness, subject to no adverse liens or encumbrances (except Financing Statements showing Lender as the sole Secured Party, or Permitted Exceptions). Mortgagor shall pay the cost of filing the same or filing or recording such Financing Statements or other documents as well as this instrument, in all public offices wherever filing or recording is deemed by the Lender to be necessary or desirable;

(e) At any time after an Event of Default Lender at its option may declare the Secured Indebtedness immediately due and payable. Thereupon Lender shall have the remedies of a Secured Party under the Code, including without limitation the right to take immediate and exclusive possession of the Collateral, or any part thereof. For that purpose, Lender may, so far as the Mortgagor can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace) upon any place which the Collateral or any part thereof may be situated and remove the Collateral if the Collateral is affixed to the Premises, such removal shall be subject to Code conditions). Lender shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to the Mortgagor's right of redemption in satisfaction of the Mortgagor's obligations. Lender without removal may render the Collateral unusable and dispose of the Collateral on the Property. The Lender may require the Mortgagor to assemble the Collateral and make it available to the Lender for its possession at a place to be designated by Lender which is reasonably convenient to both parties. The Lender will give Mortgagor at least five (5) days' notice of the time and place of any public sale or of the time after which any private sale or any other intended disposition is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified mail or equivalent, postage prepaid, to the address of Mortgagor as provided below, at least five (5) days before the time of the sale or disposition. The Lender may buy at any public sale, and, if the Collateral is a type customarily sold in a recognized market or is of type which is the subject of widely distributed standard price quotations, Lender may buy at any private sale. Any such sale may be held as part of and in conjunction with any foreclosure sale of the Premises comprised within the Property, the Collateral and the Premises to be sold as one lot if Lender so elects. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorneys' fees and legal expenses incurred

*Upon proper written direction submitted in compliance with the Trust Agreement of Mortgagor,

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by Lender shall be applied in satisfaction of the Secured Indebtedness. The Lender will account to the Mortgagor for any surplus realized on such disposition;

(f) The remedies of the Lender hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Lender, including having the Collateral deemed part of the realty upon any foreclosure so long as any part of the Secured Indebtedness remains unsatisfied;

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

(h) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover and include all Leases between the Mortgagor, as lessor, and various tenants, as lessee, including all extensions and renewals of the Lease terms, as well as any amendments to or replacements of the Leases, together with all of the right, title and interest of the Mortgagor as lessor, including, without limiting the generality of the foregoing, the present and continuing right to: (i) make claim for, collect, receive and receipt for any and all of the Rents, and moneys payable as damages or in lieu of the Rents and moneys payable as the purchase price of the Property or any part thereof or claims for money and other sums of money payable or receivable thereunder howsoever payable; and (ii) bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Mortgagor or any lessor is or may become entitled to do under the Leases.

3.24 Releases. Without notice and without regard to the consideration therefor, and to the existence at that time of any inferior liens, Lender may release from the lien all or any part of the Property, or release from liability any person obligated to repay any Secured Indebtedness, without affecting the liability of any party to any of the Note, this Mortgage, or any of the other Loan Documents (including without limitation any guaranty given as additional security) and without in any way affecting the priority of the Lien. Lender may agree with any liable party to extend the time for payment of any part or all of such indebtedness. Such agreement shall not in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person entity obligated personally to repay the Secured Indebtedness, but shall extend the Lien as against the title of all parties having any interest, subject to the Secured Indebtedness in the Property.

3.25 Interest Laws. Lender and Mortgagor intend to comply with the laws of the state wherein the Property is located. Notwithstanding any provision to the contrary in the Note, this Mortgage, or any of the other Loan Documents, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the indebtedness evidenced by the Note. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Note, this Mortgage, or any of the other Loan Documents, then in such

event (a) the provisions of this Paragraph shall govern and control; (b) neither Mortgagor nor any of the other Obligors (as defined in the Note) shall be obligated to pay any Excess Interest; (c) any Excess Interest that Lender may have received hereunder shall, at the option of Lender, be (i) applied as a credit against the then unpaid principal balance under the Note, accrued and unpaid interest not to exceed the maximum amount permitted by law, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing; (d) the Interest Rate (as defined in the Note) shall be automatically subject to reduction to the maximum lawful contract rate allowed under the applicable usury laws of the State. The Note, this Mortgage, and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the Interest Rate; and (e) neither Mortgagor nor any of the other Obligors shall have any action against Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest.

3.26 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 Lender, 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 date of the execution of this Mortgage. The total amount of Secured Indebtedness 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 the maximum principal sum permitted by the laws of the State or $5,000,000.00 (whichever is the lesser) together with interest thereon and any and all disbursements made by the Lender for the payment of Taxes, or insurance on the Property covered by the lien of this Mortgage and for reasonable attorneys' 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 Lender and the same shall bear interest at the same rate as specified in the Note unless such interest rate shall be modified by subsequent agreement.

IV

REPRESENTATIONS

To induce the Lender to make the Loan secured hereby, in addition to any representations and warranties in the Note, in this Mortgage or in any Loan Documents, Mortgagor hereby further represents and, by directing the execution of this Mortgage, the beneficiaries of Mortgagor warrant, that as of the date hereof and until the Secured Indebtedness is paid in full and all obligations under this Mortgage are performed:

4.01 Power and Authority. Mortgagor is duly organized and validly existing and, if Mortgagor is a corporation, is qualified to do business and is in good standing in the State in which the Premises are located, and has full power and due authority to execute, deliver and perform this Mortgage, the Note, and all Loan Documents in accordance with their terms. Such execution, delivery and performance has been fully authorized by all necessary corporate or partnership action and approved by each required governmental authority or other party. The obligations of Mortgagor and every other party under each such document are the legal, valid and binding obligations of each, enforceable by the Lender in accordance with their terms, subject to applicable

bankruptcy, insolvency, reorganization, moratorium and other similar laws applicable to the enforcement of creditors' rights generally.

4.02 No Event of Default or Violations. No event of default or event which, with notice or passage of time or both, would constitute an Event of Default has occurred nor is continuing under this Mortgage, the Note, or any of the Loan Documents. Neither Mortgagor, nor any party constituting Mortgagor, nor any general partner in any such party, is in violation of any governmental regulation (including any applicable securities law) or in default under any agreement to which it is bound, or which affects it or any of its property, and the use and occupancy of the Premises. The execution, delivery and performance of this Mortgage, the Note, or any of the Loan Documents, in accordance with their terms, shall not violate any governmental requirement (including any applicable usury law), or conflict with, be inconsistent with or result in any default under any of the representations or warranties, covenants, conditions or other provisions of any indenture, mortgage, deed of trust, easement, restriction of record, contract, document, agreement or instrument of any kind to which any of the foregoing is bound or which affects it or any of its property.

4.03 No Litigation or Governmental Controls. No proceedings of any kind are pending, or threatened against or affecting Mortgagor, the Property (including any attempt or threat by any governmental authority to condemn or re-zone all or any portion of the Property), any party constituting Mortgagor or any general partner in any such party, or involving the validity, enforceability or priority of this Mortgage, the Note or any of the Loan Documents or enjoining or preventing or threatening to enjoin or prevent the use and occupancy of the Premises or the performance by Mortgagor of its obligations hereunder. No rent controls, governmental moratoria or environment controls presently in existence threaten or affect the Property.

4.04 Liens. Title to the Premises, or any part thereof, is not subject to any liens, encumbrances or defects of any nature whatsoever, whether or not of record and whether or not customarily shown on title insurance policies, except as identified as a Permitted Exception.

4.05 Financial and Operating Statements. All financial and operating statements submitted to Lender in connection with this Loan are true and correct in all respects and fairly present the respective financial conditions of their subjects and the results of their operations as of the respective dates shown thereon. No materially adverse changes have occurred in the financial conditions and operations reflected therein since their respective dates, and no additional borrowings have been made since the date thereof other than the borrowing made under this Mortgage.

4.06 Other Statements to Lender. Neither this Mortgage, the Note, any Loan Document, nor any document, agreement, report, schedule, notice or other writing furnished to the Lender by or on behalf of any party constituting Mortgagor or any general partner or any such party, contains any material omission or misleading or untrue statement of any fact.

4.07 Leases. The only persons having any interest in the Property are the Mortgagor, Lender and persons, if any, occupying the Property as tenants only. Mortgagor represents ~~and~~

~~warrant~~s as to each of the Leases now covering all or any part of the Premises that: (i) each of the Leases is in full force and effect; (ii) no default exists on the part of any of the lessees of the Leases or the Mortgagor; (iii) no Rents have been collected more than one month in advance under more than ten percent (10%) of the Leases; (iv) none of the Leases or any interest therein has been previously assigned or pledged; (v) no lessee under any of the Leases has any defense, setoff or counterclaim against Mortgagor; (vi) except as previously approved by Lender in writing, all Rents due to date under each of the Leases has been collected and no concession has been granted to any lessee in the form of a waiver, release, reduction, discount or other alteration of Rents due or to become due; (vii) the lessee's interests under each of the Leases is as lessee only, with no options to purchase or rights of first refusal; and (viii) except as approved by Lender in writing, the term under each of the Leases is no greater than one (1) year, with no options to extend the term of any such Lease being greater than one year.

V

EVENT OF DEFAULT AND REMEDIES

5.01 Event of Default. Each of the following shall constitute an event of default ("Event of Default") under this Mortgage:

(a) Failure of Mortgagor to pay any amount due herein or secured hereby, interest thereon, or any installment of principal or interest when due and payable whether at maturity or by acceleration or otherwise under the Note, this Mortgage, or any of the other Loan Documents.

(b) Failure of Mortgagor to perform or observe any other covenant, agreement, representation, warranty or other provision contained in the Note, this Mortgage, or the other Loan Documents after the expiration of any grace period expressly allowed in said instrument relative to curing such default.

(c) Untruth or material deceptiveness of any representation, covenant or warranty contained in any of the Note, this Mortgage, or the other Loan Documents.

(d) If (and for the purpose of this Subparagraph (d) only), the term Mortgagor shall mean and include not only Mortgagor, but also any beneficiary of a Trustee Mortgagor, any general partner in a partnership Mortgagor or in a partnership which is a beneficiary of a Trustee Mortgagor, any owner of more than ten percent (10%) of the stock in a corporate Mortgagor or a corporation which is the beneficiary of a Trustee Mortgagor and each person who, as guarantor, co-maker or otherwise, shall be or become liable for or obligated upon all or any part of the Secured Indebtedness or any of the covenants or agreements contained herein or in the Note or in any of the Loan Documents:

(i) Mortgagor shall file a voluntary petition in bankruptcy, insolvency, debtor relief or for arrangement, reorganization or other relief under any chapter of the Federal Bankruptcy Act or any

similar law, state or federal, now or hereafter in effect, shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Mortgagor or for any part of the Premises or any substantial part of the Mortgagor's property, shall make any general assignment for the benefit of Mortgagor's creditors, shall fail generally to pay Mortgagor's debts as they become due, or shall take any action in furtherance of any of the foregoing;

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

(iii) A court having jurisdiction shall enter a decree or order for relief in respect of the Mortgagor, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Mortgagor shall consent to or shall fail to oppose any such proceeding, or such court shall enter a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Mortgagor or for any part of the Premises or any substantial part of the Mortgagor's property, or ordering the winding up or liquidation of the affairs of the Mortgagor, and such decree or order shall not be dismissed within thirty days after the entry thereof;

(iv) Mortgagor shall fail to pay any money judgment against it within fourteen days following the day it becomes a lien against the Property;

(v) Any termination or voluntary suspension of the transaction of the business of the Mortgagor. 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 fourteen days;

(vi) Mortgagor shall abandon the Premises;

(e) If Mortgagor is a limited or general partnership, or a joint venture, then a change of any constituent general partner or any joint venturer, whether voluntarily, involuntarily or otherwise, or the sale, conveyance, transfer, disposition, charging or encumbrance of any such general partner or joint venture interests. If Mortgagor is a limited partnership, the death of a general partner shall not constitute a default if (a) such limited partnership is not dissolved or terminated and (b) within sixty days after the death of such general partner a replacement general partner is chosen who fulfills the following conditions: (i) the replacement general partner has a net worth acceptable to Lender; (ii) Lender is satisfied that the replacement general partner has adequate experience with similar projects; and (iii) the replacement general partner is

otherwise acceptable to Lender in Lender's sole discretion.

(f) If Mortgagor is other than a natural person or persons, (i) the dissolution or termination of existence of Mortgagor, voluntarily or involuntarily, whether by reason of death of a general partner of Mortgagor or otherwise; (ii) the amendment or modification in any respect of Mortgagor's articles or agreement of partnership or its corporate resolutions relating to this transaction or its articles of incorporation or bylaws, or (iii) the distribution of any of the Mortgagor's capital, except for distributions of the proceeds of the Loan and cash from operations (meaning any cash of the Mortgagor earned from operation of the Property, but not from a sale or refinancing of the Property or from borrowing, available after paying all ordinary and necessary current expenses of the Mortgagor, including expenses incurred in the maintenance of the Property and after establishing reserves to meet current or reasonably expected obligations of the Mortgagor).

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

(h) Any other event occurring (including, without limitation, a default in order to avoid any prepayment penalty or premium) or failing to occur which, under this Mortgage, under the Note, under any of the Loan Documents or under any document or instrument referenced herein or related hereto, constitutes a default by Mortgagor or gives Lender the right to accelerate the maturity of any part thereof of the Secured Indebtedness.

5.02 Acceleration of Maturity. At any time during the existence of any Event of Default, Lender is hereby authorized and empowered, at its option, and without affecting the lien hereby created or the priority of said lien or any right of the Lender hereunder, to declare, without further notice, all Secured Indebtedness (which shall include any prepayment premium or penalty provided in the Note) to be immediately due and payable, whether or not such Event of Default is thereafter remedied by the Mortgagor. Upon acceleration, all Secured Indebtedness shall bear interest thereon at an annual rate specified in the Note, if any ("Default Rate"), which may be at or in excess of the rate of interest from time to time prevailing under the Note, and the Lender may immediately proceed to foreclose this Mortgage and/or exercise any right, power or remedy provided by this Mortgage, the Note, the Assignment of Rents, the Assignment of Leases, or any of the Loan Documents or by law or in equity conferred.

5.03 Foreclosure of Mortgage. Upon occurrence of any Event of Default, or at any time thereafter, Lender may, at its option, proceed to foreclose the lien of this Mortgage by judicial proceedings in accordance with the laws of the state in which the Premises are located.

5.04 Remedies Cumulative and Non-Waiver. No remedy or right of the Lender hereunder or under the Note, or any Loan Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy. Each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by the Lender. All obligations of the Mortgagor, and all rights, powers and remedies of the Lender shall be in addition to, and not in limitation of, those provided by law or in the Note or any Loan Documents or any other written agreement or instrument relating to any of the Secured Indebtedness or any security therefor.

5.05 Litigation Expenses. In any proceeding to foreclose the Lien or enforce any other remedy of Lender under the Note, this Mortgage, and the other Loan Documents, or in any other proceeding in connection with any of the Loan Documents or any of the Property in which Lender is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting all related expenses paid or incurred by or on behalf of Lender. Such expenses shall include: attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, survey costs, and costs of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and any similar data and assurances with respect to title to the Property as Lender may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises or the Property. All foregoing expenses, and such expenses as may be incurred in the protection of any of the Property and the maintenance of the Lien, including the fees of any attorney employed by Lender in any litigation affecting the Note, this Mortgage, or the Property, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding (which may be estimated as to items to be expended after entry of such judgment or decree), shall be immediately due and payable by Mortgagor with interest thereon at the Default Interest Rate.

5.06 Lender's Performance of Mortgagors' Obligations. In case of any Event of Default herein, the Lender, either before or after acceleration of the Secured Indebtedness 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, in the Note, any of the Loan Documents or any document or instrument related thereto which is required of the Mortgagor (whether or not the Mortgagor is personally liable therefor) in any form and manner deemed expedient to the Lender; and the Lender may, but shall not be required to, make full or partial payments of principal or interest on any permitted prior mortgage or encumbrances and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises, or contest any Taxes and may, but shall not be required to, complete construction, furnishing and equipping of the Improvements upon the Premises and rent, operate and manage the premises

and such Improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and Improvements shall be operational and usable for their intended purposes. The Lender may, but shall not be required to, notify any person obligated to the Mortgagor under or with respect to any third party agreements of the existence of the Event of Default and require that performance be made directly to the Lender at the Mortgagor's expense and advance such sums as are necessary or appropriate to satisfy the Mortgagor's obligations thereunder; and Mortgagor agrees to co-operate with the Lender to accomplish the foregoing. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including attorneys' fees and any other monies advanced by the Lender to protect the Premises and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Premises and such Improvements or to pay any such operating costs and expenses thereof or to keep the Premises and Improvements operational and usable for their intended purposes, shall be so much additional Secured Indebtedness, whether or not they exceed the amount of the Note, and shall become immediately due and payable without notice, and with interest thereon at the Default Rate. The Lender, in making any payment hereby authorized to: (a) 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; or (b) the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) the completion of construction, furnishing or equipping of the Improvements or the Premises or the rental, operation or management of the Premises or the payment of operating cost and expenses thereof, may do so in such amounts and to such persons as Lender may deem appropriate and may enter into such contracts therefor as Lender may deem appropriate or may perform the same itself.

5.07 Right of Possession. In any case in which, Lender has a right to institute foreclosure proceedings (whether or not the entire principal sum secured hereby becomes immediately due and payable or whether before or after the institution of foreclosure proceedings or before or after sale thereunder), Mortgagor shall, immediately upon Lender's demand, surrender to Lender, and Lender shall be entitled to take actual possession of, the Property or any part thereof, personally or by its agent or attorneys. Lender may enter upon and take and maintain possession of all or any part of the Property, together with all documents, books, records, papers, and accounts of Mortgagor or the then owner of the Property relating thereto. Lender may exclude Mortgagor, such owner, and any agents and servants from the Property. As attorney-in-fact or agent of Mortgagor or such owner, or in its own name Lender may:

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

(b) cancel or terminate any lease or sublease of all or any part of the Property 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 Property made subsequent to this Mortgage or subordinated to the lien of this Mortgage;

(d) extend or modify any then existing leases and make new leases of all or any part of the Property. Such extensions, modifications, and new leases may provide terms or options to lessees to extend or renew terms, 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. Any such leases shall be binding upon Mortgagor, all persons whose interests in the Property are subject to the lien of this Mortgage, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Secured Indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and

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

5.08 Priority of Rent Payments. Any rents, issues, deposits, profits, and avails of the Property received by Lender after taking possession of the Property, or pursuant to any assignment to Lender under the provisions of this Mortgage or any of the other Loan Documents, shall be applied in payment of or on account of the following, in such order as Lender or, in case of a receivership, as the court, may determine:

(a) operating expenses of the Property (including reasonable compensation to Lender, any receiver of the Property, any agent or agents to whom management of the Property has been delegated, and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized);

(b) taxes, special assessments, and water and sewer charges now due or that may become due on the Property, or that may become a lien prior to the lien;

(c) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Property (including without limitation the cost, from time to time, of installing or replacing ranges, refrigerators, and other appliances and other personal property, and of placing the Property in such condition as will, in the judgment of Lender or any receiver, make it readily rentable or salable);

(d) any Secured Indebtedness or any deficiency that may result from any foreclosure sale; and

(e) any remaining funds to Mortgagor or its successors or assigns, as their interests and rights may appear.

5.09 Appointment of Receiver. Upon or at any time after the filing of any compliant to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Property. Such appointment may be made either before or after foreclosure sale, (i) without notice; (ii) 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 Secured Indebtedness; (iii) without regard to the value of the Property at such time and whether or not the same is then occupied as a homestead; and (iv) without bond being required of the applicant.

Such receiver shall have the power to take possession, control, and care of the Property and to collect all rents, issues, deposits, profits, and avails during the pendency of such foreclosure suit and (in the event of a sale and a deficiency where Mortgagor has not waived its statutory rights of redemption), during the full statutory period of redemption, as well as during any further times when Mortgagor or its devisees, legatees, heirs, executors, administrators, legal representatives, successors, or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits, and avails. The receiver shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management, and operation of the Property during the whole of any such period to the extent permitted by law.

Such receiver may be authorized by the court to extend or modify any then existing leases and to make new leases of the Property, which may provide for terms to expire, or for options to lessees to extend or renewal terms to expire, beyond the maturity date of the Secured Indebtedness. 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 Property are subject to the Lien, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree, or issuance of certificate of sale or deed to any purchaser.

5.10 Foreclosure Sale. In the event of any foreclosure sale, the Property may be sold in one or more parcels. Lender may be the purchaser at any foreclosure sale.

5.11 Application of Proceeds. The proceeds of any foreclosure sale shall be distributed and applied in the following order of priority: (1) on account of all costs and expenses incident to the foreclosure proceedings, including all such items mentioned in Paragraph 5.05; (2) all other items that, under the terms of this Mortgage, constitute Secured Indebtedness additional to that evidenced by the Note, with interest thereon at the Default Interest Rate; (3) all principal and interest remaining unpaid under the Note, in the order of priority specified by Lender in its sole discretion; and (4) the balance to Mortgagor or its successors or assigns, as their interests and rights may appear.

5.12 Application of Deposits. In the event of any Event of Default, Lender may, at its option, apply any monies or

securities that constitute deposits made to or held by Lender or any depositary pursuant to this Mortgage toward payment of any of Mortgagor's obligations under the Note, this Mortgage, or any of the other Loan Documents, in such order and manner as Lender may elect. When the Secured Indebtedness has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Property. Such deposits are pledged as additional security for the prompt payment of the indebtedness evidenced by the Note and any other Secured Indebtedness and shall be held to be applied irrevocably by such depositary for the intended purposes and shall not be subject to the direction or control of Mortgagor.

5.13 Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in Restoring the Improvements, 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 Lender's clause attached to each of the casualty insurance policies may be canceled and that the decree creditor may cause a new loss clause to be attached to each of said casualty policies making the loss thereunder payable to said decree creditors; and any such foreclosure decree may further provide that in every case of one or more redemptions under such decree, then in every such case, each and every successive redemptor may cause the preceding loss clause attached to each casualty insurance policy to be canceled and a new loss clause to be attached thereto, making the loss thereunder payable to such redemptor. In the event of foreclosure sale, the Lender is hereby authorized, without the consent of the Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as the Lender 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.

5.14 Waiver of Statutory Rights. Mortgagor shall 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, and Mortgagor hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all rights to have the Property and estates comprising the Property marshalled upon any foreclosure of the Lien, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety. Mortgagor further waives any and all rights of redemption from sale under any order or decree of foreclosure of the lien created by this Mortgage, for itself and on behalf of: (i) any trust estate of which the Premises are a part, all beneficially interested persons; (ii) each and every person acquiring any interest in the Property or title to the Premises subsequent to the date of this Mortgage; and (iii) all other persons to the extent permitted by the provisions of Section 12-125 of Chapter 110 of the Illinois Revised Statutes.

VI

MISCELLANEOUS

6.01 Notices. Any notice that Lender or Mortgagor may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient at its address set forth below, or at such other address as the intended recipient may in writing designate to the sender:

Lender: Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street
Chicago, Illinois 60697

Attention: Mr. John F. Hickey
Private Banking

Ms. Barbara C. Herbert
Law Department

Mortgagor: The Cosmopolitan National Bank of Chicago
801 North Clark Street
Chicago, Illinois 60610
Attention: Land Trust Department

Copy to: Sheldon P. Migdal
Wildman Harrold Allen & Dixon
One IBM Plaza
Chicago, Illinois 60611

Such notice shall be deemed to have been delivered two (2) business days after mailing by United States registered or certified mail, return receipt requested, or when delivered in person with written acknowledgement of the receipt. Except as otherwise specifically required, notice of the exercise of any right or option granted to Lender by this Mortgage is not required to be given.

6.02 Time of Essence. Time is of the essence of this Mortgage.

6.03 Covenants Run with Land. All of the covenants of this Mortgage shall run with the land constituting the Premises.

6.04 Governing Law. The place of negotiation, execution, and delivery of this Mortgage, the location of the Property, and the place of payment and performance under the Loan Documents being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that State. To the extent that this Mortgage may operate as a security agreement under the Uniform Commercial Code, Lender shall have all rights and remedies conferred therein for the benefit of a secured party as such term is defined in the Code.

6.05 Rights and Remedies Cumulative. All rights and remedies in this Mortgage are cumulative. The holder of the Note and of every other obligation secured hereby may recover judgment, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy.

6.06 Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase, or word, or their application, in any circumstance, is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included.

6.07 Non-Waiver. Unless expressly provided in this Mortgage to the contrary, no consent or waiver, express or implied, by any party, to or of any breach or default by any other party shall be deemed a consent to or waiver of the performance by such defaulting party of any other obligations or the performance by any other party of the same, or of any other, obligations.

6.08 Headings. The headings of sections and paragraphs in this Mortgage are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions.

6.09 Grammar. As used in this Mortgage, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

6.10 Deed in Trust. If title to the Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction against the creation of any lien on the Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

6.11 Successors and Assigns. This Mortgage shall be binding upon Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor. "Mortgagor," when used herein, shall include all such persons and entities and any others liable for the payment of the Secured Indebtedness, or any part thereof, whether or not they have executed the Note or this Mortgage. The word "Lender," when used herein, shall include Lender's successors, assigns, and legal representatives, including all other holders, from time to time, of the Note.

6.12 Lender in Possession. Nothing contained in this Mortgage shall be construed as constituting Lender a mortgagee in possession in the absence of the actual taking of possession of the Property.

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

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

of all or any portion of the Property; the ownership, use, operation or maintenance of the Property.

6.15 Environmental Compliance. Mortgagor hereby represents, ~~warrants~~ and covenants to Lender that:

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

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

(c) There are and will be no environmental, health or safety hazards that pertain to any of the Property or the business or operations conducted thereon. No storage, treatment or disposal of hazardous waste or material (collectively, "Hazardous Materials") has or will occur on or in the Premises (for purposes of these representations and warranties, the term "Hazardous Materials" shall include, but shall not be limited to, substances defined as "hazardous substances"; or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9061 et seq., Hazardous Materials Transportation Act, 49 U.S.C. Ses. 1802, The Resource Conservation and Recovery Act 42 U.S.C. Sec 6901 et seq., and those substances defined as "hazardous waste" in Section 1003(j) of the Illinois Environmental Protection Act, Ill. Rev. State. ch. 111 1/2 Para. 1001 et seq., and the regulations adopted and publications promulgated pursuant to said laws);

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

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

(f) There are no storage tanks, PCB's, asbestos, hazardous waste substances, or other Hazardous Materials present on the Premises and none will be on the Premises in the future;

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

(h) Mortgagor assumes all obligations of compliance with all environmental requirements imposed by federal, state and local authorities that affect the Property or any business or other activity conducted thereon or therewith. Any fees, costs and expenses imposed upon or incurred by Lender at any time and from time to time on account of any breach of any of the covenants, representations or warranties contained in this Paragraph 6.15 shall be immediately due and payable by Mortgagor to Lender upon demand for reimbursement for same, and shall (together with interest thereon at the Default Rate accruing from the date such fees, costs and expenses are so imposed upon or incurred by Lender) become part of the Indebtedness. Mortgagor hereby covenants and agrees to protect, defend, indemnify, and hold harmless Lender from any and all such costs and expenses.

6.16 Trustee Exculpation. This Mortgage is executed and delivered by the Cosmopolitan National Bank of Chicago, not in its individual capacity, but solely in the capacity herein described, for the purpose of binding the herein described property, and it is expressly understood and agreed by the parties hereto, anything herein to the contrary notwithstanding, that each and all of the undertakings and agreements herein made, are made and intended not as personal undertakings and agreements of the Trustee, or for the purpose of binding the Trustee personally, but executed and delivered by the Trustee solely in the exercise of the powers conferred upon it as such Trustee, and no personal liability or personal responsibility is assumed by, or shall at any time be asserted or enforced against said Trustee on account hereof or on account of any undertaking or agreement herein contained or for the payment of any taxes, fees, or monies whatsoever, indemnifications, etc, herein contained either expressed or implied, all such personal liability, if any, being hereby expressly waived and released by all other parties hereto, and those claiming by, through, or under them.

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VII

JUNIOR MORTGAGE

7.01 Senior Mortgage. Notwithstanding anything in this Mortgage to the contrary, Mortgagor represents that this Mortgage is a second priority lien on the Property, subject to the prior lien of the Trust Deed dated August 30, 1971 and recorded September 22, 1971 as document 21632908 made to Chicago Title and Trust Company to secure a note for $650,000.00 (the "Senior Mortgage").

7.02 Performance of Senior Financing Documents. It is a covenant hereof that Mortgagor shall faithfully and fully observe and perform each and every term, covenant and condition of the

Senior Mortgage and of any and all loan agreements, notes, security agreements and other loan documents related to the Senior Mortgage (collectively, including the Senior Mortgage, the "Senior Financing Documents"), and shall not permit any of the Senior Financing Documents to go into default.

7.03 Defaults or Delinquencies. Mortgagor shall immediately notify Mortgagee of any default or delinquency under any of the Senior Financing Documents, and shall provide Mortgagee with a copy of any notice of default or delinquency received by Mortgagor pursuant to any of the Senior Financing Documents. A default or delinquency under any one of the Senior Financing Documents shall automatically and immediately constitute an Event of Default under this Mortgage, and in consequence thereof, Mortgagee may avail itself of any remedies it may have for an Event of Default hereunder, including, without limitation, acceleration of the Note.

7.04 Optional Advances. Mortgagee is hereby expressly authorized to advance at its sole option and discretion any or all sums necessary to keep any Senior Financing Documents in good standing, and all sums so advanced, together with interest thereon at the Default Rate (as defined in the Note), shall be repayable on demand to Mortgagee and shall be secured by the lien of this Mortgage, as in the case of other advances made by Mortgagee hereunder.

7.05 Prohibited Amendments. Mortgagor shall not make any agreement with the holder of any Senior Financing Documents which shall in any way modify, change, alter or extend any of the terms or conditions of any such Senior Financing Documents, nor in any way increase any principal indebtedness beyond that presently evidenced and/or secured by the Senior Financing Documents, nor shall Mortgagor request or accept any future advances under such Senior Financing Documents, without the express written consent of Mortgagee.

7.06 Junior Mortgage. Mortgagee (by its acceptance of this Mortgage) and Mortgagor agree that all of the rights and powers of Mortgagee under any of the Loan Documents are subordinate and subject to (i) the indebtedness owing to the holder of the Senior Financing Documents, (ii) to the liens established under the Senior Financing Documents, and (iii) to any extensions or renewals thereof which do not serve to either create any additional principal indebtedness or any increased interest burden beyond those rights now provided in the existing Senior Financing Documents.

For exculpatory provisions see rider attached hereto on the reverse side hereof which is expressly incorporated herein and made a part hereof.

In Witness Whereof, Mortgagor has caused this Mortgage to be executed as of the date stated above.

MORTGAGOR: The Cosmopolitan National Bank of Chicago, a national banking association, not personally but as Trustee as aforesaid

By: _____
Title: Vice President

Attest: _____
Title: Trust Officer

Trustee Exculpation. This Mortgage is executed by The Cosmopolitan National Bank of Chicago, not personally but as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that nothing herein or in the Note contained shall be construed as creating any liability on The Cosmopolitan National Bank of Chicago personally to pay the Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained. All such liability, if any, being expressly waived by Lender and by every person now or hereafter claiming any right or security hereunder. So far as The Cosmopolitan National Bank of Chicago personally is concerned, the legal holder or holders of said Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the Property hereby conveyed for the payment, by the enforcement of the lien hereby created, in the manner herein and in the Note provided, or by action against any other security at any time given to secure the payment, or by action to enforce the personal liability of the guarantor, if any.

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COOK COUNTY, ILLINOIS
FILED FOR RECORD

1987 FEB 11 AM 10: 53

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STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

I, the undersigned, A Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Rose M. Trulis, as Vice President ~~President~~ and Harriet Denisewicz, as Trust Officer ~~Secretary~~ of THE COSMOPOLITAN NATIONAL BANK OF CHICAGO, not personally or individually but solely as Trustee under Trust Agreement dated January 16 1985 and known as Trust No. 27362 who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Trust Officer ~~Secretary~~ of said Bank, respectively, appeared before me this day in person and acknowledged that they signed and delivered the same instrument as their own free and voluntary act and as the free and voluntary act of said Bank for the uses and purposes therein set forth; and said Trust Officer ~~Secretary~~ did then and there acknowledge that, as custodian of the corporate seal of said Bank, she did affix the corporate seal of said Bank to said instrument as ~~his~~ her own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 9th day of February, 1987.

Grace Kow
Notary Public

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JOINDER

To secure the performance of the covenants in the foregoing Mortgage and the payment of the principal amount of the Note described therein (terms used in this Joinder shall have the meanings defined in the Mortgage) and the interest thereon, and in consideration of Ten Dollars and the Recitals contained in the Mortgage and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged by the undersigned beneficiaries of the Mortgagor ("Beneficiaries"), Beneficiaries hereby grant, sell, assign and convey to Lender and its successors and assigns a continuing security interest in and to each and every element of personal property (the "Personalty") included within the Premises which are described in the Mortgage, including, without limitation, inventories of supplies, equipment and furnishings related to tenant services; provided, nothing in the Note or in the Mortgage or in any of the other Loan Documents shall be construed as creating any liability on the part of Beneficiaries to pay any indebtedness accruing thereunder. Beneficiaries represent and warrant that they are the unencumbered owners of all of the Personalty now included within the Premises, and that they will be the unencumbered owners of any such Personalty as may be acquired with any of the Loan proceeds (except for Permitted Exceptions).

Lender shall have all remedies granted in the Mortgage (and any of the other Loan Documents) with respect to the Personalty in the event of a default thereunder.

BENEFICIARIES

x Basil M. Kromelow

Basil M. Kromelow, as Trustee of the Basil M. Kromelow Trust dated February 24, 1964, and as Co-Trustee of the Jack A. Kromelow Trust dated February 22, 1979

x Jack A. Kromelow

Jack A. Kromelow, as Co-Trustee of the Jack A. Kromelow Trust dated February 22, 1979

x Laureanne L. Kromelow

Laureanne L. Kromelow

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Permanent tax number: 17-03-209-012-0000 All K

Property address: 20 East Delaware
Chicago, Illinois 60610

LOTS 1, 2 AND 3 IN NAPER'S RESUBDIVISION OF LOTS 2, 3, 4 AND 5 IN THE SUPERIOR COURT PARTITION OF THE EAST 2/3 OF BLOCK 12 IN THE SUBDIVISION BY THE COMMISSIONERS OF THE ILLINOIS AND MICHIGAN CANAL OF THE SOUTH FRACTIONAL 1/4 OF SECTION 3, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

EXHIBIT A

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LOAN DOCUMENTS

The term "Loan Documents," as used in this Mortgage, means the following documents and any other documents previously, now, or hereafter given to evidence, secure, or govern the disbursement of the Secured Indebtedness, including any and all extensions, renewals, amendments, modifications, and supplements thereof or thereto:

1. the Note;

2. this Mortgage;

3. Assignment of Rents and Leases of even date herewith, executed by Mortgagor and assigning to Lender all of the rents, issues, deposits, profits, and awards of, certain leases described therein in connection with portions of the Property;

4. certain Uniform Commercial Code Financing Statements, executed by Mortgagor and Management B5, Ltd., pertaining to the personal property described in certain of the Loan Documents;

5. an Assignment of Beneficial Interest of even date herewith, executed by all those comprising Beneficiary, assigning to Lender all of their right, title, and interest in, to, and under the Trust Agreement described in this Mortgage;

6. a Guaranty of Payment and Performance of even date herewith, executed by one or more guarantors having a financial interest in Mortgagor, guaranteeing payment of the Secured Indebtedness;

7. a Loan Agreement, executed by Mortgagor and Lender covering the disbursement of the Loan proceeds.

EXHIBIT B