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11/28/88

WESTRIDGE TOWNHOMES, PHASE IV

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MORTGAGE AND ASSIGNMENT OF LEASES AND RENTS

THIS INDENTURE, made as of this 22nd day of November, 1988, by and between WESTRIDGE CORPORATION, an Illinois corporation ("Mortgagor"), and IRVING FEDERAL SAVINGS AND LOAN ASSOCIATION, a corporation organized under the laws of the United States of America, 770 West Dundee Road, Arlington Heights, Illinois 60004-1598 ("Mortgagee"):

WITNESSETH:

Mortgagor is justly indebted to Mortgagee in the principal sum of SEVEN MILLION AND NO/100 DOLLARS (\$7,000,000.00) evidenced by a certain mortgage note (the "Note") of even date herewith in that amount, made by Mortgagor and payable to the order of and delivered to Mortgagee, in and by which said Note, Mortgagor promises to pay the said principal sum and interest in the manner and at the rates as provided therein. The loan evidenced by the Note is a "revolving credit loan" as such term is used in Section 312.3 of Chapter 17 of the Illinois Revised Statutes, as amended. The unpaid principal amount and all accrued and unpaid interest due under the Note, if not sooner paid, shall be due on November 27, 1990, subject to the right of Mortgagor to extend said maturity date to November 27, 1991, subject to the terms and conditions contained in Paragraph 8 of the Loan Agreement (as hereinafter defined), except that any amounts disbursed by Mortgagee pursuant to any of the Credits (as such term is defined in the Note), together with all accrued and unpaid interest thereon, shall be due within twenty (20) days after written demand therefor by Mortgagee. All such payments on account of the indebtedness evidenced by the Note shall be first applied to interest on the unpaid principal balance and the remainder to principal and all of said principal and interest being made payable at such place as the holder of the Note may from time to time in writing appoint, and in the absence of such appointment, then at the office of Mortgagee, at the address indicated above or at such other address as Mortgagee may from time to time designate in writing.

NOW, THEREFORE, Mortgagor, to secure: (i) the payment of said principal sum of money and all interest, late charges and other indebtedness evidenced by the Note and by any extensions, renewals or refinancings thereof; (ii) the performance and observance of the covenants, terms, conditions and agreements contained in the Note, this Mortgage and the Loan Documents as hereinafter defined; and (iii) the reimbursement of Mortgagee

This instrument was prepared by
and, after recording, return to:

Jerrold M. Peven, Esq.
Greenberger, Krauss & Jacobs, Chtd.
180 North LaSalle Street, Suite 2700
Chicago, Illinois 60601

(Handwritten signature/initials)

Permanent Real Estate
Tax Index No.:

03-06-400-040-0000
03-06-400-041-0000

Street Address:

Southwest Corner of
Ridge Avenue and
Happfield Drive
Arlington Heights, Illinois

BOX 333 - GG

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71-58-45
D-7

4200

for any and all sums expended or advanced by Mortgagee pursuant to any term or provision of or constituting additional indebtedness under or secured by this Mortgage or any of the Loan Documents, with interest thereon as provided herein or therein; and also in consideration of the sum of TEN DOLLARS (\$10.00) in hand paid, the receipt whereof is hereby acknowledged, does by these presents MORTGAGE, GRANT, ASSIGN, REMISE, RELEASE, WARRANT, AND CONVEY unto Mortgagee, its successors and assigns, the real estate and all of its estate, right, title and interest therein situate, legally described in Exhibit A attached hereto and made a part hereof, which together with the property hereinafter described, is referred to herein as the "Premises";

TOGETHER with all buildings and improvements now or hereafter constructed upon or erected upon or located on the real estate legally described in Exhibit A attached hereto, all tenements, easements, rights-of-way and rights used as a means of access thereto, all fixtures and appurtenances thereto now or hereafter belonging or pertaining to the real estate legally described in Exhibit A attached hereto, and all rents, issues, royalties, income, proceeds, profits and other benefits thereof, and any after-acquired title, franchise, or license and the reversions or remainders thereof, for so long and during all such times as Mortgagee may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily), and all shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, refrigerators, curtain and drapery fixtures, partitions, attached floor covering, now or hereafter therein or thereon, and all fixtures, apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing): all fixtures, apparatus, equipment and articles, it being understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned. All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared, to the maximum extent permitted by law, to form a part and parcel of the real estate and to be appropriated to the use of the real estate, and shall be for the purposes of this Mortgage deemed to be real estate and conveyed and mortgaged hereby; provided, however, as to any of the property aforesaid which does not so form a part and parcel of the real estate or does not constitute a "fixture" (as defined in the Uniform Commercial Code of Illinois (the "Code")), this Mortgage is hereby deemed to also be a Security Agreement under the Code for purposes of granting a security interest in such property, which Mortgagee hereby grants to Mortgagee, as Secured Party (as defined in the Code), as more particularly provided in Paragraph 38 of this Mortgage.

TO HAVE AND TO HOLD the Premises unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth, together with all right to retain possession of the Premises after any Event of Default (as hereinafter defined).

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IT IS FURTHER UNDERSTOOD AND AGREED THAT:

1. Title.

Mortgagor represents and covenants that (a) Mortgagor is the holder of the fee simple title to the Premises legally described in Exhibit A, free and clear of all liens, claims and encumbrances, except such liens and encumbrances as shall have been expressly approved in writing by Mortgagee; and (b) Mortgagor has legal power and authority to mortgage and convey the Premises.

2. Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, etc.

Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien, except that Mortgagor shall have the right to contest by appropriate proceedings diligently prosecuted the validity or amount of any such lien if and only if Mortgagor shall within fifteen (15) business days after the filing thereof (1) place a bond with Mortgagee in an amount, form, content and issued by a surety reasonably acceptable to Mortgagee for the payment of any such lien or (2) cause the title company which has issued the loan policy of title insurance to Mortgagee insuring the lien of this Mortgage to issue an endorsement thereto insuring against loss or damage on account of any such lien; (c) immediately pay when due any indebtedness which may be secured by a lien or charge on the Premises superior or inferior to or at parity with the lien hereof (no such superior, inferior or parity lien to be permitted hereunder), and upon request exhibit satisfactory evidence of the discharge of any such lien to Mortgagee; (d) subject to the terms and conditions contained in the Loan Agreement (as hereinafter defined), complete within a reasonable time any buildings or any other improvements now or at any time in process of construction upon the Premises; (e) comply with all requirements of law, municipal ordinances and restrictions of record with respect to the Premises and the use and development thereof and the formation, development, sale and operation of condominium units therein, including without limitation, those relating to building, zoning, environmental protection, health, fire and safety and the formation and sale of condominium units; (f) except as expressly permitted and subject to the terms and conditions contained in the Loan Agreement, make no structural or non-structural alterations to the Premises or any buildings or other improvements now or hereafter constructed thereon, without the prior written consent of Mortgagee; (g) suffer or permit no change in the general nature of the occupancy of the Premises, without the prior written consent of Mortgagee; (h) initiate or acquiesce in no zoning reclassification without the prior written consent of Mortgagee; (i) pay each item of indebtedness secured by this Mortgage when due according to the terms hereof or of the Note; and (j) duly perform and observe all of the covenants, terms, provisions and agreements herein, in the Note or in the other Loan Documents on the part of Mortgagor to be performed and observed. As used in this Paragraph and elsewhere in this Mortgage, the term "indebtedness" shall mean and include the principal sum evidenced by the Note, together with all interest thereon and all other amounts payable to Mortgagee thereunder, and all other sums at any time secured by this Mortgage.

3. Payment of Taxes and Assessments.

Mortgagor shall pay before any penalty or interest attaches all general taxes, special taxes, special assessments, condominium assessments, water charges, sewer service charges, and all other liens or charges levied or assessed against the Premises, or any interest therein, of any nature whatsoever when due, and shall furnish to Mortgagee duplicate receipts of payment therefor. If any special assessment is permitted by applicable law to be paid in installments, Mortgagor shall have the right to pay such assessment in installments, so long as all such installments are paid prior to the due date thereof. Notwithstanding anything contained herein to the contrary, Mortgagor shall have the right to protest any taxes assessed against the Premises, so long as such protest is conducted in good faith by appropriate legal proceedings diligently prosecuted and Mortgagor shall furnish to the title insurer such security or indemnity as said insurer requires to induce it to issue an endorsement, in form and substance acceptable to Mortgagee, insuring over any exception created by such protest.

4. Tax and Insurance Deposits.

Mortgagor covenants and agrees to deposit with Mortgagee commencing on December 1, 1988 and on the first day of each month thereafter until the indebtedness secured by this Mortgage is fully paid, a sum equal to (a) one-twelfth (1/12th) of the annual taxes and assessments (general and special) on the Premises, as reasonably determined by Mortgagee, and (b) one-twelfth (1/12th) of the annual premiums payable for the insurance required to be maintained in accordance with Paragraph 6 hereof. In addition to the foregoing, if requested by Mortgagee, Mortgagor shall deposit with Mortgagee an amount of money, which together with the aggregate of the monthly deposits to be made pursuant to (a) above as of one month prior to the date on which the total annual taxes and assessments for the current calendar year become due, shall be sufficient to pay in full the total annual taxes and assessments estimated by Mortgagee to become due and payable with respect to the Premises for the current calendar year, and an amount of money, which together with the aggregate of the monthly deposits to be made pursuant to (b) above as of one month prior to the date on which the next annual insurance premium becomes due, shall be sufficient to pay in full the total annual insurance premium estimated by Mortgagee to next become due and payable with respect to the Premises. Such deposits are to be held without any allowance of interest and are to be used for the payment of taxes and assessments (general and special) and insurance premiums, respectively, on the Premises next due and payable when they become due. Mortgagee may, at its option, itself pay such taxes, assessments and insurance premiums when the same become due and payable (upon submission of appropriate bills therefor from Mortgagor) or shall release sufficient funds to Mortgagor for payment of such taxes, assessments and insurance premiums. If the funds so deposited are insufficient to pay any such taxes, assessments (general or special) and premiums for any year when the same shall become due and payable, Mortgagor shall within ten (10) days after receipt of demand therefor, deposit additional funds as may be necessary to pay such taxes, assessments (general and special) and premiums in full. If the funds so deposited exceed the amount required to pay such taxes, assessments (general and special) and premiums for any year, the excess shall be applied on a subsequent deposit or deposits. Said deposits need not be kept separate and apart from any other funds of Mortgagee.

Notwithstanding the foregoing provisions of this Paragraph 4, so long as no Event of Default (as hereinafter defined) exists under this Mortgage, the Note, or any of the Loan Documents (as hereinafter defined), no such deposits shall be required to be made by Mortgagor to Mortgagee with respect to such taxes and assessments unless and until Mortgagor shall fail to provide Mortgagee with evidence satisfactory to Mortgagee of the payment of such taxes and assessments not later than five (5) days prior to the date the same shall be due.

5. Mortgagee's Interest In and Use of Deposits.

In the event of a default in any of the provisions contained in this Mortgage or the Note secured hereby, Mortgagee may at its option, without being required so to do, apply any monies at the time on deposit pursuant to Paragraph 4 above, on any of Mortgagor's obligations herein or in the Note contained, in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor. Such deposits are hereby pledged as additional security for the indebtedness hereunder and shall be irrevocably applied by Mortgagee for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments and insurance premiums any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment of which they were deposited, accompanied by the bills for such taxes, assessments and insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party.

6. Insurance.

Mortgagor shall at all times keep all buildings, improvements, fixtures and articles of personal property now or hereafter situated on the Premises insured against loss or damage by fire and such other hazards as may reasonably be required by Mortgagee, including without limitation: (a) all-risk fire and extended coverage insurance, with vandalism and malicious mischief endorsements, for the full replacement value of the Premises, with agreed upon amount and inflation guard endorsements; (b) if there are tenants under leases at the Premises, rent and rental value or business loss insurance for the same perils described in (a) above payable at the rate per month and for the period specified from time to time by Mortgagee; (c) broad form boiler and sprinkler damage insurance in an amount reasonably satisfactory to Mortgagee, if and so long as the Premises shall contain a boiler and sprinkler system, respectively; (d) if the Premises are located in a flood hazard district, flood insurance in the maximum amount obtainable up to the amount of the indebtedness hereby secured; and (e) such other insurance as Mortgagee may from time to time reasonably require. Mortgagor also shall at all times maintain comprehensive public liability, property damage and workmen's compensation insurance covering the Premises and any employees thereof, with such limits for personal injury, death and property damage as Mortgagee may reasonably require. All policies of insurance to be furnished hereunder shall be in forms, companies, amounts and deductibles reasonably satisfactory to Mortgagee, with mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, including a provision requiring that the coverage evidenced

thereby shall not be terminated or materially modified without thirty (30) days' prior written notice to Mortgagee and shall contain endorsements that no act or negligence of the insured or any occupant and no occupancy or use of the Premises for purposes more hazardous than permitted by the terms of the policies will affect the validity or enforceability of such policies as against Mortgagee. Mortgagor shall deliver all policies, including additional and renewal policies, to Mortgagee, and, in the case of insurance about to expire, shall deliver renewal policies not less than thirty (30) days prior to their respective dates of expiration.

Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon under a standard mortgage clause acceptable to Mortgagee. Mortgagor immediately shall notify Mortgagee whenever any such separate insurance is taken out and promptly shall deliver to Mortgagee the policy or policies of such insurance.

In the event of loss Mortgagor shall give immediate notice by mail to Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Mortgagee instead of to Mortgagor and Mortgagee jointly. Any insurance proceeds so received by Mortgagee, or any part thereof, shall be applied by Mortgagee, after the payment of all of Mortgagee's expenses, including costs and reasonable attorneys' fees, to the restoration or repair of the property damaged as provided in Paragraph 22 hereof. In the event of foreclosure of this Mortgage, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to the purchaser at the foreclosure sale. Mortgagor shall furnish Mortgagee, without cost to Mortgagee, at the request of Mortgagee, from time to time, evidence of the replacement value of the Premises.

7. Condemnation.

If all or any part of the Premises are damaged, taken or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, the amount of any award or other payment for such taking or damages made in consideration thereof, to the extent of the full amount of the remaining unpaid indebtedness secured by this instrument, is hereby assigned to Mortgagee, who is empowered to collect and receive the same and to give proper receipts therefor in the name of Mortgagor and the same shall be paid forthwith to Mortgagee, who shall release any such award or monies so received or apply the same in whole or in part, after the payment of all of its expenses, including reasonable costs and attorneys' fees, to the restoration or repair of the property damaged as provided in Paragraph 22 hereof, if in the reasonable judgment of Mortgagee the property can be restored or repaired to the condition existing immediately prior to the taking. If in the reasonable judgment of Mortgagee the said property cannot be restored or repaired to the condition existing immediately prior to the taking, then such award or monies received after the payment of expenses of Mortgagee as aforesaid shall be applied on account of the unpaid principal balance of the Note, irrespective of whether such principal balance is then due and payable and, at any time from and after the taking, upon thirty (30) days prior written notice to Mortgagor, Mortgagee may declare the whole of the indebtedness hereby secured to be due

and payable. Furthermore, in the event such award or monies so received shall exceed the cost of restoration or repair of the property and expenses of Mortgagee as aforesaid, then such excess monies shall be applied on account of the unpaid principal balance of the Note, irrespective of whether such principal balance is then due and payable. Any application to the unpaid principal balance of the Note pursuant to this Paragraph 7 shall not extend the due date or reduce the amount of the principal and interest installments required to be paid under the Note.

8. Stamp Tax.

If, by the laws of the United States of America, or of any state or political subdivision having jurisdiction over Mortgagor, any tax is due or becomes due in respect of the execution and delivery of this Mortgage or the issuance of the Note hereby secured, Mortgagor covenants and agrees to pay such tax in the manner required by any such law. Mortgagor further covenants to reimburse Mortgagee for any sums which Mortgagee may expend by reason of the imposition of any tax on the issuance of the Note secured hereby. Notwithstanding the foregoing, Mortgagor shall not be required to pay any income or franchise taxes of Mortgagee.

9. Lease Assignment.

As additional security for the payment of the Note and for the faithful performance of the terms and conditions contained herein, Mortgagor, as lessor, hereby unconditionally and absolutely grants, transfers, sets over and assigns to Mortgagee the entire lessor's right, title and interest in and to all leases and subleases (including all extensions and renewals thereof) which now or hereafter affect all or any portion of the Premises (collectively, the "Leases") and in and to all rents, issues, income and profits of or from all or any portion of the Premises.

Mortgagor shall not, without Mortgagee's prior written consent, (i) enter into a Lease of all or any portion of the Premises, modify or amend the terms and conditions of any Lease, or give any approval or consent required or permitted by any Lease, (ii) execute an assignment or pledge of any rents and/or any leases affecting all or any portion of the Premises; or (iii) accept any prepayment of any installment of any rents more than thirty (30) days before the due date of such installment, other than security and other deposits.

Mortgagor at its sole cost and expense shall (i) at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in all leases affecting all or any portion of the Premises, on the part of the lessor thereunder to be kept and performed, and shall not, without the prior written consent of Mortgagee, release the liability of any lessee thereunder, permit any lessee thereunder to withhold the payment of rent or make off-sets against rent, permit any tenant to claim a total or partial eviction, permit any lessee to terminate or cancel any Lease, waive or excuse the obligation to pay rent under any Lease or modify or cancel the terms of any guaranty of any Lease; (ii) use its best efforts to enforce or secure the performance of all of the covenants, conditions and agreements of such Leases on the part of the lessees to be kept and performed; (iii) appear in and defend any action or proceeding arising under, growing out of or in any

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manner connected with such Leases or the obligations, duties or liabilities of the lessor or of the lessees thereunder; (iv) as additional security for the payment of the Note and for the faithful performance of the terms and conditions contained herein, transfer and assign to Mortgagee any lease or leases of the Premises heretofore or hereafter entered into, and make, execute and deliver to Mortgagee upon demand, any and all instruments required to effectuate said assignment; (v) give written notice to Mortgagee within five (5) days of the occurrence of any material default under any lease affecting all or any portion of the Premises; and (vi) exercise within five (5) days of any demand therefor by Mortgagee any right to request from the lessee under any lease affecting all or any portion of the Premises a certificate with respect to the status thereof.

Mortgagor represents and warrants to Mortgagee that Mortgagee has not heretofore made any other assignment of its entire or any part of its interest in and to any or all of the Leases, or any or all of the rents, issues, income or profits assigned hereunder or entered into any agreement to subordinate any of the Leases, or Mortgagor's right to receive any of the rents, issues, income or profits assigned hereunder.

So long as Mortgagor is not in default under this Mortgage, the Note or any of the other Loan Documents, Mortgagee shall have the right to collect, but not more than thirty (30) days in advance of the date provided for the payment thereof, all rents, issues, income and profits assigned hereunder (other than security or similar deposits) and to retain, use and enjoy the same. Mortgagee shall have the right to notify the lessees under the Leases of this assignment at any time.

Mortgagee shall not be liable for any loss sustained by Mortgagor resulting from Mortgagee's failure to let the Premises following the occurrence of any one or more Events of Default under this Mortgage or from any other act or omission of Mortgagee in managing, operating or maintaining the Premises following the occurrence of any one or more Event of Default under this Mortgage. Mortgagee shall not be obligated to observe, perform or discharge, nor does Mortgagee hereby undertake to oversee, perform or discharge any covenant, term, condition or agreement contained in any Lease to be observed or performed by the lessor thereunder, or any obligation, duty or liability of Mortgagor under or by reason of this Mortgage, and Mortgagor shall and does hereby agree to indemnify Mortgagee for, and to hold Mortgagee harmless of and from, any and all liability, loss, or damage which Mortgagee may or might incur under any Lease and of and from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligation or undertaking on its part to observe or perform any of the covenants, terms, conditions and agreements contained in any Lease. Should Mortgagee incur any liability, loss or damage under any Lease, or in the defense of any such claim or demand, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall become immediately due and payable by Mortgagor with interest thereon at the Default Rate (as hereinafter defined) and shall be secured by this Mortgage. This Mortgage shall not operate to place responsibility for the care, control, management or repair of the Premises or for the carrying out of any of the covenants, terms, conditions and agreements contained in any Lease upon Mortgagee, nor shall it operate to make Mortgagee responsible or liable for any waste committed upon the Premises by any tenant, occupant or other

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party, or for any dangerous or defective condition of the Premises, or for any negligence in the management, upkeep, repair or control of the Premises resulting in loss or injury or death to any lessee, occupant, licensee, employee or stranger.

In the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee under each Lease affecting all or any portion of the Premises shall, at the option of Mortgagee, attorn to any person succeeding to the interest of Mortgagor as a result of such enforcement and shall recognize such successor in interest as lessor under such Lease without change in the terms or other provisions thereof; provided, however, that said successor in interest shall not be bound by any payment of rent or additional rent for more than one month in advance or any amendment or modification to any lease made without the consent of Mortgagee or said successor in interest. Each lessee, upon request by said successor in interest shall execute and deliver an instrument or instruments confirming such attornment.

Upon the occurrence of an Event of Default under this Mortgage, Mortgagee shall have the right to:

(x) Enter upon and take possession of the Premises, either in person or by agent or by a receiver appointed by a court, and have, hold, manage, lease and operate the same on such terms and for such period of time as Mortgagee may deem necessary or proper, with full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof as may seem proper Mortgagee, to make, enforce, modify and accept the surrender of Leases, to obtain and evict lessees under the Leases, to fix or modify rents, and to do any other act which Mortgagee deems necessary or proper;

(y) Either with or without taking possession of the Premises, demand, sue for, settle, compromise, collect and give acquittances for all rents, issues, income and profits of and from the Premises and pursue all remedies for enforcement of the Leases and all the lessor's rights therein and thereunder, provided that, for such purpose, this Mortgage shall constitute an authorization and direction to the lessees under the Leases to pay all rents and other amounts payable under the Leases to Mortgagee, without proof of default hereunder, upon receipt from Mortgagee of written notice specifying that a default has occurred hereunder and directing such tenants to thereafter pay all such rents and other amounts to Mortgagee and to comply with any notice or demand by Mortgagee for observance or performance of any of the covenants, terms, conditions and agreements contained in the Leases to be observed or performed by the lessees thereunder, and provided, further, that Mortgagor will facilitate in all reasonable ways Mortgagee's collection of such rents, issues, income and profits, and upon request will execute written notices to the lessees under the Leases to thereafter pay all such rents and other amounts to Mortgagee.

All sums collected and received by Mortgagee out of the rents, issues, income and profits of the Premises following the occurrence of any one or more Event of Default shall be applied as follows:

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(a) First, to reimbursement of Mortgagee for and of all expenses of: taking and retaining possession of the Premises; managing the Premises and collecting the rents, issues, income and profits thereof, including without limitation, salaries, fees and wages of a managing agent and such other employees as Mortgagee may deem necessary and proper, and reasonable attorneys' fees; operating and maintaining the Premises, including without limitation, taxes, charges, claims, assessments, condominium assessments, water rents, sewer rents, other liens, and premiums for any insurance provided in this Mortgage; the cost of all alterations, renovations, repairs or replacements of or to the Premises which Mortgagee may deem necessary and proper, with interest thereon at the Default Rate;

(b) Second, to reimbursement of Mortgagee for and of all sums expended by Mortgagee pursuant to Paragraph 12 below to make any payment or do any act required herein of Mortgagor, together with interest thereon as provided herein;

(c) Third, to reimbursement of Mortgagee for and of all other sums with respect to which Mortgagee is indemnified pursuant to this Paragraph 9, together with interest thereon as provided herein;

(d) Fourth, to the payment of all accrued and unpaid interest on the unpaid principal balance of the Note;

(e) Fifth, to payment of the unpaid principal balance of the Note; and

(f) Sixth, any balance remaining to Mortgagor.

10. Effect of Extensions of Time.

If the payment of said indebtedness or any part thereof be extended or varied or if any part of any security for the payment of the indebtedness be released, all persons now or at any time hereafter liable therefor, or interested in the Premises or having an interest in Mortgagor, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release.

11. Effect of Changes in Laws Regarding Taxation.

In the event of the enactment after this date of any law of the state in which the Premises are located deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holders thereof, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee therefor; provided, however, that Mortgagor shall not be deemed to be required to pay any income or franchise taxes of Mortgagee.

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Notwithstanding the foregoing, if in the opinion of counsel for Mortgagee (a) it might be unlawful to require Mortgagor to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable thirty (30) days from the giving of such notice.

12. Mortgagee's Performance of Defaulted Acts and Expenses Incurred by Mortgagee.

Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or consent to any tax or assessment or cure any default of Mortgagor in any lease of the Premises. Mortgagee may, but shall not be required to, complete construction, furnishing and equipping of any buildings or other improvements now or at any time hereafter on the Premises, and rent, operate and manage the Premises and such buildings and improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and such buildings and improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by Mortgagee in regard to any tax referred to in Paragraph 8 above or to protect the Premises or the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at an annual rate (the "Default Rate") equal to four percent (4%) plus the Loan Rate (as defined in the Note) then in effect under the Note. In addition to the foregoing, any costs, expenses and fees, including reasonable attorneys' fees, incurred by Mortgagee in connection with (a) sustaining the lien of this Mortgage or its priority, (b) protecting and enforcing any of Mortgagee's rights hereunder, (c) recovering any indebtedness secured hereby, (d) any litigation or proceedings affecting the Note, this Mortgage, the Premises or any guarantor of the Note or this Mortgage, including without limitation, bankruptcy and probate proceedings, or (e) preparing for the commencement, defense or participation in any threatened litigation or proceedings, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the Default Rate. The interest accruing under this Paragraph 12 shall be immediately due and payable by Mortgagor to Mortgagee, and shall be additional indebtedness evidenced by the Note and secured by this Mortgage. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor. Should the proceeds of the Note or any part thereof, or any amount paid out or advanced by Mortgagee hereunder, or pursuant to any agreement executed by Mortgagor in connection with the loan evidenced by the Note, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any lien or encumbrance upon the Premises or any part thereof, then as additional security hereunder, Mortgagee shall be subrogated to any and all rights, equal or superior titles,

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liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote, regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment. Notwithstanding anything contained herein to the contrary, in no event shall the indebtedness secured by this Mortgage exceed an amount equal to Twenty Million and No/100 Dollars (\$20,000,000.00).

13. Mortgagee's Reliance on Tax Bills and Claims for Liens.

Mortgagee in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; provided, however, that if no Event of Default then exists hereunder, Mortgagee shall give to Mortgagor ten (10) days' prior written notice of its intent to make such payment and, unless Mortgagor objects and itself makes such payment within five (5) days after receipt of such notice, Mortgagee may thereafter make such payment.

14. Acceleration of Indebtedness in Event of Default.

Each of the following shall constitute an "Event of Default" for purposes of this Mortgage:

(a) Mortgagor fails to pay within ten (10) days after the date when due (i) any installment of principal or interest payable pursuant to the Note, or (ii) any other amount payable pursuant to the Note, this Mortgage or any of the other Loan Documents, except as expressly provided to the contrary in (b), (c) and (d) below;

(b) Mortgagor fails to pay to Mortgagee within twenty (20) days after written demand from Mortgagee any amount disbursed by Mortgagee to the Village of Buffalo Grove, Illinois, or the Village of Arlington Heights, Illinois (individually, a "Village" and jointly, the "Villages") or to the Federal National Mortgage Association ("Fannie Mae") under any of the Credits, together with all accrued interest thereon at the Loan Rate then in effect under the Note;

(c) Mortgagor fails to pay to Mortgagee the outstanding amount of the Credits on the maturity date of the Note (as said maturity date may be extended pursuant to the terms and conditions contained in Article 8 of the Loan Agreement;

(d) Mortgagor fails to pay to Mortgagee within ten (10) days after written demand from Mortgagee the amount equal to the difference between (i) the sum of (A) all then outstanding amounts due to Mortgagee under the Note and the Loan Documents plus (B) the then outstanding amount of the Credits, less (ii) the sum of (A) 90% of the value of the security for the Note based on Mortgagee's reasonable determination plus (B) 100% of all cash previously deposited by Mortgagor with Mortgagee as security for any draws made by either Village and/or by Fannie Mae under the Credits

less any portion of such cash previously applied by Mortgagee at any time and from time to time to pay any draws made by either Village and/or by Fannie Mae under the Credits;

(e) Mortgagor fails to promptly perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Mortgagor under (i) the Note, (ii) this Mortgage, (iii) the Construction Loan Agreement (the "Loan Agreement") of even date herewith made between Mortgagor and Mortgagee, (iv) the Security Agreement (Chattel Mortgage) of even date herewith made by Mortgagor to Mortgagee, (v) the Assignment of Licenses, Permits and Contracts of even date herewith made by Mortgagor to Mortgagee, (vi) the Assignment of Condominium Sales Contracts of even date herewith made by Mortgagor to Mortgagee; and (vii) any other document or instrument evidencing or securing the Note or delivered to induce Mortgagee to disburse the proceeds thereof (the documents described in sections (ii) through (vii) above, both inclusive, being hereinafter collectively referred to as the "Loan Documents"); provided, however, that unless and until the continued operation or safety of the Premises, or the priority, validity or enforceability of this Mortgage or the lien hereof or the lien of any of the other Loan Documents, or the value of the Premises is impaired, threatened or jeopardized, Mortgagor shall have a period not to exceed thirty (30) days after written notice of such failure of performance or observance to cure the same, except that if such failure cannot by its nature be cured within thirty (30) days, and if Mortgagor commences to cure such failure promptly after written notice thereof and thereafter diligently pursues the curing thereof (and in all events cures such failure within ninety (90) days after written notice thereof), Mortgagor shall not be in default hereunder during such period of diligent curing;

(f) The existence of any inaccuracy or untruth in any material respect in any representation, covenant or warranty contained in this Mortgage or any of the other Loan Documents or of any statement or certification as to facts delivered to Mortgagee by Mortgagor, any guarantor of the Note, or any applicant for the loan evidenced by the Note;

(g) At any time, Mortgagor or any guarantor of the Note files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future Federal, state, or other statute or law, or seeks or consents to or acquiesces in the appointment of any trustee, receiver or similar officer of Mortgagor or any guarantor of the Note, or of all or any substantial part of the property of Mortgagor or any guarantor of the Note or any of the Premises;

(h) The commencement of any involuntary petition in bankruptcy against Mortgagor or any guarantor of the Note, or the institution against Mortgagor or any guarantor of the Note of any reorganization, arrangement, composition, readjustment, dissolution, liquidation or similar proceedings under any present or future Federal, state or other statute or law, or the appointment of a receiver, trustee or similar officer for all or any substantial part

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of the property of Mortgagor or any guarantor of the Note, which shall remain undismissed or undischarged for a period of sixty (60) days;

(i) Any sale, transfer, lease, assignment, conveyance, financing, lien or encumbrance made in violation of Paragraph 27 of this Mortgage;

(j) The death or legal incompetency of any guarantor of the Note; or

(k) If any condominium declaration is recorded by Mortgagor with respect to the Premises, the failure of Mortgagor materially to perform for the benefit of the condominium association its obligations as a unit owner or declarant thereunder.

If an Event of Default occurs, Mortgagee may, at its option, declare the whole of the indebtedness hereby secured to be immediately due and payable without notice to Mortgagor, with interest thereon from the date of such Event of Default at the Default Rate. If while any insurance proceeds or condemnation awards are being held by Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Premises, as set forth in Paragraph 22 hereof, Mortgagee shall be or become entitled to, and shall accelerate the indebtedness secured hereby, then and in such event, Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by it in reduction of the indebtedness hereby secured and any excess held by it over the amount of indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

15. Foreclosure; Expense of Litigation.

When the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof and/or exercise any right, power or remedy provided in this Mortgage or any of the other Loan Documents. It is further agreed that if default be made in the payment of any part of the secured indebtedness as an alternative to the right of foreclosure for the full secured indebtedness after acceleration thereof, Mortgagee shall have the right to institute partial foreclosure proceedings with respect to the portion of said indebtedness so in default, as if under a full foreclosure, and without declaring the entire secured indebtedness due (such proceeding being hereinafter referred to as a "partial foreclosure"), and provided that if foreclosure sale is made because of default of a part of the secured indebtedness, such sale may be made subject to the continuing lien of this Mortgage for the unmatured part of the secured indebtedness; and it is agreed that such sale pursuant to a partial foreclosure, if so made, shall not in any manner affect the unmatured part of the secured indebtedness, but as to such unmatured part this Mortgage, the lien hereof shall remain in full force and effect just as though no foreclosure sale had been made under the provisions of this Paragraph 15. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect at any time prior to a foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate the secured indebtedness by reason of any uncured default or defaults upon which such partial foreclosure was predicated or by reason of any other defaults, and proceed with full

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foreclosure proceedings. It is further agreed that several foreclosure sales may be made pursuant to partial foreclosures without exhausting the right of full or partial foreclosure sale for any unmatured part of the secured indebtedness, it being the purpose to provide for a partial foreclosure sale of the secured indebtedness without exhausting the power to foreclose and to sell the Premises pursuant to any such partial foreclosure for any other part of the secured indebtedness whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure. In the event of a foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at such sale, or to take such other steps as Mortgagee may deem advisable to cause the interest of such purchaser to be protected by any of the said insurance policies.

In any suit to foreclose or partially foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to the title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned and such expenses and fees as may be incurred in the enforcement of Mortgagor's obligations hereunder, the protection of said Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note, or the Premises, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate and shall be secured by this Mortgage.

16. Application of Proceeds of Foreclosure Sale.

The proceeds of any foreclosure (or partial foreclosure) sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraph 15 hereof; second, all other items which may under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided and all principal and interest remaining unpaid on the Note; and third, any surplus to Mortgagor, its successors or assigns, as their rights may appear.

17. Appointment of Receiver.

Upon, or at any time after the filing of a complaint to foreclose (or partially foreclose) this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such

receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not and Mortgagee hereunder or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof, or of such decree, provided such application is made prior to foreclosure sale; and (b) the deficiency in case of a sale and deficiency.

18. Mortgagee's Right of Possession in Case of Default.

In any case in which under the provisions of this Mortgage Mortgagee has a right to institute foreclosure proceedings, Mortgagor shall forthwith and upon demand of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of the Premises or any part thereof personally, or by its agents or attorneys, as for condition broken. Mortgagee's rights and remedies under this Paragraph 18 shall be effective whether before or after the whole principal sum secured hereby is declared to be immediately due and provided hereunder, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder. In the event Mortgagee is entitled to take possession of the Premises, Mortgagee in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of said Premises, together with all documents, books, records, papers and accounts of Mortgagor or then owner of the Premises relating thereto, and may exclude Mortgagor, or its employees, agents or servants, wholly therefrom. In such case Mortgagee, under the powers herein granted, may hold, operate, manage and control the Premises and conduct the business, if any thereof, either personally or by its agents. Mortgagee shall have full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions for the recovery of rent, actions, in forcible detainer and actions in distress for rent. Mortgagee shall have full power:

(a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same;

(b) to elect to disaffirm any lease or sublease which is then subordinate to the lien hereof;

(c) to extend or modify any then existing leases and to enter new leases, which extensions, modifications and leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the

maturity date of the indebtedness secured hereby and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser;

(d) to make any repairs, decorating renewals, replacements, alterations, additions, betterments and improvements to the Premises as to it may seem judicious;

(e) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; and

(f) to receive all of such avails, rents, issues and profits; hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter without notice to Mortgagor.

Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any lease. To the extent provided by law, Mortgagor shall and does hereby agree to protect, indemnify, defend and hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under said leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases except for such claims and demands as result directly from the negligent or willful actions of Mortgagee. Should Mortgagee incur any such liability, loss or damage under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice and with interest at the Default Rate.

19. Application of Income Received by Mortgagee.

Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it, shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(a) to the payment of the operating expenses of the Premises, including cost of management and leasing thereof (which shall include reasonable compensation to Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions (but not with respect to the renewal of existing leases unless provided for therein) and other compensation and

expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises;

(c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises, including the cost from time to time of installing or replacing refrigeration and gas or electric stoves therein, and of placing the Premises in such condition as will, in the judgment of Mortgagee, make them readily rentable; and

(d) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

20. Rights Cumulative.

Each right, power and remedy herein conferred upon Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing under any of the Loan Documents or any other document given to secure the Note or at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

21. Mortgagee's Right of Inspection.

Mortgagee and/or its representative shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

22. Disbursement of Insurance or Eminent Domain Proceeds.

(a) Before commencing to repair, restore or rebuild following damage to, or destruction of, all or a portion of the Premises, whether by fire or other casualty or by a taking under the power of eminent domain, Mortgagor shall obtain from Mortgagee its approval, which approval shall not be unreasonably withheld, of all site and building plans and specifications pertaining to such repair, restoration or rebuilding.

(b) Prior to the payment or application of insurance proceeds or a condemnation or eminent domain award to the repair or restoration of the improvements upon the Premises as provided in Paragraphs 6 and 7 above, Mortgagee shall be entitled to be satisfied as to the following:

(i) That there is not then a default in any of the terms, covenants and conditions of the Note, this Mortgage or any of the other Loan Documents;

(ii) That Mortgagee shall first be given reasonably satisfactory proof that either such improvements have been fully restored, or that the expenditure of money as may be received from such insurance proceeds or condemnation award will be sufficient to repair, restore or rebuild the Premises, free and clear of all liens, claims and encumbrances, except the lien of this Mortgage;

(iii) That in the event such insurance proceeds or condemnation award shall be insufficient to repair, restore or rebuild the said improvements, Mortgagor or its lessee(s) shall deposit with Mortgagee funds equaling such deficiency, which, together with the insurance proceeds or condemnation award, shall be sufficient to restore, repair and rebuild the Premises; and

(iv) That prior to the disbursement of any such proceeds held by Mortgagee in accordance with the terms of this Paragraph 22 for the cost of any repair, restoration or rebuilding, Mortgagee shall be furnished with a statement of Mortgagor's architect, certifying the extent of the repair and restoration completed to the date thereof, and such repairs, restoration, and rebuilding have been performed to date in conformity with the plans and specifications approved by Mortgagee and with all statutes, regulations or ordinances (including building and zoning ordinances) affecting the Premises; and Mortgagee shall be furnished with appropriate evidence of payment for labor or materials furnished to the Premises, and total or partial lien waivers substantiating such payments.

(c) Prior to the payment or application of insurance proceeds or a condemnation award to the repair, restoration or rebuilding of the improvements upon the Premises as provided in Paragraphs 6 and 7 above there shall have been delivered to Mortgagee the following:

(i) A waiver of subrogation from any insurer who claims that no liability exists as to Mortgagor or the then owner or other insured under the policy of insurance in question, to the extent reasonably available;

(ii) Such plans and specifications, such payment and performance bonds and such insurance, in such amounts, issued by such company or companies and in such forms and substance, as are required by Mortgagee.

(d) In the event Mortgagor shall fail to restore, repair or rebuild the improvements upon the Premises within a reasonable time, then Mortgagee, at its option, and upon not less than thirty (30) days' written notice to Mortgagor, may commence to restore, repair or rebuild the said improvements for or on behalf of Mortgagor, and for such purpose, may perform all necessary acts to accomplish such restoration, repair or rebuilding. In the event insurance proceeds or condemnation award shall exceed the amount necessary to complete the repair, restoration or rebuilding of the improvements upon the Premises, such excess shall be

applied on account of the unpaid principal balance of the Note irrespective of whether such balance is then due and payable.

(e) In the event: Mortgagor commences the repair or rebuilding of the improvements located on the Premises, but fails to comply with the conditions precedent to the payment or application of insurance proceeds or a condemnation or eminent domain award set forth in this Paragraph 22; or Mortgagor shall fail to restore, repair or rebuild the improvements upon the Premises within a reasonable time, and if Mortgagee does not restore, repair or rebuild the said improvements as provided in subparagraph (d) above; then Mortgagee may, at its option, accelerate the indebtedness evidenced by the Note and apply all or any part of the insurance proceeds or condemnation award against the indebtedness secured hereby.

23. Release Upon Payment and Discharge of Mortgagor's Obligations; Partial Release.

Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby, including payment of reasonable expenses incurred by Mortgagor in connection with the execution of such release. Mortgagee shall also issue partial releases of the lien of this Mortgage in accordance with and subject to the terms and conditions contained in Article 14 of the Loan Agreement. Any such partial release shall not impair in any manner the validity or priority of this Mortgage on the portion of the Premises or the security remaining, nor release the personal liability of any person, persons or entity obligated to pay any indebtedness secured hereby, for the full amount of the indebtedness remaining unpaid.

24. Notices.

Any notice or demand required or permitted to be given under this Mortgage shall be in writing and shall be personally delivered or mailed by United States registered or certified mail, return receipt requested, addressed as follows:

To Mortgagee: Irving Federal Savings and Loan Association
770 West Dundee Road
Arlington Heights, Illinois 60004-1598
Attention: Mr. Frank Schwab

With copy to: Greenberger, Krauss & Jacobs, Cntd.
180 North LaSalle Street, Suite 2700
Chicago, Illinois 60601
Attention: Jerrold M. Paven, Esq.

To Mortgagor: Westridge Corporation
1137 Old McHenry Road
Buffalo Grove, Illinois 60089
Attention: Mr. James C. Mastandrea

With copy to: Katten, Muchin & Zavis
525 West Monroe Street
Suite 1600
Chicago, Illinois 60606
Attention: Ira J. Svidler, Esq.

Either party may designate a different address for notice purposes by giving notice thereof in accordance with this Paragraph 24; provided, however, that such notice shall not be deemed given until actually received by the addressee. Any notice or demand given by United States mail shall be deemed given on the second business day after the same is deposited in the United States mail as registered or certified mail, addressed as above provided with postage thereon fully prepaid.

25. Waiver of Defenses.

No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

26. Waiver of Rights.

Mortgagor hereby covenants and agrees that to the extent permitted by law, Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. To the extent permitted by law, Mortgagor, for itself and all who may claim by, through or under it, waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety.

27. Transfer of Premises; Further Encumbrance.

In determining whether or not to make the loan secured hereby, Mortgagee examined the creditworthiness of Mortgagor and the guarantor of the Note, found it acceptable and relied and continues to rely upon same as the means of repayment of the Note. Mortgagee also evaluated the background and experience of Mortgagor and the guarantor of the Note in owning and operating property such as the Premises, found it acceptable and relied and continues to rely upon same as the means of maintaining the value of the Premises which is Mortgagee's security for the Note. Mortgagor and the guarantor of the Note are well-experienced in borrowing money and owning and operating property such as the Premises, were ably represented by a licensed attorney at law in the negotiation and documentation of the loan secured hereby and bargained at arm's length and without duress of any kind for all of the terms and conditions of the loan, including this provision. Mortgagor recognizes that Mortgagee is entitled to keep its loan portfolio at current interest rates by either making new loans at such rates or collecting assumption fees and/or increasing the interest rate on a loan, the security for which is purchased by a party other than Mortgagor. Mortgagor further recognizes that any secondary or junior financing placed upon the Premises (a) may divert funds which would otherwise be used to pay the Note secured hereby; (b) could result in acceleration and foreclosure by any such junior encumbrancer which would force Mortgagee to take measures and incur expenses to protect its security; (c) would detract from the value of the Premises should Mortgagee come into possession thereof with the intention of selling same; and (d) would impair Mortgagee's right to accept a deed in lieu of foreclosure, as a foreclosure by Mortgagee would be necessary to clear the title to the Premises.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security, both of repayment and of value of the Premises; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) allowing Mortgagee to raise the interest rate and collect assumption fees; and (iv) keeping the Premises free of subordinate financing liens, Mortgagor and the guarantor of the Note agree that if this paragraph be deemed a restraint on alienation, that it is a reasonable one, and that except as expressly provided in and subject to the terms and conditions contained in Article 14 of the Loan Agreement, any sale, conveyance, assignment, further encumbrance or other transfer of title to the Premises or any interest in the Premises (whether voluntary or by operation of law), including without limitation, the entering into of an installment agreement for the sale of the Premises, the placement or granting of liens on all or any part of the Premises or the placement or granting of chattel mortgages, conditional sales contracts, financing or security agreements which would be or create a lien on the personal property utilized in the operation of the Premises, or the placement or granting of a mortgage commonly known as a "wrap around" mortgage or an improvement loan, without Mortgagee's prior written consent shall be an event of default hereunder. For the purpose of, and without limiting the generality of, the preceding sentence, the occurrence at any time of any of the following events shall be deemed to be an unpermitted transfer of title to the Premises and therefore an event of default hereunder, except to the extent expressly permitted under Article 14 of the Loan Agreement:

(A) any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, all or any part of the title to the Premises;

(B) any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any shares of Mortgagor; provided, however, that such shares may be sold or conveyed if such sale or conveyance does not reduce the ownership interest of James C. Mastandrea in Mortgagor to less than fifty-one percent (51%); and

(C) any transfer or the occurrence of any other event which results in a breach under Article 9 of the Loan Agreement.

Any consent by Mortgagee, or any waiver by Mortgagee of an Event of Default under this paragraph shall not constitute a consent to, or waiver of any right, remedy or power of Mortgagee upon a subsequent Event of Default under this Paragraph 27. Mortgagor acknowledges that any agreements, liens, charges or encumbrances created in violation of the provisions of this Paragraph 27 shall be void and of no force or effect.

28. Expenses Relating to Note and Mortgage.

Mortgagor will pay all expenses, charges, costs and fees relating to the loan evidenced by the Note and secured by this Mortgage or necessitated by the terms of the Note, this Mortgage or any of the other Loan Documents, including without limitation, Mortgagee's reasonable attorneys' fees in connection with the negotiation, documentation, administration, servicing and enforcement of the Note, this Mortgage and the other Loan Documents, all filing, registration or recording fees, all other expenses incident to the execution and acknowledgment of this

Mortgage and all federal, state, county and municipal taxes, and other taxes (provided Mortgagor shall not be required to pay any income or franchise taxes of Mortgagee), duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note and this Mortgage. Mortgagor recognizes that, during the term of the Mortgage, Mortgagee:

- (a) May be involved in court or administrative proceedings, including, without restricting the foregoing, foreclosure, probate, bankruptcy, creditors' arrangements, insolvency, housing authority and pollution control proceedings of any kind, to which Mortgagee shall be a party by reason of the Loan Documents or in which the Loan Documents or the Premises are involved directly or indirectly;
- (b) May make preparations following the occurrence of an Event of Default hereunder for the commencement of any suit for the foreclosure hereof, which may or may not be actually commenced;
- (c) May make preparations following the occurrence of an Event of Default hereunder for, and do work in connection with, Mortgagee's taking possession of and managing the Premises, which event may or may not actually occur;
- (d) May make preparations for and commence other private or public actions to remedy an Event of Default hereunder, which other actions may or may not be actually commenced;
- (e) May enter into negotiations with Mortgagor and/or the guarantor of the Note, or any of their respective agents, employees or attorneys, in connection with the existence or curing of any Event of Default hereunder, the sale of the Premises, the assumption of liability for any of the indebtedness represented by the Note or the transfer of the Premises in lieu of foreclosure, or
- (f) May enter into negotiations with Mortgagor and/or the guarantor of the Note, or any of their respective agents, employees or attorneys, pertaining to Mortgagee's approval of actions taken or proposed to be taken by Mortgagor and/or the guarantor of the Note, which approval is required by the terms of this Mortgage.

All expenses, charges, costs and fees described in this Paragraph 28 shall be so much additional indebtedness secured hereby, shall bear interest at from the date so incurred until paid at the Default Rate and shall be paid, together with said interest, by Mortgagor forthwith upon demand.

29. Business Purpose.

Mortgagor covenants that the proceeds of the loan evidenced by the Note and secured by this Mortgage will be used for the purposes specified in Paragraph (1)(c) of Section 6404, Chapter 17 of the Illinois Revised Statutes, as amended, and that the principal obligation secured hereby constitutes a business loan which comes within the purview of said paragraph.

30. Financial Statements.

Mortgagor shall cause to be delivered to Mortgagee, within ninety (90) days after the close of each calendar year ending during the term of this Mortgage, annual financial statements of,

Mortgagor and the guarantor of the Note on a form approved by Mortgagee setting forth the information therein as of the immediately preceding calendar year, containing income and expense statements and a balance sheet, prepared and reviewed by an independent certified public accounting firm acceptable to Mortgagee in accordance with generally accepted accounting principles consistently applied, and certified to be true, complete and correct by the person or entity to which they apply and in such detail as Mortgagee may reasonably require. At any time and from time to time within ten (10) days after written request therefor has been made, Mortgagor shall cause Mortgagee to be furnished with a copy of the most recent unaudited interim statement of the earnings and operating expenses of the Premises.

31. Statement of Indebtedness.

Mortgagor, within seven (7) days after being so requested by Mortgagee, shall furnish a duly acknowledged written statement setting forth the amount of the debt secured by this Mortgage, the date to which interest has been paid and stating either that no offsets or defenses exist against the Mortgage debt or, if such offsets or defenses are alleged to exist, the nature thereof.

32. Further Instruments.

Upon request of Mortgagee, Mortgagor shall execute, acknowledge and deliver all such additional instruments and further assurances of title and shall do or cause to be done all such further acts and things as may reasonably be necessary fully to effectuate the intent of this Mortgage and of the other Loan Documents.

33. Construction Loan.

The Note which is secured by this Mortgage evidences a debt created by one or more disbursements made by Mortgagee to Mortgagor to finance the cost of the construction of certain improvements upon the Premises in accordance with the provisions of the Loan Agreement, and this Mortgage is a construction mortgage as such term is defined in Section 9-313(1)(c) of the Uniform Commercial Code as adopted in the State of Illinois. The terms and conditions recited and set forth in the Loan Agreement are fully incorporated in this Mortgage and made a part hereof, and an Event of Default under any of the conditions or provisions of the Loan Agreement shall constitute a default under this Mortgage. In the event of any such default, the holder of the Note may at its option declare the indebtedness secured thereby immediately due and payable, or complete the construction of said improvements and enter into the necessary contracts therefor, in which case all money expended shall be so much additional indebtedness secured hereby and any money expended in excess of the amount of the original principal shall be immediately due and payable with interest at the Default Rate. Upon completion of the improvements described in the Loan Agreement free and clear of mechanic's lien claims, and upon compliance with all of the terms, conditions and covenants of the Loan Agreement, the Loan Agreement and the terms of this paragraph shall become null and void and of no further force and effect. In the event of a conflict between the terms of the Loan Agreement and this Mortgage, the provisions of the Loan Agreement shall apply and take precedence over this Mortgage.

34. Indemnity.

Mortgagor hereby covenants and agrees that no liability shall be asserted or enforced against Mortgagee in the exercise of the rights and powers granted to Mortgagee in this Mortgage, and Mortgagor hereby expressly waives and releases any such liability. Mortgagor shall indemnify and save Mortgagee harmless from and against any and all liabilities, obligations, losses, damages, claims, costs and expenses (including reasonable attorneys' fees and court costs) of whatever kind or nature which may be imposed on, incurred by or asserted against Mortgagee at any time by any third party which relate to or arise from: the making of the loan evidenced by the Note and secured by this Mortgage; any suit or proceeding (including probate and bankruptcy proceedings), or the threat thereof, in or to which Mortgagee 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 Premises, including without limitation, any one or more condominium units to be created in the Premises; and/or the ownership, leasing, use, operation or maintenance of the Premises. All costs provided for herein and paid for by Mortgagee shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest at the Default Rate.

35. Waiver of Right of Redemption.

Mortgagor hereby releases and waives, to the fullest extent permitted by law, any and all rights to retain possession of the Premises after the occurrence of an Event of Default hereunder and any and all rights of redemption from sale under any order or decree of foreclosure, pursuant to rights therein granted, on behalf of Mortgagor, and on behalf of each and every person acquiring any interest in, or title to, the premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons.

36. Miscellaneous.

(a) Successors and Assigns.

This Mortgage and all provisions hereof shall be binding upon and enforceable against Mortgagor and its successors and permitted assigns. This Mortgage and all provisions hereof shall inure to the benefit of Mortgagee, its successors and assigns and any holder or holders, from time to time, of the Note.

(b) Invalidity of Provisions.

In the event one or more of the provisions contained in this Mortgage or the Note or in any security documents given to secure the payment of the Note secured hereby shall for any reason be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall at the option of Mortgagee, not affect any other provision of this Mortgage, and this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein. This Mortgage and the Note it secures are to be construed and governed by the laws of the State of Illinois.

(c) Municipal and Zoning Requirements.

Mortgagor shall not by act or omission permit any building or other improvement on premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement, and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Premises or any interest therein to be so used. Similarly, no building or other improvement on the Premises shall rely on any premises not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission impair the integrity of the Premises as a single zoning lot separate and apart from all other premises. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this subparagraph shall be void.

(d) Rights of Tenants.

Mortgagee shall have the right and option to commence a civil action to foreclose this Mortgage and to obtain a Decree of Foreclosure and Sale subject to the rights of any tenant or tenants of the Premises having an interest in the Premises prior to that of Mortgagee. The failure to join any such tenant or tenants of the Premises as party defendant or defendants in any such civil action or the failure of any Decree of Foreclosure and Sale to foreclose their rights shall not be asserted by Mortgagor as a defense in any civil action instituted to collect the indebtedness secured hereby, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

(e) Subordination of Mortgage.

(i) At the option of Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any leases with respect to all or any part of the Premises upon the execution by Mortgagee and recording thereof, at any time hereafter, in the Office of the Recorder of Deeds in and for the county wherein the Premises are situated, of a unilateral declaration to that effect.

(ii) Provided that no default or event which with the giving of notice or the passage of time, or both, then exists under the Note, this Mortgage or any of the other Loan Documents then exists, at the request of Mortgagor, Mortgagee agrees to execute an agreement, in recordable form, subordinating the lien of this Mortgage to any condominium declaration recorded by Mortgagor with respect to the Premises so long as the form and substance of said condominium declaration is approved by Mortgagee and Mortgagee's counsel. If such declaration of subordination is executed with respect to said condominium declaration, the term "Premises" as used herein shall include without limitation (A) the units and common elements created by such condominium declaration and (B) at the option of Mortgagee, all rights reserved by the declarant pursuant to said condominium declaration.

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(f) Use of Proceeds.

Mortgagor warrants that the proceeds evidenced by the Note secured hereby will not be used for the purchase of registered equity securities within the purview of Regulation G issued by the Board of Governors of the Federal Reserve System.

(g) Mortgagee in Possession.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Premises by Mortgagee pursuant to this Mortgage.

(h) Relationship of Mortgagee and Mortgagor.

Mortgagee shall in no event be construed for any purpose to be a partner, joint venturer, agent or associate of Mortgagor or of any lessee, operator, concessionaire or licensee of Mortgagor in the conduct of its business, and without limiting the foregoing, Mortgagee shall not be deemed to be such partner, joint venturer, agent or associate on account of Mortgagee becoming a Mortgagee in possession or exercising any rights pursuant to this Mortgage, any of the other Loan Documents, or otherwise.

(i) Time of the Essence.

Time is of the essence of the payment by Mortgagor of all amounts due and owing to Mortgagee under the Note and the performance and observance by Mortgagor of all terms, conditions, obligations and agreements contained in this Mortgage.

(j) No Merger.

It being the desire and intention of the parties hereto that the Mortgage and the lien thereof do not merge in fee simple title to the Premises, it is hereby understood and agreed that should Mortgagee acquire any additional or other interest in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien thereof 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.

(k) Value for Purposes of Insurance.

Upon request by Mortgagee, Mortgagor agrees to furnish evidence of replacement value, without cost to Mortgagee, of the type which is regularly and ordinarily made for insurance companies, with respect to the buildings and improvements on the Premises.

(l) Late Charges.

The Note requires the payment of a late charge in the event any installment of principal and/or interest due thereunder and/or any escrow fund payment for taxes and insurance due hereunder shall become overdue for a period in excess of fifteen (15) days. The Note requires the payment to Mortgagee of a late charge of five cents (5¢) for each dollar

so overdue to defray part of the cost of collection. Said late charge shall be secured hereby as indebtedness as that term is defined in Paragraph 2 hereof.

37. Subordination of Property Manager's Lien.

Any property management agreement for the Premises entered into hereafter by Mortgagor with a property manager, shall contain a "no lien" provision whereby the property manager waives and releases any and all mechanics' lien rights that the property manager or anyone claiming by, through or under the property manager may have pursuant to Chapter 82, Section 1 of the Illinois Revised Statutes. Such property management agreement or a short form thereof shall, at Mortgagee's request, be recorded with the Recorder of Deeds of the county where the Premises are located. In addition, Mortgagor shall cause the property manager to enter into a Subordination of Management Agreement with Mortgagee, in recordable form, whereby the property manager subordinates present and future lien rights and those of any party claiming by, through or under the property manager, to the lien of this Mortgage.

38. Security Agreement and Financing Statement.

Mortgagor and Mortgagee agree: (a) that this Mortgage shall constitute a Security Agreement within the meaning of Section 9-402(6) of the Code with respect to all sums on deposit with Mortgagee pursuant hereto ("Deposits") and with respect to any property included in the definition herein of the word "Premises," which property may not be deemed to form a part of the real estate described in Exhibit A attached hereto or may not constitute a "fixture" (within the meaning of Section 9-313 of the Code), and all replacements of such property, substitutions for such property, additions to such property, books and records relating to the Premises and operation thereof and the proceeds thereof (said property, replacements, substitutions, additions and the proceeds thereof being sometimes herein collectively referred to as the "Collateral"); and (b) that a security interest in and to the Collateral and the Deposits is hereby granted to the Mortgagee; and (c) that the Deposits and all of Mortgagor's right, title and interest therein are hereby collaterally assigned to Mortgagee; all to secure payment of the indebtedness hereby secured and to secure performance by the Mortgagor of the terms, covenants and provisions hereof.

Upon the occurrence of any Event of Default hereunder, Mortgagee, pursuant to the appropriate provisions of the Code, shall have an option to proceed with respect to both the real property and the Collateral in accordance with its rights, powers and remedies with respect to the real property, in which event the default provisions of the Code shall not apply. Mortgagee and Mortgagor agree that if Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, five (5) days notice of the sale of the Collateral shall be reasonable notice. The expenses of retaking, holding, preparing for sale, selling and the like incurred by Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Mortgagee including the expenses of in-house staff. Mortgagor agrees that, without the written consent of Mortgagee, Mortgagor will not remove or permit to be removed from the Premises any of the Collateral except that so long as Mortgagor is not in default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of the Collateral when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Premises, but only upon replacing the same or substituting

for the same other Collateral at least equal in value and utility to the initial value and utility of that disposed of and in such a manner that said replacement or substituted Collateral shall be subject to the security interest created hereby and that the security interest of Mortgagee shall be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and covered hereby.

Mortgagor shall, from time to time, upon written request of Mortgagee and at Mortgagor's sole cost, deliver to Mortgagee: (i) such further financing statements and security documents and assurances as Mortgagee may require, to the end that the liens and security interests created hereby shall be and remain perfected and protected in accordance with the requirements of any present or future law; and (ii) an inventory of the Collateral in reasonable detail. Mortgagor represents and covenants that all Collateral now is, and that all replacements thereof, substitutions therefor or additions thereof, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances, title retention devices and security interests of others. If the Collateral is sold in connection with a sale of the Premises, Mortgagor shall notify the Mortgagee prior to such sale and shall require as a condition of such sale that the purchaser specifically agree to assume Mortgagor's obligations as to the security interests herein granted and to execute whatever agreements and filings are deemed necessary by the Mortgagee to maintain Mortgagee's first perfected security interest in the Collateral and the Deposits.

39. Compliance with Environmental Laws.

In addition to all other provisions of this Mortgage, Mortgagor, at its cost and expense, shall comply with all laws, statutes, ordinances, rules and regulations of any governmental authority ("Agency") having jurisdiction thereof concerning environmental matters, including, but not limited to, any discharge (whether before or after the date of this Mortgage) into the air, waterways, sewers, soil or ground water or any substance or "pollutant". Mortgagee and its agents and representatives shall have access to the Premises and to the books and records of Mortgagor and any occupant of the Premises claiming under Mortgagor for the purpose of ascertaining the nature of the activities being conducted thereon and to determine the type, kind and quantity of all products, materials and substances brought onto the Premises or made or produced thereon. Mortgagor and all occupants of the Premises claiming under Mortgagor shall provide to the Mortgagee copies of all manifests, schedules, correspondence and other documents of all types and kinds when filed or provided to an Agency or as such are received from any Agency. Mortgagee and its agents and representatives shall have the right to take samples in quantity sufficient for scientific analysis of all products, materials and substances present on the Premises including, but not limited to, samples of products, materials or substances brought onto or made or produced on the Premises by the Mortgagor or an occupant claiming under Mortgagor or otherwise present on the Premises.

40. 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")

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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 Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee 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 Mortgagee to the extent reimbursable under Section 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in Paragraph 12 or Paragraph 15 of this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

IN WITNESS WHEREOF, Mortgagor has executed this instrument the day and year first above written.

WESTRIDGE CORPORATION, an
Illinois corporation

By: Pat Felozgin
Title: V.P.

Attest: Ron Giambatelli
Title: Secretary

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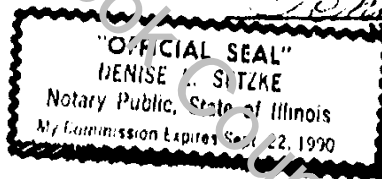
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STATE OF ILLINOIS)
) SS.
COUNTY OF Cook)

I, Denise Sitske, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Paul Salveraggio, the Vice President of WESTRIDGE CORPORATION, an Illinois corporation (the "Corporation") and Eva J. Jankowski, the Secretary of the Corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of the Corporation, for the uses and purposes therein set forth; and the said Secretary then and there acknowledged that he, as custodian of the seal of the Corporation, did affix the seal of the Corporation to said instrument as his own free and voluntary act and as the free and voluntary act of the Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 28th day of November, 1988.



(SEAL)

EXHIBIT A

Legal Description of Land

THAT PART OF THE SOUTHEAST 1/4 OF SECTION 6, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF THE SOUTH 3/8 OF THE NORTH 1/2 OF THE AFORESAID SOUTHEAST 1/4 WITH THE WEST LINE OF A 100 FOOT STRIP OF LAND CONVEYED TO THE COUNTY OF COOK BY DEED RECORDED AS DOCUMENT 24182742 FOR PART OF ARLINGTON HEIGHTS ROAD; THENCE SOUTH 89 DEGREES 58 MINUTES 40 SECONDS WEST ALONG SAID SOUTH LINE A DISTANCE OF 1565.00 FEET TO THE NORTHEAST CORNER OF WESTRIDGE UNIT 3, BEING A SUBDIVISION IN SAID SECTION 6; THENCE SOUTH 0 DEGREES 01 MINUTES 20 SECONDS EAST ALONG THE EAST LINE OF SAID WESTRIDGE UNIT 3, A DISTANCE OF 357.99 FEET TO THE SOUTHEAST CORNER THEREOF, BEING ALSO THE POINT OF BEGINNING; THENCE SOUTH 89 DEGREES 58 MINUTES 40 SECONDS WEST ALONG THE SOUTH LINE OF SAID WESTRIDGE UNIT 3, A DISTANCE OF 969.05 FEET TO THE SOUTHWEST CORNER THEREOF (BEING ALSO A POINT ON THE WEST LINE OF THE AFORESAID SOUTHEAST 1/4 OF SECTION 6); THENCE SOUTH 0 DEGREES 20 MINUTES 48 SECONDS WEST ALONG THE WEST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 6; A DISTANCE OF 482.08 FEET; THENCE NORTH 89 DEGREES 59 MINUTES 30 SECONDS EAST 636.60 FEET; THENCE SOUTH 0 DEGREES 0 MINUTES 30 SECONDS EAST 184.00 FEET; THENCE NORTH 89 DEGREES 59 MINUTES 30 SECONDS EAST 145.06 FEET; THENCE NORTH 49 DEGREES 22 MINUTES 56 SECONDS EAST 97.05 FEET; THENCE NORTH 89 DEGREES 59 MINUTES 30 SECONDS EAST 120.00 FEET TO ITS POINT OF INTERSECTION WITH THE WESTERLY LINE OF WESTRIDGE UNIT 1, BEING A SUBDIVISION IN THE SOUTHEAST 1/4 OF SAID SECTION 6; THENCE NORTHERLY 96.04 FEET ALONG THE WESTERLY LINE OF SAID WESTRIDGE UNIT 1, BEING THE ARC OF A CIRCLE CONVEX WESTERLY, HAVING A RADIUS OF 378.05 FEET AND WHOSE CHORD BEARS NORTH 9 DEGREES 37 MINUTES 2 SECONDS EAST 95.78 FEET; THENCE NORTH 18 DEGREES 53 MINUTES 41 SECONDS EAST ALONG THE LAST MENTIONED WESTERLY LINE, TANGENT TO THE LAST DESCRIBED COURSE, 149.95 FEET; THENCE NORTHERLY 89.77 FEET ALONG THE LAST MENTIONED WESTERLY LINE, BEING THE ARC OF A CIRCLE, TANGENT TO THE LAST DESCRIBED COURSE, CONVEX EASTERLY, HAVING A RADIUS OF 310.63 FEET AND WHOSE CHORD BEARS NORTH 8 DEGREES 37 MINUTES 24 SECONDS EAST; THENCE NORTH 0 DEGREES 20 MINUTES 47 SECONDS EAST ALONG THE LAST MENTIONED WESTERLY LINE, TANGENT TO THE LAST DESCRIBED COURSE, 276.77 FEET TO A POINT ON THE SOUTH LINE OF WESTRIDGE UNIT 2, BEING A SUBDIVISION OF PART OF THE SOUTHEAST 1/4 OF SAID SECTION; THENCE SOUTH 89 DEGREES 58 MINUTES 40 SECONDS WEST ALONG SAID SOUTHERLY LINE 77.95 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

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