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MASTER XGXG03-A

IHDA Form No. _____
IHDA Loan No. 215
1987 Administrative Funds

MORTGAGE

88194368

THIS MORTGAGE, dated the 1st day of November, 19 87, by American National Bank and Trust Company of Chicago not personally but solely as Trustee under a Trust Agreement (hereinafter referred to as the "Trust Agreement") dated October 1, 19 87, and known as Trust No. 103670-01 (hereinafter referred to as "Mortgagor"), to the ILLINOIS HOUSING DEVELOPMENT AUTHORITY, a body politic and corporate established pursuant to the Illinois Housing Development Act, Laws 1967, p. 1931, constituting Chapter 67-1/2, Section 301, et seq., Illinois Revised Statutes, as amended and supplemented (hereinafter referred to as the "Act") having its principal office at 401 N. Michigan Ave., City of Chicago, County of Cook and State of Illinois (hereinafter referred to as "Mortgagee");

WITNESSETH:

WHEREAS, Mortgagor is the holder of legal title of certain real property upon which is to be erected or rehabilitated, a housing project, located in Chicago, Illinois, which real property is legally described in Exhibit A attached hereto and by this reference made a part hereof (hereinafter referred to as the "Real Estate");

WHEREAS, Mortgagee has agreed to make a loan to Mortgagor (hereinafter referred to as the "Mortgage Loan") of a sum of money (to be used with such other monies, if any, paid by Mortgagor) for the acquisition, construction or rehabilitation, development and/or permanent financing of the Real Estate, which sum of money shall not be in excess of the lesser of TWO MILLION NINE HUNDRED THOUSAND AND NO/100 Dollars (\$ 2,900,000.00) or ninety percent (90%) of the total cost of the Development (as determined by Mortgagee);

WHEREAS, to provide for the issuance of its bonds (hereinafter referred to as the "Bonds"), in order to obtain from time to time monies with which, among other things, to make mortgage loans, Mortgagee ~~may have adopted on~~ a bond resolution ~~Bond Resolution~~ (which resolution, as amended and supplemented from time to time, is hereinafter referred to as the "Bond Resolution"), and may, at its election, adopt one or more resolutions authorizing the issuance of its Bond Anticipation Notes (hereinafter referred to as the "Notes") for the same purpose;

THIS INSTRUMENT WAS PREPARED BY
AND AFTER RECORDING RETURN TO:

Peter T. Woods
Illinois Housing Development
Authority
401 North Michigan, Suite 900
Chicago, Illinois 60611

Permanent Index Tax
Identification No.

Property Address

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WHEREAS, for the purposes of this Mortgage, the monies borrowed by Mortgagee through the issuance of Bonds for the purposes described in ~~Section 202~~ of the Bond Resolution and Notes issued in connection with the Development and the financing thereof, and the interest and the development fee and the service fee set forth in the Mortgage Note (as defined below) and other costs and expenses of Mortgagee attributable to Mortgagor as determined by Mortgagee, pursuant to the Mortgage Note, this Mortgage, and the Bond Resolution, shall constitute a part of, and be included in, the computation of the Mortgage Debt (hereinafter defined);

WHEREAS, contemporaneously with the execution and delivery hereof, Mortgagor has executed and delivered to Mortgagee its mortgage note (hereinafter together with any renewals, modifications, extensions, amendments and replacements thereof is referred to as the "Mortgage Note"), of even date herewith, as evidence of its indebtedness to Mortgagee in the principal sum of TWO MILLION NINE HUNDRED THOUSAND AND NO/100 Dollars (\$2,900,000.00), or so much thereof as may hereafter be advanced upon the Mortgage Loan to Mortgagor by Mortgagee from administrative sources available to Mortgagee (hereinafter referred to as "Other Source Funds") and/or as may represent the principal of Bonds and Notes issued or to be issued by Mortgagee for the purpose of obtaining funds with which it will make this Mortgage Loan, with interest thereon at the rates and payable at the times and in the manner as specified in the Mortgage Note provided, however, the final payment of principal and interest and all other indebtedness evidenced thereby, if not sooner paid, shall be due and payable on the 1st day of December, 192007, and

WHEREAS, the Mortgage Loan is evidenced or secured by, among other things: (a) Conditional Commitment Letter from Mortgagee for the benefit of KODC, LTD. an Illinois ~~limited partnership~~ (hereinafter referred to as the "Owner") dated May 6, 1987, and accepted by Owner as amended on 19 (hereinafter referred to as the "Commitment"), (b) the Mortgage Note, (c) this Mortgage, (d) Building Loan Agreement of even date herewith by and between Mortgagor and Mortgagee (hereinafter referred to as the "Building Loan Agreement"), governing advances of the Mortgage Loan proceeds, (e) Regulatory Agreement of even date herewith executed by Mortgagor, Owner and Mortgagee (hereinafter referred to as the "Regulatory Agreement"), (f) Assignment of Rents and Leases of even date herewith executed by Mortgagor and Owner (hereinafter referred to as the "Assignment of Rents and Leases"), and (g) Security Agreement of even date herewith executed by Mortgagor, Owner and Mortgagee (hereinafter referred to as the "Security Agreement"). This Mortgage, the Commitment, Mortgage Note, Building Loan Agreement, Regulatory Agreement, Assignment of Rents and Leases, Security Agreement and all other documents executed by Mortgagor and/or Owner which evidence or secure the Mortgage Loan are hereinafter sometimes collectively referred to as the "Loan Documents."

NOW THEREFORE, the Mortgagor to secure the (a) payment of the indebtedness evidenced by the Mortgage Note (hereafter referred to as the "Mortgage Debt"), which Mortgage Debt includes but is not limited to, (i) so much thereof as may hereafter be advanced under the Mortgage Loan to Mortgagor by Mortgagee from Other Source Funds and/or as may represent the principal of Bonds and Notes (excluding Bonds and Notes funded or refunded by subsequent issues of Bonds and Notes) issued or to be issued by Mortgagee for the purpose of obtaining funds with which it will make the Mortgage Loan, (ii) Bonds issued for the purposes described in ~~Section 202~~ of the Bond Resolution and Notes issued in connection with the Development and the financing thereof, and (iii) the interest, additional interest and the service

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See set forth in the Mortgage Note and other costs and expenses of Mortgagee, attributable to Mortgagor as determined by Mortgagee, pursuant to the Mortgage Note, the Bond Resolution and this Mortgage (all of which payments are set forth in greater particularity and detail in the Mortgage Note and as to which said Mortgage Note shall control and prevail), such payments to be made all at the rates, times, manner and place specified and set forth in the Mortgage Note, and (b) performance and observance of all of the provisions of this Mortgage, the Loan Documents and the ~~Rider-to-or-Articles~~ of ~~the partnership agreement~~ ^{Incorporation} ~~creating Owner (delete or insert as applicable)~~ (hereinafter referred to as the "Partnership Agreement Provisions"), does ^{Articles of} ~~Incorporation~~ by these presents MORTGAGE, WARRANT, AND CONVEY the Real Estate and all of its estate, title and interest therein unto the Mortgagee, its successors and assigns (which Real Estate together with the property described in the next succeeding paragraph is hereinafter referred to as the "Development").

TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with the Real Estate and not secondarily), including, without limiting the foregoing: (a) in and to the extent owned by Mortgagor: all fixtures, fittings, furnishings, appliances, apparatus, equipment and machinery including, without limitation, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, ovens, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other air-conditioning, plumbing and heating fixtures, mirrors, handles, refrigerating plants, refrigerators, ice-boxes, dishwashers, carpeting, furniture, laundry equipment, cooking apparatus and appurtenances, and all building material, supplies and equipment now or hereafter delivered to the Development and intended to be installed therein; all other fixtures and personal property of whatever kind and nature at present contained in or hereafter placed in any building standing on Development; such other goods, equipment, chattels and personal property as are usually furnished by landlords in letting other premises of the character of the Development; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof and all of the estate, right, title and interest of Mortgagor in and to all property of any nature whatsoever, now or hereafter situated on the Development or intended to be used in connection with the operation thereof; (b) all of the right, title and interest of Mortgagor in and to any fixtures or personal property subject to a lease agreement, conditional sale agreement, chattel mortgage, or security agreement, and all deposits made thereon or therefor, together with the benefit of any payments now or hereafter made thereon; (c) all leases and use agreements of machinery, equipment and other personal property of Mortgagor in the categories hereinabove set forth, under which Mortgagor is the lessee of, or entitled to use, such items; (d) all rents, income, profits, revenues, royalties, security deposits, bonuses, rights, accounts, accounts receivable, contract rights, general intangibles and benefits and guarantees under any and all leases or tenancies now existing or hereafter created on the Development or any part thereof with the right to receive and apply the same to indebtedness due Mortgagee and Mortgagee may demand, sue for and recover such payments but shall not be required to do so; (e) all documents, books, records, papers and accounts of Mortgagor relating to all or any part of the Development; (f) all judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Development of any part thereof or interest therein under the power of eminent domain, or for any damage

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(whether caused by such taking or otherwise) to the Development or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets; (g) all proceeds of the conversion, voluntary or involuntary of any of the foregoing into cash or liquidated claims; (h) any monies on deposit for the payment of real estate taxes or special assessments against the Development or for the payment of premiums on policies of fire and other hazard insurance covering the collateral described hereunder or the Development, and all proceeds paid for damage done to the collateral described hereunder or the Development; and (i) all the right, title and interest of Mortgagor in and to beds of the streets, roads, avenues, lanes, alleys, passages and ways, and any easements, rights, liberties, hereditaments and appurtenances whatsoever belonging to or running with, on, over, below or adjoining the Real Estate; it being understood that the enumeration of any specific articles of property shall in no wise 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 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. As to the above personal property which the Illinois Uniform Commercial Code (hereinafter referred to as the "Code") classifies as fixtures, this instrument shall constitute a fixture filing and financing statement under the Code.

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

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

Recitals

1. All of the foregoing recitals are made a part hereof.

Incorporation of Other Documents

2. The Loan Documents and the ~~Partnership Agreement~~ Articles of Incorporation ~~Provisions~~ are each hereby incorporated by reference herein and made a part hereof, and any default by Mortgagor or Owner under any of the Loan Documents or the ~~Partnership Agreement~~ Articles of Incorporation shall constitute a default under this Mortgage.

Incorporation

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

3. Mortgagor shall (a) promptly repair, restore, or rebuild any buildings or improvements now or hereafter on the Development which may become damaged or be destroyed; (b) keep the Development in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien hereof; (c) pay when due any indebtedness which may be secured by a lien or charge on the Development superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee; (d) obtain all governmental approvals required by law for the acquisition, construction, ownership and operation of the Development; (e) complete within a reasonable time any building or buildings now or at any time in process of erection upon the Development; (f) comply with all requirements of law, municipal ordinances, or restrictions of record with

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respect to the Development and the use thereof; (g) make no alterations in the Development without Mortgagee's written approval; (h) suffer or permit no change in the general nature of the occupancy of the Development, without Mortgagee's written consent; (i) initiate or acquiesce in no zoning variation or reclassification of the Development, without Mortgagee's written consent; (j) pay each item of the Mortgage Debt when due according to the terms hereof or of the Mortgage Note.

Insurance

4. Mortgagor shall keep all buildings, improvements, fixtures and articles of personal property now or hereafter situated on the Development insured against loss or damage by fire or other hazards and such other appropriate insurance as may be required by Mortgagee, all in form and substance satisfactory to Mortgagee, including, without limitation of the generality of the foregoing, rent insurance, business interruption insurance, flood insurance (if and when the Development lies within an area designated by an agency of the Federal government as a flood risk area) and war risk insurance whenever in the opinion of Mortgagee such protection is necessary and such war risk insurance is obtainable from an agency of the United States Government. Mortgagor shall also provide liability insurance with such limits for personal injury and death and property damage as Mortgagee may require. All policies of insurance to be maintained hereunder shall be in forms, companies and amounts satisfactory to Mortgagee, each insurer to have a Best's rating of A-100, with mortgage loss payable clauses or endorsements 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 restricted without ten (10) days prior written notice to Mortgagee. Mortgagor shall assign and 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 ten (10) days prior to their respective dates of expiration. Mortgagor shall immediately reimburse Mortgagee for any premiums paid for insurance procured by Mortgagee or deemed necessary by Mortgagee.

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 mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

Adjustment of Losses With Insurer and Distribution of Proceeds of Insurance

5. In case of loss or damage by fire or other casualty, Mortgagee is authorized (a) to settle and adjust any claim under insurance policies which insure against such risks, or (b) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid in regard to such loss. In either case, Mortgagee is authorized to collect and issue a receipt for any such insurance money. In the option of Mortgagee, such insurance proceeds may be applied in reduction of the Mortgage Debt, whether the or not, or may be held by Mortgagee and used to reimburse Mortgagor for the cost of the rebuilding or restoration of buildings or improvements on the Development. Irrespective of whether such insurance proceeds are used to reimburse Mortgagor for the cost of such rebuilding or restoration or not, and irrespective of whether such insurance proceeds are or are not adequate for such purpose, the buildings and

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improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. If the cost of rebuilding, repairing or restoring the building and improvements can reasonably be expected to exceed the sum of TWENTY-FIVE THOUSAND AND 00/100 DOLLARS (\$25,000.00), then Mortgagor must obtain the written consent of Mortgagee to the plans and specifications of such work before such work shall be commenced. In any case, where the insurance proceeds are made available for rebuilding and restoration, such proceeds shall be disbursed in the manner and under the conditions that Mortgagee may require and upon Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with architect's certificates, waivers of lien, contractor's and subcontractors' sworn statements and other evidence of cost and payments so that Mortgagee can verify that the amounts disbursed from time to time are represented by completed and in place work and that said work is free and clear of mechanics' lien claims. If the estimated cost of completion exceeds the amount of the insurance proceeds available, Mortgagor immediately shall, on written demand of Mortgagee, deposit with Mortgagee in cash the amount of such estimated excess cost. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of the disbursing party shall be at least sufficient to pay for the cost of completion of the work free and clear of liens. Any surplus which may remain out of said insurance proceeds after payment of such cost of building or restoration shall, at the option of Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any party entitled thereto without interest.

Payment of Taxes, Insurance Premiums, Utility Charges

6. Mortgagor shall pay when due all real estate taxes, assessments, water rates, sewer, gas or electric charges, insurance premiums and any imposition or lien on the Development, and in default thereof Mortgagee may, at its option, pay the same. The sum or sums so paid by Mortgagee shall be added to the Mortgage Debt and shall bear interest at the highest legal rate in effect but not to exceed the Default Interest Rate (as defined in the Mortgage Note). Mortgagee shall have the right to declare immediately due and payable any amount paid by it for any such real estate tax, assessment, water rate, sewer, gas or electric charge, insurance premium or imposition or lien, whether or not the same shall have priority over this Mortgage. Mortgagor shall upon written request of Mortgagee furnish to Mortgagee duplicate receipts evidencing payment of taxes and assessments, insurance premiums and utility charges.

Tax, Insurance and Utility Deposits

7. Mortgagor, beginning on the first day of the month following the Initial Closing Date (as hereinafter Defined) or such other date as Mortgagee designates in writing, and on the first day of each month thereafter, shall make monthly deposits of the estimated annual charges, as determined by Mortgagee, in its sole discretion, for real estate taxes, assessments, water rates, sewer, gas or electric charges, insurance premiums, and such reserves as are required by Mortgagee, in an account designated by and under the control, direction and supervision of Mortgagee. Such deposits are to be held without any allowance of interest to Mortgagor and are to be used for the payment of taxes and assessments (general and special), insurance premiums and utility charges upon or for the Development, next due and

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payable when they become due. If the funds so deposited are insufficient to pay any such taxes or assessments (general and special), insurance premiums or utility charges, when the same shall become due and payable, Mortgagor shall, within ten (10) days after receipt of demand therefor, deposit such additional funds as may be necessary to pay such taxes and assessments (general and special), insurance premiums and utility charges, in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special), insurance premiums and utility charges when due, the excess shall be held by Mortgagee in a reserve for future taxes and assessments, insurance premiums and utility charges, or returned to Mortgagor, as Mortgagee shall, in its sole discretion, determine. Said deposits need not be kept separate and apart from other funds of Mortgagee.

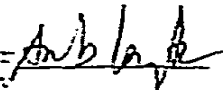
Anything in this paragraph 7 to the contrary notwithstanding, if the funds so deposited are insufficient to pay any such taxes or assessments (general or special), insurance premiums or utility charges, or any installment thereof, Mortgagor will, not later than the thirtieth (30th) day prior to the last day on which the same may be paid without penalty or interest, deposit with Mortgagee the full amount of any such deficiency.

If any such taxes or assessments (general or special), insurance premiums or utility charges shall be levied, charged, assessed or imposed upon or for the Development, or any portion thereof, and if such taxes or assessments, insurance premiums or utility charges shall also be a levy, charge, assessment or imposition upon or for any other premises not covered by the lien of this Mortgage, then the computation of any amount to be deposited under this paragraph 7 shall be based upon the entire amount of such taxes or assessments, insurance premiums or utility charges, and Mortgagee shall not have the right to apportion the amount of any such taxes or assessments, insurance premiums or utility charges for the purpose of such computation.

Mortgagee's Interest in and Use of Deposits

6. In the event of a default in any of the provisions contained in this Mortgage, the Mortgage Note or any of the other loan documents, Mortgagee may at its option, without being required to do so, apply any monies at the time on deposit pursuant to Paragraph 7 hereof, on any of Mortgagor's obligations herein, in the Mortgage Note contained or under any of the loan documents, in such order and manner as Mortgagee may elect. When the Mortgage Debt has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Development. A security interest within the meaning of the Code is hereby granted to Mortgagee in and to any monies at any time on deposit pursuant to Paragraph 7 hereof, as additional security for the Mortgage Debt and shall be applied by Mortgagee for the purposes 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 and assessments, insurance premiums or utility charges, 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 the particular taxes or assessments, insurance premiums or utility charges for payment of which they were deposited, accompanied by the bills for such taxes and assessments, insurance premiums and utility charges. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instruction of any party but shall be liable only for gross negligence or willful misconduct.

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Mortgagee's Reliance on Tax Bills, Etc.

9. 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 public 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; (b) for the payment of any insurance premium or utility charge may do so according to any bill, statement or estimate from the appropriate insurance carrier or utility; or (c) 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.

Limitations on Sale, Assignments, Transfers, Encumbrances and Control.

10. (a) Mortgagor shall not sell, convey, transfer, lease or sublease (except for actual occupancy of a unit in the Development and then only in accordance with the terms permitted herein), mortgage, assign, pledge, hypothecate or otherwise encumber the Development or any interest therein or permit the conveyance, transfer, encumbrance of any part of the Development or any interest in the Development, unless approved in writing by Mortgagee and prepayment of the Mortgage Note is made in accordance with the terms and conditions contained therein, except that Mortgagor, with the prior written approval of an authorized officer of Mortgagee, as defined in Section ~~202~~ of the Bond Resolution (hereinafter referred to as "Authorized Officer") may:

(i) grant easements, licenses or rights-of-way over, under or upon the site of the Development, so long as such easements, licenses or rights-of-way do not destroy or diminish the value or usefulness of the Development, as determined by Mortgagee and evidenced in writing by an Authorized Officer;

(ii) when and to the extent authorized by law, lease the Development or a portion thereof to a third party for the purposes of operation, such lease to be subject to all of the terms, provisions and limitations of this Mortgage relating to the Development;

(iii) sell or exchange any portion of the Real Estate not required for the Development, provided that the proceeds derived by Mortgagor from the sale of any such Real Estate shall be paid over to Mortgagee and applied by Mortgagee to reduce the obligations of Mortgagee incurred in connection with the financing of the Mortgage Loan (such payment to Mortgagee shall also be applied as a mandatory reduction of the Mortgage Loan indebtedness and no Prepayment Premium [as defined in the Mortgage Note] shall be payable with respect thereto); and

(iv) sell the Development to another owner-mortgagor approved by Mortgagee, provided that any successor owner-mortgagor of the Development shall expressly assume and comply with the terms of this Mortgage and all other Loan Documents on the same terms and conditions as apply to Mortgagor and Owner, said assumption transaction and documents pertaining thereto deemed necessary by Mortgagee to be in form and substance satisfactory to Mortgagee.

Mortgagee's written approval as required in this subparagraph (a) shall be granted or withheld as the Mortgagee alone shall determine.

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(b) Any sale, conveyance, assignment, pledge, hypothecation or other transfer of all or any part of:

(i) the beneficial interest in Mortgagor, including the power of direction over Mortgagor;

(ii) any right to manage or receive the rents and profits from the Development; or

(iii) any general partnership interest, stock ownership interest or other interest in an entity or person comprising or owning the beneficial interest in Mortgagor or power of direction over Mortgagor,

shall be deemed a sale, conveyance, assignment, hypothecation or other transfer for the purposes of the restrictions imposed by the foregoing subparagraph (a). Furthermore, Mortgagor and Owner shall not, without the prior written consent of Mortgagee, permit the transfer of "control" of the Development by KODC, LTD. to any other person or legal entity. For the purposes of the foregoing sentence, the term "control" shall mean the power to direct or cause the direction of the management and policies of the Development by the voting of securities or by contract.

(c) Anything contained in Paragraphs 10(a) or (b) hereinabove to the contrary notwithstanding, Owner and Mortgagor shall not sell, assign or otherwise transfer, or permit the sale, assignment or transfer, of any interest in the Development or the Partnership, including the assignment of the entire, or any portion of, any partnership interest or stock ownership interest or other interest in the beneficial interest in or in the beneficiary of (including, without limitation, any entity comprising said beneficiary), any trust which holds legal title to the Development, at any time prior to five years after the date of issuance of the Bonds, to any person, entity or related person (as defined in Section 1.103(10)(e) of the Treasury Regulations) who, at any time within the five years preceding the issue of the Bonds, was a substantial user (as defined in Section 1.103(11) of the Treasury Regulations), directly or indirectly, of the Development or the Real Estate or had any interest in the Owner or other entity, including, without limitation, any beneficial interest in or in the beneficiary of (including, without limitation, any entity comprising said beneficiary), any land trust which was a substantial user (as defined in Section 1.103(11) of the Treasury Regulations), directly or indirectly, of the Development or Real Estate, without the prior written opinion of nationally recognized bond counsel selected by the Authority, that such sale, assignment or other transfer would not cause the interest on the Bonds to become subject to federal income taxes.

Acknowledgment of Mortgage Debt

11. Mortgagor, within three (3) days from the date of verbal request in person of an Authorized Officer or a duly authorized representative of Mortgagee, confirmed in writing, or within five (5) days from the postmark of a written request by an Authorized Officer deposited in the United States Mail, postage prepaid, and addressed to Mortgagor, shall furnish to Mortgagee a written statement duly acknowledged of the amount advanced to it which is secured by this Mortgage, and/or the amount due to Mortgagee in order to release this Mortgage, and whether any offsets or defenses exist against the Mortgage Debt.

Observance of Assignment of Rents and Leases

12. As additional security for the payment of the Mortgage Note secured hereby and for the faithful

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performance of the terms and conditions contained herein. Mortgagor and its beneficiaries, as landlord, have assigned to Mortgagee, by the Assignment of Rents and Leases, all of their right, title and interest as landlord in all current and future leases of the Development and to any rents due and security deposits (held by Mortgagor or Owner) under such current or future leases of the Development. All future leases of the Development are subject to the terms of the Assignment of Rents and Leases.

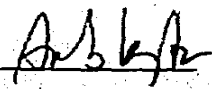
Mortgagor will not, without first obtaining the written consent of an Authorized Officer, assign or attempt to assign the rents or security deposits or any part thereof from the Development, nor in any other manner impair or threaten to impair the value of the Real Estate or the Development or the security of Mortgagee for the payment of the Mortgage Debt.

Mortgagor at its sole cost and expense, will (i) at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in all leases of the Development (hereinafter referred to as the "Leases"), on the part of the landlord thereunder to be kept and performed; (ii) enforce or secure the performance of all of the covenants, conditions and agreements of the Leases on the part of the tenant to be kept and performed; (iii) appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of landlord or of the tenants thereunder; (iv) transfer and assign to Mortgagee upon written request of Mortgagee, any and all Leases heretofore or hereafter entered into, and make, execute and deliver to Mortgagee upon demand, any and all instruments required to effectuate said assignment; (v) furnish Mortgagee, within ten (10) days after a request by Mortgagee to do so, a written statement containing the names of all tenants, terms of all Leases, including the spaces occupied and the rentals payable thereunder; (vi) exercise within five (5) days of any demand therefor by Mortgagee any right to request from the tenants under any of the Leases a certificate with respect to the status thereof; and (vii) not permit any of the Leases to become subordinate to any lien on the Development, other than the lien of this Mortgage, without the prior written consent of Mortgagee, and will include in each of the Leases a provision whereby the tenant thereunder covenants that it will not subordinate its leasehold interest therein to any lien on the Development, other than this Mortgage, without the prior written consent of Mortgagee.

Unless waived by Mortgagee, all Leases shall have subordination provisions, in form and substance satisfactory to Mortgagee, subordinating the interest of the tenants under the Leases to this Mortgage and all renewals, modifications, consolidations, replacements and extensions hereof and shall have attornment and noncancellation clauses in form and substance satisfactory to Mortgagee. Mortgagor shall, upon the written direction of Mortgagee, make specific Leases either superior to or inferior to the lien of this Mortgage, and each of the Leases shall contain provisions satisfactory to Mortgagee which obligate each of the tenants thereunder, at the direction of Mortgagee, to make its respective leasehold interest either superior or inferior to the lien of this Mortgage.

Nothing in this Mortgage or in any other documents relating to the loan secured hereby shall be construed to obligate Mortgagee, expressly or by implication, to perform any of the covenants of any landlord under any of the leases assigned to Mortgagee or to pay any sum of money or damages therein provided to be paid by the landlord, each and all of

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which covenants and payments Mortgagee agrees to perform and pay.

In the event of the enforcement by Mortgagee of the remedies provided for by law or equity or by this Mortgage, the default under each of the leases shall accrue to any person succeeding to the interest of Mortgagee as a result of such enforcement and shall recognize such successor as landlord under such lease without change in the terms or other provisions thereof; provided, however, that said successor in interest shall not be bound by any payment of rent or additional rent for more than one month in advance, and shall not be bound by any amendment or modification to any of the leases made without the consent of Mortgagee or said successor in interest. Each tenant under any of the leases, upon request by said successor in interest, shall execute and deliver an instrument or instruments confirming such assignment.

Mortgagee shall be entitled to cure any default of landlord under any of the leases, and the cost to effect any curing of default (including reasonable attorneys' fees), together with interest at the maximum rate allowed by law but not to exceed the Default Interest Rate (as defined in the Mortgage Note), shall be so much additional Mortgage Debt and shall be immediately due and payable without notice.

Security Interest

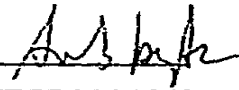
13. From time to time whenever demand may be made therefor by Mortgagee, Mortgagee, within six (6) days from such demand, shall execute and deliver to Mortgagee documents sufficient in form and content to grant to Mortgagee a security interest under the Code covering the equipment, chattels, and personal property then or thereafter to be installed in, or used in connection with the operation or maintenance of the physical improvements on the Real Estate; and any delay, failure or refusal so to do shall constitute a default under this Mortgage; and all the equipment, chattels, and personal property aforesaid shall be and remain clear and unencumbered except by this Mortgage and such security interest under the Code delivered to Mortgagee hereto and such equipment, chattels, or personal property shall not be removed from the lien of this Mortgage. Mortgagee will not attach to or incorporate into the Development any personal property which is subject to a security interest of anyone other than Mortgagee under the Code.

Rent Surcharge

14. Mortgagee, its successors and assigns, may collect rent surcharges established from time to time by Mortgagee and shall use or transfer such rent surcharges in accordance with the direction of Mortgagee.

Deposit of Mortgagee's Equity

15. Mortgagee has heretofore provided or will provide in a manner satisfactory to Mortgagee, payment of a sum equal to the difference between the estimated Cost of the Development (hereinafter defined) as determined from time to time by Mortgagee, and the amount of the Mortgage Loan. Such sum shall be subject to distribution by Mortgagee along with the Mortgage loan proceeds in accordance herewith.

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16. The whole of the Mortgage Debt and any other amounts payable to Mortgagee pursuant hereto shall immediately become due and payable at the option of Mortgagee, its successors and assigns, and Mortgagee shall have the right to an order of court directing Mortgagor to specifically perform its obligations hereunder (the irreparable injury to Mortgagee and undergoing of any remedy at law being expressly recognized by Mortgagor), upon the happening of any one or more of the following events (each of which is hereinafter called an "Event of Default"):

(a) A default in the payment of any installment, fee or charge under the Mortgage Note on its due date;

(b) A default shall be made by Mortgagor or Owner in the due observance or performance of any covenants, agreements or conditions contained, required to be kept or observed under any of the Loan Documents, the ~~Partnership Agreement Provi-~~ Articles of
sions or any other instrument evidencing, securing Incorporation
or relating to the Mortgage Loan;

(c) Failure to exhibit to Mortgagee, within ten (10) days after demand made therefor, receipted bills, showing the payment of all real estate taxes, assessments, water rates, sewer, gas or electric charges, insurance premiums, or any charge or imposition;

(d) Failure to pay, before the due date, any real estate tax, assessment, water rate, sewer, gas or electric charge, insurance premium, or reserve required by Mortgagee, or any charge or imposition heretofore or hereafter made, which is or may become a lien on the Development;

(e) Failure to pay the amounts secured by this Mortgage within thirty (30) days after notice and demand given by Mortgagee in the event of the passage after the date hereof of any law of the State of Illinois deducting from the value of the Development for the purpose of taxation, any lien thereon, or changing in any way the laws for the taxation of mortgages, or of debts secured by mortgages, for state or local purposes, or the manner of the collection of any such taxes, so as to affect this Mortgage or any of the Loan Documents;

(f) Failure on the part of Mortgagor or any owner of the Development to maintain the Development in a rentable and tenable state of repair, after notice of the condition of the Development is given to Mortgagor or any other owner by Mortgagee; or, failure on the part of Mortgagor or any owner of the Development to maintain the Development in a status required by governmental entity after notice of a violation of law is given by any governmental entity claiming jurisdiction and Mortgagor or any other owner fails to comply in a reasonably prompt and diligent manner with any order of any governmental entity claiming jurisdiction of the Development; or failure on the part of Mortgagor or any other owner of the Development, or of any tenant holding under Mortgagor, or any other owner, to comply with all or any of the statutes, requirements, orders or decrees of any

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Federal, state or municipal entity relating to the use of the Development, or of any part thereof;

(g) Failure to furnish Mortgagee, within sixty (60) days following the end of each fiscal year, a complete annual financial report based upon an examination of the books and records of Mortgagor, prepared in accordance with the requirements of Mortgagee, certified to by Mortgagor, and when required by Mortgagee, certified, at Mortgagor's expense, by an Illinois licensed certified public accountant, or other person acceptable to Mortgagee;

(h) Failure to furnish Mortgagee, within ninety (90) days prior to the beginning of each fiscal year, a complete annual operating budget for the Development for the following fiscal year, all in accordance with the requirements of, and which shall be subject to the approval of, Mortgagee;

(i) Transfer of any funds from any operating, working capital or reserve account established for the Development for any purpose, which transfer or purpose has not been approved in writing by Mortgagee in accordance with the provisions hereof;

(j) Failure to permit Mortgagee, its agents or representatives, at any and all reasonable times to make inspection of the Development, or to examine and make copies of the books and records of Owner;

(k) If petition in bankruptcy is filed by or against Mortgagor, Owner or any other owner of the Development, or a receiver or trustee of the property of Mortgagor, Owner or any other owner of the Development is appointed, or if Mortgagor, Owner or any other owner of the Development makes an assignment for the benefit of creditors or is adjudged insolvent by any state or federal court, except that in the case of an involuntary petition, action or proceeding for the adjudication as a bankrupt or for the appointment of a receiver or trustee of the property of Mortgagor, Owner or any other owner of the Development, not initiated by Mortgagor, Owner or any other owner of the Development, Mortgagor, Owner or any other owner of the Development shall have sixty (60) days after the service of such petition or the commencement of such action or proceeding, as the case may be, within which to obtain a dismissal of such petition, action or proceeding, provided that Mortgagor, Owner or any other owner of the Development is not otherwise in default under the terms of this Mortgage, including, but not limited to, the payment of interest, principal and any other payments due hereunder;

(l) If after application for policies for the Development by Mortgagee to two (2) or more financially responsible casualty insurance companies lawfully doing business in the State of Illinois and issuing policies of fire or other hazard insurance in the place where the Development is located, such companies refuse to issue such policies;

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(m) Failure to comply with the Act and any rules and regulations duly promulgated from time to time by Mortgagee; or

(n) A default in the performance or a breach of any of the other covenants or conditions contained in any of the provisions of this Mortgage for twenty (20) days after notice thereof by Mortgagee to Mortgagor, Owner or any other owner of the Development.

If while any insurance proceeds or condemnation awards are being held by the Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Development, Mortgagee shall be or become entitled to, and shall, accelerate the Mortgage Debt, 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 Mortgage Debt 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.

Mortgagee's Remedies

17. To the extent hereinbefore provided for and as hereinafter provided for, the rents, issues and profits of the Development are hereby specifically mortgaged, granted, pledged and assigned to Mortgagee as further security for the payment of the Mortgage Debt. Upon an Event of Default, the holder of the Mortgage Note and this Mortgage, as attorney-in-fact of Mortgagor or the then owner of the Development, shall thereupon be clothed with and shall possess all the powers, rights, remedies and authority of Mortgagor and of the then owner of the Development, as the landlord of the Development, with power to institute mortgage foreclosure proceedings and power to eject or dispossess tenants and to rent or lease any portion or portions of the Development, and the then owner of the Development shall, on demand, surrender possession of the Development to the holder of this Mortgage and the said holder may enter upon the Development and rent or lease the same on any terms approved by it, and may collect all the rents therefrom which are due or become due, and may apply the same, after payment of all charges and expenses, including the making of repairs which in its judgment may be necessary, on account of the Mortgage Debt; and said rents and all Leases existing at the time of such Event of Default are hereby assigned to the holder of this Mortgage as further security for the payment of the Mortgage Debt. In the case of such an Event of Default, the holder of this Mortgage, by virtue of such right to possession or as the agent of the then owner of the Development, may dispossess by legal proceedings or other legally available means any tenant defaulting in the payment to the holder of this Mortgage of any rent, and Mortgagor hereby irrevocably appoints the holder of this Mortgage its agent for such purposes. In the event that the then owner of the Development is the occupant of any part of the Development, such occupant agrees to surrender possession of the Development to the holder of this Mortgage immediately upon any such Event of Default hereunder and, if such occupant remains in possession, the possession shall be as tenant of the holder of this Mortgage, and such occupant agrees to pay monthly in advance to the holder of this Mortgage a rental determined by Mortgagee (in its sole discretion) for the portion of the Development so occupied, and in default of so doing, such occupant may also be dispossessed by the usual summary proceedings. Mortgagor makes these covenants for itself and Owner and for any subsequent owner of the Development, and these covenants shall become effective immediately after the

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Responsibility of any such event of Default solely on the determination of the then holder of this Mortgage, who shall give notice of such determination to the then owner of the Development. In the case of foreclosure or the appointment of a receiver of rents, the covenants herein contained shall inure to the benefit of the holder of this Mortgage or any such receiver.

Foreclosure; Exercise of Acceleration

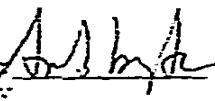
16. When the Mortgage Debt, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for any indebtedness hereunder or part thereof. In any civil action to foreclose the lien hereof, there shall be allowed and included as additional Mortgage Debt in the order or judgment for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the order or judgment) of procuring all legal abstracts of title, title searches and examination, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such civil actions or to evidence to bidders at any sale which may be had pursuant to such order or judgment the true condition of the title to or the value of the Development. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the prosecution of the Development and maintenance of the lien of this Mortgage including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage or the Mortgage Note or the Development, including probate, bankruptcy and appellate proceedings, or in preparations for the commencement or defense of any proceeding or threatened civil actions or proceedings shall be immediately due and payable by Mortgagee, with interest thereon at the maximum interest rate permitted by law but not to exceed the Default Interest Rate (as defined in the Mortgage Note), and shall be secured by this Mortgage. In case of a foreclosure sale, the Development may be sold in one or more parcels.

Application of Proceeds of Foreclosure Sale

17. The proceeds of any foreclosure sale of the Development 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 the preceding paragraph hereof; second, all other items which may under the terms hereof constitute secured indebtedness additional to that evidenced by the Mortgage Note, with interest thereon as herein provided; third, all accrued interest remaining unpaid on the Mortgage Note; fourth, all principal remaining unpaid on the Mortgage Note; and fifth, any overplus to Mortgagee, its successors or assigns, as their rights may appear.

Appointment of Receiver

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

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receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a home-stead or not and the Mortgagee hereunder or any holder of the Mortgage Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of the Development 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 Development 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 Mortgage Debt, or by any judgment or order 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 a foreclosure sale of the Development; (b) the deficiency in case of a sale of the Development and deficiency thereunder.

Rights Cumulative

21. 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, 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.

Effect of Extensions of Time

22. If the payment of the Mortgage Debt or any part thereof is extended or varied or if any part of any security for the payment of the Mortgage Debt is released or additional security is taken, all persons now or at any time hereafter liable therefor, or interested in said Development, shall be held to assent to such extension, variation, or taking of additional security 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 the Mortgagee, notwithstanding such extension, variation, taking of additional security or release.

Mortgagee's Right of Inspection

23. Mortgagee shall have the right to inspect the Development at all reasonable times and access thereto shall be permitted for that purpose.

Condemnation

24. If part of the Development is taken by or sold to any municipal, federal or state entity or any other entity having the power of eminent domain (under eminent domain proceedings or under bona fide threat of eminent domain proceedings), and in the event the remaining portion

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of the Development can be restored, in whole or in part, and the Development as so restored will produce sufficient income to meet the then existing obligations (after the reduction hereinafter described) of Mortgagor under this Mortgage and the Mortgage Note, all as determined by Mortgagee, the proceeds of such taking or sale, if sufficient for the purpose and to the extent necessary for the purpose, shall be made available to Mortgagor for such restoration. Such restoration shall be made in a manner approved by Mortgagee and such governmental entity as may then have jurisdiction. If as a result of such sale or taking, the rental income, thereafter receivable from the remaining portion of the Development, will be diminished, the periodic Mortgage payment of principal and interest shall be reduced to that amount which will amortize the then remaining unpaid balance of the Mortgage Debt (said unpaid balance reflecting the reduction resulting from the application of all or part of said proceeds toward prepayment of the Mortgage Debt) over the then remaining portion of the original term of the Mortgage Note in substantially equal payments. If the entire Development is taken by or sold to any municipal, federal or state entity or any other entity having the power of eminent domain (under eminent domain proceedings or under bona fide threat of eminent domain proceedings), the proceeds of such taking or sale shall be applied as hereinafter set forth in this Paragraph 24. Mortgagor shall not approve or accept the amount of any condemnation award or sale price without approval by Mortgagee of such amount confirmed in writing by an Authorized Officer. If Mortgagor does not diligently pursue any such actual or threatened eminent domain proceedings and competently attempts to obtain a proper settlement or award, Mortgagee, at Mortgagee's option, may take such steps, in the name of and in behalf of Mortgagor, as Mortgagee deems necessary to obtain such settlement or award, and Mortgagor shall execute such instruments as may be necessary to enable Mortgagee to represent Mortgagor in said proceedings. The proceeds of any such taking or sale shall first be applied toward payment of appraisers' fees, reasonable attorneys' fees, court costs and other reasonable expenses incurred by Mortgagor or Mortgagee, as the case may be, in collecting such proceeds; next toward satisfaction of the Mortgage Debt; and the remainder, if any, to Mortgagor.

Release upon Payment and Discharge
of Mortgagor's Obligations

25. Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon payment and discharge of the Mortgage Debt including any prepayment charges provided for in the Mortgage Note and payment of a reasonable fee to Mortgagee for the execution of such release.

Giving of Notice

26. Any notice which either party hereto may desire or be required to give to the other party shall be in writing and the mailing thereof by certified mail addressed to the Mortgagor at: 33 N. LaSalle St., Chicago, IL 60690 Attn: Land Trust Dept., with copy to KODC, LTD., 1236 E. 48th St., Chicago, IL 60653 or to the Mortgagee at: 401 N. Michigan Ave., Suite 900, Chicago, Illinois 60611, Attn: Legal Department, or at such other place as any party hereto may by notice in writing designate as a place for service of notice, shall constitute service of notice hereunder.

Waiver of Notice

27. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense

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which would not be good and available to the party interposing same in an action at law upon the Mortgage Note hereby secured.

Waiver of Statutory Rights

28. Mortgagor shall 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. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Development marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Development sold as an entirety. Mortgagor does hereby expressly waive any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, the trust estate and all persons beneficially interested therein, and each and every person except decree or judgment creditors of the Mortgagor in its representative capacity and of the trust estate, acquiring any interest in or title to the Development subsequent to the date of this Mortgage.

Furnishing of Financial Statements to Mortgagee

29. Mortgagor or its beneficiaries shall keep and maintain books and records of account in which full, true and correct entries shall be made of all dealings and transactions relative to the Development, which books and records of account shall, at reasonable times, and on reasonable notice, be open to the inspection of Mortgagee and its accountants and other duly authorized representatives. Such books of record and account shall be kept and maintained in accordance with (a) generally accepted accounting practice consistently applied and (b) such additional requirements as Mortgagee may require.

Mortgagor covenants and agrees to furnish to Mortgagee, annually, within sixty (60) days following the end of each fiscal year applicable to the operation of the Development, a copy of an audit report of the operations of the improvements on the Development, certified by Owner and when required by Mortgagee, certified, at Mortgagor's expense, by an Illinois licensed certified public accountant or other person acceptable to Mortgagee, including a balance sheet and supporting schedules and containing a detailed statement of income and expenses. Each accountant's certificate to each audit report shall certify that in substance the accountant examined such records of Mortgagor or its beneficiaries as deemed necessary for such certification and prepared said statement in accordance with (a) generally accepted accounting principles applied on a consistent basis and (b) such additional requirements as Mortgagee may require.

If Mortgagor omits to prepare and deliver promptly any report required by this Paragraph 29, Mortgagee may elect, in addition to exercising any remedy for an Event of Default as provided for in this Mortgage, to make an audit of all books and records of Mortgagor and its beneficiaries, including their bank accounts, which in any way pertain to the Development, and to prepare the statement or statements which Mortgagor failed to procure and deliver. Such audit shall be made and such statement or statements shall be prepared by an independent certified public accountant to be selected by Mortgagee. Mortgagor shall pay all expenses of

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the audit and other services, which expenses shall be secured hereby as additional Mortgage Debt and shall be immediately due and payable with interest thereon at the maximum legal rate allowed by law but not to exceed the default interest rate (as defined in the Mortgage Note).

Filing and Recording Fees

30. Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage and the Loan Documents and all federal, state, county, and municipal taxes, and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and the Loan Documents.

Construction Mortgage

31. The Mortgage secures an obligation incurred for the construction of improvements on the Real Estate and constitutes a "construction mortgage" within the meaning of Section 9-313(1) of the Illinois Uniform Commercial Code.

Effect of Changes in Laws Regarding Taxation

32. In the event of the enactment after this date of any law of the State of Illinois deducting from the value of the Real Estate for the purpose of taxation any lien thereon, or imposing upon the 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 the Mortgagee's interest in the Development, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holders thereof, then, and in any event, the Mortgagor, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the 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 the Mortgagee may elect, by notice in writing given to the Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

Business Purpose

33. Mortgagor has been advised by its beneficiaries that the proceeds of the loan secured by this Mortgage will be used for the purposes specified in Paragraph 2404 of Chapter 17 of the Illinois Revised Statutes, and that the principal obligation secured hereby constitutes a "Business Loan" within the purview of said paragraph.

Miscellaneous

34. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and its successors, grantees and assigns, any subsequent owner or owners of the Development and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the Mortgage Debt or any part thereof, whether or not such persons shall have executed said Mortgage Note or this Mortgage. The word "Mortgagee" when used herein shall include the successors and assigns of the

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Mortgagee named herein, and the holder or holders, from time to time, of the Mortgage Note secured hereby.

In the event one or more of the provisions contained in this Mortgage or the Mortgage Note secured hereby or in any of the other Loan Documents shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the 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, the Mortgage Note and the other Loan Documents are to be construed and governed by the laws of the State of Illinois.

Mortgagor shall not by act or omission permit any building or other improvement on the Development not subject to the lien of this Mortgage to rely on the Development 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 Development or any interest therein to be used. Similarly, no building or other improvement on the Development 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 Development as a single zoning lot separate and apart from all other premises.

Mortgagee shall have the right at its option to foreclose this Mortgage subject to the rights of any tenant or tenants of the Development and the failure to make any such tenant or tenants a party defendant to any such civil action or to foreclose their rights will not be asserted by the Mortgagor as a defense in any civil action instituted to collect the Mortgage Debt or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Development, any statute or rule of law at any time existing to the contrary notwithstanding.

At the option of Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any award in condemnation) to any and all Leases upon the execution by Mortgagee and recording or registering thereof, at any time hereafter, in the office wherein this Mortgage was recorded or registered, of a unilateral declaration to that effect.

Mortgagor on written request of the Mortgagee will furnish a signed statement of the amount of the Mortgage Debt and whether or not any default then exists hereunder and specifying the nature of such default or defaults.

Upon any default by Mortgagor and following the acceleration of maturity as herein provided, a tender of payment by the Mortgagor or by anyone in behalf of the Mortgagor of the amount necessary to satisfy the entire Mortgage Debt made at any time prior to foreclosure sale shall constitute an evasion of the prepayment terms of the Mortgage Note and be deemed to be a voluntary prepayment thereunder and any such payment will, therefore, include the additional payments required under the prepayment privilege, if any, contained in the Mortgage Note. ~~or, if at that time no prepayment privilege is permitted under the Mortgage Note, such prepayment will include, in addition to the payment required if the prepayment were permitted, a payment of~~ ^{highest and best} ~~percent (-----%) of the then principal balance of the Mortgage Note.~~

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The Mortgage Debt as secured by this Mortgage shall not exceed an amount equal to two hundred (200) times the original principal amount of the Mortgage Note.

Security Agreement

35. Mortgagor and Mortgagee agree that this Mortgage shall constitute a Security Agreement within the meaning of the Code with respect to all sums or deposits with Mortgagee pursuant hereto (hereinafter referred to as the "Deposits") and with respect to any property included in the definition herein of the word "Development," which property may not be deemed to form a part of the Real Estate or may not constitute a "fixture" (within the meaning of Section 9313 of the Code), and all replacements of such property, substitutions for such property, additions to such property, and the proceeds thereof (said property and the replacements, substitutions and additions thereto and the proceeds thereof being sometimes hereinafter collectively referred to as the "Collateral"), and that a security interest in and to the Collateral and Deposits is hereby granted to Mortgagee to secure payment of the Mortgage Debt and to secure performance by Mortgagor of the terms, covenants and provisions hereof. In the event of a default under this Mortgage, Mortgagee, pursuant to the appropriate provisions of the Code, shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies with respect to the real property, in which event the default provisions of the Code shall not apply. The parties agree that in the event 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 reasonable 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. Mortgagor agrees that, without the written consent of Mortgagee, Mortgagor will not remove or require to be removed from the Development 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 Development, upon replacing the same or substituting for the same other Collateral, at least equal in value to the initial value to that disposed of and in such a manner so that said Collateral shall be subject to the security interest created hereby and so that the security interest of Mortgagee shall always be perfected and first in priority, it being expressly understood and agreed that all replacements of the Collateral and any additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and covered hereby. The Mortgagor shall, from time to time, on request of Mortgagee, deliver to Mortgagee an inventory of the Collateral in reasonable detail. The Mortgagor covenants and represents that all Collateral now is, and that all replacements thereof, substitutions therefor or additions thereto, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances or security interest of others.

36. The failure or delay of Mortgagee or any subsequent holder of the Mortgage Note and this Mortgage to exercise in any one or more instances any of its rights hereunder shall not be deemed or construed a waiver of any such rights.

37. Mortgagor covenants that it will receive the advances secured by this Mortgage and will hold the right to receive such advances as a trust fund to be applied only for

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the purpose of paying certified development costs, unless otherwise authorized in writing by Mortgagee.

38. The term "Initial Closing Date" as used herein means the date on which Mortgagee makes the initial disbursement of the Mortgage Loan proceeds to Mortgagor.

39. The term "Final Closing Date" as used herein means the date on which Mortgagee makes the final disbursement of the Mortgage Loan proceeds to Mortgagor.

40. The term "Cost of the Development" as used herein means costs and expenses of the Development recommended and approved by Mortgagee, including construction or rehabilitation costs, job overhead, builder's and sponsor's profit and risk fee, architectural, engineering, legal and accounting costs, organizational expenses, the construction loan fee, Mortgagee's monthly service fee, land value, interest and financing charges paid during construction, the cost of landscaping and off-site improvements, whether or not such costs have been paid in cash or in a form other than cash.

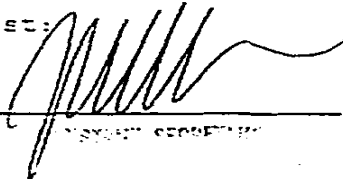
41. This Mortgage, to the extent inconsistent with the Act, shall be governed by the Act, and the rights and obligations of the parties shall at all times be in conformance with the Act.

42. This Mortgage is executed by Mortgagor, not personally, but as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee, and said Trustee hereby warrants that it possesses full power and authority to execute this instrument, and it is expressly understood and agreed that nothing herein or in the Mortgage Note contained shall be construed as creating any liability on Mortgagor or on said Trustee personally to pay the Mortgage Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security hereunder, and that so far as Mortgagor and its successors and said Trustee personally are concerned, the legal holder or holder of the Mortgage Note and the owner or owners of the Mortgage Debt shall look solely to the Development for the payment thereof, by the enforcement of the lien hereby created in the manner herein and in the Mortgage Note provided or by action to enforce the personal liability of the guarantor, if any.

American National Bank and Trust Company of Chicago
not individually, but solely
as Trustee under a Trust
Agreement dated _____
19____, and known as Trust
No. 103670-1

By _____

Attest: _____



Mortgagor AS LA
Authority _____

89184368

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STATE OF ILLINOIS

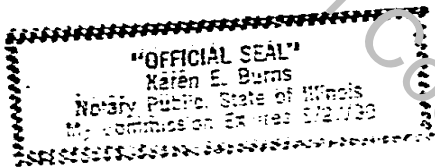
COUNTY OF COOK SS

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that

J. MICHAEL REFLAY, personally known to me to be the Second Vice President of _____, and SUZANNE G. BAKER, personally known to me to be the ASSISTANT SECRETARY of _____, each of whom are personally known to me to be the same persons whose names are subscribed to the foregoing Mortgage, appeared before me this day in person and acknowledged that they signed and delivered said Mortgage, in their respective capacities as _____ and _____ of _____, as Trustee under a Trust Agreement dated _____, 19____ and known as Trust No. _____, as their free and voluntary act and as the free and voluntary act and deed of _____ for the uses and purposes therein set forth.

Given under my hand and official seal this 23 day of _____, 19____.

Karen E. Burns
 Notary Public



Property of Cook County Clerk's Office

88194368

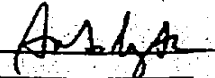
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EXHIBIT A

The Real Estate

Property of Cook County Clerk's Office

Mortgagor
Authority



8919A368

UNOFFICIAL COPY

EXHIBIT A

***PARCEL 1:

Lots 24, 25, 26 and the South 5 feet of Lot 27 in Henry J. Furber's Woodlawn and Lake Avenue Subdivision in the Southeast fractional quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 2:

LOT ONE (1) in Cutler and Boice's Woodlawn Avenue Subdivision in the Southeast Quarter ($\frac{1}{4}$) of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian in Cook County, Illinois, according to the Plat thereof recorded February 8, 1887, in Book 25 of Plats, Page 6, as Document Number 799471.

PARCEL 3:

Lot 32 (except the Southeasterly 35 feet thereof) in Henry J. Furber's Woodlawn and Lake Avenue Subdivision of part of Lots 7, 8 and 9 in Lyman's Subdivision of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

AND

The Southeasterly 35 feet of Lot 32 in Henry J. Furber's Woodlawn and Lake Avenue Subdivision of part of Lots 7, 8 and 9 in Lyman's Subdivision of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 4:

Lots 12 and 13 in Otis Subdivision of the North $\frac{2}{5}$ ths and the North $\frac{1}{18}$ th of the South $\frac{3}{5}$ ths of Lot 9 in Lyman's Subdivision of part of South East fractional quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois according to the plat thereof recorded February 3, 1891 in book 42 of Plat Page 20 as Document 1417126 in Cook County, Illinois.

PARCEL 5:

Lot 21 in Otis Subdivision of the North $\frac{2}{5}$ ths and the North $\frac{1}{18}$ th of the South $\frac{3}{5}$ ths of Lot 9 in Lyman's Subdivision of part of the South East fractional quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 6:

Lot nineteen (19) in Otis' Subdivision of the North two fifths (N $\frac{2}{5}$) and the North one eighteenth (N $\frac{1}{18}$) of the South three fifths (S $\frac{3}{5}$) of Lot nine (9) in Lyman's Subdivision of part of the Southeast fractional quarter of Section two (2), Township thirty eight (38) North, Range fourteen (14), East of the Third Principal Meridian, in Cook County, Illinois.

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PARCEL 7:

Lot 18 and the North 6 32/100 feet of Lot 17 in Otis Subdivision of the North 2/5 and the North 1/18 of the South 2/5 of Lot 9 in Lyman's Subdivision of part of the South East Fractional quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 8:

Lots 1 to 4, Otis' Subdivision, North 2/5, North 1/18, South 3/5 of Lot 9 in Lyman's Subdivision of part of Southeast Fractional Quarter Division, Section 2, Township 38 North, Range 14, lying East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 9:

Lot 14 and 15 in Otis' Subdivision of part of Lot 9 in Lyman's Subdivision of part of the Southeast Fractional quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 10:

Lot 16 and South 14.84 feet of Lot 17 in Otis' Subdivision of North 2/5 and North 1/8 of South 3/5 of Lot 9 in Lyman's Subdivision of that part of the Southeast Fractional Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 11:

Lots 10 and 11 and Southerly 10 feet of Lot 9 in Otis Subdivision of North 2/5 and North 1/18 of South 3/5 of Lot 9 in Lyman's Subdivision of part of Southeast Fractional Quarter, West half of Southeast Quarter, Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 12:

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PARCEL 13:

Lots 5, 6, 7, 8 and the North 15 feet of Lot 9 in Otis' Subdivision of the North 2/5 and the North 1/18 of the South 3/5 of Lot 9 in Lyman's Subdivision of that part lying West of the Illinois Central Railroad of the South East Fractional Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 14:

Lot 27 (except the South 5 feet thereof) and all of Lots 28, 29, 30 and 31 in Henry J. Furber's Woodlawn and Lake Avenue Subdivision in the Southeast Fractional Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

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Schedule A - Legal Description Continued...

PARCEL 15:

Lot 2 in Cutler and Boice's Woodlawn Avenue Subdivision of Lot 9 of Lyman's Subdivision of part of the Southeast Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, as per Plat thereof recorded February 18, 1887 as Document No. 799471 in Book 25 of Plats, Page 6, in Cook County, Illinois.

PARCEL 16:

Lots 3 and 4 in Cutler and Boice's Woodlawn Avenue Subdivision in the Southeast Fractional Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 17:

Intentionally omitted

PARCEL 18:

Intentionally omitted

PARCEL 19:

The North 2 feet of Lot 25 and all of Lots 26 to 29, inclusive, in Otis' Subdivision of the North 2/5 and the North 1/18 of the South 3/5 of Lot 9 in Lyman's Subdivision of part of the Southeast Fractional Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 20:

Lots 23, 24 and 25 (except the North 2 feet of said Lot 25) in Otis' Subdivision of the North 2/5 and the North 1/18 of South 3/5 of Lot 9 in Lyman's Subdivision of part of the Southeast Fractional Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.***

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Permanent Tax No.'s:

20-02-402-005, 007, 008, 010, 014, 015, 028, 029, 033

Property Addresses:

4514-16 South Lake Park Avenue
4521 South Woodlawn
4525 South Woodlawn
4527 South Woodlawn
4535-37 South Woodlawn
4601 South Woodlawn
4609-21 South Woodlawn

All in Chicago, Illinois 60653

Address: 4505 S. Lake Park Avenue
P.I.N.: 20-02-402-032

Address: 4500-06 South Lake Park Avenue
P.I.N.: 20-02-402-054

Address: 4545-55 South Woodlawn Avenue
P.I.N.: 20-02-402-012

Address: 4539-41 South Woodlawn Avenue
P.I.N.: 20-02-402-011

Address: 4559-4605 South Woodlawn Avenue
P.I.N.: 20-02-402-013

Address: 4531 South Woodlawn Avenue
P.I.N.: 20-02-402-009

Address: 4519 South Woodlawn Avenue
P.I.N.: 20-02-402-004

Address: 4511-15 South Woodlawn Avenue
P.I.N.: 20-02-402-003

Address: 4501-09 South Woodlawn Avenue
P.I.N.: 20-02-402-002

Address: 4455-67 South Woodlawn Avenue
4558-68 South Lake Park Avenue
P.I.N.: 20-02-402-001

Address: 4520-4522 South Lake Park Avenue
P.I.N.: 20-02-402-034

68194368

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EXHIBIT A

***PARCEL 1:

Lots 24, 25, 26 and the South 5 feet of Lot 27 in Henry J. Furber's Woodlawn and Lake Avenue Subdivision in the Southeast fractional quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

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AND

The Southeasterly 35 feet of Lot 32 in Henry J. Furber's Woodlawn and Lake Avenue Subdivision of part of Lots 7, 8 and 9 in Lyman's Subdivision of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

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PARCEL 5:

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Schedule A - Legal Description Continued...

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PARCEL 17:

Intentionally omitted

PARCEL 18:

Intentionally omitted

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The North 2 feet of Lot 25 and all of Lots 26 to 29, inclusive, in Otis' Subdivision of the North 2/5 and the North 1/18 of the South 3/5 of Lot 9 in Lyman's Subdivision of part of the Southeast Fractional Quarter of Section 2, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

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Permanent Tax No.'s:

20-02-402-005, 007, 008, 010, 014, 015, 028, 029, 033

Property Addresses:

4514-16 South Lake Park Avenue
4521 South Woodlawn
4525 South Woodlawn
4527 South Woodlawn
4535-37 South Woodlawn
4601 South Woodlawn
4609-21 South Woodlawn

All in Chicago, Illinois 60653.

Address: 4503 S. Lake Park Avenue
P.I.N.: 20-02-402-032

Address: 4500-06 South Lake Park Avenue
P.I.N.: 20-02-402-054

Address: 4545-55 South Woodlawn Avenue
P.I.N.: 20-02-402-012

Address: 4539-41 South Woodlawn Avenue
P.I.N.: 20-02-402-011

Address: 4559-4605 South Woodlawn Avenue
P.I.N.: 20-02-402-013

Address: 4531 South Woodlawn Avenue
P.I.N.: 20-02-402-009

Address: 4519 South Woodlawn Avenue
P.I.N.: 20-02-402-004

Address: 4511-15 South Woodlawn Avenue
P.I.N.: 20-02-402-003

Address: 4501-09 South Woodlawn Avenue
P.I.N.: 20-02-402-002

Address: 4455-67 South Woodlawn Avenue
4558-68 South Lake Park Avenue
P.I.N.: 20-02-402-001

Address: 4520-4522 South Lake Park Avenue
P.I.N.: 20-02-402-034

88194368

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EXHIBIT B

Rider To Mortgage

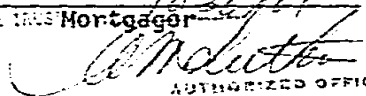
Attached to and made part of that certain Mortgage dated November 1, 1987, relating to Wood Lake Village, ML-215 (the "Development").

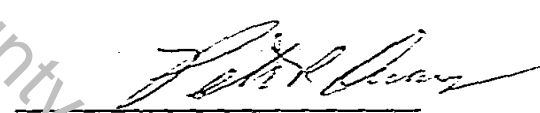
R-1. Anything contained in this Mortgage to the contrary notwithstanding, it is understood and agreed that the Mortgagor, not individually but solely as Trustee under Trust Agreement dated October 1, 1987 and known as Trust No. 103670-01 will execute and deliver to the City of Chicago mortgages securing Mortgagor's obligation to pay certain mortgage notes in the amounts of \$955,427 and \$1,860,000 (the "Second Mortgage" and "Third Mortgage", respectively) and Dedication of Restrictive Covenants and Regulatory Agreement dated as of ~~October 1~~, 1987 and executed by and between the City of Chicago, by and through its Department of Housing, KODC, LTD., and American National Bank and Trust Co. of Chicago, as Trustee under Trust Agreement dated October 1, 1987 and known as Trust No. 103670-01 (herein the "Regulatory Agreement"). The Second Mortgage and Third Mortgage shall be subordinate and inferior to this Mortgage. The City shall have the right to enforce the Regulatory Agreement pursuant to the terms and conditions thereof irrespective of anything contained in the Mortgage dated November 1, 1987 executed by the Mortgagor in favor of the Illinois Housing Development Authority (Mortgagee). Provided, however, in the event of a foreclosure of the Development, the proceeds of any funds shall be disbursed first to satisfy any amounts then outstanding (including principal, interest, and service fees) due the Illinois Housing Development Authority (Mortgagee) under its Mortgage Loan of \$2,900,000.

R-2. To the extent of any inconsistency between the terms and conditions of the Mortgage and this Rider, the Rider shall control and prevail.

American National Bank and Trust Company of Chicago
NOT A PUBLIC UTILITY
UNDER THIS Mortgage

BY


AUTHORIZED OFFICER


Authority

Dated: November 1, 1987

88194368

UNOFFICIAL COPY

REGISTER

OFFICE OF THE CLERK

THIS IS A COPY OF THE ORIGINAL RECORD AS KEPT IN THE OFFICE OF THE CLERK OF COOK COUNTY, ILLINOIS.

88194368

DEPT. OF RECORDING
#51.09
TRAILER FROM 1210 98/66/08 12:45:09
#39712 # 101-1474060
COOK COUNTY RECORDER

TRUSTEE'S DUPLICATE
SERIALIZED
STACK

3706166

1963 MAY - 0 12 35
HARRY (BUSI) YOURELL
REGISTRAR OF TITLES

3706166

3706166
145783A
IN DUPLICATE

TITLE SERVICES, INC.
531 E. ROOSEVELT HWY.
BOX 430
WHEATON, IL 60189-0430

08703320

5/00