

Box 15

WHEREAS, Lender has issued two (2) letters of credit in an aggregate amount of \$3,300,000.00 in favor of Old Orchard Development, Ltd. (collectively, the "Seller Letters of Credit") pursuant to applications therefor executed and delivered by Old Orchard (the "Seller LC Applications") and two (2) letters of credit in an aggregate amount of \$1,266,292.00 in favor of the Village of Mount Prospect, Illinois (said two letters of credit,

WHEREAS, Borrower and Old Orchard, the sole beneficiary of Borrower, have executed and delivered to the Lender (a) a Note Secured by Mortgage of even date herewith payable to the order of Lender in the principal amount of Eighteen Million One Hundred Forty Seven Thousand Eight Hundred Forty Dollars (\$18,147,840.00), or such lesser amount as may be disbursed thereon, which Note bears interest and is payable to Lender as more fully described therein and which Note shall mature as provided later than April 5, 1990 (said event later than April 5, 1990 (said event later than April 5, 1990) issued in substitution or exchange thereof as any of the foregoing may from time to time be amended, is hereinafter called the "Project Note"), and (b) a Note Secured by Mortgage of even date herewith payable to the order of Lender in the principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000.00), or such lesser amount as may be disbursed thereon, which Note bears interest and is payable to Lender as more fully described therein and which Note shall mature as provided therein but in no event later than April 5, 1990 (said event later than April 5, 1990) issued in substitution or exchange thereof as any of the foregoing may from time to time be amended, is hereinafter called the "Revolving LC Note"). and Old Orchard has executed and delivered to Lender two demand notes payable to the order of Lender in an aggregate principal amount of Three Million Three Hundred Thousand Dollars (\$3,300,000.00) or such lesser amount as may be disbursed thereon, which notes will bear interest and be payable to Lender as more fully described therein, and which notes will be payable on demand (said notes together with all notes issued in substitution or exchange thereof and as any of same may from time to time be amended, are hereinafter called the "Seller LC Notes") (the Project Note, the Revolving LC Note and the Seller LC Notes are sometimes referred to herein collectively as the "Notes"); and

W I T N E S S E T H :

THIS CONSTRUCTION MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT made as of the 20th day of October, 1988, between CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, having its principal office and place of business at 231 S. LaSalle Street, Chicago, Illinois 60697 ("Lender"), AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, not personally but as Trustee under Trust Agreement dated February 29, 1988 and known as Trust No. 104695-00 ("Borrower") and OLD ORCHARD COUNTRY CLUB VILLAGE LIMITED PARTNERSHIP, an Illinois limited partnership ("Old Orchard");

CONSTRUCTION MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

B. All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all furnishings, furniture, fixtures, machinery, equipment, appliances, systems, building materials, vehicles and personal property of every kind and nature whatsoever, including, without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures and systems, carpets and other floor coverings, washers, dryers, water heaters, mirrors, mantels, air conditioning apparatus and systems, refrigerating plant, refrigerators, computers and all hardware and software therefor, cooking apparatus and appliances, window screens, awnings and storm sashes, which are or shall be attached to said buildings, structures or improvements, or which are or shall be located in, on or about the Land, or which, wherever located (including, without limitation, in warehouses or other storage facilities or in the possession of or on the premises of vendors or manufacturers thereof), are used or intended to be used in or in connection with the construction, fixing, equipping, furnishing, use, operation or enjoyment of the Land or the improvements thereon,

A. All those certain tracts, pieces or parcels of land more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter called the "Land"):

NOW, THEREFORE, to secure the performance and observance by the Borrower and Old Orchard of all of the terms, covenants and conditions in the Notes, in this Mortgage, in the Applications and in the Loan Agreement contained, and in order to charge the properties, interests and rights hereinafter described with such payment, performance and observance, and for and in consideration of the sum of one dollar (\$1.00) lawful money of the United States of America to the Borrower duly paid by the Lender on or before the delivery of this Mortgage, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the Borrower has executed and delivered this Mortgage and does hereby grant, convey, assign, mortgage, grant a security interest in, warrant and confirm, unto the Lender and its successors and assigns, forever, all of the following described property (which is hereinafter sometimes referred to as the "Mortgaged Property"), to-wit:

WHEREAS, Lender is desirous of securing the prompt payment of the Notes together with interest and any premium thereon in accordance with the terms of the Notes, and any additional indebtedness accruing to Lender on account of any future payments, advances or expenditures made by Lender pursuant to (1) the Notes, (ii) this Mortgage (said Mortgage, as same may be amended from time to time, being herein called the "Mortgage"), (iii) the construction loan agreement of even date herewith between Lender and Old Orchard (said construction loan agreement, as same may be amended from time to time, being herein called the "Loan Agreement"), (iv) all obligations and agreements of Old Orchard under the Applications, or (v) any other document or instrument securing the indebtedness evidenced by the Notes;

together with any letters of credit which may be subsequently issued by Lender pursuant to the Project Letter of Credit Applications (as defined in the Loan Agreement) are collectively referred to herein as the "Project Letters of Credit" (the Seller LC Applications and the Project Letter of Applications being referred to herein as the "Applications") to Lender; and

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PROVIDED, HOWEVER, that these presents are upon the condition that, if the Borrower and Old Orchard shall pay or cause to be paid to the Lender the principal and interest payable pursuant to the Notes, at the times and in the manner stipulated therein and herein, all without any deduction or credit for taxes or other similar charges paid by the Borrower or Old Orchard; shall pay or Applications and this Mortgage; and shall keep, perform and observe all and singular the covenants and promises in the Notes,

It is expressly understood and agreed that the indebtedness secured hereby will in no event exceed two hundred percent (200%) of the total face amount of the Notes.

THIS MORTGAGE IS GIVEN TO SECURE: (a) payment of the principal and interest evidenced by the Notes; (b) the prompt payment of any sums due and payable under the Applications and the performance by Old Orchard of each and every covenant, condition and agreement under the Applications; and (c) performance of each and every of the covenants, conditions and agreements contained in this Mortgage, in the Notes, in the Loan Agreement, and in any other agreement, document or instrument to which reference is expressly made in this Mortgage or which secures any of the Notes (all of which are sometimes referred to as the "indebtedness secured hereby" or the "indebtedness").

WITHOUT LIMITATION of the foregoing, the Borrower hereby further grants unto the Lender, pursuant to the provisions of the Uniform Commercial Code of the State of Illinois, a security interest in all of the above-described property, which property includes, without limitation, goods which are or are to become fixtures.

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto the Lender, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein contained;

as in equity, of the Borrower of, in and to the same; property, possession, claim and demand whatsoever at law, as well as in equity, of the Borrower of, in and to the same; All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, licenses, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Mortgaged Property, or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Borrower and the reversion and reversions, remainder and remainders, and the rents, issues, profits and revenues of the Mortgaged Property from time to time accruing (including, without limitation, all payments under leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits and escrow funds), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Borrower of, in and to the same;

all warehouse receipts or other documents of title relating to any of the foregoing and all permits, licenses and franchises now or hereafter owned by the Borrower, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing, together with the benefit of any deposits or payments now or hereafter made by the Borrower or on its behalf in connection with any of the foregoing; and

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(a) The Borrower will pay promptly, when and as due, and will, upon Lender's request, promptly exhibit to the Lender receipts for the payment of, all taxes, assessments, water rates, license fees, dues, charges, fines and impositions of every nature, whatsoever charged, imposed, levied or assessed or to be charged, imposed, levied or assessed upon or against the mortgaged property or any part thereof; or upon the interest of the Lender in the mortgaged property (except any income tax imposed on Lender by virtue of Lender's receipt of interest on the Notes), as well as all income taxes, assessments and other governmental charges lawfully levied and imposed by the United States of America or any state, county, municipality or other taxing authority in respect of the mortgaged property or any part thereof, or any charge which, if unpaid, would or could become a lien or charge upon the mortgaged property, or any part thereof.

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1.04 Taxes, Liens and other charges.

1.03 Taxes. Borrower will pay before they become due, all taxes, assessments and other similar charges against the mortgaged property or any part thereof.

1.02 Warranty of Title. At the time of the recordation of these presents, the Borrower is well seized of an indefeasible estate in fee simple in the portion of the mortgaged property which constitutes real property and owns good title to the portion of the mortgaged property which constitutes personal property, and made a part hereof, and has good right, full power and lawful authority to convey, mortgage and grant a security interest in the same in the manner and form aforesaid; that the same is free and clear of all liens, charges, easements, covenants, conditions, restrictions and encumbrances whatsoever, other than those set forth in Exhibit B, including, as to the personal property and fixtures, security agreements, conditional sales contracts and anything of a similar nature; and that the Borrower shall and will forever defend the title to the mortgaged property against the claims of all persons whatsoever.

1.01 Performance of Notes and Mortgage. The Borrower will perform, observe and comply with all of the provisions hereof and of the Notes and will duly and punctually pay to the Lender the principal sum of money expressed in the Notes with interest thereon at the times and in the manner provided in the Notes and the Loan Agreement and all other sums required to be paid by the Borrower pursuant to the provisions of this Mortgage, all without any deductions or credit for taxes or other similar charges paid by the Borrower.

ARTICLE I

AND the Borrower covenants and agrees with the Lender that:

the Loan Agreement, the Applications and in this Mortgage expressed to be kept, performed and observed by and on the part of the Borrower or old Orchard, then this Mortgage shall cease, terminate and be void, but shall otherwise remain in full force and effect.

1.06 Insurance. The Borrower will procure for, deliver to and maintain for the benefit of the Lender during the term of this Mortgage, all insurance required by the Loan Agreement and a policy or policies (1) insuring the Mortgaged Property against fire, lightning, vandalism, malicious mischief, all other perils insured against under "extended coverage", and such other insurable perils as the Lender may reasonably require, (ii) affording such other or additional coverage as from time to time may be reasonably requested by the Lender. The Borrower shall pay for all premiums on such policies. The companies issuing such policies, and the amounts, forms, expiration dates and substance of such policies shall be in accordance with the Loan Agreement and such policies shall contain, in favor of the Lender, the New York Standard Non-contributory Mortgage Clause, or its equivalent, in a form satisfactory to the Lender. At least thirty (30) days prior to the expiration date of each such policy, renewal thereof satisfactory to the Lender shall be delivered to the Lender. The Borrower shall deliver to the Lender receipts evidencing the payment for all such insurance policies and renewals. The delivery of the insurance policies shall constitute an assignment as further security for the indebtedness secured hereby of all unearned premiums. In the event of the foreclosure of this Mortgage or any other transfer of title to the Mortgaged Property in extinguishment in whole or in part of the indebtedness secured hereby, all right, title and interest of the Borrower in and to all insurance policies then in force shall pass to the purchaser or grantee.

1.05 No Tax Credits. The Borrower will not claim or demand or be entitled to receive any credit or credits on the principal or interest payable under the terms of the Notes or on any other sums secured hereby, for so much of the taxes, assessments or similar charges assessed against the Mortgaged Property or any part thereof, as are applicable to the indebtedness secured hereby or to the Lender's interest in the Mortgaged Property. No deduction shall be claimed from the taxable value of the Mortgaged Property or any part thereof by reason of the Notes or this Mortgage.

(d) The Borrower will pay when due any charges for utilities, whether public or private, with respect to the Mortgaged Property or any part thereof and all license fees, rents or other charges for the use of vaults, canopies or other appurtenances to the Mortgaged Property.

(c) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages or the manner of collecting taxes so as to affect adversely the Lender, all sums secured by this Mortgage and all interest accrued thereon shall, without notice, become due forthwith at the option of the Lender and payable sixty (60) days after notice to Borrower.

(b) The Borrower will not suffer any mechanic's, laborer's, materialmen's, statutory or other lien or any security interest or encumbrance to be created or to remain outstanding upon any of the Mortgaged Property unless same are bonded over, or insured by the title company in a manner satisfactory to Lender, in its sole judgment.

1.07 Condemnation. If all or any material part (as determined by Lender) of the Mortgaged Property shall be damaged or taken through condemnation (which term, when used in this Mortgage, shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof), either temporarily, if in Lender's judgment such taking causes a material, adverse impact on the Mortgaged Property, or permanently, the entire indebtedness secured hereby shall, at the option of the Lender, become immediately due and payable. The

In the event of loss or damage to the improvements on the land it and only so long as no event of default has occurred and is continuing hereunder or under the Loan Agreement and no event has occurred which, with the giving of notice or the passage of time, or both, could give rise to an event of default hereunder or under the Loan Agreement (unless such event shall have been cured prior to such giving of notice or passage of time), and provided that the insurance proceeds, when combined with the portion of the Project Loan (as defined in the Loan Agreement) not yet disbursed, are sufficient in the Lender's judgment, after first deducting and paying the expenses, if any, incurred by the Lender in the collection of the proceeds of the insurance, to complete the construction of the damaged improvements within the time limits provided in the Loan Agreement and to otherwise pay all costs and expenses relating thereto and to the Project Loan or it such proceeds are not sufficient as above provided, old Orchard or Borrower shall deposit such deficiency with Lender or make other arrangements satisfactory to Lender to pay such deficiency and further provided that the insurance company shall not claim that, notwithstanding such payment to Lender, it had no liability to pay any or some portion of such proceeds to the Borrower or Old Orchard, then the balance of the proceeds will be held and disbursed by the Lender, from time to time, for the purpose of the repair, restoration, building or rebuilding of the improvements in accordance with the Loan Agreement and such additional procedures as may be established by Lender.

The Lender is hereby authorized and empowered, at its option, to make or file proofs of loss or damage and to adjust or compromise any loss under any insurance policies on the Mortgaged Property, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to the Lender instead of to the Borrower. After deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, including attorneys' fees, the Lender may apply, subject to the provisions of the next paragraph, the net proceeds or any part thereof, at its option, either toward restoring the Mortgaged Property or as a credit on any portion of the indebtedness secured hereby selected by it, whether then matured or to mature in the future, or at the option of the Lender, such sums either wholly or in part may be paid over to the Borrower, on such terms and conditions as the Lender in its discretion may specify, to be used to repair the buildings, structures or improvements, or to build new ones in their place, or for any other purpose or object relating to the Mortgaged Property satisfactory to the Lender, without affecting the lien of this Mortgage for the full amount secured hereby before such payment took place. To the extent permitted by law, the Lender shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

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(f) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, the Borrower will promptly restore the Mortgaged Property to the equivalent of its original

(e) The Borrower will promptly comply, and cause the Mortgaged Property and the occupants or users thereof to comply, with all present and future laws, ordinances, orders, rules and regulations and other requirements of any governmental authority affecting the Mortgaged Property or any part thereof or the use or occupancy thereof.

(d) The Lender or its representative is hereby authorized to enter upon and inspect the Mortgaged Property at any time during normal business hours during the term of this Mortgage, provided that such inspection does not interfere with the construction of the Project (as defined in the Loan Agreement).

(c) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, the Borrower will give immediate written notice of the same to the Lender.

(b) Except as otherwise provided herein or in the Loan Agreement, no buildings, structures, improvements, fixtures, removed, added to, demolished or altered structurally to any extent or altered non-structurally in any material respect without the prior written consent of the Lender.

(a) The Borrower will preserve and maintain the Mortgaged Property in good condition and repair, will not commit or suffer any waste thereof, and will keep the same in a clean, orderly and attractive condition. The Borrower will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

1.08 Care of the Property.

Lender shall be entitled to all compensation, awards and other payments or relief therefor and is hereby authorized, at its option, to commence, appear in and prosecute, in its own name or, in the Borrower's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights, actions and proceedings, and the right thereto, are hereby assigned by the Borrower to the Lender. After deducting from said condemnation proceeds all of its expenses incurred in the collection and administration of such sums, including attorneys' fees, the Lender may apply, subject to the provisions of the last paragraph of section 1.06 above, which shall be applicable to the disbursement of condemnation proceeds, the net proceeds or any part thereof, at its option, either toward restoring the Mortgaged Property or as a credit on any portion of the indebtedness secured hereby selected by it whether then matured or to mature in the future, or for any other purpose or object relating to the Mortgaged Property satisfactory to the Lender without affecting the lien of this Mortgage. The Borrower agrees to execute such further assignments of any compensations, awards, damages, claims, rights, actions and proceedings as the Lender may require. To the extent permitted by law, the Lender shall not be held responsible for any failure to collect any amount in connection with any such proceeding regardless of the cause of such failure.

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1.10 Leases and Other Agreements Affecting the Mortgaged Property. The Borrower will duly and punctually perform all terms, covenants, conditions and agreements binding upon it or the mortgaged property under any contract regarding the sale of units or homes (as said terms are defined in the loan agreement), any lease or any other agreement or instrument of any nature whatsoever which involves or affects the mortgaged property or any part thereof. The Borrower represents and warrants that it has heretofore furnished the Lender with true and complete copies of all such contracts, leases, agreements and instruments existing on the date of this mortgage. The Borrower agrees to furnish the Lender with executed copies of all leases hereafter entered into with respect to all or any part of the mortgaged property. The Borrower will not, without the express written consent of the Lender, enter into any new lease or modify, surrender, terminate, extend or renew, either orally or in writing, any lease now existing or hereafter created upon the mortgaged property or any part thereof, nor will the Borrower permit an assignment or sublease without the express written consent of the Lender. If the Lender so requests, the Borrower shall cause the tenant under each or any of such leases to enter into subordination and attornment agreements with the Lender which are satisfactory to the Lender. The Borrower will not accept payment of advance rents or security deposits equal, in the aggregate, to more than one (1)

1.09 Further Assurances: After Acquired Property. At any time and from time to time, upon request by the Lender, the Borrower will make, execute and deliver or cause to be made, executed and delivered, to the Lender, and where appropriate, to cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by the Lender, any and all such other and further mortgages, security agreements, financing statements, continuation statements, instruments of further assurances, certificates and other documents as may, in the opinion of the Lender, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve (but not to increase Borrower's or Guarantor's [as defined in the loan agreement] liability) (a) the obligations of the Borrower under the Notes and (b) this mortgage, and (b) the lien and security interest of this mortgage as a first and prior lien and security interest upon all of the mortgaged property, whether now or hereafter acquired by the Borrower. Upon any failure by the Borrower so to do, the Lender may make, execute, record, file, re-record and/or refile any and all such mortgages, security agreements, financing statements, continuation statements, instruments, certificates and documents for and in the name of the Borrower, and the Borrower hereby irrevocably appoints the Lender the agent and attorney-in-fact of the Borrower so to do. The Lien and security interest hereof will automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the mortgaged property or any part thereof.

If a part of the mortgaged property shall be physically damaged through condemnation, the Borrower will promptly restore, repair or alter the remaining property in a manner satisfactory to the Lender. Insurance proceeds therefor and, if Lender has no obligation to make insurance proceeds available under section 1.06 hereof, regardless of whether or not insurance proceeds are made available to Borrower. If a part of the mortgaged property shall be damaged through condemnation, the Borrower will promptly restore, repair or alter the remaining property in a manner satisfactory to the Lender.

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month's rent without the express written consent of the Lender. In order to further secure payment of the Notes and the observance, performance and discharge of the Borrower's obligations hereunder, the Borrower hereby assigns, transfers and sets over to the Lender all of the Borrower's right, title and interest in, to and under all of the leases now or hereafter affecting the Mortgaged Property or any part thereof and in and to all of the rents, issues, profits, revenues, awards and other benefits now or hereafter arising from the Mortgaged Property or any part thereof. Unless and until an Event of Default occurs, the Borrower shall be entitled to collect the rents, issues, profits, revenues, awards and other benefits of the Mortgaged Property (except as otherwise provided in this Mortgage) as and when they become due and payable. The Lender shall be liable to account only for rents, issues, profits, revenues, awards and other benefits of the Mortgaged Property actually received by the Lender pursuant to any provision of this Mortgage.

1.11 Expenses. The Borrower will immediately upon demand pay or reimburse the Lender for all reasonable attorneys' fees, costs and expenses incurred by the Lender in any proceedings involving the estate of a decedent, an insolvent or a bankrupt, or in any action, proceeding or dispute of any kind in which the Lender is made a party, or appears as an intervenor or party plaintiff or defendant, affecting or relating to the Notes, this Mortgage, the Loan Agreement, the Borrower, or the Mortgaged Property, including, but not limited to, the foreclosure of this Mortgage, any condemnation action involving the Mortgaged Property, or any action to protect the security hereof, and any such amounts paid by the Lender shall be added to the indebtedness secured hereby and secured by the Lien and security interest of this Mortgage, shall bear interest at the rate provided in the Notes for interest payable after default (the "Default Rate") and shall be due and payable upon demand.

1.12 Books, Records and Accounts. The Borrower will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the operation of the Mortgaged Property or in connection with any services, equipment or furnishings provided in connection with the operation of the Mortgaged Property, whether such income or expenses be realized by the Borrower or by any other person or entity whatsoever excepting sublessors unrelated to and unaffiliated with the Borrower and who leased from the Borrower portions of the Mortgaged Property for the purpose of occupying same. The Lender or its assignee shall have the right from time to time at all times during normal business hours to examine such books, records and accounts at the office of the Borrower or other person or entity maintaining such books, records and accounts and to make copies or extracts thereof as the Lender shall desire. The Borrower will from time to time furnish to the Lender such financial statements and information as required in the Loan Agreement.

1.13 Estoppel Affidavits. Not more than once each quarter, the Borrower, within ten (10) days after written request from the Lender, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the indebtedness secured hereby and whether or not any offsets or defenses exist against such principal and interest.

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1.18 Prohibition of Transfer. The Borrower will not, without the prior written consent of the Lender, sell, assign or transfer, whether, directly or indirectly, by operation of law or otherwise, all or any portion of its interest in the Mortgaged Property except in accordance with the terms and conditions of the Loan Agreement. Any such sale, assignment or transfer or a sale, assignment or transfer of the beneficial interest in Borrower made without the Lender's prior written consent shall be null and void

(b) All agreements between the Borrower and the Lender (including, without limitation, this Mortgage, the Notes and any other documents securing the indebtedness secured hereby) are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Lender exceed the highest lawful rate of interest permissible under the laws of the State of Illinois. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Notes or any other documents securing the indebtedness secured hereby, at the time performance of such provision shall be due, shall involve exceeding the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then also, the obligation to be fulfilled shall be reduced to the highest lawful rate of interest permissible under the laws of the State of Illinois, and if for any reason whatsoever, the Lender shall ever receive as interest an amount which would be deemed unlawful, such interest shall be applied to the payment of the last maturing installment or installments of the indebtedness secured hereby (whether or not then due and payable) and not to the payment of interest.

(a) The Borrower represents and agrees that the proceeds of the Notes secured by this Mortgage will be used for the purposes specified in Paragraph 6404(1)(c) of Chapter 17 of the Illinois Revised Statutes and that the indebtedness secured hereby constitutes a business loan which comes within the purview of said Paragraph 6404(1)(c).

1.17 Use of Proceeds.

1.16 Use of Mortgaged Property. The Borrower will not make, suffer or permit, without the prior written consent of the Lender, any use of the Mortgaged Property for any purpose other than that for which the same is used or intended to be used as of the date of this Mortgage as provided in the Loan Agreement.

1.15 Impairment of Security. Without limitation of any other provision hereof, the Borrower will not assign, in whole or in part, the rents, income or profits arising from the Mortgaged Property without the prior written consent of the Lender; any such assignment made without the Lender's prior written consent shall be null and void and of no force and effect and the making thereof shall, at the option of the Lender, constitute an Event of Default under this Mortgage. Without limitation of the foregoing, the Borrower will not in any other manner impair the security of this Mortgage for the payment of the indebtedness secured hereby.

1.14 Subrogation. The Lender shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

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(e) The filing by the Borrower, Old Orchard or Lexington Development Corporation ("LDC"), the sole limited partner of Old Orchard, of a voluntary petition in bankruptcy or the Borrower's, Old Orchard's or LDC's adjudication as a bankrupt or insolvent, or the filing by the Borrower, Old Orchard or LDC of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the Borrower's, Old Orchard's or LDC's seeking or consenting to or acquiescing in the appointment of any trustee, receiver or liquidator of itself or any portion of its assets or of all or any part of the Mortgaged Property or of any or all of the rents, issues, profits or revenues thereof, or the making of any general

(d) Failure by the Borrower or Old Orchard to duly observe or perform any term, covenant, condition or agreement in any assignment or other agreement or instrument given or made as additional security for the performance of the Notes or this Mortgage, including, without limitation, any of the Loan Documents (as defined in the Loan Agreement); or

(c) The occurrence of an "Event of Default", as defined in the Loan Agreement; or

(b) Failure by the Borrower to duly observe or perform any other term, covenant, condition or agreement of this Mortgage and (i) such failure continues for a period of thirty (30) days after written notice thereof from Lender to Old Orchard, or (ii) it such failure cannot with due diligence be cured within said period, Borrower does not commence curing said failure within said 30-day period or does not thereafter diligently pursue the curing thereof, or (iii) in any event, if such failure is not cured within sixty (60) days of said notice from Lender; or

(a) Failure by the Borrower or Old Orchard to pay when due any payment of principal or interest under any of the Notes or this Mortgage which failure continues for a period of ten (10) days after written notice thereof from Lender to Old Orchard; or

2.0) Events of Default. Without limitation of any other provision hereof, the terms "Event of Default" or "Events of Default" whenever used in this Mortgage, shall mean any one or more of the following events:

ARTICLE II

1.19 Prohibition of Further Encumbrance. The Borrower will not, without the prior written consent of the Lender, further mortgage, grant a deed of trust, pledge or otherwise encumber, whether by operation of law or otherwise, all or any of its interest in the Mortgaged Property. Any such encumbrance made without the Lender's prior written consent shall be null and void and of no force or effect, but the attempt at making thereof shall, at the option of the Lender, constitute an Event of Default under this Mortgage.

and of no force and effect, but the attempt at making thereof shall, at the option of the Lender, constitute an Event of Default under this Mortgage.

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(d) Upon every such entering upon or taking of possession, the Lender may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time (1) make all necessary and proper

(c) The Borrower will pay to the Lender, upon demand, all expenses (including, without limitation, fees and expenses of attorneys, accountants and agents) of obtaining such judgment or decree or of otherwise seeking to enforce its rights under the Notes or this Mortgage; and all such expenses shall, until paid, be secured by this Mortgage and shall bear interest at the Default Rate.

(b) If the Borrower shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after such demand by the Lender, the Lender may obtain a judgment or decree conferring on the Lender the right to immediate possession or requiring the delivery of immediate possession of all or part of such Mortgaged Property to the Lender, to the entry of which judgment or decree the Borrower specifically consents.

(a) If an Event of Default shall have occurred and be continuing, the Borrower, upon demand of the Lender, shall forthwith surrender to the Lender the actual possession, and if and to the extent permitted by law, the Lender itself, or by such officers or agents as it may appoint, may enter and take possession, of all or any part of the Mortgaged Property, and may exclude the Borrower and its agents and employees wholly therefrom, and may have joint access with the Borrower to the books, papers and accounts of the Borrower.

2.03 Lender's Right to Enter and Take Possession, operate and Apply Revenues.

2.02 Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then the entire indebtedness secured hereby shall, at the option of the Lender, immediately become due and payable without notice or demand.

(g) The transfer or further encumbrance of the Mortgaged Property by Borrower not consented to by Lender as described in paragraphs 1.18 and 1.19, respectively, hereof; or

(f) The entry by a court of competent jurisdiction of an order, judgment or decree approving a petition filed against the Borrower, Old Orchard or LDC seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, other law or regulation relating to bankruptcy, insolvency or other similar relief under any present or future federal, state or (whether or not consecutive) from the date of entry thereof, or the appointment of any trustee, receiver or liquidator of the Borrower, Old Orchard or LDC or of all or any part of the Mortgaged Property or of any or all of the rents, issues, profits or revenues thereof without its consent or acquiescence, which appointment shall remain unvacated or unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

assignment for the benefit of creditors, or the admission in writing of its inability to pay its debts generally as they become due; or

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2.05 Construction Loan. The principal amount evidenced by the Notes is to be used in the construction of certain improvements on the real estate herein described and for the purposes set forth in the Loan Agreement all in accordance with said Loan

holding under the Borrower. becoming liable to the Borrower or any person in possession such defaulted term, covenant or condition without thereby or any part thereof for the purpose of performing or observing any enter and to authorize others to enter upon the Mortgaged Property of the amounts to be paid. The Lender is hereby empowered to shall be the sole judge of the necessity for any such actions and the Lender with interest thereon at the Default Rate. The Lender shall be, without demand, immediately repaid by the Borrower to the Lender in connection therewith, shall be secured hereby and take any action necessary to cause any representation or warranty the Lender may, at its option, pay, perform or observe the same or (whether or not the same shall constitute an event of Default), representation, warranty, covenant or condition of this Mortgage shall occur in the payment, performance or observance of any term, 2.04 Performance by the Lender of Defaults. If default

which was taken or omitted in good faith. resulting from any action or omission by it or its representatives have no liability for any loss, damage, injury, cost or expense (f) To the extent permitted by law, the Lender shall

Loan Agreement or in any of the Loan Documents. remedies hereunder, exercise any and all remedies provided in the continuing, the Lender may, in addition to any other rights and be (e) If any event of Default shall occur and be

Property; and third to the payment of principal. taxes, assessments and other charges against the Mortgaged first to payment of accrued interest; second to the payment of remainder of the monies and proceeds so received by the Lender, of the attorneys and agents of the Lender, shall apply the and (f) the reasonable compensation, expenses and disbursements proper charges upon the Mortgaged Property or any part thereof; similar charges as the Lender may determine to pay; (ee) other the cost of such insurance; (dd) such taxes, assessments and other tions, betterments, improvements, purchases and acquisitions; (cc) of a such maintenance, repairs, renewals, replacements, additions, repairs, renewals, repairs, renewals, replacements, additions, services of all persons employed for such purposes; (bb) the cost operating the Mortgaged Property (including compensation for the deducting (aa) all expenses of taking, holding, managing and rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after its best advantage. The Lender may collect and receive all the Lender, all as the Lender from time to time may determine to be to the exercise by others of any of the powers herein granted to the same; and (iv) enter into any and all agreements with respect to the Borrower could in its own name or otherwise with respect to the (iii) manage and operate the Mortgaged Property and exercise all property; (ii) insure or keep the Mortgaged Property insured; otherwise acquire additional fixtures, personally or other maintenance and improvements thereto and thereon and purchase or repairs, renewals, replacements, additions, better-

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Agreement. The Borrower covenants that it will perform or cause to be performed all of the terms, covenants and conditions of said Loan Agreement to be kept and performed by the Borrower.

2.06 Receiver. If an Event of Default shall have occurred and be continuing, the Lender, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right without notice and without regard to the occupancy or value of any security for the indebtedness or the insolvency of any party bound for its payment to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers to the fullest extent permitted by law. The Borrower will pay to the Lender upon demand (with interest thereon at the Default Rate) all expenses, including receiver's fees, attorneys' fees, costs and agent's compensations, incurred pursuant to the provisions of this Paragraph 2.06; and all such expenses shall be secured by this Mortgage and shall bear interest at the Default Rate.

2.07 The Lender's Power of Enforcement. If an Event of Default shall have occurred and be continuing, the Lender may, either with or without entry or taking possession as herein provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (a) to enforce payment of the Notes or the performance of any term, covenant, condition or agreement of this Mortgage or any other right, (b) to foreclose this Mortgage and to sell the Mortgaged Property as an entirety or otherwise, as the Lender may determine, and (c) to pursue any other remedy available to it, including any remedy available to it under the Loan Agreement or under any of the Loan Documents, all as the Lender shall deem most effectual for such purposes. The Lender may take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as the Lender may determine. The Lender may elect to pursue any one or more or all of the foregoing.

2.08 Purchase by the Lender. Upon any foreclosure sale, the Lender may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part of the indebtedness secured hereby as a credit to the purchase price.

2.09 Fees and Expenses; Application of Proceeds of Sale. In any suit to foreclose the Lien hereof, there shall be allowed and included as additional indebtedness secured hereby in the decree for sale all costs and expenses which may be paid or incurred by or on behalf of the Lender or holders of the Notes for attorneys' fees, appraiser's fees, receiver's costs and expenses, insurance, taxes, outlays for documentary and expert evidence, costs for preservation of the Mortgaged Property, stenographer's charges, publication cost and costs of procuring all abstracts of title, title searches and examinations, guaranties policies, certificates, of title issued by the Registrar of Titles (Torrens certificates), and similar data and assurances with respect to title as the Lender or holders of the Notes may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or value of the Mortgaged Property or for any other reasonable purpose. The amount of any such costs and expenses which may be paid or incurred after the decree for sale is entered may be estimated and the amount of such estimate may be allowed and included as additional indebtedness secured hereby in

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the decree for sale. In the event of a foreclosure sale of the mortgaged property, the proceeds of said sale shall be applied, first, to the expenses of such sale and of all proceedings in connection therewith, including attorneys' fees, then to insurance premiums, liens, assessments, taxes and charges, including utility charges, then to payment of the outstanding principal balance of the indebtedness secured hereby, then to the accrued interest on all of the foregoing, and finally the remainder, if any, shall be paid to the borrower.

2.10 Waiver of Appraisal, Valuation, Stay, Extension and Redemption Laws. The borrower agrees to the full extent permitted by law, that if an event of default occurs hereunder, neither the borrower nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension, homestead or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this mortgage, or the absolute sale of the property hereby conveyed, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, for itself and all who may at any time claim through or under it, hereby waives and releases to the full extent that it may lawfully so do, the benefit of all such laws (including, without limitation, all rights under and by virtue of the homestead exemption laws and redemption laws of the state of Illinois) and any and all rights to have the assets comprised in the security intended to be created hereby marshaled upon any foreclosure of the lien hereof. If the borrower is a trustee, the borrower represents that it is duly authorized and empowered by the trust instruments and by all persons having the power of direction over it as such trustee to execute this mortgage, including the foregoing agreements, waivers and releases.

2.11 Leases. The lender, at its option, is authorized to foreclose this mortgage subject to the rights of any tenants of the mortgaged property, and the failure to make such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by the borrower, a defense to any proceedings instituted by the lender to collect the sums secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the mortgaged property.

2.12 Discontinuance of Proceedings and Restoration of the Parties. In case the lender shall have proceeded to enforce any right, power or remedy under this mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the lender, then and in every such case the borrower and the lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the lender shall continue as if no such proceeding had been taken.

2.13 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the lender by this mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

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Without limitation of the foregoing, the right is hereby reserved by the Lender to make partial release or releases of the Mortgaged Property, or of any other security held by the Lender

1.18 hereof. prohibition against such sale or transfer set forth in Paragraph obligations or undertakings. The foregoing shall not limit the and without in any way releasing or discharging any liabilities, the same extent as it might deal with the original parties hereto terms, covenants, conditions or agreements hereof, as fully and to indebtedness secured hereby, or with reference to any of the transferee with reference to the Mortgaged Property, or the is hereby authorized and empowered to deal with any such vendee or or any part of the Mortgaged Property, the Lender, without notice, of the sale or transfer, by operation of law or otherwise, of all whether or not they consent to any of the foregoing. In the event Lender, shall the lien of this Mortgage or the priority thereof be expressly provided in an instrument or instruments executed by the made or of any subsequent default, nor, except as otherwise granted or intended to be granted in the event of any default then the Lender from exercising any right, power or privilege herein surety or guarantor; nor shall any such act or omission preclude Property or any part thereof, or any maker, co-signer, endorser, of the Borrower or any subsequent purchaser of the Mortgaged Liability under the Notes, this Mortgage or any other obligation of the changes referred to in clause (e) above] the original release, discharge, modify, change or affect [except to the extent subordinating the lien hereof, any such act or omission shall not the Mortgaged Property; or (f) makes or consents to any agreement consents to the granting of any easement or other right affecting condominium declaration affecting the Mortgaged Property; (g) Notes; (f) consents to the filing of any map, plat or replat or this Mortgage or in any other document or instrument securing the the terms, covenants, conditions or agreements of the Notes or the payment of the indebtedness secured hereby; (e) changes any of Property from the lien of this Mortgage or any other security for (d) releases with or without consideration any of the Mortgaged Notes or in any other document or instrument securing the Notes; additional security for the payment of any sums secured hereby; (c) waives or does not exercise any right granted herein or in the for the payment of any sums secured hereby; (b) takes other or If the Lender (a) grants forbearance or an extension of time

2.14 Waiver. No delay or omission of the Lender or of any holder of the Notes to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Mortgage to the Lender may be exercised from time to time and as often as may be deemed expedient by the Lender. No consent or waiver, expressed or implied, by the Lender to or of any breach or default by the Borrower in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the same or any other obligations of the Borrower hereunder. Failure on the part of the Lender to complain of any acts or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Lender of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by the Borrower.

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3.04 Notices. All notices, demands and requests given or required to be given by either party hereto to the other party shall be in writing. All such notices, demands and requests by the Lender to the Borrower shall be deemed to have been properly given if served in person or if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Borrower at:

3.03 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon the Borrower and the Lender and their respective heirs, executors, legal representatives, successors and assigns. Whenever a reference is made in this Mortgage to the Borrower or the Lender, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of the Borrower or the Lender.

3.02 The Lender may file proofs of claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Borrower, its creditors or its property, the Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Lender allowed in such proceedings for the entire amount due and payable by the Borrower under this Mortgage at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Borrower hereunder after such date.

3.01 Suits to protect the Mortgaged Property. Upon the occurrence of an Event of Default hereunder, the Lender shall have the power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Mortgage; (b) to preserve or protect its interest in the Mortgaged Property and in the rents, issues, profits and revenues arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, regulation, rule, order or other requirement that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, regulation, rule, order or other requirement would impair the security hereunder or be prejudicial to the interest of the Lender, and all costs and expenses incurred by the Lender in connection therewith (including, without limitation, attorneys' fees) shall be paid by the Borrower to the Lender on demand (with interest at the Default Rate) and shall be additional indebtedness secured hereby.

ARTICLE III

Lender hereby agrees to make partial releases from the lien of this Mortgage from time to time upon the terms and conditions set forth in the Loan Agreement. Lender hereby agrees to make partial releases from the lien of this Mortgage from time to time upon the terms and conditions set forth in the Loan Agreement. Lender hereby agrees to make partial releases from the lien of this Mortgage from time to time upon the terms and conditions set forth in the Loan Agreement.

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3.08 Security Agreement. This Mortgage shall be construed as a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged

3.07 Applicable Law. This Mortgage shall be interpreted, construed and enforced according to the laws of the State of Illinois.

3.06 Severability. If any provision of this Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Mortgage and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.05 Terminology. All personal pronouns used in this Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and sections are for convenience only and neither limit nor amplify the provisions of this Mortgage itself, and all references herein to Articles, Sections or Paragraphs shall refer to the corresponding Articles, Sections or Paragraphs of this Mortgage unless specific reference is made to such Articles, Sections or Paragraphs of another document or instrument.

or to such other address as the Lender may from time to time designate by written notice to the Borrower given as herein required. Notices, demands and requests given by mail in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder two (2) business days after the time such notice, demand or request shall be deposited in the mails.

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
231 South LaSalle Street
Chicago, Illinois 60697
Attention: Mr. Stephen C. Cameron

or to such other address as the Borrower may from time to time designate by written notice to the Lender given as herein required. All notices, demands and requests by the Borrower to the Lender shall be deemed to have been properly given if served in person or if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Lender at:

Rudnick & Wolfe
203 N. LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attention: Herbert Kessel, Esq.

with a copy to:

Old Orchard Country Club Village Limited Partnership
c/o Lexington Homes
1156 W. Shure Drive
Arlington Heights, Illinois 60004
Attention: Richard H. Levy, Esq.

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3.14 No Partnership. Borrower acknowledges and agrees that in no event shall Lender be deemed to be a partner or joint venturer with Borrower. Without limitation of the foregoing, Lender shall not be deemed to be such a partner of joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document securing any portion of the indebtedness

3.13 Joint and Several. If the Borrower consists of more than one person or entity, the liability of each hereunder shall be joint and several.

3.12 Delivery of Summons, Etc. If any action or proceeding shall be instituted to evict the Borrower or recover possession of the Mortgaged Property or any part thereof or otherwise affecting the Mortgaged Property or this Mortgage, the Borrower will immediately, upon service thereof on or by the Borrower, deliver to the Lender a true copy of each precept, petition, summons, complaint, notice of motion, order to show cause and all other process, pleadings and papers, however designated, served in any such action or proceeding.

3.11 Exemption. If the Borrower is a Trustee, then this Mortgage is executed by the Borrower, not personally, but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said Trustee, in its personal and individual capacity, hereby warrants that it as Trustee possesses full power and authority to execute this instrument), and it is expressly understood and agreed by the Lender and by every person now or hereafter claiming any right or security hereunder that nothing contained herein or in the Notes secured by this Mortgage shall be construed as creating any liability on said Trustee in its individual capacity personally to pay the Notes 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, but this waiver shall in no way affect the personal liability of any guarantor of the Notes or any other person or entity executing the Notes or this Mortgage.

3.10 No Merger. It being the desire and the intention of the parties hereto that this Mortgage and the Lien hereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should the Lender acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary interest is manifested by the Lender, as evidenced by an appropriate document duly recorded, this Mortgage and the Lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

3.09 Modification. No change, amendment, modification, cancellation or discharge hereof, or any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

Property which constitutes fixtures or personal property. The Lender shall have the rights with respect to such fixtures and personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded the Lender by this Mortgage or any other agreement.

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Property of

secured hereby or on account of receiving contingent interest, if any, or any release fee for partial releases of this Mortgage, or otherwise.

3.15 Compliance with Illinois Mortgage Foreclosure Law.

(a) In the event that any provision in this Mortgage shall be inconsistent with any provision of the Illinois Mortgage Foreclosure Law (Chapter 110, Sections 15-1101 et seq., Illinois Revised Statutes) (herein called the "Act") the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act.

(b) If any provision of this Mortgage shall grant to Lender any rights or remedies upon default of the Borrower which are more limited than the rights that would otherwise be vested in Lender under the Act in the absence of said provision, Lender shall be vested with the rights granted in the Act to the full extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Lender to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in Paragraph 2.09 of this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

3.16 Waiver of Statutory Rights. The Borrower acknowledges that the transaction of which this Mortgage is a part is a transaction which does not include either agricultural real estate (as defined in Section 15-1201 of the Act) or residential real estate (as defined in Section 15-1219 of the Act), and to the full extent permitted by law, hereby voluntarily and knowingly waives its rights to reinstatement and redemption as allowed under Section 15-1601(b) of the Act, and to the full extent permitted by law, the benefits of all present and future valuation, appraisal, appraisal, stay, redemption and moratorium laws under any state or federal law.

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Property of Cook County Clerk's Office

IN WITNESS WHEREOF, the undersigned have caused these presents to be signed by their duly authorized representatives as of the day and year first above written.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally but as Trustee as aforesaid

BY: Will President

ATTEST:

Secretary

OLD ORCHARD COUNTRY CLUB VILLAGE LIMITED PARTNERSHIP, an Illinois limited partnership

BY: OLD ORCHARD COUNTRY CLUB VILLAGE, INC., an Illinois corporation and its sole general partner

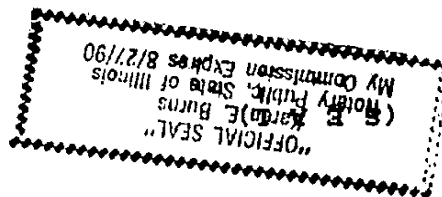
BY: Will President

ATTEST:

Secretary

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Property of Cook County Clerk



My Commission Expires: _____
Notary Public

I, WALTER E. BURNS, the undersigned, a Notary Public in and for said county, in the state aforesaid, DO HEREBY CERTIFY that WALTER E. BURNS, President of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, and WALTER E. BURNS, Secretary of said bank, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said bank, as trustee as aforesaid for the uses and purposes therein set forth; and said Secretary then and there acknowledged that he, did affix the seal of said bank to said instrument as his own free and voluntary act and as the free and voluntary act of said bank, as trustee as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial seal this 21 day of August, 1988.

STATE OF ILLINOIS)
COUNTY OF COOK)
SS.)

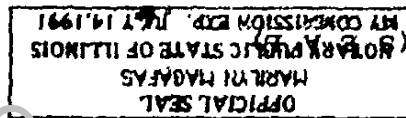
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Property of Cook County Clerk

KATTEN MUCHIN & ZAVIS
c/o Susan L. Goldenberg, Esq.
525 West Monroe,
Suite 1600
Chicago, Illinois 60606

This document prepared by
and should be returned to:

My Commission Expires: 11-14-91
Notary Public
Marlynn M. ...



GIVEN under my hand and Notarial Seal this 26th day
of October, 1988.

I, Marlynn M. ..., the undersigned, a Notary Public in
and for said county, and the state aforesaid, DO HEREBY CERTIFY
that Walter ..., an Illinois corporation and
Country Club Village, Inc., an Illinois corporation and
Secretary who are personally known to
me to be the same persons whose names are subscribed to the
foregoing instrument as such Walter ... President and ...
Secretary, respectively, appeared before me this day in person and
acknowledged that they signed and delivered said instrument as
their own free and voluntary act and as the free and voluntary act
of said corporation, for the uses and purposes therein set forth;
and said ... Secretary then and there acknowledged that he,
did affix the seal of said bank to said instrument as his own free
and voluntary act and as the free and voluntary act of said
corporation, for the uses and purposes therein set forth.

STATE OF ILLINOIS)
COUNTY OF COOK)
SS.)
)

00288199

Property of Cook County Clerk

Permanent Tax Number: 03-28-202-006

That part of Lot 1 in Old Orchard Country Club Subdivision, being a subdivision of part of the North West 1/4 of Section 27 and part of the East 1/2 of the North East 1/4 of Section 28, both in Township 42 North, Range 11 East of the Third Principal Meridian, according to the Plat thereof recorded as Document 21,895,678, lying North West of the following described line:

Beginning at a point on the Southwesterly line of said Lot 1, said point being 391.338 feet North West of the South East corner of said Lot; thence North 47 Degrees 58 Minutes 52 Seconds East, along a line perpendicular to said Southwesterly line, a distance of 198.5 feet to a point of curvature; thence Northerly 295.667 feet along the arc of a circle of 264.00 feet radius and central angle of 46 Degrees 32 Minutes 23 Seconds convex to the South East to a point of tangency on the East line of said Lot 1, all in Cook County, Illinois.

Legal Description

EXHIBIT A

Handwritten initials or signature.

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Assignment of Easement Agreement.
Assignor: American National Bank and Trust Company of Chicago, as Trustee
under Trust Agreement dated February 29, 1988 and known as Trust
No. 104695-00
Assignee: Village of Mount Prospect
Recorded: April 28, 1988
Document: 88,178,452

For particulars, see document.

Terms, conditions and provisions contained in Easement Agreement, for sanitary
sewers and water mains, by and among Chicago Title and Trust Company, as Trustee
under Trust Agreement dated May 4, 1955 and known as Trust No. 37533 and
American National Bank and Trust Company of Chicago, as Trustee under Trust
Agreement dated February 29, 1988 and known as Trust No. 104695-00 recorded
April 11, 1988 as Document 88,148,945.

Terms, conditions and provisions contained in a Recapture Agreement by and among
Chicago Title and Trust Company, as Trustee under Trust Agreement dated May 4,
1955 and known as Trust Number 37533; its sole beneficiary, Albert H. Newman;
and Old Orchard Development, Ltd., recorded April 8, 1988 as Document 88,147,746.

Terms, provisions, conditions and limitations contained in the consent decree
amendment which modifies the plan of development for a portion of the Planned
Unit Development which is located westerly of Schoenbeck Road entered February
19, 1987 in Case Number 65 CH 5300, as amended.

Terms, provisions, conditions and limitations of the Ordinance pro-rating the
cost of construction of a water main in Camp McDonald Road, a copy of which was
recorded January 24, 1973 as Document 22,197,242.

Provision contained in letter from the Department of Transportation of the State
of Illinois attached to Plat of Subdivision recorded May 9, 1972 as Document
21,895,078 that parts of the Subdivision will be subject to normal flood risks.
If provisions are made for the natural drainage across the Subdivision, it is
anticipated that no major problems will be involved in adapting any building
developments to the topographic and hydrologic conditions.

Grant by Rolling Green Country Club to the Illinois Bell Telephone Company
recorded as Document 9,884,030 granting the right to construct and maintain
underground cables and conduits along the North East side of Rand Road, with
accres thereto.

1. REAL ESTATE TAXES FOR THE YEAR 1988 AND SUBSEQUENT YEARS NOT
YET DUE AND PAYABLE.

Permitted Exceptions

EXHIBIT B

PROPERTY IDENTIFICATION NUMBER: 88469200
BOOK: 88-178-452 PAGE: 59-00
FILED: 1988 APR 28 AM 11:52 AM
\$35.00