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M O R T G A G E

THIS MORTGAGE (hereinafter referred to as this "Mortgage") is made as of the 7th day of April, 1988, by and between BRIDGEVIEW BANK & TRUST COMPANY, not personally or individually but as Trustee under Trust Agreement dated February 15, 1988 and known as Trust No.1-1646 with its principal place of business at 7940 South Harlem Avenue, Bridgeview, IL 60455 (hereinafter referred to as "Mortgagor") and BANK OF COMMERCE & INDUSTRY, a banking association with the principal place of business at 6100 North Northwest Highway, Chicago, Illinois, 60631 (hereinafter referred to as "Mortgagee").

W I T N E S S E T H:

WHEREAS, Mortgagor and STEPHEN L. BARNARD AND STEPHEN L. BARNARD d/b/a CLASSIC HOMES have concurrently executed and delivered to Mortgagee that certain Mortgage Note of even date herewith in the principal sum of ONE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS----- (\$140,000.00) made payable to the order of Mortgagee (hereinafter referred to as the "Note"), in and by which Note Mortgagor promises to pay the said principal sum and interest at the rate or rates and in installments as provided in said Note, and all of said principal and interest shall be made payable as set forth in the Note or at such place as the Mortgagee may from time to time designate.

NOW, THEREFORE, Mortgagor, to secure the payment of the principal sum and interest thereon of the Note in accordance with the terms, provisions and limitations of this Mortgage, the Note secured hereby and the performance by Mortgagor of the covenants and agreements herein, in that certain Construction Loan Agreement dated of even date herewith among Mortgagee, Mortgagor and the Additional Obligor (the "Construction Loan Agreement") and in the Note contained to be performed (hereinafter referred to as "Mortgagor's Liabilities"), and also in consideration of One Dollar (\$1.00), receipt and sufficiency of which are hereby acknowledged, does by these presents BARGAIN, SELL, GRANT, REMISE, RELEASE, ALIEN AND CONVEY unto Mortgagee, its successors and assigns, the real estate legally described in Exhibit "A" attached hereto and all its estate, right, title and interest therein situated, ~~subject to those matters set forth in Exhibit "B" hereto,~~ lying and being in the City of Country Club Hills County of Cook, and State of Illinois, which, together with the property hereinafter described, are referred to as the "Premises".

TOGETHER WITH all tenements, hereditaments, easements and appurtenances thereto belonging, all buildings and improvements now or hereafter upon the Premises or any part thereof, Mortgagor's entire title and interest, if any, in all alleys, streets or other public ways abutting the Premises, before or after vacation thereof, all fixtures and equipment now or hereafter installed for use in the operation of the building or buildings now or hereafter on the Premises, including but not limited to, all lighting, heating

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cooling, ventilating, air conditioning, plumbing, sprinkling, communicating and electrical systems, and the machinery, appliances, fixtures and equipment pertaining thereto, and all elevators and the machinery, appliances, fixtures and equipment pertaining thereto (all of which fixtures and equipment shall be deemed to be part of the Premises), and, together with all rents, profits, leases, and all deposits of money as advance rent or for security held by Mortgagor or its beneficiaries under and pursuant to the terms of any and all present and future leases of the said real estate (said rents, profits, leases, advance rent and security deposits hereby being expressly assigned to Mortgagee) and any water rights benefitting the Premises. Any reference herein to the "Mortgaged Property" shall be deemed to apply to the Premises and said buildings, fixtures, and equipment, and the rents, profits, leases, advance rents and security deposits thereof, and said tenements, hereditaments, easements and appurtenances, unless the context shall require otherwise.

TO HAVE AND TO HOLD the Mortgaged Property with the hereditaments and appurtenances thereto belonging to the Mortgagee, its successors and assigns, forever.

PROVIDED NEVERTHELESS, that if the Mortgagor, its successors or assigns, shall pay to the Mortgagee, its respective representatives, successors and assigns, the entire indebtedness secured by this Mortgage, pay or otherwise satisfy and discharge all Mortgagor's Liabilities, and keep and perform all the covenants and agreements herein contained, then this deed shall become null and void and shall be released at Mortgagor's expense.

And in consideration of the foregoing, the Mortgagor covenants and agrees with Mortgagee as follows:

1. Payment of Note. Mortgagor will promptly pay when due or declared due all indebtedness secured by this Mortgage, will abide by and comply with each and every covenant and condition of the Note and this Mortgage, and will promptly and fully pay or otherwise satisfy and discharge all of Mortgagor's Liabilities.

Forthwith upon request by Mortgagee, Mortgagor at its sole expense will cause to be made, executed, acknowledged and delivered, in form satisfactory to Mortgagee, all such other mortgages, trust deeds, deeds, security agreements, instruments, and documents as may at any time or times hereafter reasonably be required to perfect and continue perfected, as valid liens, the liens granted herein by Mortgagor to Mortgagee upon the Mortgaged Property.

2. Change of Use; Waste. Subject to the provisions of Paragraph 4 hereof, Mortgagor will not change the use or character of the Mortgaged Property or abandon the Mortgaged Property and shall at all times hereafter keep the Mortgaged Property in good condition and repair and will not commit or suffer waste and will make all necessary repairs, replacements, and renewals to the Mortgaged Property so that the value and operating efficiency thereof shall at all times hereafter be maintained and preserved. Mortgagor shall not remove any fixture or demolish any building or

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improvement located in or on the Premises. Mortgagor shall refrain from impairing or diminishing the value of the Mortgaged Property and, subject to the provisions of Paragraph 4 hereof, shall make no material alterations to the Mortgaged Property which in the opinion of Mortgagee impairs or diminishes its value, without receiving Mortgagee's prior written consent. Mortgagor shall comply with all requirements of law, including without limitation all municipal ordinances, governing the Mortgaged Property and the use thereof.

3. Covenant Not to Sell or Encumber. Mortgagor covenants and agrees that it will neither assign nor encumber nor permit to become encumbered the whole or any part of the present or future rents, income or profits arising from the operation of the Mortgaged Property, nor sell, transfer, convey or assign all or any part of its interest in the Mortgaged Property (including any attempted sale, transfer or conveyance by means of an installment sale contract or articles of agreement for sale) nor acknowledge or execute an assignment of all or any part of the beneficial interest (including the power of direction) in Mortgagor, nor encumber or permit the premises to become encumbered with the lien of any other trust deed, deed of trust or mortgage which is junior and inferior in priority to the lien of this Mortgage without in each case having first obtained the written consent of Mortgagee.

4. Construction Loan

(a) This is a "Construction Loan Mortgage" within the purview and operation of the Uniform Commercial Code of the State of Illinois, as amended; and this Mortgage secures a loan, the proceeds of which will be disbursed to the Mortgagor solely for the purpose of paying the cost of construction of improvements upon the premises, pursuant to and in accordance with the Construction Loan Agreement executed and delivered concurrently herewith, and Mortgagor covenants and agrees that all of said loan proceeds will be used solely for said purpose.

Accordingly, the lien created by this Mortgage shall be a first lien against all fixtures, equipment and other personal property of every kind incorporated as aforesaid and such lien shall take precedence and be paramount and superior to any other lien, charge or security interest which any person may claim against such fixtures or personal property.

(b) The proceeds of the loan secured hereby are to be disbursed by Mortgagee to Mortgagor and the Additional Obligor in accordance with the provisions contained in the Construction Loan Agreement. All advances and indebtedness arising and accruing under the Construction Loan Agreement from time to time, shall be secured hereby to the same extent as though the Construction Loan Agreement were fully incorporated in this Mortgage and the occurrence of any event of default under the

88210493

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Construction Loan Agreement shall constitute a default under this Mortgage entitling Mortgagee to all of the rights and remedies conferred upon the Mortgagee by the terms of this Mortgage or by law, as in the case of any other default.

(c) In connection with the Construction Loan Agreement and the construction disbursements secured by the lien created by this Mortgage, the Mortgagor hereby covenants and agrees as follows:

- (i) it (or in the event the Mortgagor is a trust, the beneficiary of said trust) will comply (or will cause compliance) with each and all of the covenants of the Construction Loan Agreement;
- (ii) all provisions set forth in the Construction Loan Agreement are incorporated herein by express reference; provided, further, that a default by any party to the Construction Loan Agreement other than Mortgagee in any of the terms therein contained, after due notice given as therein required, shall be and constitute a default under this Mortgage; and in consequence thereof the Mortgagee may declare the entire debt to be immediately due and payable, or pursue any right, remedy or recourse reserved herein (or in the Construction Loan Agreement) for default or condition broken;
- (iii) Mortgagor will cause the construction of the buildings and other improvements in accordance with the Construction Loan Agreement; and
- (iv) all sums advanced under the Construction Loan Agreement, from time to time, shall be secured hereby as if said advances were made pursuant to the terms and conditions of this Mortgage.

5. Payment of Taxes; Change of Law, Taxation of Note or Mortgage.

(a) Mortgagor will promptly pay and discharge when due, before any penalty attaches, all assessments and taxes (whether general, special or otherwise), water charges, sewer service charges, and any other municipal or governmental charges of any kind or nature that may be at any time levied, assessed or imposed upon or against the Mortgaged Property or any part thereof, and, upon written request by Mortgagee, shall deliver to Mortgagee duplicate receipts evidencing payments thereof at least ten (10) days before delinquency. To prevent default hereunder, Mortgagor may pay in full, under protest, and in the manner provided by statute, any tax or assessment which Mortgagor may desire to contest.

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(b) If Mortgagee is required by legislative enactment or judicial decision to pay any tax or taxes in or to any state, municipality or government on the Mortgaged Property (or on any interest therein), this Mortgage, the Note or any indebtedness secured hereby, said indebtedness and the accrued interest thereon shall become and be due and payable at the election of Mortgagee thirty (30) days after the mailing of notice of such election to Mortgagor; provided, however, said election and right to elect will be unavailing, and this Mortgage will be and remain in effect as though said law had not been enacted or said decision had not been rendered if, notwithstanding such law or decision, Mortgagor lawfully may pay such tax or taxes to or for Mortgagee and does in fact pay, when payable, so much thereof as, taken with interest payable under the Note, does not exceed the maximum amount of interest permitted by law.

(c) If at any time the United States of America shall require internal revenue stamps to be affixed to this Mortgage or the Note, Mortgagor will pay for the same with any interest or penalties imposed in connection therewith.

6. Liens; Other Encumbrances. Mortgagor shall keep the Mortgaged Property free from mechanics or other liens or claims for liens of any kind, shall pay or cause to be paid, when due, any indebtedness which may become or be secured by a lien or charge on the Mortgaged Property, and, upon request, will exhibit to Mortgagee and Noteholders satisfactory evidence of the payment and discharge of such liens or claims thereof. To prevent default hereunder, Mortgagor may indemnify Mortgagee, by means determined solely by Mortgagee, against loss by reason of such lien or claim which Mortgagor may desire to contest. If, in accordance with the terms of this Mortgage, Mortgagee makes payment of any such claim, lien or encumbrance, Mortgagee shall be subrogated to the rights of such claimant, notwithstanding that the claim, lien or encumbrance be released of record.

7. Statement of Balance. Mortgagor, within ten (10) days after request by mail, will certify in writing to Mortgagee or to any proposed assignee of the Note the amount of principal and interest then owing upon the Note and whether any offsets or defenses exist against the indebtedness secured hereby.

8. Covenant of Ownership. Mortgagor covenants that all fixtures, equipment, furnishing or apparatus related to the operation of present or future buildings on the Premises are and will be owned free of all liens and encumbrances except the First Mortgage Loan and this Mortgage, or except to Mortgagee. Mortgagor will not create, or permit to be created, and will not acquire or permit to be acquired any such property subject to any security interest or other charge or lien inferior or superior to the lien of this Mortgage, except the First Mortgage Loan.

9. Insurance.

(a) Mortgagor, at all times, shall keep and maintain the Mortgaged Property fully insured (without co-insurance) against loss or damage by, or abatement of rental income resulting

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from, fire and such other hazards, casualties and contingencies as Mortgagee from time to time may require in companies, form, amounts and for such periods as is satisfactory to Mortgagee, but, in any event, for not less than the greater of Two Hundred Thirty-Five Thousand Dollars (\$235,000.00) or the full insurable value of the Mortgaged Property. Mortgagor shall also provide and keep in effect comprehensive public liability insurance with such limits for personal injury and death and property damage as Mortgagee may require. During construction of any improvements on the Premises, Mortgagor shall cause to be kept in effect "Builder's Risk" insurance with such limits as Mortgagee may require. All such policies and renewals thereof (hereinafter referred to as the "policies") shall contain, in form and substance acceptable to Mortgagee, standard mortgagee loss payable clauses naming the Mortgagee as "First Mortgagee", as well as standard waiver of subrogation endorsements to the extent they are available, and shall be delivered, as issued, to Mortgagee, with premiums therefor paid in full by Mortgagor. All policies shall provide that they are non-cancellable by the insurer without first giving prior written notice to Mortgagee of any intended cancellation not less than thirty (30) days. Mortgagor will give immediate written notice to Mortgagee of any loss or damage to the Mortgaged Property caused by any casualty. In case of policies about to expire, Mortgagor will deliver to and deposit with Mortgagee renewal policies no less than twenty (20) days prior to the respective dates of expiration. Mortgagor will deliver and deposit with Mortgagee receipts for the payment of the premiums on all policies. In the event of foreclosure of this Mortgage or assignment hereof by Mortgagee or transfer of title to the Mortgaged Property in extinguishment of Mortgagor's Liabilities, all right, title and interest of Mortgagor in and to any policies then in force shall pass to the purchaser, grantee or assignee.

(b) Full power is hereby conferred on Mortgagee, provided Mortgagee acts in good faith:

- (i) to settle and compromise all claims under all policies;
- (ii) to demand, receive and receipt for all monies becoming due and/or payable under all policies;
- (iii) to execute, in the name of Mortgagor or in the name of Mortgagee, any proofs of loss, notices or other instruments in connection with all claims under all policies; and
- (iv) to assign all policies to any holder of Mortgagor's Liabilities or to the grantee of the Mortgaged Property in the event of the foreclosure of this Mortgage or other transfer of title to the Mortgaged Property.

(c) In any event, upon payment under any of the policies, the proceeds of the policies shall be paid by the insurer to Mortgagee, and Mortgagee shall apply such proceeds, if sufficient or, if insufficient and Mortgagor pays Mortgagee the

88210493

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deficiency in advance, towards the alteration, reconstruction, repair or restoration of the Mortgaged Property or any portion thereof, and if Mortgagor fails to pay the deficiency or if there is any surplus, then Mortgagee, in its reasonable discretion, may:

(i) apply such proceeds, wholly or partially, after deducting all costs of collection, including reasonable attorneys' fees, either

(A) toward the alteration, reconstruction, repair, or restoration of the Mortgaged Property or any portion thereof; or

(B) as a payment on account of Mortgagor's Liabilities (without affecting the amount or time of subsequent installment payments required to be made by Mortgagor to Mortgagee under the Note), whether or not then due or payable;

(ii) deliver the same to Mortgagor.

10. Escrows.

(a) At Mortgagee's request, Mortgagor shall deposit or cause to be deposited with Mortgagee concurrently with the payments of interest due under the Note, until Mortgagor's Liabilities are fully paid, a sum equal to one-twelfth (1/12) of one hundred percent (100%) of (i) the total annual impositions, levies, taxes and assessments arising with respect to the Mortgaged Property for the most recent ascertainable tax year and (ii) the total amount of annual premiums for all policies required to be obtained and maintained by Mortgagor pursuant to this Mortgage with respect to the Mortgaged Property. Subject to the provisions of this Paragraph and provided that Mortgagor is not then in default in the timely payment of any installment of principal, interest or other monies due or declared due under the Note and is not in default under this Mortgage, Mortgagee shall pay, when and to whom due and payable under applicable contracts or law, to and including the date upon which the final installment payment of principal and interest on the Note is due and payable, all of the aforesaid impositions, levies, taxes, assessments, to the extent that payment therefor has been received from Mortgagor, and provided that Mortgagee does not assume any of the Mortgagor's obligations under said contracts or laws to make such payments, and nothing contained herein or in the Note shall require Mortgagee to perform any such obligations of Mortgagor except for the making of the aforesaid payments in accordance with and subject to the above-specified terms. Upon occurrence of a default under the Note, this Mortgage, the Commitment or the Construction Loan Agreement, Mortgagee shall not be obligated to make such payments, but, at its sole election and in its sole discretion, may make any or all of such payments.

(b) If the deposits (if any) required by subparagraph (a) above and, if applicable, subparagraphs (c) and (d) below, are insufficient to pay the impositions, levies, taxes, assessments and/or premiums for which they are provided, on or before

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thirty (30) days before the same shall become due and payable, Mortgagor shall deposit with Mortgagee such additional monies as are necessary to pay, in full, such obligations.

(c) At Mortgagee's request, Mortgagor, concurrently herewith, shall deposit or caused to be deposited with Mortgagee an amount of money which, together with the aggregate of the monthly deposits to be made pursuant to subparagraph (a) above, shall be sufficient to pay, in full when due, the total annual impositions, levies, taxes and assessments estimated by Mortgagee to become due and payable with respect to the Mortgaged Property for the current tax year not yet due and payable. Mortgagee shall hold such deposit without interest and shall use the same to pay, when due, any installments of such obligations (general, special or otherwise) next coming due.

(d) At Mortgagee's request, Mortgagor, concurrently herewith, shall deposit with Mortgagee an amount of money, which together with the aggregate of the monthly deposits to be made pursuant to subparagraph (a) above becoming due prior to the date on which the next annual insurance premium payments become due and payable, shall equal one hundred (100%) percent of the most recent total annual insurance premium payments.

(e) Upon the occurrence of an Event of Default hereunder, Mortgagee, at its option and in its sole discretion, may apply any monies held pursuant to subparagraphs (a), (c) and (d) above on account of any of Mortgagor's Liabilities, in such order or priority as Mortgagee may elect.

(f) Upon payment, in full, of Mortgagor's Liabilities, Mortgagee shall deliver to Mortgagor or to the then owner of the Mortgaged Property any remainder of the aforesaid deposits then held by Mortgagee.

(g) All of the aforesaid deposits hereby are pledged, as additional security for the payment of Mortgagor's Liabilities (and for such purpose, Mortgagor hereby grants to Mortgagee a security interest therein), to be applied by Mortgagee for the purposes hereinabove set forth and shall not be subject to the control of Mortgagor; provided, however, that Mortgagee shall not be liable for failure to pay, when due, any such impositions, levies, taxes, assessments or premiums unless Mortgagor, prior to the occurrence of an Event of Default, shall have requested Mortgagee, in writing, to pay the same and delivered to Mortgagee appropriate evidence of bills therefor.

11. Condemnation; Eminent Domain.

(a) All awards now or hereafter made by any public or quasi-public authority to or for the benefit of Mortgagor in any way, manner or respect affecting, arising from or relating to the Mortgaged Property, or any portion thereof, by virtue of an exercise of the right of eminent domain by such authority (including, but not limited to, any award for taking of title,

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possession or right to access to a public way, or for any change of grade of streets affecting the Mortgaged Property) hereby are assigned to the Mortgagee as additional security for the payment of Mortgagor's Liabilities (and for such purpose, Mortgagor hereby grants to Mortgagee a security interest therein).

(b) Mortgagee shall be and hereby is authorized, directed and empowered to collect and receive the proceeds of any such awards from the authorities making the same and to give proper receipts therefor (in Mortgagor's name, in Mortgagee's name or in both names), but to the extent that such proceeds are sufficient (or, if insufficient, and Mortgagor pays the deficiency to Mortgagee in advance), Mortgagee shall allow such proceeds to be used for the replacement, repair and restoration of the Mortgaged Property to a condition satisfactory to Mortgagee, but if such proceeds are insufficient and Mortgagor fails to pay the deficiency or if and to the extent there is a surplus, Mortgagee may, in its sole discretion, use such proceeds for any one or more of the following purposes:

- (i) to apply the same, or any part thereof, to Mortgagor's Liabilities, whether or not then matured and without affecting the amount or time of subsequent installment payments required to be made by Mortgagor to Mortgagee under the Note;
- (ii) to use the same, or any part thereof, to satisfy, perform or discharge any of Mortgagor's Liabilities;
- (iii) to use the same, or any part thereof, to replace, repair or restore any or all of the Mortgaged Property to a condition satisfactory to Mortgagee; or
- (iv) to release the same to Mortgagor.

(c) Mortgagor, immediately upon request by Mortgagee, shall make, execute and deliver and/or cause to be made, executed and delivered to and/or for the benefit of any and all assignments and other instruments sufficient to assign, and cause the payment directly to Mortgagee of, all such awards, free and clear of all encumbrances. Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Mortgaged Property by any public or quasi-public authority or corporation, Mortgagor shall continue to pay all of Mortgagor's Liabilities, as and when due and payable, until any such award or payment shall have been actually received by Mortgagee, and any reduction in Mortgagor's Liabilities resulting from the application by Mortgagee or such award or payment as herein set forth shall be deemed to take effect only on the date of such receipt. If, prior to the receipt by Mortgagee of such award or payment, the Mortgaged Property shall have been sold on foreclosure of this Mortgage, Mortgagee shall have the right to receive such award or payment to the

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extent of any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and/or the reasonable attorneys' fees, costs, expenses and disbursements incurred by Mortgagee in connection with the collection of such award or payment.

12. Financial Statements. With respect to the Mortgaged Property and the operation and business thereof, Mortgagor will keep or cause to be kept proper books and records, prepared in accordance with generally accepted accounting principles consistently applied. Mortgagee shall have the right to examine said books and records at any time or times hereafter upon demand, but only during customary business hours. Within thirty (30) days after the end of each calendar quarter during the term of this Mortgage, Mortgagor shall deliver to Mortgagee a quarterly operating statement of income and expenses of the operation and business of the Mortgaged Property for the quarter just ended, which statement must be signed and certified as true, correct and accurate by Mortgagor (or any general partner of Mortgagor). Within ninety (90) days after the end of the current and each calendar year hereafter of the operation and business of the Mortgaged Property, Mortgagor shall deliver to Mortgagee an annual operating statement of income and expenses and an annual balance sheet of assets and liabilities of said operation and business for the calendar year just ended, which statement must be signed and certified as true, correct and accurate by a certified public accountant approved in writing by Mortgagee.

13. Mortgagee's Right to Pay Mortgagor's Obligations. If Mortgagor, after written notice, shall fail, neglect or refuse to perform its obligations arising under the Commitment, and the Construction Loan Agreement or to keep the Mortgaged Property in good repair, to replace or maintain the same as herein agreed, or to pay and discharge all taxes, revenue stamps, claims, encumbrances, liens, attorneys' fees, costs, assessments and charges of every nature and to whomever assessed, as provided herein, Mortgagee at its election may complete or cause to be completed the construction of the improvements in accordance with the Commitment and the Construction Loan Agreement, cause such repairs or replacements to be made, obtain such insurance or pay said taxes, revenue stamps, claims, encumbrances, liens, attorneys' fees, costs, assessments and charges, and any amounts so paid by Mortgagee, together with interest thereon at the highest rate provided in the Note from the date of Mortgagee's payment thereof until repaid by Mortgagor to Mortgagee, shall be immediately due and payable by Mortgagor to Mortgagee, and, until paid, shall be added to and become a part of Mortgagor's Liabilities, and the same may be collected in any suit on this Mortgage or upon the Note. However, such advances by Mortgagee shall not be deemed to relieve Mortgagor from any default hereunder or impair any right or remedy consequent thereon, and the exercise of the right to make advances granted in this paragraph shall be optional with Mortgagee and not obligatory, and Mortgagee, shall not in any case be liable to Mortgagor for failure or refusal to exercise any such right.

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14. Right to Sue for Delinquent Installments. Mortgagee shall have the right from time to time to sue for any sums, whether interest, taxes, installments of principal, or any other sums required to be paid under the terms of this Mortgage or the Note, as the same become due, without regard to whether or not the principal or interest on the Note or any other indebtedness secured by this Mortgage shall be due and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by the Mortgagor existing at the time such earlier action was commenced.

15. Events of Default. Any one of the following events shall constitute a default hereunder ("Event of Default"):

(a) failure of Mortgagor to pay when due or declared due any indebtedness secured hereby within ten (10) days of notice from Mortgagee, notwithstanding that payments due under the Note shall have been made on a timely basis;

(b) failure of Mortgagor within ten (10) days after notice and demand, promptly, fully and faithfully to perform, discharge, observe and comply with any of Mortgagor's Liabilities other than those set forth in subparagraph (a) of this Paragraph 15, including, without limitation, all covenants and obligations arising under the Commitment and the Construction Loan Agreement;

(c) a petition in bankruptcy is filed by or against Mortgagor, or a receiver or trustee for any of its property is appointed and, if appointed without its consent, is not discharged within thirty (30) days or if it makes an assignment for the benefit of creditors, or if it is adjudged insolvent by any state or federal court of competent jurisdiction, or an attachment or execution is levied against any substantial portion of the Mortgaged Property and is not discharged within thirty (30) days.

16. Remedies. If an Event of Default hereunder shall have occurred, Mortgagee may, after notice and demand as required herein, in its sole discretion and at its election, without notice of such election, and without further demand, do any one or more of the following:

(a) declare the whole of Mortgagor's Liabilities immediately due and payable and collect the same at once by foreclosure or otherwise, without notice of broken covenant or condition (in the case of such default and the exercise of such option, such indebtedness shall bear interest from the date of such default, at the highest rate provided in the Note);

(b) enter upon and take immediate possession of the Mortgaged Property, expel and remove any persons, goods or chattels occupying or upon the same, receive all rents and other income, and issue receipts therefor, manage, control and operate the Mortgaged Property as fully as Mortgagor might do

88210493

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if in possession thereof, including without limitation, the completion of any unfinished construction or the making of all repairs and replacements deemed necessary by Mortgagee and the leasing of the same, or any part thereof, from time to time, and, after deducting all reasonable attorneys' fees and all costs and expenses incurred in the protection, care, maintenance, management and operation of the Mortgaged Property, apply the remaining net income, if any, to Mortgagor's Liabilities. At the option of Mortgagee, such entry and taking of possession shall be accomplished either by actual entry and possession or by written notice served personally upon or sent by registered mail to the Mortgagor at the address of Mortgagor last appearing on the records of Mortgagee. Mortgagor agrees to surrender possession of the Mortgaged Property to Mortgagee immediately upon the occurrence of an Event of Default. If Mortgagor shall remain in physical possession of the Mortgaged Property, or any part thereof, after any such default, such possession shall be as a tenant of Mortgagee, and Mortgagor agrees to pay to Mortgagee, or to any receiver appointed as provided below, after such default, a reasonable monthly rental for the Mortgaged Property, or the part thereof so occupied by the Mortgagor, to be applied as provided above in the first sentence of this sub-paragraph (b), and to be paid in advance on the first day of each calendar month, and, in default of so doing, Mortgagor may be disposed by the usual summary proceedings. In the event Mortgagor shall so remain in possession of all, or any part of, the Mortgaged Property, said reasonable monthly rental shall be in amounts established by Mortgagee in its sole discretion. This covenant shall be effective irrespective of whether any foreclosure proceeding shall have been instituted and irrespective of any application for, or appointment of, a receiver;

(c) file one or more suits at law or in equity for the foreclosure of this Mortgage or to collect Mortgagor's Liabilities. In the event of the commencement of any such suit by Mortgagee, Mortgagee shall have the right, either before or after sale without notice and without requiring bond (notice and bond being hereby waived), without regard to the solvency or insolvency of Mortgagor at the time of application and without regard to the then value of the Mortgaged Property or whether the same is then occupied, to make application for and obtain the appointment of a receiver for the Mortgaged Property and all rents, income, revenues and profits pertaining thereto. Such receiver may be Mortgagee and shall have the power to collect the rents, income and revenues of the Mortgaged Property during the pendency of such suit and, in case of a sale and a deficiency, during any times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, income and revenues, and all other powers which may be necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property. The court before which such suit is pending may from time to time authorize the receiver to apply the net income in his hands in payment, in whole or in part, of Mortgagor's Liabilities. In case of sale pursuant to foreclosure, the Premises may be sold as one parcel; or

88210493

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(d) sell the Mortgaged Property, either in whole or in parcels, at public auction pursuant to the Statutes of the State of Illinois, and apply the proceeds of such sale in the manner set forth in Paragraph 19 hereof; or

(e) exercise any other remedies or rights permitted or provided under or by the laws of the State of Illinois.

17. Costs and Expenses. In the event Mortgagee elects to exercise any of the foregoing remedies upon Mortgagor's default, there will be included as part of Mortgagor's Liabilities (and allowed in any decree for sale) the costs, charges, expenses and reasonable attorneys' fees as provided in Paragraph 18 below, expenditures which may be paid or incurred by or on behalf of Mortgagee for appraisers' fees, documentary and expert evidence, stenographers' charges, publication costs, fees and expenses for examination of title, title searches, guaranty policies, torrens certificates and similar data and assurances with respect to the title to the Mortgaged Property and all other costs and expenses which Mortgagee may deem to be necessary to either prosecute such remedy or inform bidders, at any sale which may be had pursuant to Mortgagee's rights hereunder, of the true condition of title or to the value of the Mortgaged Property. All such expenditures shall be part of Mortgagor's Liabilities, payable on demand, and bear interest at the highest rate set forth in the Note from the date of Mortgagee's payment thereof until repaid to Mortgagee.

18. Attorneys' Fees. If foreclosure proceedings are instituted upon this Mortgage, or if Mortgagee shall be a party to, shall intervene, or file any petition, answer, motion or other pleadings in any suit or proceeding relating to this Mortgage, the Note, or Mortgagor's Liabilities, or if Mortgagee shall incur or pay any expenses, costs, charges or reasonable attorneys' fees by reason of the employment of counsel for advice with respect to this Mortgage, the Note, or Mortgagor's Liabilities, and whether in court proceedings or otherwise, such expenses and reasonable attorneys' fees shall be part of Mortgagor's Liabilities, payable on demand, and bear interest at the highest rate provided for in the Note from the date of Mortgagee's payment thereof until repaid to Mortgagee.

19. Application of Proceeds of Foreclosure. The proceeds of any foreclosure sale of the Mortgaged Property will be applied and distributed, first, on account of the costs and expenses mentioned in Paragraphs 17 and 18 above, second, to accrued but unpaid interest on the Mortgagor's Liabilities, including the Profit Participation Interest or Liquidated Additional Interest (as defined in the Note), third to the principal balance of Mortgagor's Liabilities, and, fourth, the surplus, if any, to Mortgagor.

20. Waiver of Rights of Appraisalment, Redemption, etc. In the event of the commencement of judicial proceedings to foreclose this Mortgage, Mortgagor does hereby expressly waive any and all rights of appraisalment, valuation, stay, extension and redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor and each and every person it may legally bind acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage. Mortgagor, for itself, its

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successors and assigns, and for each and every person that it may legally bind who acquires any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage, agrees that when sale is had under any decree of foreclosure of this Mortgage, upon confirmation of such sale, the master in chancery or other officer making such sale, or his successor in office, shall be and is authorized immediately to execute and deliver to purchaser at such sale a deed conveying the Mortgaged Property, showing the amount paid therefor, or if purchased by the person in whose favor the order or decree is entered, the amount of his bid therefor.

21. Remedies Cumulative. No right or remedy of Mortgagee hereunder is exclusive of any other right or remedy hereunder or now or hereafter existing at law or in equity, but is cumulative and in addition thereto. The holders of the obligations secured hereby may recover judgment thereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting or affecting or impairing the security or any right or remedy afforded by this Mortgage. No delay in exercising, or omission to exercise, any such right or remedy will impair any such right or remedy or will be construed to be a waiver of any default by Mortgagor hereunder, or acquiescence therein, nor will it affect any subsequent default hereunder by Mortgagor of the same or different nature. Every such right or remedy may be exercised independently or concurrently, and when and so often as may be deemed expedient by Mortgagee. No terms or conditions contained in this Mortgage or the Note may be waived, altered or changed except as evidenced in writing signed by Mortgagor and Mortgagee.

22. Waiver of Right to Apply Payments. Mortgagor waives the right to direct the application of any payments at any time or times hereafter received by Mortgagee pursuant to the terms of this Mortgage on account of Mortgagor's Liabilities. Mortgagor agrees that Mortgagee shall have the continuing exclusive right to apply such payments to principal and accrued interest and to any installment of principal, whether matured or unmatured, in such manner as Mortgagee deems desirable.

23. Right of Prepayment. Mortgagor shall have the right to prepay the indebtedness evidenced by the Note solely in accordance with the provisions thereof.

24. Release. Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby including the payment to Mortgagee of the costs of preparation and recording of such release.

25. No Waiver. Any failure of Mortgagee to insist upon the strict performance by the Mortgagor of any of the terms and provisions of this Mortgage or the Note shall not be deemed to be a waiver of any of the terms and provisions thereof, and Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions thereof to be performed by Mortgagor. Neither Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of Mortgagor's Liabilities

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shall be relieved of such obligation by reason of the transfer of the Mortgaged Property or the failure of the Mortgagee to comply with any request of the Mortgagor or of any other person to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage, the Note or by reason of the release, regardless of consideration, of the whole or any part of the security held for Mortgagor's Liabilities, or by reason of any agreement or stipulation between any subsequent owner or owners of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms of the Note or this Mortgage without first having obtained the consent of Mortgagor or such other person, and in the latter event, Mortgagor and all such other persons shall continue liable to make such payments according to the terms of any such agreement or extension or modification unless expressly released and discharged in writing by Mortgagee. Mortgagee may, without notice, release or cause to be released, regardless of consideration, any part of the security held for Mortgagor's Liabilities, without, as to the remainder of the security, in anywise impairing or affecting the lien of this Mortgage or the priority of such lien over any subordinate lien. Mortgagee may resort for the payment of Mortgagor's Liabilities to any other security therefor held by the Mortgagee in such order and manner as Mortgagee may elect.

26. Right to Inspect. Mortgagee shall have the right to inspect the Premises at all reasonable times upon reasonable notice to Mortgagor and access thereto shall be permitted for that purpose.

27. Notices. Every provision for notice, demand, or request required in this Mortgage, the Note, the Construction Loan Agreement or by applicable law shall be deemed fulfilled by written notice, demand or request personally served on (with proof of service endorsed thereon, or mailed to, as hereinafter provided) the party entitled thereto or on its successors or assigns. If mailed, such notice, demand or request shall be made certified or registered mail, return receipt requested, and deposited in any post office station or letter-box, enclosed in a postage paid envelope addressed to such party at its address set forth below or to such other address as either party hereto shall direct by like written notice and shall be deemed to have been made on the second (2nd) day following posting as aforesaid. For the purposes herein, notices shall be sent to Mortgagor and Mortgagee as follows:

To Mortgagor: BRIDGEVIEW BANK AND TRUST
COMPANY
7940 South Harlem Avenue
Chicago, IL 60455

With a Copy To: STEPHEN L. BARNARD
2050 Collett Lane
Flossmoor, IL 60422

With Copy To: STEPHEN L. BARNARD d/b/a
Classic Homes
P.O.Box 331
Flossmoor, IL 60422

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To Mortgagee:

BANK OF COMMERCE & INDUSTRY
6100 N. Northwest Highway
Chicago, IL 60631
Attn: Donald B. Houder

28. Covenants to Run with Land. All the covenants contained in this Mortgage will run with the land. Time is of the essence of this Mortgage, and all provisions herein relating thereto shall be strictly construed.

29. Binding on Successors and Assigns. This Mortgage and all the provisions hereof will be binding upon and inure to the benefit of the successors and assigns of the Mortgagor and Mortgagee.

30. Governing Law. This Mortgage was executed and delivered in, and shall be governed as to validity, interpretation, effect and in all other respects by the laws and decisions of the State of Illinois.

31. Severability of Provisions. Any provision of this Mortgage which is unenforceable in any state in which this Mortgage may be filed or recorded or is invalid or contrary to the law of such state, or the inclusion of which would affect the validity, legality or enforcement of this Mortgage, shall be of no effect, and in such case all the remaining terms and provisions of this Mortgage shall subsist and be fully effective according to the tenor of this Mortgage the same as though no such invalid portion had ever been included herein.

32. Captions. The captions contained herein are used for convenience only and are not a part of this Mortgage.

33. Exculpation. This Mortgage is executed by Bridgeview Bank & Trust Co., not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vest in it as such Trustee (and said Bridgeview Bank & Trust Co. 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 said Note contained shall be construed as creating any liability on said Bridgeview Bank & Trust Co. personally to pay the said 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

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personally is concerned, the legal holder or holders of the Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises hereby conveyed for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in the Note provided or by action to enforce the personal liability of the co-makers of the Note.

IN WITNESS WHEREOF, BRIDGEVIEW Bank & Trust not personally, but as Trustee as aforesaid, has caused these presents to be signed by its Vice President and its corporate seal to be hereunto affixed and attested by its Secretary, the day and year first above written.

BRIDGEVIEW BANK AND TRUST COMPANY, not personally or individually but as Trustee under Trust Agreement dated February 15, 1988 and known as Trust No. 1-1646

BY: Edwina Gaskin
SEE EXCULPATORY CLAUSE Vice-President
ATTEST: David J. Altepeter
Secretary

STATE OF ILLINOIS)
COUNTY OF COOK)

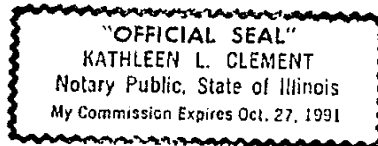
I, Kathleen Clement, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Edwina Gaskin Vice President, and David Altepeter as ASST. Secretary, of BRIDGEVIEW BANK AND TRUST COMPANY a corporation of Illinois, as Trustee under Trust Agreement dated February 15, 1988 and known as Trust No. 1-1646, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Asst. Secretary of said Bank, 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 said Bank for the uses and purposes therein set forth; and said Asst. Secretary did then and there acknowledge that he, as custodian of the corporate seal of said Bank did affix the corporate seal of said Bank to said instrument as his own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 19th day of April, 1988.

Kathleen L. Clement
NOTARY PUBLIC

My Commission Expires: October 27, 1991

(SEAL)



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THIS INSTRUMENT WAS PREPARED BY: Harold J. Green, Esq.
77 West Washington Street
Chicago, IL 60602

MAIL TO: BANK OF COMMERCE & INDUSTRY
6100 N. Northwest Highway
Chicago, IL 60631

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"EXHIBIT A"

LOTS 107 THRU 129 IN CAMBRIDGE UNIT NO. 4 A SUBDIVISION
OF PART OF THE NORTHEAST 1/4 OF SECTION 34, TOWNSHIP 36,
NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN
IN COOK COUNTY, ILLINOIS.

28-34-201-009
-003

Property of Cook County Clerk's Office 88210493

. DEPT-01 RECORDING \$28.40
. T#1111 TRAN 2413 05/17/86 13:33:00
. #6434 # A *~~88-210493~~
. COOK COUNTY RECORDER

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Property of Cook County Clerk's Office

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