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MORTGAGE WITH SECURITY AGREEMENT, FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND CASH COLLATERAL

This Mortgage With Security Agreement, Financing Statement and Assignment of Leases and Cash Collateral (hereinafter referred to as the "Mortgage") is made as of this 1st day of December, 1989, by and between RIVER OAKS PARTNERS, an Illinois general partnership, whose mailing address is c/o The Prime Group, Inc., Suite 3600, 35 West Wacker Drive, Chicago, Illinois 60601 ("Mortgagor"), and Kemper Investors Life Insurance Company, an Illinois insurance corporation ("Kilico"), and Swiss Bank Corporation, a banking corporation existing under the laws of Switzerland, acting through its Chicago Branch which is licensed by the State of Illinois ("Swiss Bank") (Kilico and Swiss Bank are referred to herein collectively as "Mortgagee").

W I T N E S S E T H:

ARTICLE 1

DEFINITIONS

1.1 Definitions: As used herein, the following terms shall have the following meanings:

(a) Additional Property: That tract of land situated in Cook County, Illinois, as described in Exhibit "D" attached hereto and incorporated herein by reference which is to be acquired by Mortgagor from the City of Des Plaines, Illinois and will then become a part of the Property.

(b) Bonds: The $36,000,000 aggregate principal amount of Qualified Residential Rental Bonds (River Oaks Project) issued by the Illinois Development Finance Authority, a municipal corporation, political subdivision and body politic of the State of Illinois.

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RECORDING REQUESTED BY AND RETURN TO AND PREPARED BY:

Laurance P. Nathan
Keck, Mahin & Cate
8300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606

Box 333

(c) Buildings and Improvements: All buildings, structures and improvements upon the Realty including but not limited to, any and all hotels, shopping centers, office buildings, apartment buildings, houses, garages, carports, clubhouses, warehouses, utility sheds, workrooms, swimming pools, tennis courts, sidewalks, parking areas, drives, retaining walls, fences, gates, grading, terracing and other improvements and appurtenances thereto, and any and all additions, alterations and betterments now or hereafter situated, placed or constructed upon the Realty or any part thereof.

(d) Cash Collateral: All rents, income, receipts, royalties, revenues, issues, profits, damages and other income of any nature now due or which may become due to Mortgagor or to which Mortgagor may now or hereafter (including any income of any nature becoming due during any redemption period) become entitled to, or make demand or claim for, arising or issuing from or out of the Leases or from or out of the Property, or any part thereof, including but not limited to, rent derived from all leases of the Property, or any part thereof (provided, that any security deposits held under leases shall be held and utilized by Mortgagor in accordance with the terms of the Leases), now or hereafter entered into and all right, title and interest of Mortgagor thereunder, including without limitation, cash or securities deposited thereunder to secure performance by the Tenants of their obligations thereunder, including, further, the right upon the happening of any Event of Default hereunder, to receive and collect the rents thereunder, and all bonuses, royalties, parking or common area maintenance contributions, tax or insurance contributions, deficiency rents and liquidated damages following default in any Lease, any premium payable by any Tenant upon exercise of any option provided in any Lease, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenantability caused by destruction or damage to the Property, together with any and all rights and claims of any kind which Mortgagor may have against any Tenant under the Leases or any subtenants or occupants of the Mortgaged Premises.

(e) Collateral: Subject to the Permitted Exceptions, all the following personal property and Fixtures now or hereafter owned by Mortgagor: goods, equipment, furnishings, fixtures, furniture, chattels, books and records and personal property of whatever nature owned by Mortgagor now or hereafter attached or affixed to or used in and about the Buildings and Improvements now erected or hereafter to be erected on the Realty; and the accessions and appurtenances thereto; all renewals or replacements of or substitutions for any of the foregoing; all building materials and equipment now or hereafter delivered to said Mortgaged Premises and

intended to be installed or incorporated therein; all Cash Collateral held by or for the benefit of Mortgagor; all monetary deposits which Mortgagor has been required to give to any public or private utility with respect to utility services furnished to the Mortgaged Premises; all proceeds from any casualty insurance policy claim affecting the Mortgaged Premises and all proceeds from any condemnation award or settlement affecting the Mortgaged Premises; all funds, accounts, inventory, credit card receivables, instruments, documents, general intangibles (including trademarks, trade names and symbols used in connection therewith), and notes or chattel paper arising from or by virtue of any transactions related to the Mortgaged Premises; and all permits, licenses franchises, certificates and other rights and privileges obtained in connection with the Mortgaged Premises. Collateral shall also include, but not be limited to, the following property owned by Mortgagor and used in connection with the Mortgaged Premises: radios, communication equipment, computers, and all hardware and software therefor, call signaling equipment, sprinkler and alarm systems, telephone systems, window screens, storm windows, shades, ranges, refrigerators, washing machines, dryers, engines, generators, transformers, machinery, pumps, motors, compressors, boilers, condensing units, fuel storage tanks, disposals, dishwashers, tables, chairs, drapes, rods, beds, springs, mattresses, lamps, hoses, tools, lawn equipment, sofas, dressers, mirrors, televisions, furniture, television antenna systems, television cable systems, recreational equipment, including but not limited to, swimming pool equipment and exercise equipment, fire extinguishing equipment, elevators, speakers, signs, supplies, office equipment, carpeting, tools, light fixtures, plans, specifications, unexpired claims, warranties, guaranties, indemnifications, sureties, contracts, licenses and permits and all renewals, replacements and substitutions thereof.

(f) Events of Default: Any happening or event described in Section 7.1 hereof.

(g) Fixtures: Subject to the Permitted Exceptions, all materials, fixtures, goods and equipment, including additions thereto, which Mortgagor now owns or at any time hereafter acquires, and which are now or at any time hereafter attached to or situated upon or affixed to the Realty, including but not limited to, all electrification equipment and power lines, whether owned individually or jointly with others (to the extent of Mortgagor's interest therein), water supply equipment and water tanks; all heating, lighting, cooking, refrigeration, washing, drying, plumbing, ventilating, incinerating, water heating, radio communications equipment, call signaling equipment and alarm system equipment, computers, telephone and television equipment and lines, electrical dishwashing equipment, air conditioning equipment, engines, machinery, generators, transformers, elevators,

pumps, hoods, bookcases, cabinets, sprinklers, fire extinguishing equipment, electrical wiring, pipe, and floor coverings; all built in equipment as shown by plans and specifications, recreation equipment, including swimming pools, saunas, steam rooms, whirlpools, and exercise equipment; all installations of any kind specially designed for the Mortgaged Premises; and all accessories, parts, replacements and substitutions thereof and additions thereto; all of which fixtures, equipment and articles of personal property are hereby declared and shall be deemed to be fixtures and accessory to the freehold and part of the Realty as between the parties hereto, their successors and assigns, and all persons claiming by, through and under them and shall be deemed to be a portion of the security of the indebtedness herein mentioned and be subject to the lien of this Mortgage.

(h) Governmental Authority: Any and all courts, boards, agencies, commissions, offices or authorities of any nature whatsoever for any governmental unit or subdivision, whether federal, state, county, district, municipal, city or otherwise, and whether now or hereafter in existence.

(i) Hazardous Substances: Waste, pollutants or toxic or hazardous substances, including, without limitations, asbestos, polychlorinated biphenyl compounds, petroleum products and by-products, pesticides, and all materials or substances of any kind which are defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., The Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., The Toxic Substance Control Act of 1976, as amended, 15 U.S.C. Section 2601 et seq., Clean Water Act, 33 U.S.C. Section 446 et seq., as amended, and Clean Air Act, 42 U.S.C. Section 7401 et seq., or in any other applicable federal, state or local environmental law.

(j) Impositions: All real estate and personal property taxes; use tax and surcharge taxes; irrigation district assessments; sewer and utility rates and charges; charges for any easement, license or agreement maintained for the benefit of the Mortgaged Premises; ground rents; all other taxes, charges and assessments, and any interest, costs or penalties with respect thereto, whether general or special, ordinary or extraordinary, foreseen and unforeseen, and of any kind or nature whatsoever, and which at any time prior to or after the execution hereof may be assessed, levied, charged against or imposed upon the Mortgaged Premises.

(k) Indenture: That certain Trust Indenture dated as of December 1, 1989 between the Issuer and the Trustee pursuant to which the Issuer has issued the Bonds.

(l) Intangibles: Mortgagor's interest in and to any and all (i) governmental permits or licenses, trade names, construction contracts, plans and specifications, computer programs and other software, working drawings, utility agreements, and any and all other agreements applicable to the Mortgaged Premises, (ii) contracts now or hereafter entered into by and between Mortgagor and any other party as well as all right, title and interest of Mortgagor in and to any subcontract providing for the construction, installation, restoration or modification of any of the improvements to or on any of the Mortgaged Premises and the furnishing of any materials, supplies, equipment or labor in connection therewith, (iii) plans, specifications and drawings, including but not limited to mechanical, electrical, architectural and engineering plans and studies relating to systems thereof, systems used in connection with any construction heretofore or hereafter prepared by any architect, engineer or consultant directly or indirectly related to the Mortgaged Premises, (iv) agreements now or hereafter entered into with any party in respect to architectural, engineering, management, consulting, maintenance and security services rendered or to be rendered in respect to the planning, design, operation, maintenance, supervision and inspection of the Mortgaged Premises, (v) commitments issued by any lender or investor other than the Mortgagee to finance, invest or refinance all or any portion of the Mortgaged Premises, and (vi) completion, payment, performance, labor or materialman's bonds or any other bonds relating to the construction or modification of any of the Mortgaged Premises.

(m) Intercreditor Agreement: That certain Intercreditor Agreement dated as of December 1, 1989 between Swiss Bank and Kilico.

(n) Issuer: The Illinois Development Finance Authority, a municipal corporation, political subdivision and body politic of the State of Illinois.

(o) Kilico: Kemper Investors Life Insurance Company, an Illinois insurance corporation.

(p) L/C Note: The L/C Note or L/C Notes hereinafter described in Article 2 and any replacements thereof.

(q) Lease: Any lease, assignment of lease, sublease, or other agreement under the terms of which any person or entity other than Mortgagor, has or acquires any right to occupy or use the Property or any part thereof or interest therein.

(r) Legal Requirements: Any and all present and future judicial decisions, statutes, rulings, rules, regula-

tions, permits, certificates or ordinances of any Governmental Authority in any way applicable to Mortgagor, any guarantor, or the Mortgaged Premises, including the ownership, use, occupancy, possession, operation, maintenance, alteration, repair, reconstruction, environmental impact or zoning thereof; Mortgagor's or any guarantor's presently or subsequently effective By-laws and Articles of Incorporation or Partnership, Limited Partnership, Joint Venture, Trust, or other form of business association agreement; any and all Leases; any and all covenants, agreements, conditions or restrictions applicable to the Mortgaged Premises or the ownership, use or occupancy thereof; and any and all leases and other contracts (written or oral) of any nature that relate in any way to the Mortgaged Premises and to which Mortgagor or any guarantor may be bound, including without limitation, any lease or other contract pursuant to which Mortgagor is granted a possessory interest in the Realty or any contract for the provision of utility services to the Property.

(s) Letter of Credit Agreement: That certain Letter of Credit Agreement dated as of December 1, 1989 between Swiss Bank and Mortgagor.

(t) Mortgage: This Mortgage with Security Agreement, Financing Statement and Assignment of Leases and Cash Collateral.

(u) Mortgaged Premises: The Realty, Buildings and Improvements, Fixtures and the rights, titles, interests and estates thereto and conveyances of Mortgagor hereinafter set forth.

(v) Mortgagee: Swiss Bank and Kilico and their respective successors and assigns as their interests are set forth in the Intercreditor Agreement.

(w) Mortgagor: River Oaks Partners, an Illinois general partnership, and its successors and permitted assigns.

(x) Obligations: Any and all of the agreements, promises, covenants, warranties, representations and other obligations made or undertaken by Mortgagor or any guarantor to Mortgagee or others as set forth in the L/C Note, the Letter of Credit Agreement, this Mortgage or any other Security Document, or in any other agreement pursuant to which Mortgagor is granted a possessory interest in the Realty, and in any renewal, modification or extension of any of the foregoing.

(y) Permitted Exceptions: Any outstanding liens, easements, restrictions, security interests and other matters

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described in Exhibit "B" attached hereto and incorporated herein by reference.

(z) Property: The Mortgaged Premises and Collateral.

(aa) Purchase Agreement: That certain Standby Purchase Agreement dated as of December 1, 1989 by and between Swiss Bank and Kilico.

(ab) Realty: That tract of land situated in Cook County, Illinois, as described in Exhibit "A" attached hereto and incorporated herein by reference.

(ac) Security Documents: This Mortgage, the Letter of Credit Agreement, and any and all other documents, now or hereafter executed by Mortgagor or any other person or entity to evidence, collateralize, secure or support the payment of the indebtedness evidenced by the L/C Note, or required hereby to assure the performance and discharge of the covenants in this Mortgage or to protect or enhance the Property, including, but without limitation, those documents described on Exhibit "C" attached hereto and incorporated herein by reference.

(ad) Swiss Bank: Swiss Bank Corporation, a banking corporation existing under the laws of Switzerland ,acting through its Chicago Branch, which branch is licensed by the State of Illinois.

(ae) Tenant: The tenant, subtenant or other person having the right to occupy or use a part of the Property under a Lease.

(af) Trustee: American National Bank and Trust Company of Chicago, a national banking association, as Trustee under the Indenture, and any successor Trustee under the Indenture.

ARTICLE 2

GRANT

Whereas Swiss Bank has issued its Irrevocable Transferable Letter of Credit dated December 28, 1989 (the "Letter of Credit") to provide a source of funds to be devoted exclusively to the payment by the Trustee, when and as due, of the principal and certain interest on the Bonds as well as a liquidity facility, as provided in the Letter of Credit.

Whereas the Mortgagor has entered into the Letter of Credit Agreement pursuant to which Mortgagor has agreed to repay

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to Swiss Bank all disbursements made under the Letter of Credit which obligation is evidenced by that certain Promissory Note of even date herewith (the "L/C Note"), in the original principal amount of Thirty Six Million Nine Hundred Sixty One Thousand Six Hundred and Forty Four and No/100s Dollars ($36,961,644.00), made payable to the order of and delivered to Swiss Bank, whereby the Mortgagor promises to pay the said principal sum, or so much thereof as may be advanced by Swiss Bank, together with late charges, prepayment premiums and interest at the rate or rates and in installments, all as provided in the L/C Note. All such payments shall be applied as provided in the L/C Note and shall be payable at such place as is provided in the L/C Note.

Whereas Swiss Bank and Kilico have entered into the Purchase Agreement, whereby Kilico has agreed to purchase all or a portion of the L/C Note in the circumstances and in the manner set forth in the Purchase Agreement.

Now, therefore, the Mortgagor, to secure the payment of said principal sum of money and said interest and late charges and prepayment premiums in accordance with the terms, provisions and limitations of this Mortgage, the L/C Note, the Letter of Credit Agreement, and the Purchase Agreement, and the performance of the covenants and agreements herein contained by the Mortgagor to be performed, and also in consideration of the sum of One Dollar ($1.00) in hand paid, the receipt whereof is hereby acknowledged, does by these presents MORTGAGE, GRANT, REMISE, RELEASE, ALIEN AND CONVEY unto the Mortgagee and its successors and assigns, the Realty and all of its present and hereafter acquired estate, right, title and interest therein, as described on Exhibit "A", attached hereto, incorporated herein and made a part hereof by this reference.

TOGETHER WITH all right, title and interest of Mortgagor in, to and under all Buildings and Improvements and Collateral now or hereafter placed thereon; all right, title and interest of Mortgagor in, to and under all appurtenances, easements, estates, rights, interests, liberties, privileges, servitudes, rights-of-way, ways, streets, alleys, prescriptions, tenements, hereditaments, waters, watercourses, riparian rights, water rights, and advantages thereunto belonging in or in any way appertaining, whether created by contract, municipal ordinance or otherwise; and all right, title and interest of Mortgagor in, to and under all Cash Collateral arising therefrom and for use thereof.

TOGETHER WITH all right, title and interest of Mortgagor now owned or hereafter acquired in and to any land lying within the right of way of any street, open or proposed, adjoining the Realty, and all right, title and interest of the Mortgagor in and to any and all sidewalks, alleys and strips and gores of land contiguous or adjacent to or used in connection with the Realty.

TOGETHER WITH all Fixtures. It is hereby agreed that all of the Fixtures are deemed part of and affixed to the Realty.

TOGETHER WITH all right, title and interest of Mortgagor in and to the minerals, flowers, shrubs, crops, trees, timber and other emblements now or hereafter located on the Mortgaged Premises or under or above the same, or any part or parcel thereof.

TOGETHER WITH all right, title and interest of Mortgagor in and to any and all bonuses, rents and royalties accrued or to accrue under oil, gas or mineral leases, and all right, title and interest of Mortgagor in and to all Leases, rents, royalties, profits, revenues, income, and other benefits arising from the use and enjoyment of all or any portion of the Mortgaged Premises, or from any contract pertaining to said use or enjoyment, now existing or which may hereafter come into existence;

TOGETHER WITH all right, title and interest of Mortgagor in and to all the estate, interest, right, title, reversions, remainders, and other claims or demands, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Mortgagor now has or may hereafter acquire or own in the Mortgaged Premises and any Buildings and Improvements thereon, and all right, title and interest of Mortgagor in and to any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Mortgaged Premises, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

TOGETHER WITH all other right, title, interest, estate or other claims of every kind and character, both in law and in equity, which Mortgagor now has or at any time hereinafter acquires in and to the Mortgaged Premises and Buildings and Improvements thereon and all Property of Mortgagor that is used or useful in connection with the Realty and the Buildings and Improvements located thereon.

TOGETHER WITH all proceeds and products of the foregoing.

TO HAVE AND TO HOLD the Mortgaged Premises, together with all rights, estates, powers and privileges appurtenant or incidental thereto unto the Mortgagee and its successors or substitutes forever, for the purposes and uses herein set forth.

Mortgagor warrants that Mortgagor has good and marketable title to the Mortgaged Premises, and is lawfully seized and possessed of the Mortgaged Premises, and every part thereof, and has the right to convey same; and that the Mortgaged Premises are unencumbered except as to the Permitted Exceptions and as may be herein provided. Mortgagor hereby binds itself, its successors, assigns and substitutes to warrant and forever defend the title to the Mortgaged Premises unto the Mortgagee, its successors and assigns, against every person now or hereafter lawfully claiming

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or otherwise claiming the same or any part thereof, subject only to the Permitted Exceptions.

ARTICLE 3

SECURITY

3.1 Security: As primary and absolute security for the payment of all indebtedness secured hereby, Mortgagor hereby transfers and assigns unto Mortgagee all of Mortgagor's right, title and interest in and to:

(a) All of Mortgagor's right, title and interest in and to all judgments, awards of damages and settlements hereafter made as a result of condemnation proceedings; the taking or use of all or any part of the Property under the power of eminent domain or by deed in lieu thereof; or for any damage caused by such taking to the Property, or any part thereof, or to any rights appurtenant thereto. Immediately upon obtaining knowledge of the institution of any proceeding for the condemnation of the Property or any portion thereof, or any other proceedings resulting in injury or damage to the Property or any portion thereof, Mortgagor shall immediately notify Mortgagee of the pendency of such proceedings. Mortgagee may, at its option, participate in any such proceedings, and Mortgagor shall reimburse Mortgagee for any reasonable costs and expenses incurred in any manner by Mortgagee in connection with any such proceedings; and in any event, Mortgagor shall from time to time punctually deliver to Mortgagee all instruments requested by Mortgagee to permit such participation. Mortgagor shall, at its expense, diligently prosecute any such proceedings, and shall consult with Mortgagee, its attorneys and agents, and cooperate with them in the carrying on or in the defense of any such proceedings. Mortgagor hereby absolutely and unconditionally assigns and transfers all such proceeds, judgments, decrees and awards to Mortgagee and authorizes Mortgagee to collect same; agrees that Mortgagor will not adjust or compromise such proceedings, actions, judgments, decrees and awards without Mortgagee's prior written consent; and agrees to execute such further assignments of all such proceeds, judgments, decrees and awards as Mortgagee may request. Following the occurrence of an Event of Default hereunder, Mortgagee is hereby authorized, in the name of Mortgagor, to negotiate, adjust and compromise any such proceedings, actions, judgments, decrees, awards and to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award. Mortgagee shall not, in any event or circumstance, be liable or responsible for failure to collect or exercise diligence in the pursuit or collection of any such proceeds, judgments, decrees or awards. Funds from such proceeds, actions, judgments, decrees

and awards shall first be applied to reimburse Mortgagee and Mortgagor for all costs and expenses, including attorneys' fees and costs, associated with or arising from such condemnation proceedings or actions, and second, shall, at Mortgagee's option (1) in the event of the taking of title to the whole or materially all of the Property (a "Total Taking") be applied to the indebtedness hereby secured in such order as Mortgagee may, in its sole discretion, determine, or (2) in the event of less than a Total Taking, except as provided in clause (3) below, be applied to the indebtedness hereby secured, in such order as Mortgagee may, in its sole discretion, determine and without regard to impairment to the Property, or (3) in the event of less than a Total Taking, be released to Mortgagor to the extent required to repair or replace the Property; provided, however, that in the event of less than a Total Taking, if the following conditions are fulfilled, Mortgagee shall exercise its option contained in this clause (3) and not its option contained in clause (2):

(A) no Event of Default, after the expiration of any applicable grace periods, exists under this Mortgage, the L/C Note, or any other Security Document;

(B) if the award exceeds $250,000.00, disbursements of condemnation proceeds shall be made through an escrow established with an escrowee (the "Escrowee") designated by the Mortgagee;

(C) if the award exceeds $250,000.00, Mortgagor shall deliver to Mortgagee and Escrowee a copy of a fixed price construction contract or contracts covering all repairs and restoration together with sworn contractor's statements, and either (i) lien waivers or (ii) a payment bond in form and amount reasonably satisfactory to Mortgagee and providing direct access against the surety thereunder to Mortgagee and the Escrowee, sufficient to insure that no mechanic's or other liens are created against the Property in respect of such repairs or restoration;

(D) in the event that costs of repair or restoration exceed $250,000.00, Mortgagor shall submit for Mortgagee's prior, written approval, detailed plans and specifications for such repairs or restoration; and

(E) Mortgagor shall promptly commence and diligently complete or cause to be promptly commenced and diligently completed, all repairs and restorations so that such repairs and restorations are completed in a good and workmanlike manner, in accordance with all applicable governmental codes and regulations, free of liens and claims for liens and in a manner that will, to

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the extent possible, restore the Property to its value, condition and character immediately prior to such taking.

If there are any excess funds remaining after Mortgagor has completed all repairs and restorations in accordance with this paragraph, all such funds shall be paid to Mortgagee and applied to the indebtedness secured hereby, provided that no amounts are outstanding under the L/C Note, this Mortgage or the other Security Documents at such time, then such excess funds shall be paid to Mortgagor or the party legally entitled thereto. The unpaid portion of the indebtedness secured hereby shall remain in full force and effect and Mortgagor shall not be excused from the payment thereof.

(b) All Cash Collateral of the Property, including but not limited to, unsevered crops and timber, to Mortgagee as a primary security for all indebtedness evidenced by the L/C Note or secured by this Mortgage, subject to the following terms:

(i) Notwithstanding anything to the contrary contained herein, that so long as there exists no Event of Default, Mortgagor shall have the right under a license granted hereby to collect, but not prior to their accrual, all Cash Collateral from the Property. All rights and privileges contained in Article 7 hereof may additionally be exercised as such rights and privileges are cumulative of the rights and privileges contained in this subsection (b), and Mortgagee will not have been deemed thereby to have made an election of remedies.

(ii) That upon any such Event of Default, Mortgagee may, at its option, enter upon the Property and collect such Cash Collateral from the Tenants or Mortgagor without being deemed a Mortgagee in Possession; however, Mortgagor hereby agrees that only for the purpose of collection of such Cash Collateral shall Mortgagee have constructive possession of the Property. Mortgagee shall never be liable for its failure to collect or exercise diligence in collection of such Cash Collateral, or, except for Mortgagee's own gross negligence, for its entering upon or operating the Mortgaged Premises.

(iii) The assignment of Cash Collateral contained in this subsection (b) shall terminate automatically without the necessity of notice upon the release of this Mortgage, or by the foreclosure or other extinguishment of the lien of this Mortgage.

3.2 <u>Subordination to Leases</u>: Nothing in this Mortgage shall ever be construed as subordinating it to any Lease; provided, however, that any proceedings by Mortgagee to foreclose this

Mortgage, or any action by way of its entry into possession after default, shall not operate to terminate any Lease which has been the subject of an attornment and subordination agreement executed by Mortgagee; and Mortgagee will not cause any Tenant under any such Lease to be disturbed in his possession and enjoyment of that portion of the Property under such Lease as long as such Tenant shall continue to fully and promptly perform all of the terms, covenants and provisions of such Lease and such attornment and subordination agreement. All other subordinate leases may, at the option of Mortgagee, be terminated by any foreclosure action.

3.3 Mortgagee's Expenses: In the event Mortgagee ever collects Cash Collateral with or without entering upon the Property, it shall pay all costs of such collection, compensate its agent (if any) for such collection in a reasonable and customary fashion, and reimburse itself for any advances made to pay such costs. Such costs, compensation and reimbursement are to be paid from said Cash Collateral.

ARTICLE 4

WARRANTIES AND REPRESENTATIONS

Mortgagor hereby unconditionally warrants and represents to Mortgagee as follows:

4.1 Organization and Power. Mortgagor has all requisite power, and has obtained and will maintain all governmental certificates of authority, licenses, permits, qualifications and documentation to own, lease and operate its properties and to carry on its business as now being, and as proposed to be, conducted. Mortgagor, each of its partners and each of the partners of such partners that is not a natural person is duly organized, validly existing and in good standing under applicable law.

4.2 Validity of Loan Instruments: The execution, delivery and performance by Mortgagor under the Security Documents and the incurring of the indebtedness evidenced by the L/C Note: (a) are within Mortgagor's powers and, where applicable, have been duly authorized by Mortgagor's corporate partners' Board of Directors, shareholders, partners, venturers, trustees, or other necessary parties, and all other requisite action for such authorization has been taken; (b) have received any and all requisite prior governmental approval in order to be legally binding and enforceable in accordance with the terms thereof; and (c) will not violate, be in conflict with, result in a breach of or constitute (with due notice or lapse of time, or both) a default under any Legal Requirement or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of Mortgagor's property or assets, except as contemplated by the provisions of the Security Documents. The Security Documents consti-

tute the legal, valid and binding obligations of Mortgagor and others obligated thereunder in accordance with their respective terms.

4.3 Information: All information, reports, papers and data given to Mortgagee with respect to Mortgagor and the Mortgaged Premises are true, accurate, complete and correct in all material respects and do not omit any fact which must be included to prevent any other facts contained therein from being materially misleading or false.

4.4 Title to Mortgaged Premises and Lien of this Instrument: (a) Mortgagor has good, marketable and indefeasible fee simple title to the Realty and any Buildings and Improvements, and good and marketable title to the Fixtures and Collateral, free and clear of any liens, charges, encumbrances, security interests and adverse claims whatsoever, except the Permitted Exceptions. This Mortgage constitutes a valid, subsisting, first lien Mortgage on Mortgagor's interest as aforesaid in the Realty, the Buildings and Improvements, and the Fixtures, and a valid, subsisting first security interest in and to the Collateral and Cash Collateral subject only to the Permitted Exceptions; (b) Mortgagor had done nothing to impair its title to the Property; (c) Mortgagor will defend the title to the Property against any claim made through it; and (d) Mortgagor has examined the Permitted Exceptions and they do not, in Mortgagor's opinion, impair marketability of title to the Property.

4.5 Payment of Prior Taxes and Tax and Mechanic's Liens: Mortgagor has filed, or caused to be filed, all federal, state, county, municipal and city income and other tax returns required to have been filed by it, and has paid, or caused to be paid, all taxes which have become due pursuant to such returns or pursuant to any assessments received by it, and Mortgagor knows of no basis for any additional assessment in respect of any such taxes. Mortgagor has paid, or caused to be paid, or will pay or cause to be paid in full all sums now or hereafter owing or claimed for labor, material, supplies, personal property (whether or not forming a Fixture hereunder) and services of every kind and character used, furnished or installed in or on the Property, and no claim for same now exists or will be permitted hereafter to be created, subject, however, to Mortgagor's contest rights set forth in Section 7.13 hereof.

4.6 Usury: Neither this Mortgage, nor the L/C Note, nor any payment required to be made by Mortgagor hereunder or thereunder, violate any applicable law, ordinance or regulation pertaining to usury and, without limiting the foregoing, Mortgagor hereby expressly waives and relinquishes any and all defenses against enforcement of this Mortgage or the L/C Note based upon usury.

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4.7 Litigation: There is no litigation or administrative proceeding of any kind pending or threatened in respect to the Property or any part thereof which, if adversely determined, would result in a material adverse change in the financial condition, business, operations or prospects of Mortgagor.

ARTICLE 5

AFFIRMATIVE COVENANTS

Mortgagor hereby unconditionally covenants and agrees with Mortgagee as follows:

5.1 Payment and Performance: That Mortgagor will pay the indebtedness evidenced by the L/C Note and secured hereby as and when called for in the Security Documents, and will perform all of the Obligations in full on or before the dates the same are to be performed.

5.2 Entity Existence: That Mortgagor will preserve and keep its existence in full force and effect and in good standing, will preserve and maintain all its rights, licenses, franchises, trade names and trademarks, will timely file, or cause to be filed, any and all tax reports and returns, and will timely pay or cause to be paid all franchise and other taxes of any kind Mortgagor is required to pay.

5.3 Compliance with Legal Requirements: That with respect to the Property, Mortgagor will promptly and faithfully comply with, conform to, obey and perform all present and future Legal Requirements at no cost to Mortgagee.

5.4 Lien and Security Interest Priority: That Mortgagor will protect and defend the lien and security interest status of this Mortgage, subject to the Permitted Exceptions, and except as contemplated by this Mortgage and the Security Documents, will not act to or acquiesce in or allow any mortgaging, hypothecating or encumbering of the Property with any other lien or security interest of any nature whatsoever (whether statutory, constitutional or contractual) regardless of whether same is allegedly or expressly inferior to the lien and security interest created by this Mortgage and if any such lien or security interest is asserted against the Property, Mortgagor will promptly, and at no cost or expense to Mortgagee (a) within five (5) days from the date such lien or security interest is so asserted, give Mortgagee notice of the assertion of such lien or security interest; and (b) pay the underlying claim in full or take such other action so as to cause same to be released, subject to Mortgagor's right to contest contained in Paragraph 7.13 herein. Such notice shall specify who is asserting such lien or security interest and shall detail the origin, nature and amount of such underlying claim.

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5.5 Expenses, Claims and Costs: That Mortgagor shall pay all expenses of Mortgagee or reimburse Mortgagee for any expenses, including without limitation, appraisal fees, reasonable attorneys' fees and legal expenses, which are incurred or expended in connection with: (a) any breach or alleged breach by Mortgagor of any Obligation herein, in the L/C Note, this Mortgage or in any other Security Document, or (b) Mortgagee's exercise of any of its rights and remedies hereunder or under the L/C Note or any other Security Document. Mortgagor agrees to indemnify and hold harmless Mortgagee from and against all claims, demands, liabilities, losses, damages, judgments and penalties, and reimburse Mortgagee for costs and expenses (including, without limitation, reasonable attorneys' fees) which may be imposed upon, asserted against or incurred or paid by Mortgagee in connection with the Property or any Security Document through any cause whatsoever, or which may be asserted against Mortgagee on account of any act performed or omitted to be performed under any Security Document, or on account of any transaction arising out of or in any way connected with the Property or with any Security Document.

5.6 Payment of Impositions: That Mortgagor will duly pay and discharge, or cause to be paid and discharged prior to delinquency, all Impositions and, upon written request from Mortgagee, furnish Mortgagee receipts evidencing such payments not more than ten (10) days following the applicable delinquency date therefor, unless such Impositions are being contested by Mortgagor in accordance with the terms hereof or unless such payments are to be made by Mortgagee as otherwise provided herein. Mortgagor may, however, if permitted by law and if installment payment would not create or permit the filing of a lien against the Mortgaged Premises, pay the Impositions in installments, provided no penalty, charge or interest will accrue by reason of such payment in installments.

5.7 Insurance: That Mortgagor will keep all insurable portions of the Property insured for the protection of Mortgagee. All policies of insurance, types of coverages, coverage amounts, and quality of insuring companies shall be as Mortgagee may reasonably require. Mortgagor shall also secure and place such policies on deposit with Mortgagee together with such endorsements as Mortgagee may require, and with such evidence of payment of premiums for periods as specified by Mortgagee. Such coverages shall include, but not be limited to, fire, explosion, windstorm, hail, tornado, earthquake, flood (if the Property is located in an identified flood plain or mud slide hazard area designated by the Federal Emergency Management Agency or other agency or subdivision of the federal, state or local government in which flood insurance has been made available pursuant to the National Flood Insurance Program), rental interruption (for a minimum period of one year), glass breakage and public liability. If renewal policies for such required coverages are not delivered to Mortgagee fifteen (15) days before the expiration of existing policies, Mortgagee may, but

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shall not be obligated to, obtain such policies on behalf of Mortgagor (or such insurance policies insuring Mortgagee alone), and pay the premiums of such policies. Any such payment of premiums by Mortgagee shall be an advance secured hereby, and shall bear interest from the date of such advance at the Default Rate defined in the L/C Note, and shall, at the option of Mortgagee, be repayable immediately upon demand. Should Mortgagor fail to repay Mortgagee any such advance with interest as provided herein within ten (10) days after written demand for repayment, Mortgagee may, at its option, declare all sums evidenced by the L/C Note and secured by this Mortgage immediately due and payable, and avail itself of any and all remedies provided herein; and neither the exercise nor the failure to exercise the foregoing options by Mortgagee shall be deemed a waiver or release of its right to thereafter declare a default hereunder by reason of such failure of Mortgagor to keep, observe or perform its Obligations hereunder or under the L/C Note or any other Security Document. Subject to Mortgagor's rights to restore or repair the Property in accordance with this Section 5.7, Mortgagor assigns to Mortgagee all its right, title and interest in all such policies of insurance, and authorizes Mortgagee to collect for, adjust or compromise any loss which is covered by the provisions of such policies, and to collect loss proceeds (less expenses of collection).

In the event of damage to or destruction of the Property or any part thereof from any cause whatsoever, whether partial or complete, Mortgagor shall promptly restore, repair, replace and rebuild the Property, or cause the same to be done, as nearly as possible to at least equal its value, condition and character immediately prior to such loss, destruction or damage, in a good and workmanlike manner in conformity with all applicable governmental statutes, ordinances and regulations, whether or not the insurance proceeds or other compensation available to Mortgagor shall be sufficient for such purpose. In the event of any loss or damage to the Property for which a claim will be asserted against any such policies of insurance involving damage or destruction exceeding $500,000, Mortgagee may, at its option, submit a proof of loss claim to the issuing company of such policy with respect to any such loss or damage. The proceeds of any insurance in respect to damage or destruction exceeding $250,000 shall be paid to Mortgagee and, if under $250,000 to Mortgagor. Such insurance proceeds, if in excess of $250,000, less any reasonable expenses incurred by Mortgagee in settling the claim, may, at the option of Mortgagee, be applied in reduction of the indebtedness secured hereby, whether due or not, without prepayment premium, unless the following conditions shall have been satisfied, in which event such proceeds shall be held by Mortgagee and disbursed for the cost of the repair, rebuilding or restoration of the Property:

(i) No Event of Default, after the expiration of any applicable grace periods, exists under this Mortgage, the L/C Note, any other Security Document, or with respect to the Bonds;

(ii) Mortgagor shall have submitted to Mortgagee fixed price or guaranteed maximum amount contracts with good and responsible contractors for a total completion price not to exceed the amount of insurance proceeds available for restoration, rebuilding or repair, or, if a deficiency shall exist, Mortgagor shall have deposited with Mortgagee the amount of such deficiency or security therefor acceptable to Mortgagee; and

(iii) It is commercially reasonable to restore, rebuild or repair the Property.

If the insurance proceeds are made available for repair, rebuilding or restoration, such proceeds shall be disbursed in accordance with procedures reasonably satisfactory to Mortgagee, including delivery of plans and specifications for Mortgagee's approval if the casualty results in damages in excess of $250,000, satisfactory evidence of the cost of completion thereof and architects' sworn statements, title continuations and other evidence of cost and payments satisfactory to Mortgagee or any escrowee designated by Mortgagee and sufficient to permit Mortgagee to verify that the amounts disbursed from time to time are represented by completed and in place work and that said work is free and clear of mechanics' lien claims. Except to the extent expressly required by law or otherwise permitted by Mortgagee, no payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Mortgagee shall be at least sufficient to pay for the cost of the work free and clear of liens. If such insurance proceeds are insufficient to pay for the cost of completion of such work, Mortgagor shall promptly pay any additional amounts required therefor. Any surplus which may remain out of said insurance proceeds, after payment of the cost of repair, rebuilding and restoration, and the reasonable charges of the Mortgagee, shall be paid to the party entitled thereto as the same appears on the records of the Mortgagee.

5.8 <u>Escrows for Impositions</u>: That to assure the performance and discharge of Mortgagor's Obligations under Sections 5.6 and 5.7 of this Article 5, but not in lieu of such Obligations, Mortgagor covenants and agrees that, at the option of Mortgagee, Mortgagor shall deposit with Mortgagee, either concurrently with the execution and delivery of this Mortgage or at any time thereafter, a sum as estimated by Mortgagee for funding an escrow for payment of Impositions, including but not limited to, ad valorem taxes, assessments and charges (which charges for the purpose of this Section shall include, without limitation, water and sewer rents) against the Property and for payment of premiums for all policies of insurance required hereby. In the event Mortgagee shall so elect, Mortgagor shall deposit with Mortgagee, concurrently with the execution and delivery of this Mortgage, a

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sum equal to the Mortgagee's estimate of all unpaid state, county and municipal real estate taxes for the Property accrued for the period ending on the date hereof (the "Initial Deposit"), to be held by Mortgagee, for payment of said taxes as provided below. In the event Mortgagee shall so elect, Mortgagor shall deposit with Mortgagee on the first day of each month, an amount estimated by Mortgagee or its designee to be equal to one-twelfth (1/12th) of the annual Impositions to permit Mortgagee to pay, at least fifteen (15) days prior to the due date thereof, the next maturing Impositions. In the event the Initial Deposit and, if elected, the monthly installments of Impositions so paid are not sufficient to pay such Impositions when due, then, after written notification by Mortgagee, Mortgagor will deposit immediately with Mortgagee an amount sufficient to pay such Impositions. Any excess over the amounts required for such purposes shall, at Mortgagee's option, either be held by Mortgagee for future payment of such Impositions, or be applied to any indebtedness evidenced by the L/C Note or secured hereby in such order and manner as Mortgagee may elect, or be refunded to Mortgagor. Unless Mortgagor shall then be contesting the payment of such Impositions in accordance with the terms of this Mortgage, Mortgagee may, at its sole discretion, upon five (5) days' written notice to Mortgagee, directly pay such Impositions in such manner and at such times as it may deem advisable; however, in no event shall Mortgagee be liable for any damages arising out of Mortgagee's manner or method of estimating or of making such payments. Mortgagee shall have no duty or liability to inquire as to the existence, necessity for, or making of any protest of said Impositions. If there is a default under any of the provisions of this Mortgage resulting in a foreclosure sale of the Property, or if Mortgagee otherwise acquires the Property after default, Mortgagee is authorized and may, at its option, apply at the time of commencement of such proceedings, or at the time the property is otherwise acquired, any funds then accumulated in such escrow account as a credit against any amount then remaining unpaid or any indebtedness evidenced by the L/C Note or secured by this Mortgage in such order and manner as Mortgagee may elect. All such deposits shall be held by Mortgagee in an interest bearing account at an institution of Mortgagee's choice with the interest earned thereon to be paid to Mortgagor.

5.9 <u>Repair</u>: That Mortgagor will place and thereafter keep the Property in first class order, repair and operating condition, causing all necessary repairs, alterations, renewals, replacements, additions, betterments and improvements to be promptly made thereto, and will not allow any of the Property to be misused, abused or wasted, or to deteriorate (except for reasonable wear and tear). Mortgagor will promptly replace all worn-out or obsolete Fixtures or Collateral covered by this Mortgage with Fixtures or Collateral comparable to the replaced Fixtures or Collateral when new to the extent necessary to the continued operation of the Property; and will not, without the prior written consent of Mortgagee, remove from the Property any Fixtures or Collateral covered by this Mortgage except as provided

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herein, nor make structural alterations to the Property or any other alterations thereto which, in the opinion of Mortgagee, would materially impair the value thereof.

5.10 Performance by Mortgagee: That if Mortgagor shall default in the payment of any Imposition levied or assessed against the Property; in the payment of any utility charge, whether public or private; in the payment of insurance premiums; in the procurement of insurance coverage; in the delivery to Mortgagee of the insurance policies required hereunder; in the performance or observance of this or any other Obligation under any Security Document, including but not limited to, those covering preservation of the Property and prevention of waste thereto, then Mortgagee, at its option, may but shall not be obligated to, perform, observe or cure the same, and any payments made by Mortgagee which are incurred for costs or expenses in connection therewith shall be an advance secured hereby and shall bear interest from the date of such advance at the Default Rate under the L/C Note, and shall, at the option of Mortgagee, be repayable immediately upon demand. Should Mortgagor fail to repay Mortgagee any such advance with interest as herein provided within ten (10) days after receipt of written demand for repayment of the same, Mortgagee may, at its option, declare all sums evidenced by the L/C Note and secured by this Mortgage immediately due and payable, and avail itself of any and all remedies provided herein; and neither the exercise nor the failure to exercise the foregoing options by Mortgagee shall be deemed a waiver or release of its right to thereafter declare a default hereunder by reason of said failure of Mortgagor to keep, observe or perform its Obligations hereunder or under any Security Document. In the event Mortgagee elects to make any such advance, Mortgagee shall be subrogated respectively to the rights of the holder of any lien or claim, or to the rights of any taxing authority. Mortgagee shall be the sole judge of the legality, validity and priority of any matter for which any advance is made; of the necessity for any such actions; of the amount necessary to be paid in connection with or in satisfaction thereof; and of the necessity of making any such advance. Mortgagee is hereby empowered to enter, and to authorize its agents, workmen and others to enter upon the Property or any part thereof for the purpose of performing, observing or curing any such defaulted Obligation without thereby becoming liable to Mortgagor or any person in possession holding under Mortgagor.

5.11 Errors and Defects: That Mortgagor shall, on the written request of Mortgagee, (a) promptly correct any defect, error or omission which may be discovered in the contents of this Mortgage or in any other Security Document, or in the execution or acknowledgment of any of them; (b) execute, acknowledge, deliver and record or file such further instruments (including without limitation, further mortgages, security agreements, financing statements, continuation statements and assignments of leases and cash collateral) and to do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of

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this Mortgage and such other instruments given to collateralize the indebtedness secured hereby, and to subject all Property, Fixtures or Cash Collateral to the liens and security interests created herein, including specifically but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property; and (c) execute, acknowledge, deliver, procure and record or file any document or instrument (including without limitation, any financing statement) deemed advisable by Mortgagee to protect the lien or the security interest granted herein against the rights or interests of third persons, and Mortgagor will pay all costs in connection with any of the foregoing actions.

5.12 Apartment Leasing: Mortgagee hereby grants to Mortgagor the right and authority to lease apartments in the Mortgaged Premises to Tenants on commercially reasonable terms without Mortgagee's consent. For purposes of this Section 5.12, "commercially reasonable terms" shall mean terms consistent with those utilized for multi-family apartment projects of similar quality and nature in the nearby vicinity, subject to such restrictions with regard to tenant income qualifications as are imposed in connection with the Bonds.

5.13 Partial Releases: That Mortgagee, at its sole option and without notice, may release any part of either the Mortgaged Premises or Collateral, or any person liable for the indebtedness secured hereby, without in any way affecting the lien and security interest hereof or the liability of any other person or entity liable for the indebtedness secured hereby. With respect to any part of the Property not expressly released, Mortgagee may agree with any party obligated on the indebtedness secured hereby or having any interest in the Property to modify or extend the time for payment of any part or all of the debt. Such agreement shall not in any way release or impair the lien and security interest hereof, but shall extend the lien and security interest hereof which has not been released as against the title of all parties having any interest in the Property. Unless otherwise expressly provided herein or in the L/C Note, Mortgagor shall have no right of partial release of the Property.

5.14 Subrogation: That to the extent that any proceeds of the L/C Note are used to pay the indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Property, that such proceeds shall have been advanced by Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released, and it is expressly understood that in consideration of the payment of such indebtedness by Mortgagee, Mortgagor hereby waives and releases all demands and causes of action for offsets, payments and rentals to, upon and in connection with such indebtedness.

5.15 Waiver of Redemption: That Mortgagor, to the extent permitted by law, hereby waives (a) the benefit of all laws now existing or that hereafter may be enacted providing for any appraisement before sale of any portion of the Mortgaged Premises and (b) the benefit of all laws that may be hereafter enacted in any way extending the time for the enforcement of the collection of the L/C Note or the debt evidenced thereby creating or extending a period of redemption from any sale made in collecting said debt. To the full extent Mortgagor may do so under applicable law, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension or redemption, and Mortgagor, for Mortgagor and Mortgagor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Premises, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness (except for such notice as is explicitly provided in this Mortgage, the L/C Note or any other Security Document) and marshaling in the event of foreclosure of the liens hereby created. If any law referred to in this paragraph and now in force, of which Mortgagor's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Mortgagor expressly waives and relinquishes any and all rights and remedies that Mortgagor may have or be able to assert by reason of applicable laws pertaining to the rights and remedies of sureties. Without limiting the foregoing, but in addition thereto and in amplification thereof, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order, judgment or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person, excepting only decree of judgment creditors of the Mortgagor acquiring any interest in or title to the Mortgaged Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of the Mortgagor and all other persons are and shall be deemed to be hereby waived to the full extent permitted by law.

5.16 Annual Statements: That Mortgagor shall furnish Mortgagee with annual audited financial statements and annual operating statements covering the operation of the Property. All such statements shall be prepared by a certified public accountant approved by Mortgagee, and shall be certified correct by Mortgagor or its successors in interest. Mortgagor shall deliver to Mortgagee audited financial statements of the Property within one hundred twenty (120) days after the end of each full or partial fiscal year of Mortgagor. Mortgagor shall notify Mortgagee in writing of its fiscal year, if other than the calendar year, and of any change therein.

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5.17 Investment Information: That Mortgagor understands that Mortgagee may sell, or may offer for sale, an interest or interests in the indebtedness evidenced by the L/C Note and secured by this Mortgage. Mortgagor covenants and agrees that it will, promptly upon request of any bona fide purchaser or offeree as to any such interest, furnish an estoppel certificate in form and content reasonably satisfactory to the Mortgagee setting forth the amount of the indebtedness secured hereby and whether or not any default, offset or defense is alleged to exist against the indebtedness secured hereby and, if so, specifying the nature thereof.

5.18 Manager: That Mortgagor shall cause the Mortgaged Premises to be managed by a managing agent satisfactory to Mortgagee. Mortgagee hereby approves Prime Property Management, Inc. and The Prime Group, Inc., or either of them, as managing agent.

5.19 Hazardous Substances: That Mortgagor shall, at its sole cost and expense (a) use its best efforts to comply with and shall use its best efforts to cause its agents and representatives to comply with all federal, state and local laws, rules, regulations and orders with respect to the use, discharge or removal of Hazardous Substances, (b) pay immediately when due the cost of removal of any Hazardous Substances, and (c) use its best efforts to keep the Property free of any lien imposed pursuant to such laws, rules, regulations and orders. To the fullest extent permitted by law, Mortgagor indemnifies and saves Mortgagee harmless from and against all loss, cost, including reasonable attorneys' fees, liability and damage whatsoever, including all foreseeable and consequential damages, directly or indirectly arising out of the use, generation, storage or disposal of Hazardous Substances in, on, under or in the proximate vicinity of the Proeprty and the cost of any required or necessary repair, cleanup or detoxification and the preparation of any required plans, incurred by Mortgagee by reason of any violation of any applicable statute or regulation for the protection of the environment which occurs or has occurred upon the Property, or by reason of the imposition of any governmental lien for the recovery of environmental cleanup costs expended by reason of such violation. It is expressly understood and agreed that to the extent that Mortgagee is strictly liable under any such statute, Mortgagor's obligaiton to Mortgagee under this indemnity shall likewise be without regard to fault on the part of Mortgagor with respect to the violation of law which results in liability to Mortgagee. It is also expressly understood that this indemnification shall not terminate when the L/C Note is paid in full and all Obligations are satisfied but shall survive the term of the L/C Note and the satisfaction and discharge of all Obligations.

5.20 Additional Property: That upon conveyance to Mortgagor of the Additional Property, Mortgagor shall execute and deliver to Mortgagee an amendment to this Mortgage, in form satis-

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factory to Mortgagee, subjecting the Additional Property to the lien of this Mortgage and amending the definition of Realty herein by adding to it the Additional Property.

5.21 Approval of Governmental Authorities: That Mortgagor shall diligently proceed to take all necessary actions to obtain any and all approvals required from any Governmental Authorities having jurisdiction over the Property, including, without limitation, obtaining zoning approval and planned unit development designation from the City of Des Plaines, Illinois, for the construction of the Buildings and Improvements upon the Realty.

ARTICLE 6

NEGATIVE COVENANTS

Until all indebtedness evidenced by the L/C Note or secured by this Mortgage or by any other Security Document shall have been paid in full and until all Obligations shall have been fully performed and discharged, Mortgagor hereby covenants and agrees with Mortgagee that:

6.1 Use Violations: Mortgagor shall not use, maintain, operate or occupy, and shall use its best efforts not to allow the use, maintenance, operation or occupancy of the Property in any manner which (a) violates any Legal Requirement in a manner which materially adversely affects the value of the Property; (b) may be dangerous unless safeguarded as required by law; (c) constitutes a public or private nuisance; or (d) makes void, voidable or cancellable any insurance then in force with respect to the Property.

6.2 Alterations: Mortgagor shall not commit or permit any material waste of the Property, whether commissive, permissive or ameliorating, and will not make or permit to be made any alterations or additions to the Mortgaged Premises of a material nature without the prior written consent of the Mortgagee.

6.3 Replacement of Fixtures and Collateral: Except as otherwise provided herein, Mortgagor shall not convey, transfer, assign, remove, demolish, erect, add to or materially alter any Building and Improvement, Fixture or Collateral now or hereafter subject to the lien and security interest of this Mortgage, without the prior written consent of Mortgagee. Mortgagor, however, shall have the right, without the prior written consent of Mortgagee to remove and dispose of such Fixtures and Collateral (hereafter referred to in this paragraph as "Replaced Equipment") free from the lien and security interest of this Mortgage, as from time to time may become non-functioning or obsolete, provided that, if such item is necessary for the operation or maintenance of the Property, either (i) simultaneously with or prior to such removal, such item

shall be replaced with an item of similar function with a value at least equal to that of the Replaced Equipment and free from any Lease, lien, title retention, or security interest or other encumbrance, or (ii) the removal of such items does not materially adversely affect the value of the Property overall and the aggregate value of items removed under this clause does not exceed $25,000. By such removal and replacement, Mortgagor shall be deemed to have subjected such replacement Fixtures and Collateral to the lien and security interest of this Mortgage.

6.4 Due on Sale or Further Encumbrance Clause. In determining whether or not to extend the credit secured hereby, Mortgagee has examined the credit-worthiness of Mortgagor, found it acceptable and relied and continues to rely upon same as the means of repayment of the loan. Mortgagor recognizes that Mortgagee is entitled to keep its loan portfolio at current interest rates by either making new loans at such rate or collecting assumption fees and/or increasing the interest rate on a loan, the security for which is purchased by a party other than the original Mortgagor. Mortgagor further recognizes that any secondary or junior financing placed upon the Property, (a) may divert funds which would otherwise be used to pay the L/C Note secured hereby; (b) could result in acceleration and foreclosure by any such junior encumbrancer which would force Mortgagee to take measures and incur expenses to protect its security; (c) would detract from the value of the Property should Mortgagee come into possession thereof with the intention of selling same; and (d) impair Mortgagee's right to accept a deed in lieu of foreclosure as a foreclosure by Mortgagee would be necessary to clear the title to the Property.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security, both of repayment by Mortgagor and of value of the Property; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; and (iii) keeping the Property free of subordinate financing liens. Mortgagor agrees that if this Paragraph be deemed a restraint on alienation, that it is a reasonable one and that any sale, conveyance, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or other transfer of title to the Property or any interest therein (whether involuntary or by operation of law except for a taking by condemnation or eminent domain, the Permitted Exceptions and except as permitted under Section 7.13 hereof), without the Mortgagee's prior written consent shall be an Event of Default hereunder. Any consent by the Mortgagee or any waiver of an Event of Default under this Paragraph shall not constitute a consent to, or waiver of any right, remedy or power of the Mortgagee upon a subsequent event of default under this paragraph. Notwithstanding the foregoing, in the event that Mortgagee consents to any of the assignments or transfers hereinabove described, Mortgagee may deal with any such assignee or transferee of such interests with respect to the Property, the indebtedness secured hereby, or any of the terms or conditions of this Mortgage, the L/C Note or any other Security Document, as fully and to the same extent as it might with

Mortgagor, without in any way releasing or discharging Mortgagor from its liability or undertakings hereunder. In the event Mortgagor commits or suffers or permits any of the foregoing prohibited acts, all sums evidenced by the L/C Note and secured by this Mortgage and other Security Documents shall, at the option of Mortgagee, become immediately due and payable, and Mortgagee may avail itself of all remedies provided for herein.

6.5 Platting, Replatting, Subdivision and Resubdivision: Except for the Permitted Exceptions, Mortgagor shall not hereafter, without the consent of Mortgagee, impose any restrictions, agreements or covenants which run with the land upon the Mortgaged Premises, nor plat, replat, subdivide or resubdivide the Mortgaged Premises through action with or compliance with the requirements or procedures of any Governmental Authority, of any Legal Requirements, or through recordation in any required public office.

6.6 Regulation G Clause: Mortgagor covenants that the proceeds evidenced by the L/C Note and secured hereby will not be used for the purchase or carrying of registered equity securities within the purview and operation of Regulation G issued by the Board of Governors of the Federal Reserve System.

ARTICLE 7

EVENTS OF DEFAULT; REMEDIES

7.1 Events of Default: The occurrence of any one or more of the following constitutes an event of default hereunder if not cured in accordance with the provisions of Paragraph 7.8 herein (each of which occurrence is herein called an "Event of Default"):

(a) Non-payment of Indebtedness: The failure, refusal or neglect of Mortgagor to pay indebtedness evidenced by the L/C Note, or any part thereof, as it becomes due in accordance with the terms of the L/C Note, this Mortgage or any other Security Document, or when accelerated pursuant to any power to accelerate provided in the L/C Note, this Mortgage or any other Security Document or to make any other payment required to be made pursuant to the terms of this Mortgage.

(b) Non-performance of Obligations: The failure, refusal or neglect of Mortgagor to fully and timely perform and discharge any of the Obligations as and when called for, whether such failure, refusal or neglect shall be curable or uncurable.

(c) Assignment for Benefit of Creditors: The execution of an assignment for the benefit of creditors by Mortgagor or any general partner of Mortgagor.

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(d) Process Against the Property: The levy of any execution, attachment, sequestration or other writ against the Property or any part thereof not dismissed within sixty (60) days after such levy.

(e) Appointment of Receiver: The appointment of a receiver of Mortgagor or any general partner of Mortgagor or the Property, or any part thereof, not dismissed within sixty (60) days after such appointment.

(f) Bankruptcy Order: The entry of an order for relief under the United States Bankruptcy Code with respect to Mortgagor or any general partner of Mortgagor not dismissed within sixty (60) days after the entry of such order.

(g) Insolvency.

(i) Mortgagor or any general partner of Mortgagor shall generally not pay its debts as they become due, shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors.

(ii) Mortgagor or any general partner of Mortgagor shall commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of Mortgagor or any such general partner under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for Mortgagor or any such general partner or for all or any substantial part of the property of Mortgagor or any such general partner.

(iii) Mortgagor or any general partner of Mortgagor shall take any action to authorize: (i) the non-payment of debts as they become due; (ii) the admission in writing of inability to pay debts as they become due; or (iii) the commencement of any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of Mortgagor or any such general partner under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official of Mortgagor or any such general partner or for all or any substantial part of the property of Mortgagor or any such general partner.

(iv) Any case, proceeding or other action against Mortgagor or any general partner of Mortgagor shall be commenced seeking to have an order for relief entered against Mortgagor or any such partner as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of Mortgagor or any such partner

under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for Mortgagor or any such general partner or for all or any substantial part of the property of Mortgagor or any such general partner, and such case, proceeding or other action (i) results in the entry of an order for relief against Mortgagor or any such general partner which is not fully stayed within fifteen (15) business days after the entry thereof or (ii) remains undismissed for a period of sixty (60) days.

(h) Other Liens, Security, Interests or Rights: Without the prior written consent of Mortgagee, Mortgagor's creation, placement, permission, acquiescence, allowance or inaction which results in any mortgage, deed of trust, voluntary or involuntary lien, whether statutory, constitutional or contractual (except for the lien for ad valorem taxes and other taxes on the Property which are not delinquent and except as permitted in Section 7.13 hereof), security interest, encumbrance or charge, conditional sale or other title retention document, against or covering the Property, or any part thereof, except for Permitted Exceptions, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created by this Mortgage. Mortgagor shall own all parts of the Property and except as otherwise provided herein shall not alienate any Fixtures, Collateral or other property forming a part of the Property pursuant to a Lease, license, contract or similar agreement, without the prior written consent of Mortgagee except if necessary in the operation of the Property and if replaced with suitable replacements.

(i) Waste: The Property is subjected to actual waste, whether commissive, permissive or ameliorating.

(j) Abandonment: Mortgagor's acts or inaction which, in the sole reasonable judgment of Mortgagee, would constitute abandonment of all or any portion of the Property.

(k) Non-Compliance with Governmental Authorities: The failure, refusal or neglect of Mortgagor to comply at its own cost with all Legal Requirements of any Governmental Authority having lawful jurisdiction over the Property or its operation.

(l) Adverse Liens: The assertion of any claim of priority to this Mortgage by title, lien, security interest or otherwise in any legal or equitable proceeding (which claim Mortgagee, acting in good faith, reasonably believes is substantive).

(m) False Representation: If any representation, warranty or statement made by Mortgagor, by any partner of

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Mortgagor or by any other person or entity in, under or pursuant to the L/C Note, this Mortgage or any other Security Documents, or any affidavit, financial statement or other instrument delivered or executed in connection therewith shall be false, misleading or erroneous in any material respect.

(n) Foreclosure of Other Liens: If the holder of any lien or security interest on the Property, (whether or not Mortgagee has consented to the existence of such lien or security interest and without hereby implying Mortgagee's consent to the existence, placing, creating or permitting of any such lien or security interest) institutes or completes foreclosure or other proceedings for the enforcement of its remedies with respect to such lien or security interest.

(o) Dissolution of Entity: Any action or the institution of any proceeding by any Mortgagor or any of its partners for the dissolution or termination of Mortgagor.

7.2 Remedies. Upon the occurrence of any Event of Default, in addition to such other rights as may be available under applicable law but subject at all times to any mandatory legal requirements:

(a) Acceleration. Mortgagee may, by written notice to Mortgagor declare the L/C Note and all unpaid indebtedness of Mortgagor hereby secured, including interest then accrued thereon, to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without other notice or demand of any kind.

(b) Uniform Commercial Code. Mortgagee shall, with respect to any part of the Mortgaged Premises constituting property of the type in respect of which realization on a lien or security interest granted therein is governed by the Uniform Commercial Code, have all the rights, options and remedies of a secured party under the Uniform Commercial Code of Illinois, including without limitation, the right to the possession of any such property or any part thereof and the right to enter without legal process any premises where any such property may be found. Any requirement of said Code for reasonable notification shall be met by mailing written notice to Mortgagor at its address above set forth at least twenty (20) days prior to the sale or other event for which such notice is required. The expenses of retaking, selling and otherwise disposing of said property, including reasonable attorneys' fees and legal expenses incurred in connection therewith, shall constitute so much additional indebtedness hereby secured and shall be payable upon demand with interest at the Default Rate provided in the L/C Note.

(c) Foreclosure. Mortgagee may proceed to protect and enforce the rights of Mortgagee hereunder (i) by any action

at law, suit in equity or other appropriate proceedings, whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law, or (ii) by the foreclosure of this Mortgage. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness hereby secured in the decree of sale, all expenditures and expenses authorized by the Illinois Foreclosure Act, Chapter 110, Section 15-101, et seq. Illinois Revised Statutes (1987) (the "Act") and all other expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's 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 assurance with respect to title as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree the true conditions of the title to or the value of the Mortgaged Premises. All expenditures and expenses of the nature mentioned in this paragraph, and such other expenses and fees as may be incurred in the protection of the Mortgaged Premises and rents and income therefrom and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the L/C Note or the Mortgaged Premises, including bankruptcy proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, or otherwise in dealing specifically therewith, shall be so much additional indebtedness hereby secured and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate provided in the L/C Note until paid.

(d) Appointment of Receiver. Mortgagee shall, as a matter of right, without notice and without giving bond to Mortgagor or anyone claiming by, under or through it, and without regard to the solvency or insolvency of Mortgagor or the then value of the Mortgaged Premises, be entitled to have a receiver appointed pursuant to Section 15-1702 of the Act of all or any part of the Mortgaged Premises and the rents, issues and profits thereof, with such power as the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Any such receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Mortgaged Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Mortgagor or other persons and any and all property therefrom, and may hold, operate and manage the same

and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof, whether during the pendency of any foreclosure or until any right of redemption shall expire or otherwise.

(e) Taking Possession, Collecting Rents, Etc. Upon demand by Mortgagee, Mortgagor shall surrender to Mortgagee and Mortgagee may enter and take possession of the Mortgaged Premises or any part thereof personally, by its agent or attorneys or be placed in possession pursuant to court order as mortgagee in possession or receiver as provided in Section 15-1701 of the Act, and Mortgagee, in its discretion, personally, by its agents or attorneys or pursuant to court order as mortgagee in possession or receiver as provided in Section 15-1701 of the Act may enter upon and take and maintain possession of all or any part of the Mortgaged Premises, together with all documents, books, records, papers, and accounts of Mortgagor relating thereto, and may exclude Mortgagor and any agents and servants thereof wholly therefrom and may, on behalf of Mortgagor, or in its own name as Mortgagee and under the powers herein granted:

(1) hold, operate, manage and control all or any part of the Mortgaged Premises and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Mortgaged Premises, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(2) cancel or terminate any Lease or sublease of all or any part of the Mortgaged Premises for any cause or on any ground that would entitle Mortgagor to cancel the same;

(3) elect to disaffirm any Lease or sublease of all or any part of the Mortgaged Premises made subsequent to this Mortgage without Mortgagee's prior written consent;

(4) extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Premises, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the loan evidenced by the L/C Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such Leases, and the options or other such provisions to be contained therein, shall be binding

upon Mortgagor, all persons whose interests in the Mortgaged Premises are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness hereby secured, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser;

(5) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Mortgaged Premises as may seem judicious to Mortgagee, to insure and reinsure the Mortgaged Premises and all risks incidental to Mortgagee's possession, operation and management thereof, and to receive all rents, issues, deposits, profits, and avails therefrom; and

(6) apply the net income, after allowing a reasonable fee for the collection thereof and for the management of the Mortgaged Premises, to the payment of taxes, premiums and other charges applicable to the Mortgaged Premises, or in reduction of the indebtedness hereby secured in such order and manner as Mortgagee shall select.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Mortgaged Premises. The right to enter and take possession of the Mortgaged Premises and use any personal property therein, to manage, operate, conserve and improve the same, and to collect the rents, issues and profits thereof, shall be in addition to all other rights or remedies of Mortgagee hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The expenses (including any receiver's fees, reasonable counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby which expenses Mortgagor promises to pay upon demand together with interest at the Default Rate provided in the L/C Note. Mortgagee shall not be liable to account to Mortgagor for any action taken pursuant hereto other than to account for any rents actually received by Mortgagee. Without taking possession of the Mortgaged Premises, Mortgagee may, in the event the Mortgaged Premises become vacant or are abandoned, take such steps as it deems appropriate to protect and secure the Mortgaged Premises (including hiring watchmen therefor) and all costs incurred in so doing shall constitute so much additional indebtedness hereby secured payable upon demand with interest thereon at the Default Rate provided in the L/C Note.

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7.3 Waiver of Right to Redeem From Sale - Waiver of Appraisement, Valuation, Etc.: 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, but hereby waives, to the extent permitted by law, the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Premises sold as an entirety. In the event of any sale made under or by virtue of this instrument, the whole of the Mortgaged Premises may be sold in one parcel as an entirety or in separate lots or parcels at the same or different times, all as the Mortgagee may determine. Mortgagee shall have the right to become the purchaser at any sale made under or by virtue of this instrument and Mortgagee so purchasing at any such sale shall have the right to be credited upon the amount of the bid made therefor by Mortgagee with the amount payable to Mortgagee out of the net proceeds of such sale. In the event of any such sale, the L/C Note and the other indebtedness hereby secured, if not previously due, shall be and become immediately due and payable without demand or notice of any kind. Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure pursuant to rights herein granted, on behalf of Mortgagor, and each and every person acquiring any interest in, or title to the Mortgaged Premises described herein subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by applicable law.

7.4 Application of Proceeds: The proceeds of any foreclosure sale of the Mortgaged Premises or of any sale of property pursuant to Section 7.2 hereof shall be distributed in the following order of priority: First, on account of all costs and expenses incident to the foreclosure or other proceedings including all such items as are mentioned in Section 7.2 hereof; Second, to all other items which under the terms hereof constitute indebtedness hereby secured in addition to that evidenced by the L/C Note with interest thereon as herein provided; Third, to all interest on the L/C Note; Fourth, to all principal on the L/C Note with any overplus to whomsoever shall be lawfully entitled to same.

7.5 Remedies Cumulative: No remedy or right of Mortgagee hereunder, or under any other Security Document or otherwise available under applicable law, shall be exclusive of any other right or remedy, but each such remedy or right shall be in addition to, every other remedy or right now or hereafter existing at law or in equity under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any default shall impair any such remedy or right to be construed to be a waiver of any such default or an acquiescence therein, nor shall it affect any

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subsequent default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Mortgagee. All obligations of the Mortgagor, and all rights, powers and remedies of the Mortgagee expressed herein shall be in addition to, and not in limitation of, those provided by law or in the L/C Note or any other written agreement or instrument relating to any of the indebtedness secured hereby, the Obligations or any security therefor.

7.6 Collateral: Whenever an Event of Default shall be existing, the Mortgagee may exercise from time to time any rights and remedies available to it with respect to the Collateral under applicable law upon default in payment of indebtedness. Mortgagor shall, promptly upon request by the Mortgagee, assemble the Collateral and make it available to the Mortgagee and Mortgagor, as the Mortgagee shall designate. Any notification required by law of intended disposition by Mortgagor of any of the Collateral shall be deemed reasonably and properly given if given at least twenty (20) days before such disposition. Without limiting the foregoing, whenever an Event of Default is existing the Mortgagee may, to the fullest extent permitted by applicable law, without further notice, advertisement, hearing or process of law of any kind, (a) notify any person obligated on the Collateral to perform directly for the Mortgagee its obligations thereunder, (b) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, (c) endorse any checks, drafts or other writings in the name of Mortgagor to allow collection of the Collateral, (d) take control of any proceeds of the Collateral, (e) with respect to so much of the Collateral as is personal property under applicable law, enter upon any premises where any of the Collateral may be located and take possession of and remove such Collateral, (f) with respect to so much of the Collateral as is personal property under applicable law, sell any or all of the Collateral, free of all rights and claims of the Mortgagor therein and thereto, at any public or private sale, and (g) with respect to so much of the Collateral as is personal property under applicable law, bid for and purchase any or all of the Collateral at any such sale. Any proceeds of any disposition by the Mortgagee of any of the Collateral may be applied by the Mortgagee to the payment of expenses in connection with the Collateral, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds shall be applied by the Mortgagee toward the payment of the indebtedness secured hereby and the Obligations in such order of application as the Mortgagee may from time to time elect. The Mortgagee may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code or other applicable law as in effect from time to time or otherwise available to it under applicable law. The Mortgagor hereby expressly waives presentment, demand, notice of dishonor, notice

of intent to accelerate and acceleration and protest in connection with the L/C Note, and, to the fullest extent permitted by applicable law and except as otherwise expressly provided for herein, any and all other notices, advertisements, hearings or process of law in connection with the exercise by the Mortgagee of any of its rights and remedies hereunder.

The Mortgagor hereby constitutes the Mortgagee its attorney-in-fact with full power of substitution upon an Event of Default to take possession of the Collateral upon any Event of Default and, as the Mortgagee in its sole discretion reasonably exercised deems necessary or proper, to execute and deliver all instruments required by Mortgagor to accomplish the disposition of the Collateral; this power of attorney is a power coupled with an interest and is irrevocable while any of the indebtedness secured hereby or the obligations are outstanding.

7.7 No Liability on Mortgagee: Notwithstanding anything contained herein to the contrary, the Mortgagee shall not be obligated to perform or discharge, any Obligation, duty or liability of Mortgagor, whether under any of the Leases or otherwise, and Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless of and from any and all liability, claim, expense, loss or damage which Mortgagee may or might incur with respect to the Property, or under or by reason of its exercise of rights hereunder, and of and from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligations or undertakings on its part to be performed or discharged. The Mortgagee shall not have responsibility for the control, care, management or repair of the Property nor shall the Mortgagee be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Property resulting in loss or injury or death to any Tenant, licensee, employee or stranger. No liability shall be enforced or asserted against the Mortgagee in its exercise of the powers herein granted to it, and Mortgagor expressly waives and releases any such liability unless due to the intentional or grossly negligent conduct of Mortgagee. Should the Mortgagee incur any such liability, loss or damage, under any of the Leases or under or by reason hereof, or in the defense of any claims or demands, unless due to intentional or grossly negligent conduct by the Mortgagee, the Mortgagor agrees to reimburse the Mortgagee immediately upon demand for the amount thereof, including costs, expenses and a reasonable attorney's fee, together with interest thereon from date of such payment at the Default Rate provided in the L/C Note.

7.8 Cure Periods: Anything contained in this Mortgage to the contrary notwithstanding, Mortgagee does hereby agree that it will not avail itself of its option to accelerate the indebtedness secured hereby or avail itself of its other rights and remedies herein contained or provided by law or in equity until: (i) any default in the payment of principal or interest due under the L/C Note shall have remained uncured for a period of ten

(10) days after written notice by Mortgagee to Mortgagor; (ii) any default in the payment of any other amounts due under the Mortgage or L/C Note shall have remained uncured for a period of ten (10) days after written notice by Mortgagee to Mortgagor; or (iii) any default of a non-monetary nature shall have remained uncured for a period of 30 days after written notice by Mortgagee to Mortgagor, unless such default is not capable of being cured within such 30 day period, in which event Mortgagee will not avail itself of such options, rights and remedies so long as Mortgagor shall, within such 30 day period, commence to cure such default and shall diligently and continuously thereafter prosecute such cure to its conclusion within a period not to exceed ninety (90) days from the date of such notice; provided, however, that no cure period shall be permitted if the default consists of a violation of the provisions of Section 6.4 hereof, and further provided that the cure periods set forth in this Section 7.8 shall not apply to any Event of Default defined in Section 7.1 hereof which includes in its definition any time period to cure or remedy the event or circumstances giving rise to such Event of Default.

7.9 Right to Contest. Mortgagor agrees not to suffer or permit any lien or mechanics lien claims, or any other lien, or claim for lien, or security interest or assertion of non-compliance with a Legal Requirement, to be filed or otherwise asserted against the Property for any funds due contractor(s), or any subcontractors or sub-subcontractors, or with respect to any Impositions, and promptly to discharge the same in case of the filing of any claims for lien or proceedings for the enforcement thereof; provided, however, that Mortgagor shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claimed lien, or alleged non-compliance with a Legal Requirement, upon the deposit with the Mortgagee or an escrowee ("Escrowee") designated by Mortgagee, of a sum or other adequate security equal to one hundred ten (110%) percent of the amount of the claim or claims to be contested, or such greater amount or undertaking as may be required by the Mortgagee or Escrowee, or a lesser amount approved by Mortgagee, to insure payment thereof and to prevent any sale, foreclosure or forfeiture of the Property by reason of non-payment thereof, and to cause such Escrowee to insure the liens granted to Mortgagee to be superior to any such lien or claim for lien as to all disbursements theretofore or thereafter made by Mortgagee. Upon conclusion of any such contest and in the event of an adverse result, the Mortgagor immediately will satisfy any judgment rendered or decree entered and will at its expense cause such lien or liens to be released. In case Mortgagor shall fail promptly either to discharge or contest claims asserted and give security in the manner above provided, or having commenced to contest the same, and having given such security, shall fail to prosecute such contest with diligence, or to maintain such deposit for its full amount, or upon adverse conclusion of any such contest to cause any judgment or decree thereon to be satisfied and the lien to be released then and in any such event the Mortgagee may, at its discretion, procure the release and discharge of any such

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lien claim and any judgment or decree thereunder and, further may in its sole discretion effect any settlement or compromise of the same, and any amounts so expended by Mortgagee shall be an additional liability owing by Mortgagor to Mortgagee with interest at the Default Rate provided in the L/C Note, and payable on demand, secured by this Mortgage and the other Security Documents. In settling, compromising or discharging any liens or claims for lien, Mortgagee is hereby authorized to use any sums or security deposited with Mortgagee or the Escrowee pursuant to the terms of this section, to settle, compromise or discharge any such liens or claims for lien, and Mortgagee shall not be required to inquire into the validity or amount of any such liens or claims for lien.

ARTICLE 8

SECURITY AGREEMENT AND FINANCING STATEMENT

8.1 Security Agreement: This Mortgage shall, in addition to being construed as a Mortgage on the Mortgaged Premises, also constitute and serve as a "Security Agreement and Financing Statement" within the meaning of the Uniform Commercial Code (the "Code") of the State of Illinois with respect to the Collateral, and with respect to any Property included in the definition herein of the word "property" which property may not be deemed to form a part of the real estate described in Exhibit "A" or may not constitute a "fixture" (within the meaning of the Code) and a first security interest in all Collateral, subject only to the Permitted Exceptions, is hereby granted to Mortgagee until the grant of this Mortgage shall terminate.

8.2 Indebtedness Secured: Mortgagor agrees that the security interest created by this Security Agreement and Financing Statement shall secure the payment of all indebtedness evidenced by the L/C Note and secured hereby, and shall also secure payment of any other or future debt or advancement relating to the Property owing by Mortgagor to Mortgagee and performance of any other Obligations.

8.3 Prohibition of Encumbrance or Sale: Except for dispositions of obsolete equipment or personal property not necessary in the operation of the Mortgaged Premises, or, if necessary, which is replaced with replacement equipment or personal property as required under Paragraph 6.3 hereof, and except as permitted under Sections 6.3, 7.1(h) and 7.9 hereof, Mortgagor agrees not to sell, convey or grant security interests in, or otherwise dispose of or encumber, any of the Collateral, nor, in any event, to impair any of Mortgagee's right, title or interest therein without first securing Mortgagee's written consent.

8.4 Transfers: Mortgagor agrees that if Mortgagor's rights in the Collateral are voluntarily or involuntarily transferred, whether by sale, creation of a security interest,

attachment, levy, garnishment or other judicial process, except in connection with any lien or claim for lien being contested by Mortgagor in accordance with Section 7.9 hereof, without the written consent of Mortgagee, such transfer shall constitute an Event of Default.

8.5 Financing Statements: Mortgagor authorizes Mortgagee to file financing statements and replacement, continuation or correction financing statements and other security documents covering Fixtures and Collateral in any jurisdiction where this Security Agreement and Financing Statement will be given effect. At the request of Mortgagee, Mortgagor covenants and agrees to join Mortgagee in executing one or more such financing statements pursuant to the Code in a form satisfactory to Mortgagee, and to pay all costs of filing any such financing statements in all requisite public filing offices at any time and from time to time wherever Mortgagee deems filing or recording of any financing statement to be desirable or necessary.

8.6 Character of Collateral: Mortgagor and Mortgagee agree that: (a) the execution and filing of any financing statement pursuant hereto shall never be construed as in any way derogating from or impairing the declaration and stated intention herein of the parties hereto that, to the extent permitted by law, all Collateral which is described in this Mortgage is, for all purposes and in all proceedings (both legal and equitable), and at all times, to be regarded as fixtures as part of the Realty described herein, irrespective of whether or not any such item is physically attached to such Realty, or any such item is referred to or reflected in any such financing statement so filed at any time; and (b) this instrument, upon recordation with the real estate records of the County Clerk where the Realty (including the Fixtures) is situated shall constitute a "fixture filing" within the meanings of the Code. The mailing address of Mortgagor is set forth above. The mailing address of Mortgagee is set forth in Section 9.19 hereof. Similarly, the description in any such financing statement of (i) the rights in or to the proceeds of any casualty insurance policy required hereby, or (ii) the proceeds of any settlement or any award in any eminent domain or condemnation proceedings for a taking or for loss of value, or (iii) Mortgagor's interest as lessor in any Lease covering such Property or rights to Cash Collateral growing out of the use and occupancy, or occupancy of such Property, whether pursuant to any such Lease or otherwise shall never in any manner be construed as altering any of the rights of Mortgagee hereunder, or impugning the priority of the lien and security interest granted hereby or by any other Security Document; but any such description in any such financing statement is declared to be for the protection of Mortgagee in the event any court of competent jurisdiction shall at any time hold with respect to (i), (ii) or (iii) hereof, that in order for notice of such Mortgagee's priority or interest to be effective against a particular class of persons or entities, including but not limited to, the United States Government and any Governmental

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Authority, a financing statement must be filed in the appropriate records required pursuant to the Code.

8.7 Other Financing Statements: Mortgagor warrants and covenants that there is no financing statement covering the Collateral, or any part of it, on file in any public office other than financing statements executed and filed in connection herewith and that the Collateral (except for cash, security deposits and intangibles included in the definition of Collateral) is located on the Realty.

8.8 Remedies of Mortgagee: Mortgagor agrees that upon or after the occurrence of any Event of Default hereunder, Mortgagee may, with or without notice of intent to accelerate maturity or notice of acceleration of maturity to Mortgagor other than as explicitly provided for in this Mortgage, exercise its rights to declare all indebtedness secured by the security interest created hereby immediately due and payable, in which case Mortgagee shall have all rights and remedies granted by law, and more particularly, the Code, including but not limited to, the right to take possession of the Collateral to the extent permitted by law or otherwise permitted by this Mortgage and to require Mortgagor to assemble and deliver the Collateral to such place as Mortgagee may designate; and for this purpose may enter upon any premises on which any or all of the Collateral is situated without being deemed guilty of trespass and without liability for damages thereby occasioned, and take possession of and operate said Collateral or remove it therefrom. Mortgagee shall have the further right to take any action it deems necessary, appropriate or desirable, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition, and to sell at public or private sales or otherwise dispose of, lease, or utilize the Collateral and any part thereof in any manner authorized or permitted by law, and to apply the proceeds thereof toward payment of any costs and expenses, including attorneys' fees and legal expenses, thereby incurred by Mortgagee and toward payment of Mortgagor's Obligations hereunder, including the indebtedness evidenced by the L/C Note and secured by this Mortgage and other Security Documents, in such order and manner as Mortgagee may elect. To the extent permitted by law, Mortgagor expressly waives any notice of sale or other disposition of the Collateral, and any other rights or remedies of a debtor or other formalities prescribed by law relative to a sale or disposition of the Collateral, or to exercise any other right or remedy existing after default hereunder; and to the extent any notice is required and cannot be waived, Mortgagor agrees that if such notice is sent as provided herein to Mortgagor at least twenty (20) days before the time the sale or disposition, such notice shall be deemed reasonably given and shall fully satisfy any requirements for giving of said notice.

8.9 Sale of Collateral: Mortgagor agrees that, to the extent permitted by law and without limiting any rights and

privileges herein granted to Mortgagee, Mortgagee may dispose of any or all of the Collateral at the same time and place, and in the same manner as the non-judicial foreclosure sale provided under the terms and conditions of this Mortgage, upon giving the same notice provided for in this Mortgage for such non-judicial foreclosure sale.

ARTICLE 9

MISCELLANEOUS

9.1 Term: If Mortgagor shall fully pay all indebtedness evidenced by the L/C Note and all indebtedness secured hereby and by any other Security Document that may be owing, or cause same to be paid, and keep and perform each and every Obligation, covenant, condition and stipulation contained herein, in the L/C Note or any other Security Document, then this Mortgage shall become null and void and Mortgagee agrees to execute and deliver a release of this Mortgage; otherwise this Mortgage is to be and shall remain in full force and effect.

9.2 Governing Law: This Mortgage was executed and delivered in, and shall be governed by the laws and decisions of the State of Illinois.

9.3 Cumulative Powers: Each and every right, power and remedy herein given to Mortgagee shall be cumulative and not exclusive; each and every such right, power and remedy, whether specifically given herein or otherwise existing, may be exercised from time to time and as often and in such order as may be deemed expedient by Mortgagee. The exercise of or the attempted exercise of any such right, power or remedy will not be deemed a waiver of the right to exercise or an election of remedies with respect to any other right, power or remedy that may or could be exercised at the same time or thereafter. No delay or failure to avail itself of the exercise of any right, power or remedy will impair the rights of Mortgagee to exercise any such right, power or remedy or operate as a waiver thereof, or thereafter to exercise any other right, power or remedy then or thereafter existing.

9.4 Business Purpose: That Mortgagor represents and agrees that the proceeds of the loan secured by this Mortgage will be used for business purposes and that said loan constitutes a business loan. It is the intent of Mortgagor and Mortgagee in the execution of this Mortgage, the L/C Note and all other Security Documents to contract in strict compliance with any usury laws governing the loan evidenced by the L/C Note if and to the extent applicable. In furtherance thereof, Mortgagee and Mortgagor stipulate and agree that none of the terms and provisions contained in this Mortgage, the L/C Note and other Security Documents shall be construed to create a contract for the use, forebearance or detention of money requiring payment of interest at a rate in

excess of the maximum interest rate permitted to be charged under applicable laws governing the loan evidenced by the L/C Note. Mortgagor or any guarantor, endorser or other party now or hereafter becoming liable for the payment of the L/C Note shall never be liable for interest on the L/C Note at a rate in excess of the maximum interest that may be lawfully charged under applicable laws. The provisions of this paragraph shall control over all other provisions of the L/C Note and any other instrument executed in connection herewith that may be in apparent conflict therewith. In the event any holder of the L/C Note shall collect monies that are deemed to constitute interest that would otherwise increase the effective interest rate on the L/C Note to a rate in excess of that permitted to be charged under applicable laws, all such sums deemed to constitute interest in excess of the legal rate shall be immediately applied in the manner provided in the L/C Note, as the case may be.

9.5 Partial Invalidity of Lien: If the lien or security interest secured by this Mortgage is invalid or unenforceable as to any part of the indebtedness, or if such lien or security interest is invalid or unenforceable as to any part of the Property, any unsecured portion of such indebtedness shall be completely paid prior to the payment of the remaining and secured or partially secured portion of said indebtedness. All payments made on the indebtedness secured hereby, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of such indebtedness which is not secured by the lien or security interest of this Mortgage.

9.6 Partial Invalidity of Mortgage: The invalidity or unenforceability in any particular circumstance of any provision of this Mortgage shall not extend beyond such provision or such circumstance, and no other provision of this instrument shall be affected thereby.

9.7 Disclaimer or Waiver: Any failure by Mortgagee to insist, or any election by Mortgagee not to insist, upon strict performance by Mortgagor of any of the terms, provisions or conditions of this Mortgage or any Security Document shall not be deemed to be a waiver of same or of any other covenant, term, condition, agreement or provision thereof, and Mortgagee shall have the right at any time or times thereafter to insist upon strict performance by Mortgagor of any and all of such covenants, terms, provisions and conditions of this Mortgage or any Security Document.

9.8 Payment on Account: Acceptance by Mortgagee of any payment in an amount less than the amount then due on the indebtedness evidenced by the L/C Note or secured hereby or by any other Security Document shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be a default. Until the entire amount due on the

aforesaid indebtedness as defined in the Security Documents has been paid, Mortgagee shall be entitled to exercise all rights conferred upon it in this instrument upon the occurrence of an Event of Default.

9.9 Performance at Mortgagor's Expense: The cost and expense of performing or complying with any and all of the Obligations shall be borne solely by Mortgagor, and no portion of such cost and expense shall in any way and to any extent be credited against any installment or portion of any indebtedness evidenced by the L/C Note or secured hereby or by any other Security Document.

9.10 Further Assurances: Mortgagor, upon the request of Mortgagee, will execute, acknowledge, deliver, record and/or file such further instruments and perform such further acts as may be reasonably necessary, desirable or proper to carry out more effectively the purpose of this Mortgage and any Security Document and to subject to the liens and security interest hereof and thereof any Property intended to be covered thereby, including specifically but without limitation, any renewals, additions, substitutions, replacements, betterments or appurtenances to the Property.

9.11 Covenants Running with the Land: All obligations contained herein or in the other Security Documents are intended by the parties to be, and shall be construed as, covenants running with the Mortgaged Premises.

9.12 Successors and Assigns: All of the terms, covenants and agreements contained in this Mortgage and the other Security Documents shall be binding upon Mortgagor and Mortgagor's successors, assigns, legal representatives, heirs, executors and administrators (provided that nothing in this Section shall imply that any assignment or transfer may be made except in compliance with the foregoing provisions of this Mortgage restricting such assignment or transfer) and shall inure to the benefit of Mortgagee and Mortgagee's successors and assigns.

9.13 Relation after Foreclosure Sale: Any foreclosure sale of the Mortgaged Premises under this Mortgage shall, without further notice, create the relation of landlord and tenant at sufferance between the purchaser at such sale as landlord, and Mortgagor as tenant; and upon failure to surrender possession after acquisition of title by the Mortgagee and demand, Mortgagor may be removed by a writ of possession upon suit by such purchaser.

9.14 No Joint Venture: It is the intention of Mortgagor and Mortgagee that the relationship between them be solely that of borrower and lender and nothing herein contained shall be deemed to create any partnership, joint venture, co-venture or other relationship other than that of debtor and creditor.

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9.15 Marshalling of Assets: Mortgagor hereby waives all rights of marshalling of assets in the event of any foreclosure of the liens and security interest hereby created. Upon any foreclosure of this Mortgage, Mortgagor, or any person claiming any part of the Mortgaged Premises by, through or under Mortgagor, shall not be entitled to a marshalling of Mortgagor's assets, including the Mortgaged Premises, or a sale in inverse order of alienation.

9.16 Taxation: If after the date of this instrument any state or local law is passed in the situs of the Property which deducts any lien on the Mortgaged Premises from the value of either the Mortgaged Premises or Collateral for the purposes of taxation of Mortgages or debts secured thereby, or such law changes the manner of collection of any such taxes so as to affect the interest of Mortgagee, then in any such event, unless Mortgagor makes timely payment of any and all such amounts when due so as to prevent any adverse affect on the interest of Mortgagee, the whole sum secured by this instrument with interest thereon shall at the option of Mortgagee, immediately become due, payable and collectible without notice to any party. Mortgagor shall pay all Mortgage taxes imposed by applicable law.

9.17 Fixture Filing: Portions of the hereinabove described Collateral are goods which are or shall become Fixtures on the hereinabove described Realty, and the parties hereto expressly covenant and agree that the filing of this Mortgage in the Real Estate Records of the County Clerk of Cook, State of Illinois shall also operate, at the time of such filing, as a financing statement for a fixture filing in accordance with the provisions of the Uniform Commercial Code.

9.18 Nature of the Instrument: This instrument will be deemed to be and may be enforced from time to time as an assignment of leases and cash collateral, chattel mortgage, contract, Mortgage, financing statement, real estate Mortgage or security agreement if appropriate under applicable state law. Because this instrument is effective as a Mortgage, as a security agreement, and as a combination of both, any default under any provision herein shall constitute a default under both the Mortgage and the Security Agreement. This instrument may be foreclosed as to any of the Property (and may be foreclosed against less than all of the tracts included in the Property but maintained as a continuing first lien against all tracts not made subject to foreclosure proceedings) in any manner permitted by the laws of the State of Illinois, or of any other state in which any part of the Property is situated, upon any occurrence of an Event of Default hereunder. This instrument contains the entire agreements, covenants, representations, warranties, undertakings, understandings acceptances and approvals of Mortgagor. No variations, modifications or changes herein or hereof shall be effective or binding upon Mortgagee unless set forth in a document duly executed by or on behalf of Mortgagee. Time is of the essence as to Mortgagor's agreements to pay all

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indebtedness secured hereby and to perform and observe all Obligations.

9.19 Notices: All notices or other communications required or permitted hereunder shall be (a) in writing and shall be deemed to be given when either (i) delivered in person (ii) received after deposit in a regularly maintained receptacle of the United States mail as registered or certified mail, postage prepaid, (iii) received after deposit with a private express delivery or courier service, all charges prepaid, or (iv) on the day on which Mortgagor refuses delivery by any of such means and (b) addressed as follows:

If to Mortgagor:
River Oaks Partners
c/o The Prime Group, Inc.
35 West Wacker Drive
Suite 3600
Chicago, Illinois 60601
Attn: Michael W. Reschke

With Copy to:
The Prime Group, Inc.
35 West Wacker Drive
Suite 3600
Chicago, Illinois 60601
Attn: Robert J. Rudnik

If to Mortgagee:
Kemper Investors Life Insurance Company
c/o Kemper Financial Services, Inc.
120 South LaSalle Street
Chicago, Illinois 60603
Attn: Real Estate Investment Group

With Copy to:
Laurance P. Nathan

Keck, Mahin & Cate
8300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606

and

Swiss Bank Corporation
Chicago Branch
Three First National Plaza
Chicago, Illinois 60602
Attn: K. Daniel Streiff

or to each such party at such other addresses as such party may designate in a written notice to the other parties.

9.20 Consent of Mortgagee: No consent or agreement of Mortgagee described herein shall be effective or binding upon Mortgagee unless given in writing by Mortgagee.

9.21 Headings: The article, section and subsection entitlements hereof are inserted for convenience of reference only and shall in no way alter, modify or define or be used in construing the text of such articles, sections or subsections.

9.22 Meanings: Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. If more than one person executes this instrument as Mortgagor, the duties under this instrument shall be joint and several.

9.23 No Personal Liability. Notwithstanding anything to the contrary contained herein, the Mortgagor and the partners of Mortgagor shall not have any personal liability (except to the extent provided in any guaranty hereof or of the L/C Note or in the Environmental Indemnity Agreement which is one of the Security Documents) for the obligation to pay any principal, interest or other sums payable under the L/C Note, Letter of Credit Agreement, the Mortgage or other Security Documents, or for the obligation to observe, perform or discharge any of the terms, covenants or conditions contained in the L/C Note, the Mortgage or other Security Documents, and (a) no attachment, execution, writ or other process shall be sought and no judicial proceeding shall be initiated by or on behalf of the Mortgagee against Mortgagor or any partner of Mortgagor as a result of a breach or default under the L/C Note, the Letter of Credit Agreement, the Mortgage or other Security Documents unless such attachment, execution, writ or judicial proceeding shall be necessary to enforce any of the rights, remedies or recourses of the Mortgagee against or with reference to the Property and except to the extent provided in any guaranty hereof or of the L/C Note; and (b) in the event that any suit is brought under the L/C Note, the Letter of Credit Agreement, the Mortgage or other Security Documents, whether before or after the maturity by acceleration, by passage of time or otherwise, any judgment obtained in or as a result of such suit shall be enforceable and/or enforced solely against the Property; provided, however, that the Mortgagee shall have full recourse against the Mortgagor and Mortgagor will promptly account to Mortgagee for all rents, issues, profits and income derived from the Property and received by the Mortgagor, that accrue from and after, the occurrence of an event of default under the L/C Note or Event of Default under the Mortgage. Nothing herein contained shall be construed to: (1) be a release or impairment of the indebtedness evidenced by the L/C Note or of the lien of the Mortgage; (2) prevent Mortgagee from exercising and enforcing, consistent with the provisions of this Paragraph 9.23, any other remedy allowed at law or in equity or by any statute or by the terms of the L/C Note, the Letter of Credit Agreement, Mortgage or other Security Documents; (3) prevent the Mortgagee from enforcing the guarantees

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required hereunder or any personal liability or other available remedy against the Mortgagor for any separate certificate, indemnity, bond, guaranty, assignment or affidavit executed in connection with the Loan; (4) prevent the Mortgagee from recovering any funds, damages or costs (including, without limitation, legal expenses) incurred by the Mortgagee as a result of any deliberate, intentional or willful action taken in bad faith or as a result of fraud or intentional misrepresentation by or on behalf of the Mortgagor; or (5) prevent the Mortgagee from recovering any condemnation or insurance proceeds, or other similar funds or payments attributable to the Property, which under the terms of the Mortgage or any of the other Security Documents should have been, but were not, paid to the Mortgagee.

9.24 Intercreditor Agreement. This Mortgage is subject to, and the respective rights of Kilico and Swiss Bank shall be governed by, and Mortgagor agrees that it shall be bound by, the provisions of that certain Intercreditor Agreement dated as of December 1, 1989 by and between Kilico and Swiss Bank.

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IN WITNESS WHEREOF, the Mortgagor has executed this Mortgage as of this 1st day of December, 1989.

RIVER OAKS PARTNERS, an Illinois general partnership

By: The Prime Group, Inc., an Illinois corporation, its general partner

By: Michael W. Rueckhe
President

(LPH14CW1M)

COOK COUNTY, ILLINOIS
FILED FOR RECORD
1989 DEC 29 PM 2:07

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ACKNOWLEDGEMENT

STATE OF Illinois)
) SS.
COUNTY OF Cook)

I HEREBY CERTIFY that on this 28th day of December, 1989, before me personally appeared Michael W. Reschke, President of The Prime Group, Inc., a corporation under the laws of the State of Illinois which corporation is the general partner of River Oaks Partners, an Illinois general partnership, to me known to be the same person who signed the foregoing instrument as his free act and deed as such officer for the use and purpose therein mentioned, and that the said instrument is the act and deed of said corporation as the general partner of said limited partnership.

WITNESS my signature and official seal at 35W Wacker in the County of Cook and State of Illinois, the day and year last aforesaid.

(NOTARY SEAL) Donna J. Wadzita
Notary Public

My Commission Expires: 3/1/93

(LPH\NEW\H)

" OFFICIAL SEAL "
DONNA J. WADZITA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3/1/93

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Exhibit A

Parcel 1

THE NORTHERLY 150.0 FEET OF LOT 106 IN THE TOWN OF RAND, A SUBDIVISION OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF SECTION 16 AND PART OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 17 AND THE NORTHWEST 1/4 OF SECTION 20 AND THE NORTHWEST 1/4 AND PART OF THE NORTHEAST 1/4 OF SECTION 21. TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Parcel 2

LOTS 107, 108, 109, 110 AND 111 (EXCEPT THAT PART OF SAID LOTS TAKEN FOR THE OPENING OF PRAIRIE AVENUE AND ALSO EXCEPT THAT PART OF SAID LOT 111 LYING SOUTH OF PRAIRIE AVENUE AS OPENED), AND ALSO EXCEPT THAT PART THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEASTERLY CORNER OF SAID LOT 109; THENCE SOUTH 08 DEGREES 39 MINUTES 51 SECONDS EAST ALONG THE EAST LINE OF SAID LOTS 109, 110 AND 111, 230.00 FEET; THENCE NORTH 55 DEGREES 34 MINUTES 59 SECONDS WEST (MEASURE NORTH 55 DEGREES 32 MINUTES 28 SECONDS WEST) ALONG A LINE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT 109, 23.28 FEET (MEASURED 23.29 FEET) TO AN INTERSECTION WITH A LINE 17.00 FEET, AS MEASURED AT RIGHT ANGLES, WESTERLY OF AND PARALLEL WITH THE EASTERLY LINE OF SAID LOTS 109 AND 110; THENCE NORTH 08 DEGREES 39 MINUTES 51 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 230.00 FEET TO AN INTERSECTION WITH THE NORTHEASTERLY LINE OF SAID LOT 109; THENCE SOUTH 55 DEGREES 34 MINUTES 59 SECOND EAST (MEASURE SOUTH 55 DEGREES 32 MINUTES 28 SECONDS EAST) ALONG THE NORTHEASTERLY LINE OF SAID LOT 109, 23.28 FEET (MEASURE 23.29 FEET) TO THE PLACE OF BEGINNING, ALL IN ORIGINAL TOWN OF RAND (NOW DES PLAINES), BEING A SUBDIVISION OF SECTIONS 16, 17, 20 AND 21, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Permanent Real Estate Index Numbers: 09-17-421-019-0000
09-17-421-020-0000
09-17-421-021-0000
09-17-421-022-0000
09-17-421-030-0000
09-17-421-037-0000

Address of Property: 1615 Ellinwood Avenue, Des Plaines, Illinois

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EXHIBIT B

PERMITTED EXCEPTIONS

1. Real estate taxes for 1989 and subsequent years not yet due and payable.

2. Encroachment of concrete steps located on the land by about .30 to .70 of a foot onto the public way lying northeasterly and adjoining as disclosed by survey made by John M. Henriksen, dated January 26, 1989, order number 891039.

3. The Mortgage with Security Agreement, Financing Statement and Assignment of Leases and Cash Collateral.

4. All Security Documents listed on Exhibit "C" to the Mortgage.

5. Regulatory Agreement, dated as of December 1, 1989, among the Illinois Development Finance Authority, American National Bank and Trust Company of Chicago, and River Oaks Partners.

6. Intercreditor Agreement, dated as of December 1, 1989, between Swiss Bank Corporation and Kemper Investors Life Insurance Company.

EXHIBIT "C"

SECURITY DOCUMENTS

1. Mortgage with Security Agreement, Financing Statement and Assignment of Leases and Cash Collateral.

2. Assignment of Rents and Leases.

3. Collateral Assignment of Architect's Contract, Plans and Specifications and Tests.

4. Collateral Assignment of General Intangibles, Contracts and Commitments.

5. Assignment of Construction Contracts.

6. Collateral Assignment of Management Contract.

7. Environmental Indemnity Agreement.

(LPH\NEW\H)

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