RECORDING REQUESTED BY, AND
WHEN RECORDED MAIL TO:

World Savings and Loan Association
1901 Harrison Street
Oakland, California 94612

Attn: Vice President
Project Loans

Loan No.: 69-60731-5
Loan Amount: $320,000.00

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MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS

DEPT-01 $32.00
T#1111 TRAN 0810 09/01/89 13:10:00
#6451 # A *-89-412672
COOK COUNTY RECORDER

THIS MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS ("Mortgage"), is made and effective as of the 28th day of August, 1989, by COMMUNITY SAVINGS BANK, a state-chartered savings association, duly authorized to accept and execute trusts in the State of Illinois, not personally, but as Trustee under the provisions of deeds in trust, duly recorded and delivered to said association in pursuance of Trust Agreement dated August 22, 1989 and known as Trust No. LT-364 ("Mortgagor"), to WORLD SAVINGS AND LOAN ASSOCIATION, a Federal Savings and Loan Association organized under the laws of the United States of America ("Mortgagee").

W I T N E S S E T H:

WHEREAS, Mortgagor has agreed to sell, assign, transfer and convey unto Mortgagor the "Premises" (as hereinafter defined) and to make and deliver unto Mortgagee the Note (as hereinafter defined), this Mortgage, and certain Uniform Commercial Code Financing Statements, as more particularly provided in paragraph 26 hereof (this Mortgage, the aforesaid financing statements, and any and all other documents, instruments and agreements given as security for, or in connection with, the Note are sometimes hereinafter referred to collectively as the "Security Documents"); and

WHEREAS, concurrently with the execution and delivery hereof, Mortgagor has made and delivered to Mortgagee a Secured Promissory Note ("Note"), dated of even date herewith, in the original principal amount of THREE HUNDRED TWENTY THOUSAND Dollars ($320,000.00); and

WHEREAS, all acts and proceedings required by law necessary to make the Note and this Mortgage the valid, binding, and legal obligations of Mortgagor and all acts and proceedings required by law to constitute this Mortgage a valid and binding mortgage and security interest, of first and paramount priority, as security for the Note and for the performance of the undertakings expressed herein and in the Note have been done and taken, and the execution and delivery by Mortgagor of the Note and this Mortgage have been in all respects duly authorized;

NOW, THEREFORE, THIS MORTGAGE WITNESSETH:

GRANTING CLAUSE

That, in order to secure the payment of the principal, interest, advances, and other amounts payable under the Note and the payment of any and all other indebtedness of Mortgagor to Mortgagee, of whatever nature, whether direct, indirect, or contingent, whether joint or several, whether incurred heretofore, herewith, or hereafter, and to secure the performance and observance by Mortgagor of each and every term, covenant, agreement, and condition contained herein and in the Note, and all other agreements between Mortgagor and Mortgagee, whether now or at any time hereafter existing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Mortgagor, Mortgagor does hereby grant, bargain, sell, assign, alien, release, remise, transfer, mortgage, convey, and pledge unto Mortgagee a first security interest in, and warrant and confirm unto Mortgagee, its successors and assigns, forever, all right, title, and

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interest of Mortgagor now or at any time hereafter existing, in and to all and singular the following described properties (herein collectively referred to as the "Premises"), to-wit:

(A) The real property which is listed, described, and set forth on EXHIBIT A attached hereto and hereby incorporated herein (which real property, together with any and all easements, rights-of-way, licenses, privileges, and appurtenances thereto and any and all other real property which may at any time hereafter be conveyed by Mortgagor to Mortgagee as security for the Note, is hereinafter referred to as the "Land");

(B) All highways, roads, streets, alleys, and other public rights-of-way and thoroughfares, bordering on or adjacent to the Land, together with all right, title, and interest of Mortgagor to the real property lying within said highways, roads, streets, alleys, and other public rights-of-way and thoroughfares, and all heretofore or hereafter vacated highways, roads, streets, alleys, and public rights-of-way and thoroughfares, and all strips and gores adjoining or within the Land or any part thereof;

(C) All buildings, structures, improvements, railroad spurs, tracks, and sidings, plants, works, and fixtures now or at any time hereafter located on any portion of the Land, and all extensions, additions, betterments, substitutions, and replacements thereof;

(D) All fixtures, furniture, furnishings, equipment, machinery, appliances, apparatus, and other property of every kind and description now or at any time hereafter installed or located on or used or usable in connection with the Land or the buildings and improvements situated thereon, including, but not limited to, all lighting, heating, cooling, ventilating, air-conditioning, humidifying, dehumidifying, plumbing, sprinkling, incinerating, refrigerating, air-cooling, lifting, fire extinguishing, cleaning, communicating, security, surveillance, computer, telephone and electrical systems, and the machinery, appliances, fixtures, and equipment pertaining thereto, all switchboards, engines, motors, tanks, pumps, floor coverings, carpeting, partitions, conduits, ducts, compressors, elevators, escalators, accessories, draperies, blinds and other window coverings, and the machinery, appliances, fixtures, and equipment pertaining thereto, all of which fixtures furnishings, furniture, equipment, machinery, appliances, apparatus, and other property, whether or not now or hereafter permanently affixed to the Land, shall be deemed to be part of the Land. It is the express intention of Mortgagor that all property of the kind and character described in this subparagraph (D) that Mortgagor now owns, and all of such property that it may hereafter acquire, shall be subject to the lien and security interest of this Mortgage with like effect as if now owned by Mortgagor and as if covered and conveyed hereby by specific and apt descriptions;

(E) All rights, privileges, permits, licenses, easements, consents, tenements, hereditaments, and appurtenances now or at any time hereafter belonging to or in any way appertaining to all or any part of the Land and any property or interests subject to this Mortgage; all right, title, and interest of Mortgagor in all reversions and remainders in or to all or any part of the Land and other property and interests subject to this Mortgage, and all avails, rents, income, issues, profits, royalties, and revenues derived from or belonging to all or any part of the Land and other property and interests subject to this Mortgage;

(F) Any and all real property and other property that may, from time to time after the execution of this Mortgage, by delivery or by writing of any kind, for the purposes hereof, be conveyed, mortgaged, pledged, assigned, or transferred to Mortgagee by Mortgagor or by any one or more persons or entities on Mortgagor's behalf or with its consent as and for additional security for the payment of the Note;

(G) Any and all proceeds of the conversion, whether voluntary or involuntary, of all or any part of the Land and other property and interests subject to this Mortgage into cash or liquidated claims, including, by way of illustration and not limitation, all proceeds of insurance and all awards and payments, including interest thereon, which may be made with respect to all or any part of the Land or other property and interests subject to this Mortgage, or any estate or easement therein, as a result of any damage to or destruction of all or any part of the Land and other property and interests subject to this Mortgage, the exercise of the right or power of condemnation or eminent domain, the closing of, or the alteration of the grade of, any highway, road, street, alley or other public right-of-way or thoroughfare on or adjoining all or any part of the Land and other property and interests subject to this Mortgage, or any other injury to or decrease in the value of all or any part

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of the Land or other property and interests subject to this Mortgage, to the extent of all amounts which may be secured by this Mortgage, which proceeds, awards, and payments are hereby assigned to Mortgagee, which is hereby authorized to collect and receive such proceeds, awards, and payments, and to give receipts and acquittances therefor and to apply the same or any part thereof toward the payment of indebtedness secured hereby; and Mortgagor hereby agrees, upon request, to make, execute, and deliver any and all assignments and other instruments as are necessary for the purpose of assigning said proceeds, awards, and payments to Mortgagee, free, clear and discharged of any and all encumbrances of any kind or nature, whatsoever; and

(H) All oral and written leases, subleases, and other agreements, and all amendments, modifications, supplements, renewals, and extensions thereof, and all rights under the foregoing for use and occupancy of all or any part of the Land and other property and interests subject to this Mortgage (the "Leases"), and all avails, rents, issues, income, profits, royalties and revenues of the Land and said other property and interests, the property described in this clause being hereby pledged primarily and on a parity with the Land, and not secondarily;

TO HAVE AND TO HOLD forever all the Premises hereby conveyed, assigned, and otherwise pledged and transferred, or intended or entitled so to be, unto Mortgagee, its successors and assigns; without limitation of the foregoing, Mortgagor hereby further grants unto the Mortgagee, pursuant to the provisions of the Uniform Commercial Code as in effect in the State of Illinois, a security interest (as more fully described in paragraph 26 hereinbelow) in all of the above-described property, which property includes, but is not limited to, goods which are or are to become fixtures;

MORTGAGOR HEREBY REPRESENTS AND WARRANTS TO AND COVENANTS WITH Mortgagee, its successors and assigns, that:

(1) Mortgagor has good and indefeasible fee simple title in and to the Premises, free and clear of any and all liens, charges, security interests, and encumbrances whatever, except the liens, encumbrances and other matters, if any, set forth on EXHIBIT B attached hereto and hereby incorporated herein ("Permitted Encumbrances");

(2) Mortgagor has the right, capacity, full power and due and lawful authority to execute and deliver to Mortgagee the Note, this Mortgage, and the other Security Documents;

(3) Mortgagor has taken all action necessary to make the Note, this Mortgage, and the other Security Documents the valid, binding, and legal obligations of Mortgagor; and

(4) The liens and security interests created by any one of more of this Mortgage and the other Security Documents are and will be kept a first and paramount priority lien and security interest upon the Premises, and Mortgagor will forever warrant and defend the same to Mortgagee, it successor and assigns, against any and all claims and demands whatsoever;

PROVIDED ALWAYS and upon the express condition that, if all of the principal and interest and all other amounts due and payable under and pursuant to the Note shall be paid and discharged in accordance with the terms and conditions therein contained, and if all other agreements and obligations of Mortgagor under the Note, this Mortgage, the other Security Documents and all other agreements between Mortgagor and Mortgagee, whether now or at any time hereafter existing, shall be discharged in accordance with the terms and conditions therein and herein expressed, then these presents shall become void; otherwise this Mortgage to remain in full force and effect.

THIS MORTGAGE FURTHER WITNESSETH:

That Mortgagor has covenanted and agreed and does hereby covenant and agree with Mortgagee, its successors and assigns, as follows, to-wit:

1. Payment of Principal, Interest, and Other Amounts. The Mortgagor shall promptly pay when due the principal, interest, advances, and all other amounts which may be due and payable under and pursuant to the Note, this Mortgage, the other Security Documents and all other agreements between Mortgagor and Mortgagee, whether now or at any time hereafter existing.

2. Prepayment. The Mortgagor shall have the privilege of making prepayments on the principal of the Note without penalty, provided that each

such prepayment shall be applied in the manner provided in paragraph 3 hereinbelow.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Mortgagee under the Note or this Mortgage shall be applied by Mortgagee in the following order of priority: first, for the payment of any Property Charges as defined in paragraph 9 hereof, whether such payment is to be made to Mortgagee or directly to the governmental entity or vendor entitled to such payment; second, for the reimbursement of any advances, expenditures or other expenses, including, without limitation, attorneys' fees and court costs, incurred by the Mortgagee and which are secured hereby, whether voluntarily or involuntarily made, together with any interest thereon; third, in the inverse order of maturity, for interest, late charges, and default rate interest payable under the Note; fourth, for any principal due and payable under the Note; and fifth, for any other sums evidenced by any one or more of the Note and the other Security Documents and secured by this Mortgage, together with interest thereon, in such order as Mortgagee may determine.

4. Maintenance, Repair, and Restoration of Improvements, Payment of Prior Liens, Etc.. Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises that may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanics' liens and other liens, claims, claims of lien, and other encumbrances of any kind; (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises, and upon request exhibit to Mortgagee satisfactory evidence of the discharge of such liens and charges; (d) complete within a reasonable time any and all building and improvements now or at any time in process of erection, repair, restoration, or renovation upon the Premises; (e) comply with all requirements of law, municipal ordinances, and restrictions of record with respect to the Premises and the use thereof; (f) cause, make, suffer, or permit no material alterations in or of the Premises, including, without limitation, alterations, additions to, demolition or removal of any of the improvements, apparatus, fixtures, or equipment, now or hereafter located upon said Premises, except as required by law or municipal ordinance or as expressly permitted otherwise in this Mortgage; (g) cause, make, suffer, or permit no change in the general nature of the occupancy or use of the Premises, without Mortgagee's express written consent; (h) initiate or acquiesce in no reclassification of the zoning applicable to the Premises, without Mortgagee's express written consent; (i) pay each item of indebtedness secured by this Mortgage when due according to the terms hereof or of the Note; (j) cause, make, suffer, or permit no unlawful use of or nuisance to exist upon the Premises; (k) not diminish or impair the value of the Premises or the security intended to be effected by virtue of this Mortgage by any act or omission to act; (l) appear in and defend any legal proceeding that Mortgagee believes, at its sole and unfettered discretion, affects its security hereunder, and pay all costs, expenses and attorneys' fees incurred or paid by the Mortgagee in any proceeding in which Mortgagee may participate in any capacity by reason of the Note, this Mortgage, the other Security Documents, and the interests in the Premises granted hereby; (m) not cause, make, suffer, or permit, without Mortgagee's express prior written consent, which consent may be withheld at Mortgagee's sole and unfettered discretion, (i) any sale, assignment, or other transfer of any right, title or interest in and to all or any part of the improvements, apparatus, fixtures or equipment which may be found in or upon the Premises, (ii) any change in the nature or character of the operation of the Premises which will increase the intensity of the use thereof, or (iii) any change or alteration of the exterior and interior structural arrangement, including, but not limited to, any walls, rooms, and hallways situated in or on the Premises.

5. Sale or Transfer of Premises or Interest Therein. Mortgagor agrees and understands that it shall constitute an immediate Event of Default under this Mortgage and the Note, entitling the Mortgagee to resort to and exercise any remedies available to the Mortgagee pursuant to any one or more of this Mortgage, the Note and any one or more of the other Security Documents or applicable law, if any one or more of the following shall occur: if (a) Mortgagor or any one or more of the tenants-in-common, joint tenants, or other persons comprising or holding a beneficial interest in Mortgagor sells, enters into a contract of sale, conveys, alienates, or encumbers the Premises or any portion thereof, any beneficial interest therein or any fractional undivided interest therein, or suffers Mortgagor's title or any equitable or beneficial interest therein to be divested or encumbered, whether voluntarily or involuntarily, or leases with an option to sell, or changes or permits to be changed the character or use of the Premises, or drills or extracts or enters

into a lease for the drilling for or extracting of oil, gas or other hydrocarbon substances or any mineral of any kind or character on the Premises; (b) Mortgagor or any one or more of the persons comprising or holding a beneficial interest in Mortgagor is a partnership and the interest of any general partner (or the interest of any general partner in a partnership that is a partner) is assigned or transferred; (c) Mortgagor or any one or more of the persons comprising or holding a beneficial interest in Mortgagor is a partnership and more than twenty-five percent (25%) of the corporate stock of any corporation that is a general partner thereof is sold, transferred or assigned; (d) Mortgagor or any one or more of the persons comprising or holding a beneficial interest in Mortgagor is a corporation and more than twenty-five percent (25%) of the corporate stock thereof is sold, transferred or assigned; (e) Mortgagor consists of several persons or entities holding fractional undivided interests in the Premises and there is a cumulative change in ownership with respect to more than a 25% fractional undivided interest in the Premises; (f) any lien, security interest, or other encumbrance, other than the lien of this Mortgage and the other Security Documents, liens for real estate taxes and assessments not yet due and payable, and Permitted Encumbrances, attaches to the Premises or the beneficial interest in the Premises; or (g) any one or more of (i) articles of agreement for deed, (ii) other installment contract for deed, title or beneficial interest, (iii) land contract, or (iv) any other written or oral agreement for the sale or other transfer of all or any part of the Premises are entered into.

Mortgagor and any successor who acquires any record interest in the Premises agrees to notify Mortgagee promptly in writing of any transaction or event described in clauses (a) through (g) above.

6. Payment of Taxes. Mortgagor shall pay when due and before any penalty or interest attaches all general real estate taxes, special real estate taxes, special assessments, and other charges against the Premises, and shall, upon written request, furnish to Mortgagee duplicate receipts therefor. To prevent default hereunder, Mortgagor shall pay in full under protest, in the manner provided by statute, any real estate tax or special assessment that Mortgagor may desire to contest.

7. Insurance. Mortgagor shall, at its sole cost and expense, maintain in full force and effect the following:

(a) insurance covering the Premises and insuring against loss or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, sprinkler leakage, civil commotion, damage from aircraft and vehicles, burglary or robbery, collapse of building, sonic boom, water damage, and smoke damage, and loss or damage from such hazards as are presently included in so-called "Extended Coverage" hazard or casualty insurance policies and against vandalism and malicious mischief and against such other insurable hazards as, under good insurance practices, from time to time, are insured against for improvements of like character in the area of the Premises. The amount of such insurance shall be from time to time not less than the full replacement cost from time to time of the buildings, improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Premises, or the total mortgage indebtedness secured by the Premises, whichever is less. Full replacement cost, as used herein, means, with respect to said buildings and improvements, the cost of replacing the buildings and improvements, without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to said furniture, furnishings, fixtures, equipment and other items, the cost of replacing same. Each policy or policies shall contain a replacement cost endorsement and such other endorsements sufficient to prevent Mortgagor and Mortgagee from becoming co-insurers within the terms of such insurance with respect to such improvements;

(b) comprehensive general liability insurance covering Mortgagor and each person, corporation, partnership, joint venture or other entity having an interest therein against all liability for personal injury or property damage, in an amount not at any time less than ninety percent (90%) of the fair market value of the Premises;

(c) business interruption, loss of income and rental interruption insurance against loss of income resulting from any hazard covered under the insurance required pursuant to paragraphs 7(a) and 7(b) above, in an amount sufficient to avoid any co-insurance penalty but, in any event, in an amount not less than the amount of rental and other revenue budgeted to be derived

from the Premises during the twelve (12) month period of operations after its purchase or renewal;

(d) if any building improvement is situated on the Premises in an area now or subsequently designated as having special flood hazards, as defined by the Flood Disaster Protection Act of 1973, as amended from time to time, or another flood prone area, flood insurance in an amount equal to the lesser of the full replacement cost of the buildings and improvements or the maximum amount of flood insurance available;

(e) such boiler and machinery insurance as Mortgagee may reasonably require; and

(f) such other insurance on the Premises or any replacements or substitutions thereof, or additions thereto, and in such amounts as may from time to time be required by the Mortgagee, against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated, with due regard being given to the height and type of buildings, their construction, location, use and occupancy, or any replacements or substitutions therefor or additions thereto.

All such insurance shall be subject to the approval of the Mortgagee as to insurance companies, amounts, content and forms of policies, and expiration dates and all insurance companies shall have at least a Policyholder's Rating of "A" and a Financial Size Rating of "XII" in the current edition of Best's Insurance Reports.

Mortgagor further agrees that Mortgagor will deliver to the Mortgagee true, correct and complete copies of each such insurance policy and original certificates evidencing such insurance and any additional insurance which shall be taken out upon all or any part of the Premises and receipts evidencing the payment of all premiums on or before thirty (30) days prior to the effective date of such policies and each and every renewal thereof, and Mortgagor shall deliver certificates evidencing renewals of all such policies of insurance to the Mortgagee on or before thirty (30) days prior to the expiry of any such insurance, except to the extent provision for the payment of insurance premiums is made therefor pursuant to paragraph 10 of this Mortgage. In the event of any default by Mortgagor in performing the foregoing insurance requirements, Mortgagee may procure such insurance, pay the premiums thereon, and charge back to Mortgagor the cost thereof as provided herein.

Without limiting the discretion of the Mortgagee with respect to required endorsements to insurance policies, Mortgagor further agrees that all such policies shall provide that proceeds thereunder will be payable to the Mortgagee pursuant to a standard mortgage loss clause in favor of Mortgagee, which shall be attached to or otherwise made a part of the applicable policy. Each such policy shall further contain a "severability of interest" clause or endorsement precluding the insurer from denying any claim thereunder by Mortgagee because of the knowledge or conduct of Mortgagor or any other person or entity. Mortgagor further agrees that all such insurance policies shall provide for the payment of all costs and expenses incurred by the Mortgagee in the event any claim under such policies is contested and for at least thirty (30) days' prior written notice to the Mortgagee prior to any amendment, modification, cancellation, or termination of any such policy. In the event of foreclosure of this Mortgage, or other transfer of title to the Premises in extinguishment in whole or in part of the indebtedness secured by this Mortgage, all right, title, and interest of Mortgagor in and to such policies then in force concerning the Premises, and all proceeds payable thereunder, shall thereupon vest in the purchaser at a foreclosure sale pursuant to said foreclosure, or in the Premises, or in any other transferee in the event of any other form of transfer of title. If any act or occurrence of any kind or nature (including, without limitation, any casualty on which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Premises, Mortgagor shall give immediate notice thereof to the appropriate insurer and to the Mortgagee and, unless otherwise so instructed by the Mortgagee, shall promptly, at Mortgagor's sole cost and expense, restore, repair, replace and rebuild the Premises as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction in accordance with plans and specifications submitted to and approved by the Mortgagee.

8. <u>Adjustment of Losses with Insurer and Application of Proceeds of Insurance</u>. In the event that all or any part of the Premises covered by such insurance is destroyed or damaged by fire, explosion, windstorm, hail or by any other casualty against which insurance shall have been required hereunder:

(a) the Mortgagee may, but shall not be obligated to, make proof of loss if not made promptly by Mortgagor; and (b) each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to Mortgagor and Mortgagee is hereby made and appointed the attorney-in-fact for Mortgagor, which appointment is coupled with the interest herein granted and which appointment shall be irrevocable unless and until the full payment is made of all amounts due and owing under the Note, this Mortgage, and the other Security Documents, to make any proof of loss, to adjust and compromise any claim under any insurance policy relating to said destruction or damage, to commence, appear in, and prosecute any judicial, administrative, arbitration, or other proceeding relating to said insurance claim, and to collect and receive any and all proceeds of said insurance. Mortgagor agrees to sign, upon demand by Mortgagee, all receipts, vouchers, and releases required by the said insurance companies.

The Mortgagee shall have the right to apply the insurance proceeds as follows: first, to reimburse the Mortgagee for all costs and expenses, including, without limitation, attorneys' fees and court costs, incurred in connection with the collection of such proceeds; and second, the remainder of said proceeds shall be applied to restore the Premises, as nearly as possible, to its value, condition, and character immediately prior to its damage or destruction, or such other condition as Mortgagee may, at its sole and unfettered discretion, approve; and third, any balance of such proceeds remaining to be applied to the outstanding principal balance of the Note. Any reduction in such principal occurring as a result of the application of the casualty insurance proceeds shall be at par. In any event, the unpaid portion of the indebtedness secured by this Mortgage shall remain in full force and effect and the Mortgagor shall not be excused from the payment thereof and any reduction in the indebtedness secured hereby resulting from the Mortgagee's application of any such payment will take effect only when the Mortgagee actually receives and applies such payment.

Anything else in the immediately preceding paragraph to the contrary notwithstanding, if (i) Mortgagor, or its tenant, is obligated to restore or replace the damaged or destroyed buildings or improvements under the terms of any one or more Leases, (ii) such damage or destruction does not result in cancellation or termination of said Leases, (iii) the insurers do not deny liability as to the insureds, and (iv) said proceeds plus any additional amounts made available by Mortgagor or its tenant are, in Mortgagee's reasonable judgment, sufficient to restore or replace the damaged or destroyed buildings or improvements, said proceeds, after reimbursing Mortgagee therefrom for expenses incurred by Mortgagee in the collection thereof, shall be used to reimburse Mortgagor for the cost of rebuilding or restoration of buildings and improvements on the Premises. The buildings and improvements shall be so restored or rebuilt, as nearly as possible, to their value, condition, and character immediately prior to their damage or destruction, or such other condition as Mortgagee may, at its sole and unfettered discretion, approve.

In the event Mortgagor is entitled to reimbursement out of any insurance proceeds, such proceeds shall be made available, from time to time, upon the Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments as the Mortgagee may reasonably require and approve. 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 said proceeds remaining in the hands of the Mortgagee shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

Anything else in this paragraph 8 to the contrary notwithstanding, in the case of loss after foreclosure proceedings have been instituted, the proceeds of any such insurance policy or policies shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption, if he, she, or it shall then be entitled to the same, or as the court may direct. In case of the foreclosure of this Mortgage, the court in its decree may provide that the mortgagee's clause attached to each of said insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said policies making the loss thereunder payable to said creditor, and any such foreclosure decree may further provide, that in case of one or more redemptions under said decree, pursuant to the statute in such case made and provided, then and in every such case, each successive redemptor may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such successive redemptor. In

the event of foreclosure sale, Mortgagee is hereby authorized, but not obligated, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of said purchaser to be protected by any one or more of the said insurance policies.

9. Tax and Insurance Deposits. The real estate taxes, assessments, and insurance premiums that Mortgagor is required to pay pursuant to paragraphs 6 and 7 above are sometimes hereinafter referred to collectively as the "Property Charges." Notwithstanding said payment requirements, if an Event of Default under this Mortgage shall occur, Mortgagee, at its sole and unfettered discretion, and whether or not said Event of Default shall continue to exist, be cured, or be waived, may require Mortgagor to pay, and Mortgagor hereby agrees to pay, to Mortgagee, in addition to paying the principal, interest, advances, and other amounts provided for in the Note, this Mortgage, and the other Security Documents, either in a lump sum or in monthly payments, amounts sufficient to allow Mortgagee to pay the Property Charges, and each of them, at least thirty (30) days in advance of the due date thereof.

If at any time, the amount of the Property Charges, or any of them, have been or are to be increased, and if the lump sum deposit or monthly deposits (if continued at the same rate) then being made by Mortgagor and held by Mortgagee for this purpose would not make up a fund sufficient, in the reasonable opinion of the Mortgagee, to pay the Property Charges, or any of them, thirty (30) days prior to the due date thereof, said reserve or monthly deposits shall thereupon be increased, and Mortgagor shall, upon demand by Mortgagee, immediately deposit with Mortgagee such additional sums as are determined by Mortgagee so that the reserves or the moneys then on hand for the payment of said items plus the increased monthly payments and such additional sums demanded shall be sufficient so that Mortgagee shall have received from Mortgagor adequate amounts to pay said items at least thirty (30) days before the same becomes due and payable. For the purpose of determining whether Mortgagee has on hand sufficient reserves or moneys to pay any particular item at least thirty (30) days prior to the due date therefor, the reserves, deposit or deposits for each item shall be treated separately, it being the intention that Mortgagee shall not be obligated to use reserves or moneys deposited for the payment of an item not yet due and payable, for the payment of an item that is due and payable.

Notwithstanding the foregoing, it is understood and agreed (a) that the deposit or deposits provided for hereunder will be deposited with and held by Mortgagee in a single non-interest bearing account and (b) that Mortgagee, at its sold and unfettered option, may, if Mortgagor fails to make any deposit required hereunder, use the reserves, deposit or deposits established for one item for the payment of another item then due and payable. All such deposits shall be held in escrow by Mortgagee and shall be applied by Mortgagee to the payment of the Property Charges, or any of them, when the same become due and payable. Failure by Mortgagor to pay any of the aforesaid monthly deposits, which failure continues for ten (10) days after said deposits are due or failure to pay any of the aforesaid additional deposits which failure continues for five (5) days after demand therefor is made by Mortgagee, shall be an Event of Default under the Note, this Mortgage, and the other Security Documents, in which event all remedies under the Note, this Mortgage and the other Security Documents may be immediately exercised by the Mortgagee and, further, all moneys on hand in the reserve or deposit fund may, at the sole and unfettered option of Mortgagee, be applied in reduction of the indebtedness under the Note.

If the funds so deposited exceed the amount required to pay the Property Charges, the excess shall be applied against subsequent deposits to be made by Mortgagor. In order to more fully protect the security of this Mortgage and to provide security to the Mortgagee for the payment of the Property Charges or any of them, Mortgagor agrees that the Mortgagee may, at its sole and unfettered discretion, at any time, pay the Property Charges or any of them, provided that the Mortgagee shall give notice to the Mortgagor of any such payment within ten (10) days following the making of such payment. Such payments shall be added to the outstanding principal balance of the Note and shall earn interest at the effective rate of interest established under the terms of the Note. The Mortgagor further agrees that Mortgagee shall not be required to make payments for which insufficient funds are on deposit with the Mortgagee, and that nothing herein contained shall be construed as requiring the Mortgagee to advance other moneys for such purpose.

Upon an assignment of this Mortgage, Mortgagee shall have the right to pay over the balance of such deposits in its possession to the assignee, and Mortgagee shall thereupon be completely released from any and all liability

with respect to such deposits and Mortgagor shall look solely to the assignee or transferee with respect thereto. This provision shall apply to every transfer of such deposits to a new or subsequent assignee. Upon full payment of the indebtedness under the Note, or Mortgage, and the other Security Documents (or at any prior time, at the sole and unfettered discretion of the then holder of the Note and this Mortgage), the balance of the deposit or deposits in Mortgagee's possession may be paid over to the record owner of the Premises at the time of said payment, and no other party shall have any right or claim thereto in any event.

10. Mortgagee's Interest In and Use of Deposits. If an Event of Default shall occur under this Mortgage or the Note, the Mortgagee may, at its sole and unfettered option, without being required to do so, apply any moneys at the time on deposit pursuant to paragraph 9 hereof, as any one or more of the same may be applicable, on any of Mortgagor's obligations herein or in the Note contained, in such order and manner as the Mortgagee may, at its sole and unfettered discretion, elect. Such deposits are hereby pledged as additional security for the indebtedness and other covenants and obligations secured hereby, and shall be held by the Mortgagee to be irrevocably applied by the Mortgagee for the purposes specified in this Mortgage and shall not be subject to the direction or control of the Mortgagor; provided, however, that the Mortgagee shall not be liable for any failure of the Mortgagee to apply any funds held by the Mortgagee to the payment of the Property Charges, or any of them, unless Mortgagor, while not in default hereunder, shall have requested Mortgagee in writing not less than thirty (30) days prior to the due date therefor to make application to the payment of a particular Property Charge of that portion of said funds deposited in respect of said particular Property Charge, which application shall be accompanied by the bills for said Property Charge.

11. Mortgagee's Right to Act. If Mortgagor fails to perform any covenant or agreement contained in any one or more of the Note, this Mortgage and the other Security Documents, or to pay any claim, lien or encumbrance which shall be a prior lien to the lien of this Mortgage, or to pay, when due, any tax or assessment, or the premium for any insurance required hereby, or to keep the Premises in repair, as aforesaid, or shall commit or permit waste, or if there be commenced any action or proceeding affecting Mortgagor, the Premises or the title thereto, including, by way of illustration and not limitation, any eminent domain, insolvency, code enforcement, or proceeding under the Bankruptcy Code of the United States, then Mortgagee, at its sole and unfettered option, may, but shall not be required to, make full or partial payment of any such claim, lien, encumbrance, tax, assessment or premium, with right of subrogation thereunder, may purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forefeiture affecting the Premises or contest any tax or assessment, may procure such abstracts or other evidence of title as it deems necessary, may make such repairs and take such steps as it deems advisable to prevent or cure such waste, and may appear in any such action or proceeding and retain counsel to advise it with respect to such matter or to appear therein, and take such action with respect thereto as Mortgagee, at its sole and unfettered discretion, deems advisable, and for any of such purposes Mortgagee may advance such sums of money as it, at its sole and unfettered discretion, deems necessary. Mortgagee shall be the sole judge of the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and premium, and of the amount necessary to be paid in satisfaction thereof. Mortgagor will pay to Mortgagee, immediately and without demand, all sums of money advanced by Mortgagee pursuant to this paragraph 11 and otherwise in accordance with this Mortgage, and any costs or expenses, including, without limitation, attorneys' fees and court costs, that Mortgagee may have incurred or paid in connection therewith, and any other moneys advanced by Mortgagee to protect the Premises and the lien hereof, and all such sums shall be added the the principal amount of the Note and, together with interest thereon at the effective rate of interest established under the terms of the Note, shall be so much additional indebtedness secured hereby, shall become immediately due and payable, without notice or demand and shall bear interest from and after the time of disbursement at the default interest rate set forth in the Note.

12. Mortgagee's Reliance on Tax and Insurance Bills, Etc. Mortgagee, in making any payment, hereby is authorized: (a) to pay any taxes, assessments, and insurance premiums according to any bill, statement, or estimate procured from the appropriate public office or vendor without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, insurance premiums, sale, forfeiture, tax lien, or title or claim thereof and (b) to purchase, discharge, compromise, or settle any other prior

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lien, without inquiry as to the validity or amount of any claim for lien which may be asserted.

13. Condemnation. Mortgagor hereby assigns, transfers and sets over unto Mortgagee the entire proceeds of any award or any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. Mortgagee may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby, whether due or not, or to require Mortgagor to restore or rebuild the Premises or any part thereof damaged by such taking, in which event the proceeds shall be held by Mortgagee and be used to reimburse Mortgagor for the cost of the rebuilding or restoring of buildings or improvements on the Premises, in accordance with plans and specifications to be submitted to and approved by Mortgagee. If the Mortgagor is obligated to restore or replace the taken or damaged buildings or improvements under the terms of any Lease or Leases relating to the Premises, and if such taking does not result in cancellation or termination of such Lease, the award shall be used to reimburse Mortgagor for the cost of the rebuilding or restoring of buildings or improvements on said Premises, provided Mortgagor is not then in default under the Note, this Mortgage, or any other Security Document. In the event Mortgagor is required or authorized, either by Mortgagee's election as aforesaid or by virtue of any Lease as aforesaid, to rebuild or restore all or any part of the Premises, the proceeds of the award shall be paid out in the same manner as is provided in paragraph 7 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay all costs in excess of the award, before being entitled to reimbursement out of the award. Any surplus which may remain out of said award after payment of such cost of rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any other party entitled thereto.

14. Effect of Extensions of Time, Etc. From time to time, Mortgagee may, at its sole and unfettered discretion, without giving notice to or obtaining the consent of the Mortgagor, any guarantor of the Note or any other party liable or obligated for the payment of any amount or the performance of any covenant or obligation under any one or more of the Note, this Mortgage and the other Security Documents (collectively, "Obligors"), without liability to the Mortgagor, and notwithstanding any breach by any of the Obligors, extend the time for the payment of any indebtedness or performance of any covenant or obligation secured hereby, reduce the payments thereon, release any one or more Obligors, accept a renewal note or notes therefor, modify the terms and time of the payment of said indebtedness, release the Premises or any part thereof from the lien of any one or more of this Mortgage and the other Security Documents, take or release other or additional security, consent to the granting of an easement on or encumbrance against the Premises, join in any extension or subordination agreement, or agree in writing to modify the rate of interest or period of amortization of the Note or change the amount of the payments due thereunder. Any actions taken by Mortgagee pursuant to this paragraph shall not affect the obligations of the Obligors, or any of them, to pay the amounts due under or to perform any obligation required by the Note, this Mortgage or any other Security Document, shall not affect the guaranty of any Obligor for the payment of the indebtedness secured thereby, and shall not affect the lien or priority of lien hereof on the Premises, except and only to the extent expressly agreed to by the Mortgagee in writing.

15. Stamp, Transfer or Revenue Tax. If, by the laws of the United States of America, or of any state or political subdivision thereof having jurisdiction over any one or more of the Mortgagor, the Mortgagee, and the Premises, any tax is due or becomes due in respect of the issuance of the Note or this Mortgage or the recordation hereof, the Mortgagor covenants and agrees to pay such tax in the manner required by any such law, whether or not the incidence of such tax falls upon the Mortgagor or Mortgagee. The Mortgagor further covenants to hold harmless and agrees to indemnify the Mortgagee, its administrators, successors, and assigns, against any liability incurred by reason of the imposition of any such tax.

16. Effect of Changes in Laws Regarding Taxation. In the event of the enactment after this date of any law of the state in which the Premises are located deducting from the value of land 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 laws relating to the taxation of mortgages or debts secured by mortgages or the mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the indebtedness secured hereby or the holder thereof, then, and in any such

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 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 in excess of the maximum amount permitted by law, then and in such event, the Mortgagee may, at its sole and unfettered discretion, but shall not be required to, 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 date of giving of such notice.

17. Covenants of Mortgagor Regarding Leases. Mortgagor hereby covenants and agrees that, until all indebtedness payable under the Note, this Mortgage, and the other Security Documents have been paid in full, it shall:

(a) perform or caused to be performed in a timely manner all of its obligations under each and every one of the Leases;

(b) take all actions as are reasonably required to enforce the obligations of any and all other parties to any one or more of the Leases;

(c) appear in and defend any and all actions and other legal proceeding in respect of the Leases;

(d) provide to Mortgagee, on demand, any and all information related in any manner to the Leases, including without limitation, copies thereof;

(e) not, without first obtaining the express prior written approval of Mortgagee, enter into any Lease or reduce the obligations of any person or entity under any Lease; and

(f) not accept prepayment of any installment of rent or any other payment under any Lease more than one month in advance of the due date thereof.

The failure of Mortgagor to do any one or more of the foregoing shall constitute an Event of Default hereunder and under the Note, and each other Security Document.

18. Events of Default and Acceleration of Indebtedness in Case of Default. Any one or more of the following occurrences shall constitute an "Event of Default" under this Mortgage:

(a) the failure of Mortgagor to make any payment of principal, interest, advances, or other payments due under the Note, or of any payment due in accordance with the terms of this Mortgage or any of the other Security Documents;

(b) the Mortgagor shall file a petition in bankruptcy or become the subject of any voluntary proceeding under the United States Bankruptcy Code or any other Federal or state bankruptcy, insolvency, reorganization, receivership, moratorium, or other law regarding creditors' rights or debtors' obligations, whether now or hereafter existing, or fail to obtain a vacation or stay of any such proceeding filed involuntarily against or in respect of Mortgagor or of the Premises within thirty (30) days, as hereinafter provided, or file an answer in any such involuntary proceeding admitting insolvency or inability to pay its debts;

(c) the Mortgagor shall be adjudicated a bankrupt, or a trustee, receiver, or similar officer shall be appointed for the Mortgagor or for its property or the major part thereof or the Premises in any involuntary proceeding, or any court shall have taken jurisdiction of the property of the Mortgagor, or the major part thereof or the Premises in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Mortgagor, and such trustee, receiver, or similar officer shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within thirty (30) days;

(d) the Mortgagor shall make an assignment for the benefit of creditors, or shall enter into a composition agreement, or shall admit in writing its inability to pay its debts general as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof;

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(e) default shall be made in the due observance or performance of any other of the covenants, agreements, or conditions required to be kept or performed or observed by the Mortgagor in the Note, this Mortgage and the other Security Documents and the same shall continue for fifteen (15) days, unless such default cannot reasonably be cured within fifteen (15) days, in which event, said fifteen (15) day period shall be extended for a reasonable period not to exceed thirty (30) days, provided that the Mortgagor is diligently pursuing the cure thereof;

(f) subject to any applicable grace period, default shall be made in the performance of any Lease between Mortgagor and any third party relating to all or any part of the Premises; or

(g) any other event that constitutes an Event of Default under the terms and provisions of the Note, this Mortgage or the other Security Documents.

Upon the occurrence of an Event of Default the sum secured hereby shall, at once, at the sole and unfettered option of the Mortgagee, become immediately due and payable, together with all accrued and unpaid interest, advances and all other amounts due to Mortgagee pursuant to the Note, this Mortgage, and the other Security Documents, without notice or demand to Mortgagor. From and after the occurrence of an Event of Default, interest shall accrue on all of said amounts at the default rate of interest referred to in the Note.

19. Collection and Foreclosure; Expenses of Litigation. When the indebtedness secured hereby, or any part thereof, shall become past due and payable, whether by maturity, acceleration, or otherwise, in addition to any other rights and remedies provided for herein, Mortgagee shall have the right to (a) exercise any one or more of the rights and remedies provided in any one or more of the Note and the other Security Documents and (b) to foreclosure of the lien hereof for such indebtedness or part thereof.

Mortgagee shall have the right to collect and recover from Mortgagor any and all costs and expenses that it incurs in the collection of the indebtedness secured hereby and in the exercise of said rights and remedies, whether or not said costs and expenses are incurred in the course of a legal proceeding to collect said indebtedness or to foreclose the lien hereof, and said costs and expenses shall constitute additional indebtedness hereunder and under the Note and there shall be allowed and included, as additional indebtedness in any decree which adjudicates the amount due under the Note and secured by this Mortgage, all of said costs and expenses. Without limiting the generality of the foregoing, said costs and expenses shall include all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraisers' fees, costs of documentary evidence, fees of expert witnesses, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature described in this paragraph 19, and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including, without limitation, the fees of any attorneys employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including, without limitation, probate and bankruptcy proceedings, or in preparation for the commencement or defense of any litigation or proceeding or threatened litigation or proceeding, whether or not actually commenced, shall be immediately due and payable by Mortgagor, with interest thereon at the default rate of interest established under the terms of the Note, and the same shall be secured by this Mortgage.

20. Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses of Mortgagee incident to the foreclosure proceedings, including all such items as are mentioned in the immediately proceding paragraph 20; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal, interest, advances, and other amounts remaining unpaid

on the Note; and fourth, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

21. Appointment of Receiver. 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 Premises. Mortgagor hereby consents to such appointment and agrees that such appointment may be made either before or after sale, without notice to the Mortgagor, which notice is hereby irrevocably waived, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises, the adequacy of the Mortgagee's security or whether the same shall be then occupied as a homestead or not and the Mortgagee hereunder or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the avails, rents, issues, income, profits, royalties, and revenues of the Premises during the pendency of such foreclosure suit and in case of a sale and a deficiency, during the full statutory period of redemption, if any, 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 said avails, rents, issues, income, profits, royalties, and revenues, and all other powers that may be necessary or are usual in such cases for the protection, possession, control, management, and operation of the Premises during the whole of said period, including, by way of illustration and not limitation, the power to make necessary repairs to the Premises, and to terminate and enter into management agreements relating to the Premises. The court, from time to time, may authorize the receiver to apply the net income in payment in whole or in part of: (a) the reasonable fee of said receiver; (b) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and (c) the deficiency in case of a sale and deficiency.

22. Mortgagee's Right of Possession in Case of Default. In any case in and at any time at which under the provisions of this Mortgage the Mortgagee has a right to institute foreclosure proceedings, whether before or after the whole principal sum secured hereby becomes or is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, forthwith, upon demand of Mortgagee, Mortgagor shall surrender to Mortgagee, and Mortgagee shall be entitled to take actual possession of the Premises, or any part thereof, personally, or by and through its agents or attorneys, and Mortgagee, at its sole and unfettered discretion, may, but shall not be required to, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers, and accounts of the Mortgagor or the then owner of the Premises relating thereto, and may exclude the Mortgagor, its agents, and servants wholly therefrom and may, as attorney-in-fact or agent of the Mortgagor or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage, and control the Premises and conduct the business, if any, thereof, either personally or by and through its agents or contractors, and with full power to use such measures, legal or equitable, as Mortgagee or its successors and assigns may, at their sole and unfettered discretion, deem proper or necessary to enforce the payment or security of the avails, rents, issues, income, profits, royalties and revenues of the Premises, including actions for the recovery of rent, actions in forcible detainer, and actions in distress for rent, hereby granting full power and authority to exercise each and every one of the rights, privileges, and powers herein granted at any and all times hereafter, without notice to the Mortgagor, and with full power to cancel or terminate any Lease or sublease of the Premises or any part thereof for any cause or on any ground which would entitle Mortgagor to cancel the same, to elect to disaffirm any Lease or sublease of the Premises or any part thereof made subsequent to this Mortgage or subordinated to the lien hereof, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements to the Premises as to it may deem judicious, to insure and reinsure the same against all risks incidental to Mortgagee's possession, operation and management thereof and to receive all of such avails, rents, issues, income, profits, royalties, and revenues.

The Mortgagee shall not be obligated to perform or discharge, nor does it hereby assume or undertake to perform or discharge, any obligation, duty, or liability under any one or more Leases, and the Mortgagor shall and does hereby agree to indemnify, defend and hold the Mortgagee harmless of and from any and all liability, loss, or damage that it incurs under the Leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever that may be asserted against it by reason of any

alleged obligations or undertakings on its part to perform or discharge any of the terms, convenants or agreements contained in the Leases. Should the Mortgagee incur any such liability, loss or damage, under the Leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and the Mortgagor shall reimburse the Mortgagee therefor immediately upon demand.

23. Application of Income Received by Mortgagee. The Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it by paragraph 22 hereof, shall have full power to use and apply the avails, rents, issues, income, profits, royalties, and revenues of the Premises to the payment of or on account of the following, in such order as the Mortgagee, at its sole and unfettered discretion, may determine:

(a) to the payment of the operating expenses of the Premises, including, by way of illustration and without limitation, the cost of management and leasing thereof (which shall include reasonable compensation to the Mortgagee and its agents and contractors, if management be delegated to an agent or contractor, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into Leases), established claims for damages, if any, and any premiums on insurance hereinabove authorized;

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

(c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises, including the cost from time to time of installing or replacing mechanical systems and other fixtures therein, and of placing the Premises in such condition as will, in the judgment of the Mortgagee, at its sole and unfettered discretion, make it readily rentable; and

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

24. Compliance with Illinois Mortgage Foreclosure Law. The powers, authorities and duties conferred upon the Mortgagee, in the event that the Mortgagee takes possession of the Premises and a receiver hereunder, shall also include all such powers, authority, and duties as may be conferred upon a mortgagee in possession or receiver under and pursuant to the Illinois Mortgage Foreclosure Law, as such may be amended from time to time ("IMFA"). To the extent that IMFA may limit the powers, authorities or duties purportedly conferred hereby, such powers, authorities and duties shall include those allowed, and be limited as proscribed by IMFA at the time of their exercise or discharge.

To the fullest extent permitted by law, including, without limitation, the IMFA, the Mortgagor hereby waives any and all rights to reinstate this Mortgage or to cure any defaults, except such rights of reinstatement and cure as may be expressly provided by the terms of the Note, this Mortgage, and the other Security Documents.

Nothing contained herein is intended to be, or shall be construed to be, a waiver, relinquishment or impairment of the Mortgagee's rights to fully and completely enforce all rights of personal liability and personal recourse against any one or more of the obligors.

25. Environmental Matters. Mortgagor represents, warrants, covenants, and agrees unto Mortgagee and agrees as follows:

(a) Mortgagor will not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Premises or transport to or from the Premises any Hazardous Substance (as defined herein) or allow any other person or entity to do so;

(b) Mortgagor shall keep and maintain the Premises in compliance with, and shall not cause or permit the Premises to be in violation of any Environmental Law (as defined herein) or allow any other person or entity to do so;

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(c) Mortgagor shall give prompt written notice to Mortgagee of:

(i) any proceeding or inquiry by any governmental authority whether Federal, state, or local, with respect to the presence of any Hazardous Substance (as defined herein) on the Premises or the migration thereof from or to other property;

(ii) all claims made or threatened by any third party against Mortgagor or the Premises relating to any loss or injury resulting from any Hazardous Substance; and

(iii) Mortgagor's discovery of any occurrence of condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law;

(d) Mortgagee shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Environmental Law and Mortgagor hereby agrees to pay any attorneys' fees thereby incurred by Mortgagor in connection therewith;

(e) Mortgagor shall protect, indemnify and hold harmless Mortgagee, its directors, officers, administrators, employees, agents, contractors, attorneys, successors, and assigns from and against any and all loss, damage, cost, expense or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under or about the Premises, including, without limitation, (i) all foreseeable consequential damages and (ii) the costs of any required or necessary repair, cleanup, or detoxification of the Premises and the preparation and implementation of any closure, remedial or other required plans. This indemnity and covenant shall survive the reconveyance of the lien of this Mortgage, or the extinguishment of such lien by foreclosure or action in lieu thereof;

(f) in the event that any investigation, site monitoring, containment, cleanup, removal, restoration, or other remedial work of any kind or nature (the "Remedial Work") is reasonably necessary or desirable under any applicable local, state or Federal law or regulation, any judicial order, or by any governmental or nongovernmental entity or person because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a Hazardous Substance in or into the air, soil, ground water, surface water or soil vapor at, on, about, under or within the Premises, or any portion thereof, Mortgagor shall within thirty (30) days after written demand for performance thereof by Mortgagee or other party or governmental entity or agency (or such shorter period of time as may be required under any applicable law, regulation, order, or agreement), commence to perform, or cause to be commenced, and thereafter diligently prosecuted to completion, such Remedial Work. All Remedial Work shall be performed by one or more contractors, approved in advance in writing by Mortgagee, and under the supervision of a consulting engineer approved in advance in writing by Mortgagee. All costs and expenses of such Remedial Work shall be paid by Mortgagor, including, without limitation, the charges of such contractor and the consulting engineer, and Mortgagee's reasonable attorneys' fees and costs incurred in connection with the monitoring or review of such Remedial Work. In the event Mortgagor shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Mortgagee may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof incurred in connection therewith shall become part of the indebtedness secured hereby;

(g) without Mortgagee's prior written consent, which shall not be unreasonably withheld, Mortgagor shall not take any remedial action in response to the presence of any Hazardous Substance on, under, or about the Premises, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Substance claims. Said consent may be withheld, without limitation,

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if Mortgagee, in its reasonable judgment, determines that said remedial action, settlement, consent, or compromise might impair the value of Mortgagee's security hereunder; provided, however, that Mortgagee's prior consent shall not be necessary in the event that the presence of Hazardous Substances in, on, under, or about the Premises either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary, and it is not possible to obtain Mortgagee's consent before taking such action, provided that in such event Mortgagor shall notify Mortgagee as soon as practicable of any action so taken. Mortgagee agrees not to withhold its consent, when such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, or (ii) Mortgagor establishes to the reasonable satisfaction of Mortgagee that there is no reasonable alternative to such remedial action that would result in materially less impairment of Mortgagee's security hereunder.

For purposes of this paragraph 24, the following terms shall have the meanings as set forth below:

(A) "Environmental Laws" shall mean any Federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Premises, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. Sections 9601 et seq., and the Resource Conservation and Recovery Act of 1976 ("RCRA") as amended, 42 U.S.C. Sections 6901 et seq.

(B) The term "Hazardous Substance" shall include without limitation:

(i) Those substances included within the definitions of any one or more of the terms "hazardous substances," "hazardous materials," "toxic substances," and "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act as amended, 49 U.S.C. Sections 1801 et seq., and in the regulations promulgated pursuant to said laws or under applicable Illinois law;

(ii) Those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);

(iii) Such other substances, materials and wastes which are or become regulated under applicable local, state or Federal Laws or which are classified as hazardous or toxic under Federal, state or local laws or regulations; and

(iv) Any material, waste or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls, (D) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §§1251 et seq. (33 U.S.C. §1321), or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. §1317); (E) flammable explosives; or (F) radioactive materials.

26. Security Agreement. It is the intention of Mortgagor and Mortgagee that this Mortgage also constitutes a security agreement (with Mortgagee being the secured party thereunder) with respect to those portions of the Premises which are subject from time to time to Article 9 of the Uniform Commercial Code as in effect in the State of Illinois ("UCC"), and the Mortgagor hereby grants to the Mortgagee a security interest in such portions of the Premises. Mortgagee may file this Mortgage, or a copy thereof, in the real estate records or other appropriate index as a financing statement for any of such portions of the Premises. Mortgagor agrees to execute and deliver to Mortgagee, upon Mortgagee's request, any financing statements as well as extensions, renewals and amendments thereof, and copies of this Mortgage in such form as Mortgagee may require to perfect a security interest in such portions of the Premises. Mortgagor shall pay all costs of preparation and filing such financing statements and any extensions, renewals, amendments, or releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements which Mortgagee may reasonably

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require. Mortgagor shall not, without the prior written consent of Mortgagee, create or suffer to be created, any other security interest in said portions of the Premises, including any replacements or additions thereto. In the event of the Mortgagor's default under the terms and provisions of any one or more of the Note, this Mortgage, any any Security Document, in addition to all other rights and remedies enumerated herein or otherwise available to Mortgagee at law, in equity, or under said documents, Mortgagee shall have all of the rights and remedies available to a secured party under the UCC, in effect from time to time. With respect to any portion of the Premises subject to the UCC, any reference to foreclosure in this Mortgage shall also be deemed to include any method of disposition of collateral authorized under Article 9 of the UCC, whether judicial or non-judicial. The Mortgagee, at its sole and unfettered option, may dispose of any portion of the Premises subject to the UCC, separately from or together with other portions of the Premises, and in any order whatsoever. Written notice, when required by law, mailed to any address of the Mortgagor at least ten (10) calendar days (including the day of mailing) before the date of proposed disposition of the Premises, or any part thereof, shall be reasonable notice.

27. Mortgagee's Right of Inspection - Books and Records. Mortgagee shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose. Mortgagor shall keep and maintain at all times at the Premises, or such other place as Mortgagee may approve in writing, complete and accurate books of accounts and records to reflect correctly the results of the operation of the Premises, together with copies of all contracts, Leases and other instruments and documents which affect the Premises. Such books, records, contracts, Leases and other instruments and documents shall be subject to examination by Mortgagee at all reasonable times. As long as any amount of indebtedness evidenced by the Note and secured by this Mortgage remains outstanding, Mortgagor shall, if Mortgagee so requests, submit to Mortgagee, within thirty (30) days after the end of each of Mortgagor's fiscal quarters, quarterly statements showing the actual operating results of the Premises for such preceding quarter in the form of a statement of income and expenses of the Premises, a statement of changes in financial position, and a balance sheet of Mortgagor. These financial statements shall be in such form and contain such detail as Mortgagee may reasonably require, and be prepared by an independent certified public accountant. At the time such financial statements are furnished, Mortgagor shall also furnish a rent schedule for the Premises, certified to Mortgagee, showing the name of each tenant, and for each tenant, the space occupied, the Lease expiration date, the rent payable, and the rent paid.

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

29. Waiver of Statutory Rights. Mortgagor shall not and will not apply for or avail itself of any appraisement, 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, and 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 Premises and estates comprising the Premises marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the mortgaged property sold as an entirety, or separately in such order and to satisfy such portions of the indebtedness as the Mortgagee, at its sole and unfettered discretion, may determine. THE MORTGAGOR HEREBY WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE OR OTHERWISE UNDER ANY ORDER OR DECREE OF FORECLOSURE, DISCLAIMS ANY STATUS WHICH IT MAY HAVE AS AN "OWNER OF REDEMPTION" AS THAT TERM MAY BE DEFINED IN SECTION 15-1212 OF THE ILLINOIS MORTGAGE FORECLOSURE LAW, AS AMENDED FROM TIME TO TIME, PURSUANT TO RIGHTS HEREIN GRANTED, ON BEHALF OF THE MORTGAGOR, THE TRUST ESTATE AND ALL PERSONS BENEFICIALLY INTERESTED THEREIN, AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN, OR TITLE TO, THE PREMISES DESCRIBED HEREIN SUBSEQUENT TO THE DATE OF THIS MORTGAGE, AND ON BEHALF OF ALL OTHER PERSONS TO THE FULLEST EXTENT PERMITTED BY THE PROVISIONS OF THE ILLINOIS STATUTES.

30. Forbearance Not Waiver. Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded to Mortgagee by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy by Mortgagee. The acceptance by Mortgagee of payment of any sum secured by this Mortgage after the due date of such payment shall not be a waiver of Mortgagee's right to either require

prompt payment when due of all other sums so secured or to declare a default for the failure to make prompt payment.

31. Estoppel Certificates. Mortgagor shall, within ten (10) days after a written request by Mortgagee, furnish Mortgagee with a written statement, duly acknowledged, setting forth the sums secured by this Mortgage, and any right of set-off, counterclaim or other defense which exists against the collection of the sums and obligations due pursuant to this Mortgage.

32. Mortgagee's Lien for Service Charges and Expenses. At all times, this Mortgage secures (in addition to any loan principal and interest) the payment of any and all loan commissions, service charges, liquidated damages, expenses and advances due to or incurred by the Mortgagee in connection with the indebtedness to be secured hereby.

33. Cumulative Remedies. Each and every right, power and remedy of the Mortgagee provided for herein shall be cumulative and concurrent, and may be pursued successively or together, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise.

34. Binding on Successors and Assigns. The lien of this Mortgage and all of the provisions and conditions contained herein shall extend to and be binding upon all heirs, executors, devisees, legal and personal representatives, successors, and assigns of the Mortgagor. The word "Mortgagee" when used herein shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Note secured hereby.

35. Giving of Notice. Any notice which Mortgagor or Mortgagee may desire or be required to give to the other party shall be in writing and shall be deemed delivered upon personal delivery to the authorized representatives of either party or three days after being sent by certified mail, return receipt requested, postage prepaid, addressed to the Mortgagor at 4801 W. Belmont, Chicago, Illinois 60641
or to the Mortgagee, World Savings & Loan Association, 1901 Harrison Street, Oakland, California 94612, Attention: Vice President, Project Loans, or at such other place within the United States as any party hereto may by notice in writing designate as a place for service of notice, shall constitute service of notice hereunder.

36. Amendment. This Mortgage may not be amended, changed, modified or terminated, except by written instrument executed by Mortgagor and Mortgagee.

37. Severability. If any term or provision of this Mortgage or the application thereof to any person, entity or circumstances shall, to any extent, be found by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Mortgage, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each other term or provision of this Mortgage shall be valid and be enforced to the fullest extent permitted by law.

38. Construction. The language in all parts of the Mortgage shall be in all cases construed simply according to its fair meaning and not strictly for or against any party. All words used herein in the singular number shall extend to and include the plural number. All words used herein in the plural number shall extend to and include the singular number. All words used in any gender, male, female, or neuter shall extend to and include all genders as may be applicable in any particular context. Captions and headings contained in this Mortgage are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Mortgage or the intent of any provision of this Mortgage.

39. Governing Law. This Mortgage is made pursuant to, and shall be construed according to, and governed by, the laws of the United States of America and the rules and regulations promulgated thereunder, including the laws, rules and regulations for federally chartered savings and loan associations to the maximum legal extent. If any provision of the Note or this Mortgage is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall not affect the remaining provisions of the Note or this Mortgage.

40. Parties Not Partners. Nothing contained in the Note, this Mortgage or any other Security Document shall constitute Mortgagee, or any of its

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administrators, successors, or assigns, as partners with, or agents for, or principals of Mortgagor or any of its successors or assigns.

41. Business Day. When used herein, the term "business day" shall mean any day other than a Saturday, Sunday or official national or State of Illinois holiday. If any payment to be made or obligation to be performed hereunder is to be made or performed on a day other than a business day, it shall be deemed to be made or performed in a timely manner if done on the next succeeding business day.

42. Business Loan. The Mortgagor acknowledges that the proceeds of the Note secured by this Mortgage will be used for the purposes specified in Section 6404 (1)(c) of Chapter 17 of the 1981 Illinois Revised Statutes; and that the principal obligation secured hereby constitutes a business loan within the purview and operation of said Section.

43. Conflicts. In the event of any conflict between the terms hereof and the terms of the Note or any of the other Security Documents, the terms and provisions of this Mortgage shall control, including without limitation, any provisions in this Mortgage specifying "cure periods" for any Event of Default.

44. Maximum Amount of Indebtedness Secured. Notwithstanding any provisions of this Mortgage permitting any additional sums to be advanced on or after the date hereof, whether as additional loans or for any payments authorized hereby, the total amount of indebtedness secured by this Mortgage shall not at any time exceed FOUR HUNDRED THOUSAND - - - - - Dollars ($400,000.00).

THIS MORTGAGE is executed by the undersigned, 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 Association 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 Note contained shall be construed as creating any liability on said Mortgagor or on said Association personally to pay the Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained (it being understood and agreed that each of the provisions hereof, except the warranty hereinabove contained in this executive clause, shall constitute a condition and not a covenant or agreement, regardless of whether the same may be couched in language of a promise or covenant or agreement), 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 the Mortgagor and its successors and said Association personally are concerned, the legal holder or holders of the Note and the owner or owners of any indebtedness accruing hereunder shall look solely to any one or more of: (1) the premises hereby conveyed and the rents, issues, and profits thereof, for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in the Note provided; (2) any other security given to secure said indebtedness; or (3) the personal liability of the guarantor, co-signor, surety or endorser, if any.

IN WITNESS WHEREOF, COMMUNITY SAVINGS BANK - - - - - , 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 Assistant Secretary , the day and year first above written.

COMMUNITY SAVINGS BANK
not personally, but as Trustee as aforesaid

By: [signature]

Its: VICE PRESIDENT

ATTEST:

[signature]

Its: ASSISTANT SECRETARY

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STATE OF ILLINOIS
COUNTY OF :

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I, Barbara A. Kostelancik, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Dane H. Cleven, Vice President, of Community Savings Bank, and Joyce B. Petersen, Assistant Secretary of said Association who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Assistant Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Association, as Trustee as aforesaid, for the uses and purposes therein set forth; and the said Assistant Secretary then and there acknowleged that ~~they~~ (she), as custodian of the corporate seal of said Association, did affix the corporate seal of said Association to said instrument as ~~their~~ (her) own free and voluntary act and as the free and voluntary act of said Association, as Trustee as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 29th day of August, 1989

Notary Public

"OFFICIAL SEAL"
Barbara Kostelancik
Notary Public, State of Illinois
My Commission Expires 6-17-92

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OFFICIAL SEAL
Barbara Kozelanchuk
Notary Public, State of Illinois
My Commission Expires 8-11-95

EXHIBIT A

Legal Description of Premises

Lots 15, 16 and 17 in Block 7 in the subdivision of the West 1/2 of the West 1/2 of the Southeast 1/4 of Section 30, Township 40 North, Range 13, East of the Thrid Principal Meridian, in Cook County, Illinois.

PTN: 13-30-407-013

Property Address: 5130 North Austin Avenue, Chicago, Illinois

DEPT-01
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COOK COUNTY RECORDER

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