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otherwise conveyed to or encumbered in favor of Mortgagee herein or hereafter and each and every part thereof, together with all other property now or hereafter conveyed to Mortgagee in or encumbered by any of the Loan Documents (as hereinafter defined), **INCLUDING** without limitation of any kind or nature, all rights, titles and interests granted or insuring to the benefit of Mortgagee herein or in any of the Loan Documents, shall hereafter be referred to for all purposes herein as the "Property".

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

This Mortgage, the Note and each instrument now or hereafter securing said Note or providing for, evidencing or securing the loan secured hereby or executed by Mortgagor or others in connection therewith or any amendments of any of the foregoing documents shall be hereinafter collectively referred to as the "Loan Documents".

THE READER OF THIS MORTGAGE IS HEREBY CAUTIONED THAT THE CAPTIONS INSERTED IN THE FOLLOWING PARAGRAPHS ARE MERELY FOR CONVENIENCE ONLY, AND EACH PARAGRAPH MUST BE READ IN ITS ENTIRETY WITHOUT RELYING ON SUCH CAPTIONS IN ORDER TO OBTAIN AN ACCURATE MEANING OF EACH OF SUCH PARAGRAPHS.

AND IN CONSIDERATION OF THE PREMISES, MORTGAGOR COVENANTS AND AGREES AS FOLLOWS:

1. **TAXES, ASSESSMENTS AND CHARGES.** Mortgagor will promptly pay when due all taxes, assessments and charges levied upon or affecting the Property and immediately after each of such payments will deliver official receipts therefor to Mortgagee.

2. **INSURANCE.** Mortgagor will keep the Property constantly insured against loss by fire with extended coverage in an amount satisfactory to Mortgagee in all respects so as to avoid any claim on the part of the insurers for co-insurance and, in addition, will keep in full force and effect policies of insurance insuring against such other hazards, casualties and contingencies (including, but not limited to, liability and casualty rent insurance) as Mortgagee may require. Such policies will be on such forms, in such companies, for such periods and in such amounts as Mortgagee may require from time to time with loss payable to Mortgagee under a mortgagee clause satisfactory to Mortgagee in all respects. Mortgagor will deliver the policy or policies required herein or pursuant hereto to Mortgagee as additional security; and, where renewal policies are necessary in the performance of this covenant, Mortgagor will deliver such policies to Mortgagee at least fifteen (15) days before the expiration of the existing insurance, together with a receipt showing all premiums paid in full. Any and all insurance in the possession of Mortgagee may be changed by Mortgagee to other companies, rearranged as to coverage, terms or amount; and, for that purpose, Mortgagee is hereby authorized to surrender existing policies for cancellation and take out any insurance at any time desired by Mortgagee, provided that the necessary premium adjustments in all cases shall be charged against or credited to the debt secured hereby, as the case may be. Mortgagee is hereby authorized and empowered, at its option, to adjust, compromise or settle any loss under any insurance policies maintained pursuant to this Mortgage and to collect and receive any and all proceeds paid pursuant to any of such policies. Each insurance company is hereby authorized and directed to make payment for all of such losses directly to Mortgagee, instead of Mortgagor and Mortgagee jointly. In the event any insurance company fails to so disburse directly and solely to Mortgagee but disburses to Mortgagor or to Mortgagor and Mortgagee jointly, then Mortgagor agrees to immediately endorse, transfer and deliver such proceeds to Mortgagee. Upon the failure of Mortgagor to endorse, transfer and deliver such proceeds as aforesaid, Mortgagee may execute such

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endorsements or transfers for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee as Mortgagor's attorney-in-fact, coupled with an interest, so to do. Mortgagee shall not be liable for any failure to collect all or any part of any insurance proceeds due under the terms of any policy regardless of the cause of such failure. Mortgagor hereby assigns to Mortgagee any funds received by any party hereto from said insurance policies, and Mortgagee is hereby given the right and option to apply said funds either to the payment of the indebtedness and obligations hereby secured in whatever order or manner Mortgagee elects or to allow the same to be used in restoring the Property in such manner and on such terms as Mortgagee in its sole discretion shall specify. In the event of the foreclosure of this Mortgage as authorized herein or any transfer in lieu thereof, all right, title and interest of Mortgagor in and to such policies of insurance shall pass to the purchaser or grantee, and Mortgagor hereby irrevocably appoints Mortgagee as attorney-in-fact, coupled with an interest, of Mortgagor to assign any policies in the event of such foreclosure or a conveyance in lieu of such foreclosure to such purchaser or grantee.

SEE PARAGRAPH 2 ATTACHED HERETO ON PAGES 3A AND 3B ATTACHED HERETO AND BY THIS REFERENCE INCORPORATED

3. CONDEMNATION. In the event of the institution of any eminent domain, condemnation or other similar proceeding, or any transfer of all or any part of the Property or any interest or right therein in lieu of, under threat of or in settlement of such a proceeding, affecting any of the Property in any respect; then, Mortgagee, at its option, may at any time thereafter, but not later than thirty (30) days after receiving all information it requests pertaining thereto, accelerate the Note and all other amounts due pursuant to any of the Loan Documents, and upon such acceleration the Note and Loan Documents shall become immediately due and payable and shall be immediately paid in full by Mortgagor. Mortgagor agrees to furnish to Mortgagee immediately upon request of Mortgagee all information requested by Mortgagee with regard to such eminent domain, condemnation or other such proceeding and further agrees to immediately deliver to Mortgagee written notice of the institution, or any proposed, contemplated or threatened institution, of any such eminent domain, condemnation or other such proceeding after obtaining knowledge thereof, which notice shall give all material details known to Mortgagor, and which notice must be kept current as to all material developments thereafter with supplemental written notices of such developments being delivered by Mortgagor to Mortgagee in a prompt manner. Any transfer of any of the Property or any interest or right therein referred to earlier in this paragraph shall be subject in all respects to the prior written consent of Mortgagee, and a default shall exist herein if such prior written consent is not obtained. All monies and awards payable either as damages or compensation for the taking of title to, or possession of, or for any damage to, or on account of any change of grade affecting, any portion of the Property or any realty or personalty conveyed in or encumbered by any of the Loan Documents by reason of any condemnation, eminent domain or other such proceeding shall be paid to Mortgagee, and such monies and awards are hereby assigned to Mortgagee, and judgment therefor shall be entered in favor of such Mortgagee. Mortgagee shall be under no obligation to question such award or compensation and may accept the same in the amount in which the same shall be paid. Such monies and awards when paid may, at the sole option of Mortgagee, (i) be applied, in whole or in part, by Mortgagee upon any indebtedness or obligation secured hereby or secured by any of such Loan Documents, whether the same be matured or unmatured, and in such order as Mortgagee may determine; (ii) be used, in whole or in part, to replace or restore the Property or said realty or personalty to a condition satisfactory to Mortgagee and on such terms and conditions as Mortgagee in its sole discretion shall designate in writing; (iii) be used, in whole or in part, as Mortgagee may specify in writing to fulfill any of the terms, covenants or conditions contained in any of such Loan Documents; or (iv) be released to Mortgagor. Mortgagor hereby covenants and

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2A. Notwithstanding any other provision of this Mortgage, Mortgagor and Mortgagee do hereby expressly covenant and agree that all proceeds of any insurance which is paid over to and received by Mortgagee as a result of any damage to or destruction of the Property may, subject to compliance, at the expense of Mortgagor, with certain terms and conditions hereinafter set forth, be used by Mortgagor for the repair, rebuilding, and restoration (hereinafter collectively referred to as the "Restoration Work") of the Property; provided, however, that all obligations of Mortgagee under this paragraph shall be and are hereby made subject to compliance by Mortgagor with the following terms, conditions, and procedures (hereinafter collectively referred to as the "Disbursement Procedures"), to-wit:

- (a) Mortgagee shall have no obligation to disburse any of such proceeds if, at the time a disbursement is requested, any default exists under this Mortgage or under the terms of any of the other Loan Documents or if the Restoration Work is not satisfactory in all respects to any tenant leasing all or any part of the Property or if any tenant whose lease is assigned to Mortgagee elects any right that it has to either terminate or modify said tenant's lease because of any damage or destruction referred to in this section or such a termination or modification results from or in connection with such damage or destruction;
- (b) There shall have been submitted to Mortgagee, and Mortgagee shall have approved, the following:
 - (i) Plans and Specifications for the Restoration Work prepared by an architect satisfactory to Mortgagee (hereinafter referred to as the "Restoration Architect");
 - (ii) a cost breakdown and analysis (hereinafter referred to as the "Estimated Cost") certified to Mortgagee by the Restoration Architect, stating that the Restoration Work can be completed in accordance with the above-mentioned Plans and Specifications at the price set forth in the "Restoration Contract" referred to herein;
 - (iii) a general construction contract (hereinafter referred to as the "Restoration Contract") with a general contractor (hereinafter referred to as the "Restoration Contractor") acceptable to Mortgagee pursuant to which the Restoration Work will be performed;
 - (iv) all governmental licenses and permits necessary for the performance of the Restoration Work;
- (c) If the Estimated Cost of the Restoration Work exceeds the proceeds of the insurance available for application thereto, then an amount of money equal to such excess shall be escrowed with Mortgagee solely for use in payment of the costs of such Restoration Work, and any amount so escrowed with Mortgagee shall be disbursed by Mortgagee in accordance with the Disbursement Procedures prior to the disbursement of any of such insurance proceeds;
- (d) after and subject to compliance with all of the foregoing, the amount held by Mortgagee and available for restoration shall be disbursed by Mortgagee to Mortgagor periodically (but not more frequently than monthly) as the Restoration Work progresses, as follows:
 - (i) Mortgagee shall have received in connection with each such requested disbursement a draw request from the Restoration Contractor certifying that all work completed to the date of such draw request has been performed in accordance with the Plans and Specifications as approved by Mortgagee in a good and workmanlike manner, which draw request shall have been approved by the Restoration Architect;
 - (ii) Mortgagee shall have received a certification from the Restoration Architect that the remaining amount of funds held by Mortgagee, including funds held pursuant to any subparagraph of this paragraph,

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are sufficient to complete the Restoration work in accordance with the Plans and Specifications as approved by Mortgagee; and

- (iii) Mortgagee shall have also received evidence satisfactory to Mortgagee (including, without limitation, title certifications, title policy endorsements, lien waivers, and affidavits) that the first-in-priority status of this Mortgage continues without additional exceptions and that no party claims or has a right to claim any lien by virtue of the Restoration Work theretofore completed (except such lien or claim as will be dissolved by payment of the requested disbursement);
- (iv) each tenant having an interest in or affected by the Restoration Work certifies to Mortgagee (if Mortgagee requests) that such tenant has approved the Restoration Work completed to date, and that no default exists in such tenant's lease to the best of such tenant's knowledge and belief;.
- (e) each periodic disbursement shall be made subject to a retainage of ten percent (10%) of the amount requested, and the aggregate of the amount so retained shall be disbursed by Mortgagee to Mortgagor if and when the Restoration Work is completed in accordance with said Plans and Specifications (as evidenced by the certificate of the Restoration Architect), and Mortgagee shall have received evidence satisfactory to Mortgagee that all costs incurred in connection with the Restoration Work have been paid in full and that no party claims or has a right to claim any lien affecting the Property and arising out of the Restoration Work;
- (f) if the entire principal portion of said Note shall become due at its specified maturity date or at any other time for any other reason, and if at that time any amounts are held by Noteholder pursuant to any subparagraph of this paragraph, then Mortgagee is hereby authorized to apply such amounts on any amounts due pursuant to any of the Loan Documents.

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agrees, upon request by Mortgagee, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid monies and awards to Mortgagee free, clear and discharged of any and all encumbrances of every kind or nature whatsoever other than the lien of such Loan Documents. Further, at the expense of Mortgagor, Mortgagor hereby authorizes Mortgagee, at Mortgagee's option, to commence, appear in, participate in or prosecute, in Mortgagor's name or the name or names specified by Mortgagee, using attorneys satisfactory to Mortgagee in all respects, any or all actions or proceedings referred to in this paragraph, and to settle or compromise any or all claims in connection therewith. Notwithstanding any other provisions of any of the Loan Documents, and regardless of whether or not any of the options set forth earlier in this paragraph or set forth in paragraph 2 hereof is exercised by Mortgagee, in the event of any loss or damage of any nature to any part or all of the Property, including but not limited to, any loss or damage referred to either in this paragraph or in paragraph 2 hereof, Mortgagor hereby covenants as part of the inducement to and as a part of the consideration for Mortgagee making the loan secured hereby, to promptly restore and rebuild the damaged improvements free and clear of all liens of every nature and in accordance with plans and specifications approved by Mortgagee in advance and in writing, so that after such restoration and rebuilding the improvements situated on the land conveyed or encumbered herein will, as nearly as possible, be in at least as good a condition (the term "condition" includes but is not limited to, the quantity, quality, utility and value of the Property) as that existing immediately prior to such loss or damage.

4. HAZARDOUS CONDITIONS. Mortgagor will not make, suffer or permit any use of the Property which will create or cause to exist a fire or other hazard, nor will Mortgagor in any way increase the risk caused by an existing or future hazard.

5. PROPERTY INSPECTIONS. Mortgagor will allow any authorized representative of Mortgagee access to the Property (i) at any time without limitation during an emergency as determined solely by Mortgagee, and (ii) otherwise during normal business hours and without advance notice, such right of access being granted herein for the purpose of allowing Mortgagee or its designee(s) to ascertain whether the terms, covenants and conditions of this Mortgage and all other Loan Documents are being fulfilled.

6. PRIOR LIENS OR CLAIMS. Except as provided to the contrary in paragraph 40 hereof, Mortgagor will not allow any lien or claim of title prior to the lien or title created by or conveyed in this Mortgage or prior to the lien or title created by or conveyed in any of the other Loan Documents to attach to the Property or any other realty or personalty conveyed in or encumbered by any of the Loan Documents and will take such actions as Mortgagee shall deem necessary or desirable in Mortgagee's exclusive opinion to protect Mortgagee's rights, titles or interests herein and in all other Loan Documents. Mortgagor will not default in any agreement or obligation of any nature whatsoever affecting the Property or any part thereof or the occupants thereof or affecting any or all of the Loan Documents or the rights, titles or interests of Mortgagee in such Loan Documents.

7. GENERAL PROVISIONS TO PROTECT MORTGAGEES' INTERESTS. Mortgagor will execute, and cause to be executed, such further assurances of title to the Property or all or any of the Loan Documents, and will take, and cause to be taken, such actions, including the institution and conduct of legal proceedings, as may at any time appear to Mortgagee to be desirable to protect Mortgagee's rights, titles or interests in the Property or the Loan Documents or to perfect the title thereto in Mortgagee. Mortgagor will defend, and cause to be defended, Mortgagee in a manner satisfactory to Mortgagee in all respects in any legal proceedings filed against Mortgagor or filed against the Property

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or which affect or might affect the rights, titles or interests of Mortgagee in any of the Loan Documents or any part or all of the Property or of any other security therefor. The selection of an attorney to represent Mortgagee will be the exclusive choice of Mortgagee, and Mortgagor agrees to pay all expenses incurred in such defense by Mortgagee. Upon a failure or breach of performance of any of the terms, covenants or conditions set forth herein or in any of said Loan Documents, in any particular, Mortgagee at the expense of Mortgagor may, without notice to Mortgagor, do any one or more of the following: pay all taxes, assessments and public charges levied upon or affecting the Property, or take such actions as may be necessary in the sole opinion of Mortgagee to secure or redeem the Property from forfeiture or sale, or effect or renew any insurance required herein or pursuant hereto, or make any repairs that may be necessary or desirable in the sole opinion of Mortgagee to keep all of the Property in good order and repair, or take, or cause to be taken, such actions, including legal proceedings, as may be desirable in Mortgagee's sole opinion to prevent the commission of waste, impairment or deterioration of the Property, or any part thereof, or to perfect the title to or the lien on the Property in Mortgagee or to perform any of the terms, covenants or conditions hereof or of any of the Loan Documents which are in default or to perform such other acts or expend such other sums as Mortgagee shall deem appropriate or necessary to exercise, defend, enforce or otherwise protect Mortgagee's rights, titles and interests herein or in any or all of the Loan Documents. Mortgagor hereby irrevocably designates Mortgagee as its attorney-in-fact, coupled with an interest, to perform all or any one or more of the terms, covenants and conditions of the Loan Documents regardless of whether a default exists therein and without Mortgagee being a mortgagee in possession; provided, however, Mortgagee shall not be required under any condition to so perform, but may so perform as often and to whatever extent it so elects subject to Mortgagee's right to terminate or modify any such election at any time and from time to time without notice to Mortgagor. All sums expended by Mortgagee in the doing of, or on account of, any of the terms, covenants and conditions of this Mortgage or any of the other Loan Documents will automatically be a part of the debt secured by this Mortgage and will automatically be secured by the lien hereof as fully as the principal debt and interest thereon is secured. Such sums will bear interest at the rate of four percent per annum in excess of the rate of interest which is then in effect with respect to the Note (assuming no default exists thereon and that no acceleration of the unpaid principal balance thereof has occurred) from the date of the expenditure thereof by Mortgagee, and said expenditure shall, together with said interest thereon, be repaid by Mortgagor before the expiration of a period of five (5) days thereafter. In advancing any funds pursuant to this paragraph or any other provision of this Mortgage or the other Loan Documents, no notice need be given to Mortgagor or any junior or senior lienholders or any other person or entity except to the extent required by law or deemed desirable by Mortgagee to protect Mortgagee's pertinent interests. Notwithstanding the foregoing provisions of this paragraph, there is no obligation of any nature whatsoever upon Mortgagee to make such payments or take such actions, nor shall any act of Mortgagee or any failure to act under the powers invested in it by this Mortgage or any of the other Loan Documents, nor any lapse of time, be construed as the waiver of any breach of the terms, covenants and conditions contained herein or contained in any of the other Loan Documents. Mortgagor hereby agrees to indemnify and hold harmless Mortgagee from and against all loss, cost or liability of every nature whatsoever suffered or incurred by Mortgagee in exercising, defending, enforcing or protecting its rights, titles and interests in the Note or in any of the other Loan Documents or in any security or collateral now or hereafter securing said Note, together with all loss, cost or liability of every nature incurred by Mortgagee in connection with any of the Loan Documents.

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8. **TAX AND INSURANCE ESCROW.** As additional security for the indebtedness secured by this Mortgage, Mortgagor will pay to Mortgagee, or its designee, to the extent requested by Mortgagee, on dates upon which interest is payable, such amounts as Mortgagee from time to time estimates as necessary to create and maintain a reserve fund from which to pay, at least one calendar month before the same become due, all taxes, assessments, public charges and insurance premiums on or with respect to the Property. There shall be no interest paid or credited on account of such deposits. Mortgagor agrees that such funds will not be, nor be deemed to be, trust funds and may be commingled with the general funds of Mortgagee or any other entity holding such funds at the request of Mortgagee. Payments from said reserve fund for said purposes may be made by Mortgagee or Mortgagee's designee(s) at their discretion even though subsequent owners of the Property may benefit thereby. In the event of any default under the terms of any Loan Documents, any part or all of said reserve funds, together with any other amounts belonging to Mortgagor or others which are held by Mortgagee or its designee(s) pursuant to any of the Loan Documents (including without limitation any amounts held pursuant to paragraphs 2 or 3 hereof) may be applied to any part of the indebtedness hereby secured and in whatever order and manner of application Mortgagee designates, and in refunding any part of said reserve fund Mortgagee or Mortgagee's designees may deal with whomever is represented to be the owner of the Property herein conveyed at that time. The right to any return premiums on any insurance policies covered by this Mortgage is hereby assigned to Mortgagee; and in the event of a default hereunder, Mortgagee shall be entitled to receive all such return premiums and to apply same on the indebtedness secured hereby in whatever order or manner of application Mortgagee elects.

9. **ASSIGNMENT OF RENTS AND OTHER INCOME.** Mortgagor does hereby assign and set over unto Mortgagee all rents, issues, revenues and profits thereof and all other income derived from the Property directly or indirectly or now or hereafter accruing with respect thereto, including without limitation, all guarantees of any obligations of any lessees or others (hereinafter called "Income" in this paragraph) as additional security for both the indebtedness which is secured hereby and the other sums, terms, covenants and conditions which are secured by or are set forth in any of the Loan Documents. Furthermore, Mortgagee is hereby given a prior and continuing lien on such Income. Mortgagor hereby appoints Mortgagee as Mortgagor's attorney-in-fact, coupled with an interest, to collect said Income without suit and to apply the same, less expenses of collection, to any amounts due Mortgagee which are secured hereby or secured by any of the other Loan Documents, such application to be in such manner as Mortgagee may elect; provided, however, that until there be a default under the terms of this Mortgage or any of the other Loan Documents, Mortgagor may continue and enjoy said Income. The curing of any such default, however, shall not entitle Mortgagor to again collect said Income unless Mortgagee shall consent thereto in writing. This assignment of Income and power of attorney shall be irrevocable and shall be in addition to the other remedies herein provided or provided in any of the other Loan Documents in the event of such a default and may be put into effect independently of or concurrently with any of said remedies, but no liability shall attach to Mortgagee for the failure or inability to collect any Income herein assigned. This assignment, lien and power of attorney shall apply to all Income hereafter accruing from the property including all present leases and rentals of the Property and all leases and rental hereafter made by the present or any future owners of the property, and any purchaser of the Property shall take subject to all terms, covenants and conditions hereof. In addition to the foregoing provisions of this paragraph, in the event of a default in any of the Loan Documents, Mortgagee is hereby vested with the power to seek and obtain the appointment of a receiver as a matter of right and regardless of the adequacy of the security for the indebtedness hereby secured. Such receiver,

and in accordance with the Assignment of Rents and Other Income

until such time as the indebtedness hereby secured and all accrued and unpaid interest is paid in full

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and, in the absence of a receiver, Mortgagee shall be entitled to all rights available at law or in equity in the management and operation of the Property, together with all other rights of management and operation which are set forth in this paragraph or in paragraph 23 hereof or otherwise set forth in any of the Loan Documents.

10. **BRUNDAGE CLAUSE.** In the event of the passage of any state, federal, municipal or other law or regulation subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of deeds of trust, notes or any other loan documents or debts secured by deeds of trust or by any other loan documents or the manner of collecting such taxation, the entire balance of the principal, interest and other sums evidenced or secured by said Loan Documents shall without notice become due and payable forthwith at the option of Mortgagee.

11. **RENEWAL AND EXTENSION.** Upon the request of (i) the then owners of the Property, (ii) any party bound hereon or bound on any of the Loan Documents, or (iii) any party who has assumed or may hereafter assume payment or performance of the Note or any of the other Loan Documents; then, said Note, or any part of the principal or interest evidenced thereby or by any of the Loan Documents or any other indebtedness evidenced or secured thereby, may be renewed, extended or modified from time to time by Mortgagee, or the Property or any part thereof or any other realty or personalty securing said Note may be released or surrendered, in whole or in part, without the consent of or notice to any parties bound hereon or bound on any of said Loan Documents and without releasing, discharging or modifying any liability in connection herewith or in connection with any of said Loan Documents or affecting any of the Property or any of Mortgagee's liens thereon.

12. **MODIFICATION, ERECTION OR REMOVAL OF IMPROVEMENTS ON THE PROPERTY.** Except to the extent specific construction has been approved by Mortgagee and by The Life Insurance Company of Virginia, a Virginia corporation (if it is not the original Mortgagee named herein) prior to the date hereof, no additional buildings or other structures may be constructed hereafter on the Property, nor shall the amount of parking at any time situated on or about the Property be reduced. Further, Mortgagor shall not change the architectural design of any buildings or other structures now or hereafter situated on the Property and shall not alter, remove or demolish the structural portions of any improvements now or hereafter situated on the land conveyed herein or encumbered hereby. The present use of the Property as an industrial building will not be altered.

13. **LEASES.** The failure of Mortgagor as lessor to comply with any or all of the terms, covenants and conditions of any lease or leases affecting the Property or any part thereof will automatically constitute a default hereunder. Mortgagor hereby agrees to assign to Mortgagee, at any time hereafter upon request of Mortgagee, any leases specified by Mortgagee in such request which affect all or any part of the Property. Such assignments will be executed promptly, will be in such form as Mortgagee shall require and will be recorded promptly at the expense of Mortgagor. Further, if any lease which is assigned to Mortgagee in a separate assignment of leases securing said Note is terminated or expires, Mortgagor agrees not to execute any lease covering all or any part of the Property covered by the expired or terminated lease without obtaining Mortgagee's prior written approval of said lease. Mortgagor agrees not to assign any leases affecting any part of the Property or the rents and profits therefrom to any person or entity without the prior written consent of Mortgagee. Mortgagor agrees to deliver to Mortgagee, within ten (10) days after request by Mortgagee, a sworn statement setting forth a description of all leases and all tenants of all or any part of the Property and stating whether any defaults, off-sets, counterclaims or defenses exist under or in connection with any of said leases, together with

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complete copies of all leases and modifications thereof. Any leases of any part or all of the Property shall require the lessees therein to give the same sworn statement except restricted to each of such lessee's leases respectively, and Mortgagor will exercise and enforce promptly and with diligence to a successful conclusion its right to obtain each of such lessee's statements after request therefor by Mortgagee and will immediately deliver to Mortgagee each of such statements upon receipt thereof by Mortgagor.

14. FLOOD INSURANCE. If the Property is ever designated as part of a flood plain area or any other designation which would make the Property subject to the Federal Flood Insurance Act of 1958, as amended heretofore or hereafter, or any similar law, then Mortgagor agrees to ~~do everything in its power to~~ comply with the requirements of said law (including all regulations and other requirements applicable thereto) in order that flood insurance will be available to Mortgagor. Upon such insurance becoming available to Mortgagor, Mortgagor agrees to obtain for the benefit of Mortgagee an insurance policy satisfactory to Mortgagee in all respects (including amount, insurer, form and otherwise), to deliver such policy to Mortgagee as soon as possible, to pay all expenses in connection therewith and to maintain such insurance in full force and effect at all times at Mortgagor's expense.

15. CURE OF DEFAULTS. Mortgagor and all other expressly permitted parties purchasing subject to or assuming any liability under any of the Loan Documents or agreeing to be bound by all or any part of any of the Loan Documents, now or hereafter, do consent and agree that if the Property, or any portion thereof or beneficial interest therein, be transferred, assigned or otherwise conveyed to any owner, transferee or assignee of all or any part of the Property, and if as a result of a default hereunder or under any of the Loan Documents, Mortgagee shall exercise its right to accelerate the indebtedness secured hereby; then, Mortgagee may, at its option, accept delinquent payments or other cure of default giving rise to such acceleration from the then owner of the Property or any other entity and reinstate the indebtedness and all Loan Documents in accordance with the schedule of maturity as of the time of acceleration or upon such amended schedule as may be agreed to by the then owner and Mortgagee if extension and renewal is otherwise not prohibited by the Note or this Mortgage or the other Loan Documents or by applicable law, and no such reinstatement shall in any way affect the liability of Mortgagor and such other parties liable hereunder or under any of the other Loan Documents, whether as surety or otherwise.

16. EVASION OF THE PREPAYMENT PROVISIONS OF THE NOTE. Upon any default in the terms, covenants and conditions of this Mortgage or any of the other Loan Documents, and following the acceleration of maturity of the Note indebtedness, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby, made at any time prior to foreclosure sale by Mortgagor or by anyone on behalf of Mortgagor or (following a foreclosure sale) during any period of redemption that might exist under applicable law, shall constitute an evasion of the prepayment privilege contained in said Note and shall be deemed to be a voluntary prepayment thereunder; and such payment, to the extent not prohibited by applicable law, will therefore include a premium, ~~equal to the greater of (i) one percent (1%) of the outstanding principal balance of the Note at the time of prepayment or (ii) a premium amount which together with the amount prepaid shall be sufficient to invest in a U. S. Treasury direct obligation for the remaining term of the Note to produce the same annual effective yield to maturity of the Note.~~ The prepayment premium shall be calculated on a discounted cash flow basis, in a manner determined by Mortgagee, and shall take into account differences in ~~amortization and in the frequency of payments of interest.~~

17. SECURITY AGREEMENT. The parties hereby agree that to further secure the above described indebtedness, this Mortgage

calculated pursuant to
Section 11 of the Note

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shall serve as a security agreement conveying to Mortgagee, and Mortgagor does hereby convey, warrant and mortgage to Mortgagee, a security interest in and to all goods, equipment, fixtures, accounts receivable, rents, condemnation awards, insurance proceeds and refunds of insurance premiums now or hereafter owned, used or received by Mortgagor or Mortgagee on, about or in connection with the Property, together with all proceeds of all non-monetary collateral when sold. The mention in any financing statement of (i) the rights in or to the proceeds of any fire or hazard insurance policy, or (ii) any award in eminent domain proceedings for a taking or for loss of value, or (iii) Mortgagor's interest as lessor in any present or future lease or rights to income growing out of the use or occupancy of any part of the Property, whether pursuant to lease or otherwise, shall never be construed as in anywise altering any of the rights of Mortgagee as determined by the Loan Documents or impugning the priority of any lien or title granted in any Loan Documents, but such mention in the financing statement is declared to be for the protection of Mortgagee in the event any court or judge shall at any time hold with respect to (i), (ii) or (iii) set forth above in this paragraph that notice of Mortgagee's priority of interest to be effective against a particular class of persons, including but not limited to the Federal government and any subdivisions or entities thereof, must be filed in the Commercial Code records. Mortgagor hereby agrees to pay all costs incurred by Mortgagee in continuing the lien of any financing statements filed in connection herewith. In addition to the other remedies provided in the Loan Documents, Mortgagee is hereby authorized to exercise the rights of a secured party under the Uniform Commercial Code of Illinois or any subsequent law in lieu thereof. A default under this Mortgage shall constitute a default under this security agreement. By accepting this Mortgage, Mortgagor hereby vests Mortgagee with the irrevocable power of attorney coupled with an interest, to execute all original, continuation, termination and amendatory financing statements. Mortgagor hereby covenants that the collateral referred to in this paragraph was or will be acquired or used primarily for business purposes and was or will be acquired with the proceeds of the Note. Mortgagor also covenants and agrees that said collateral will be kept on the land conveyed or encumbered herein and no part thereof will be removed therefrom unless replaced with items of at least equal quantity, quality, value and utility and free of all liens and contractual defaults of every nature whatsoever except that such replacement items shall be subject to the lien of this security agreement and part of the collateral conveyed herein or encumbered hereby. Mortgagor is the record owner of the collateral, and said collateral are fixed or are to be fixed to the land conveyed or encumbered hereby. The addresses of the parties hereto are as follows:

Mortgagor: LaGrou Kostner Partnership
3514 South Kostner Avenue
Chicago, Illinois 60632
With a courtesy copy to:

William Biederman, P.C.
Two North LaSalle Street
Suite 1906
Chicago, Illinois 60601

Mortgagee: The Life Insurance Company of Virginia
P. O. Box 27601
Richmond, Virginia 23261
ATTENTION: Law Department

18. WAIVER OF CERTAIN CLAIMS AND DEFENSES. Mortgagor agrees, to the full extent permitted by applicable law, that in the event of a default in any of the Loan Documents, neither Mortgagor nor anyone claiming by, through or under Mortgagor will set up, claim or seek to take advantage of any moratorium, reinstatement, forbearance, insolvency, appraisal, valuation, stay, extension, homestead, dower, curtesy, exemption or redemption laws or any other laws or legal or equitable rights now or hereafter in force in order to prevent or hinder the exercise, performance, enforcement or protection by Mortgagee of the rights, titles or

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interests contained in any of the Loan Documents, including, without limitation, the absolute sale of the Property or any part thereof pursuant to the Loan Documents or the delivery of possession thereof immediately after such sale to the purchaser at such sale. Further, Mortgagor, for itself and all who may at any time claim by, through or under Mortgagor, hereby waives, to the full extent permitted by applicable law, the benefit of all such laws and of any and all right to have any of the Property marshalled upon any foreclosure. If Mortgagor is now or hereafter an artificial entity, Mortgagor hereby agrees not to deny its existence or claim any exemption from the terms, covenants or conditions of any of the Loan Documents because of the lack of authority to act of any of its officers, partners, employees or any other representatives.

19. DEFAULT AND FORECLOSURE. If (i) a default occurs in the payment in full at maturity of the Note when due or of any installment of the principal or interest thereof when due; or if (ii) Mortgagor shall commit, suffer or permit any violation of any of the terms, covenants or conditions set forth in this Mortgage or in the Note or in any of the other Loan Documents, or if a violation of any of such terms, covenants or conditions occurs; or if (iii) Mortgagor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation, relating to bankruptcy, insolvency or other relief for debtors; or if (iv) Mortgagor shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor or of all or any substantial part of its assets or of the Property, or shall make any general assignment for the benefit of creditors; or if (v) a petition shall be filed against Mortgagor seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other statute, law or regulation, which shall not be dismissed within thirty (30) days; or if (vi) any trustee, receiver or liquidator of Mortgagor or all or any substantial part of Mortgagor's assets or of the Property shall be appointed without the consent or acquiescence of Mortgagor and such appointment shall remain unvacated for an aggregate of thirty (30) days; or if (vii) Mortgagor shall fail to notify Mortgagee in writing immediately after damage or loss to any part of the Property by reason of condemnation, fire or other casualty, and prior to the making of any repairs thereto, or to permit Mortgagee to inspect such damage or loss prior to the making of, during and upon completion of any repairs thereto; or if (viii) the passage of any law or the decision of any court render any of the terms, covenants or conditions set forth in the Note or in this Mortgage or in any of the other Loan Documents legally inoperative, void or voidable; or if (ix) any representation or warranty made by Mortgagor in any of the Loan Documents or otherwise in connection with the loan evidenced or secured hereby shall prove to be false or misleading in any respect; or if (x) a breach by Mortgagor of paragraphs 40 and 41 hereof occurs (this subparagraph (x) has not been inserted with any intent to limit in any manner the breadth and scope of subparagraph (ii) above in this paragraph, but has been inserted for the purpose of emphasizing the importance of any breach of paragraphs 40 and 41 hereof); or if (xi) on application of Mortgagee, two or more fire insurance companies lawfully doing business in the State of Illinois refuse to issue policies satisfactory to Mortgagee which insure the Property; **THEN**, in the event any one or more of the foregoing events occur, a default shall exist hereunder and under the Note and under each of the Loan Documents, and each and every installment of the Note and all other sums secured hereby or secured by any of the Loan Documents shall, at the option of Mortgagee, at once become due and payable, anything herein contained or contained in any of the other Loan Documents to the contrary notwithstanding, and without any notice or demand, **FOR TIME IS OF THE VERY ESSENCE OF THIS MORTGAGE AND OF**

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EACH AND EVERY ONE OF THE OTHER LOAN DOCUMENTS; and this Mortgage may be foreclosed for the whole amount or any part of said monies, interest, costs and attorneys' fees, and Mortgagee may exercise such other rights and remedies as shall be available to it under any of the Loan Documents or under applicable law. Wherever the term "Mortgagor" is used in subparagraphs (i) through (xi) in the immediately preceding sentence, such term shall be conclusively deemed to include any person or other entity owning a controlling interest (10% or more) in such Mortgagor and to include each endorser, surety or guarantor of the Note. In any suit to foreclose the lien hereof (including any partial foreclosure) or to enforce any other remedy of Mortgagee under this Mortgage, the Note or any of the other Loan Documents, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all expenditures and expense which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates and similar data and assurances with respect to title and value as Mortgagee may deem necessary either to prosecute such suit or to evidence to bidders at any sale which may be held pursuant to such decree the true condition of the title to or the value of the Property. All expenditures and expenses of the nature mentioned in this paragraph, and such expenses and fees as may be incurred in the protection of the Property and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note or the Property, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the default rate of interest thereon specified in paragraph 7 hereof and shall be secured by this Mortgage.

At any such foreclosure sale, Mortgagee shall have the right to have the Property sold as a whole or in separate parcels. Mortgagee shall have the right to bid at any foreclosure sale hereunder. At such foreclosure sale, no purchaser shall be required to see to the proper application of the purchase money; and the proceeds of such sale shall be applied (1) to the payment of the costs and expenses of enforcing this Mortgage, including any attorneys' fees not to exceed ten percent (10%) of the amounts due at the time of foreclosure, such fees to be determined by Mortgagee; (2) next, to the payment of all taxes due and unpaid at the time of such sale, and also a ratable proportion of the taxes then assessed or assessable for the calendar year in which such sale is had; (3) then to the payment in the following order of (a) all sums paid out or expended by Mortgagee under the terms, covenants and conditions contained in this Mortgage or in any of the other Loan Documents, (b) the principal debt and then to accrued interest (unless Mortgagee elects in writing to apply said proceeds first to accrued interest and then to such principal); and (c) any liens of record inferior to this Mortgage or any of the other Loan Documents and (4) in case there be any residue of said proceeds, the same shall be paid to whomever is represented to be the owner of the Property at the time of foreclosure. Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Property. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Property or whether the same shall be then occupied as a homestead or not and Mortgagee hereunder or any other holder or holders of the Note may be appointed as such receiver. Such receiver shall have power: (a) to collect the income (as defined in paragraph 9 hereof) from the Property during the pendency of such foreclosure suit and, in

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case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such Income; (b) to extend or modify any then existing leases and to make new leases, 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 indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained herein, shall be binding upon Mortgagor and all persons whose interests in the Property are subject to the lien hereof and upon the purchaser or purchasers of any foreclosure sale, notwithstanding any redemption from sale, discharge of the Mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and (c) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (i) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; (ii) and if this is a leasehold mortgage, all income due or which may become due under the underlying lease; (iii) the deficiency in case of a sale and deficiency. It is further agreed that if default be made in the payment of any part of the secured indebtedness as an alternative to the right of foreclosure for the full secured indebtedness after acceleration thereof, Mortgagee shall have the right to institute partial foreclosure proceedings with respect to the portion of said indebtedness so in default, as if under a full foreclosure, and without declaring the entire secured indebtedness due (such proceeding being hereinafter referred to as a "partial foreclosure"), and provided that if foreclosure sale is made because of default of a part of the secured indebtedness, such sale may be made subject to the continuing lien of this Mortgage for the unmatured part of the secured indebtedness; and it is agreed that such sale pursuant to a partial foreclosure, if so made, shall not in any manner affect the unmatured part of the secured indebtedness, but as to such unmatured part of this Mortgage and the lien thereof shall remain in full force and effect just as though no foreclosure sale had been made under the provisions of this paragraph. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect at any time prior to a foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate the secured indebtedness by reason of any uncured default or defaults upon which such partial foreclosure was predicated or by reason of any other defaults, and proceed with full foreclosure proceedings. It is further agreed that an unlimited number of foreclosure sales may be made pursuant to the partial foreclosure authority granted herein without exhausting the right of full or partial foreclosure sale for any unmatured part of the secured indebtedness, it being the purpose to provide for a partial foreclosure sale for any matured portion of the secured indebtedness without exhausting the power to foreclose and to sell the Property pursuant to any such partial foreclosure for any other part of the secured indebtedness whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure. Following any sale pursuant to this paragraph, or by judicial foreclosure or in lieu of foreclosure, Mortgagor agrees to reimburse Mortgagee for all losses and expenses incurred by Mortgagee with respect to the management, control or operation of the Property less any "Income" as defined in paragraph 9 hereof actually received by Mortgagee pursuant to any of the Loan Documents to the extent such Income was received during the period such losses or expenses accrued.

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20. **BROAD GENERAL POWERS GRANTED MORTGAGEE.** In addition to the rights, powers and duties granted and conveyed to the Mortgagee in this Mortgage, said Mortgagee shall have such other rights and powers as shall be necessary or convenient to exercise, defend, enforce or otherwise protect Mortgagee's rights, titles and interests herein and to foreclose the Property in the event of any default in any of the Loan Documents. In the event that a conflict ever shall exist between any provision in this Mortgage and applicable law, the latter shall govern and the Mortgagee is hereby granted the authority to comply with said law and to protect the rights, titles and interests of Mortgagee herein.

21. **WAIVERS, DELAYS AND OMISSIONS.** The waiver by Mortgagee of any default in any of the Loan Documents must be in writing to be effective, and such waiver will not under any conditions whatsoever constitute a waiver of any other existing defaults therein or any subsequent defaults therein. No delay, failure or omission by Mortgagee to exercise, defend, enforce or otherwise protect its rights, titles or interests existing in any of the Loan Documents shall exhaust or impair in any manner any of such rights, titles or interests or shall be construed to be a waiver of any default in any of the Loan Documents, and every one of such rights, titles or interests may be exercised, defended, enforced or otherwise protected from time to time and as often and to the extent deemed appropriate by Mortgagee. Any delay, failure or omission of Mortgagee to complain of any act or failure to act pursuant to any of the Loan Documents or to declare a default as a result thereof, irrespective of how long such act or failure to act continues, shall not constitute a waiver by Mortgagee of any of its rights, titles or interests in any of the Loan Documents.

22. **QUIET POSSESSION AND PAYMENT IN FULL.** Except as otherwise provided herein, until there occurs a default in the payment of the Note or a breach of one or more of the terms, covenants or conditions of said Note or of this Mortgage or of any of the other Loan Documents, Mortgagor shall remain in quiet use, possession and management of the Property, and in the enjoyment of the income, revenue and profits therefrom; and, upon payment of the Note in full and the satisfaction, fulfillment and performance of all the terms, covenants and conditions of the Note and of this Mortgage and of all other Loan Documents as determined solely by Mortgagee; then, upon the request of, and at the cost of, Mortgagor, a proper release of this Mortgage shall be executed.

23. **COMPENSATION AND EMPLOYMENT.** Mortgagee is hereby given the authority to employ agents, attorneys and others in any execution, enforcement, defense or protection of this Mortgage or any or all of the other Loan Documents, and Mortgagee is hereby authorized to exercise, enforce, defend and protect the rights, titles and interests of Mortgagee hereunder and under all other Loan Documents; and, to the extent not prohibited by law, Mortgagee and those employed by Mortgagee shall be compensated, and all expenses in and about such employment or otherwise incurred in connection with any of the Loan Documents, or any of the rights, titles and interests of Mortgagee therein, including those of litigation or other enforcement sought, shall be paid out of the proceeds of sale of the Property should a sale be had, and if no sale be had, all such expenses paid by Mortgagee shall be immediately reimbursed to Mortgagee by Mortgagor upon demand by Mortgagee, together with interest thereon from the date of disbursement by Mortgagee at the rate of interest which shall be determined pursuant to paragraph 7 hereof; and, if reimbursement is not so made, then all of such sums shall be recoverable to the full extent permitted by law or in equity.

24. **MORTGAGOR NOT TO EVADE THE NOTE PREPAYMENT PENALTY.** Mortgagor hereby recognizes that the prepayment restrictions and prohibitions set forth in the Note are one of the most material

and all other Loan Documents

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parts of the consideration to Mortgagee in making the loan evidenced by said Note and agrees to strictly comply with, and will not in any manner seek to evade, such restrictions and prohibitions.

25. MISCELLANEOUS RIGHTS AND BENEFITS PERTAINING TO THE PROPERTY. Mortgagor agrees to take whatever actions are necessary in order to keep in full force and effect all rights and benefits (including, without limitation, all warranties relating to the Property or any part thereof) now or hereafter available to the Property or any part thereof or to Mortgagor in connection with its interests in the Property; hereby grants, bargains, sells and conveys to Mortgagee such rights and benefits; and further agrees not to make, suffer or permit any modification, cancellation or surrender of any of such rights and benefits.

26. AUTHORIZATION AND VALIDITY OF THE LOAN DOCUMENTS. Mortgagor hereby warrants that the Note and all other Loan Documents have been duly authorized and validly executed and constitute the legal, binding and enforceable obligations of Mortgagor, its successors and assigns.

27. APPLICATION OF MONIES. The application of any monies or other consideration to the debt secured hereby prior to default and acceleration of maturity by Mortgagee will not extend or postpone the due date of the monthly installments due pursuant to the Note or this Mortgage or any of the other Loan Documents or, regardless of whether before or after such default and acceleration, change the amount thereof or be construed to cure or waive any default or notice of default given by Mortgagee to any person or entity comprising, in whole or in part, Mortgagor or invalidate, in whole or in part, any act done pursuant to such default.

28. CHANGES IN ZONING OR LAND USE CLASSIFICATION. Mortgagor will not initiate or acquiesce in any change in zoning or other land use classification now or hereafter in effect and affecting the Property.

29. ASSIGNMENT TO MORTGAGEE OF MISCELLANEOUS ASSETS. Upon Mortgagee's request, Mortgagor hereby agrees to assign to Mortgagee, as additional security for the indebtedness secured hereby, Mortgagor's interest in any or all agreements, contracts, licenses, permits or other rights or benefits affecting or pertaining to the Property or any part thereof, such assignments to be made by instruments in form and substance satisfactory to Mortgagee in all respects and, if required by Mortgagee, will be recorded immediately at the place or places specified by Mortgagee; provided, however, no such assignment and no assignment of lease required by Mortgagee will be construed as a consent by Mortgagee to any lease, agreement, contract, license, permit or other such property rights or benefits so assigned, or to impose upon Mortgagee any obligations with respect thereto.

30. ABANDONMENT OF THE PROPERTY. In the event of the abandonment of the Property or any part thereof by Mortgagor, then, a default will automatically exist in all Loan Documents.

31. SATISFACTION OF ALL LOAN COMMITMENT REQUIREMENTS. Certain representations and disclosures have been made by or on behalf of Mortgagor to Mortgagee in order to induce Mortgagee to make the loan secured hereby, which representations and disclosures are hereby acknowledged to be true and correct in all respects. Mortgagor hereby represents and warrants that all requirements set forth in Mortgagee's loan commitment pertaining to the loan evidenced or secured hereby have been fully satisfied except as specifically waived in writing by Mortgagee or except as expressly stated to the contrary in such commitment. If The Life Insurance Company of Virginia, a Virginia corporation, is not the original Mortgagee named on page 1 hereof, then the provisions of this paragraph shall not be deemed to be effective until The Life

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Insurance Company of Virginia is Mortgagee -- it being the intent of the parties hereto that the provisions of this paragraph refer to The Life Insurance Company of Virginia as Mortgagee and lender and to the loan commitment of The Life Insurance Company of Virginia pertaining to the loan secured hereby.

and as otherwise permitted pursuant to Section R-2 hereof,

or change in management of the Property

Subject to paragraph R-2 and

32. NO TRANSFER OF THE PROPERTY OR INTERESTS IN MORTGAGOR; NO SECONDARY LIENS.

Except for leases to tenants in the normal course of business, Mortgagor will not, without the prior written consent of Mortgagee, make, suffer or permit, voluntarily or involuntarily, whether by operation of law or otherwise, any transfer, conveyance or encumbrance of all or any part of or interest in the Property or be divested of title to the Property or any part thereof or interest therein. All information requested by Mortgagee to consider the terms and conditions of any such transfer, conveyance, encumbrance or divestment will be delivered by Mortgagor to Mortgagee immediately upon request. If Mortgagor is now or hereafter an artificial entity (for example, a corporation, partnership, trust, tenancy in common, joint venture, etc.); then, without the prior written consent of Mortgagee, any of the following transfers, conveyances or encumbrances shall constitute a default herein: (i) any transfer, conveyance or encumbrance of all or any interest in such artificial entity, or (ii) any transfer, conveyance or encumbrance of all or any interest in any entity or entities directly or indirectly owning a controlling interest (10% or more) in such artificial entity.

NOTICE: MORTGAGEE RESERVES THE RIGHT TO INCREASE THE INTEREST RATE PAYABLE PURSUANT TO THE NOTE TO A THEN CURRENT MARKET INTEREST RATE AS DETERMINED SOLELY BY MORTGAGEE, AND/OR MAY CHARGE A FEE IN AN AMOUNT AS DETERMINED SOLELY BY MORTGAGEE IN THE EVENT MORTGAGEE IS REQUESTED TO APPROVE AND DOES APPROVE ANY TRANSFER, CONVEYANCE OR ENCUMBRANCE REFERRED TO IN THIS PARAGRAPH, AND MORTGAGOR HEREBY AGREES NOT TO OBJECT TO SUCH INCREASE IN SAID INTEREST RATE OR THE PAYMENT OF SUCH FEE. A default shall automatically exist herein should Mortgagor cause, suffer or permit a violation of this paragraph or of any of the other terms, covenants or conditions of any of the Loan Documents. One of the options that Mortgagee shall have in the event of such a default, in addition to all other rights granted under the Loan Documents, shall be to immediately declare all sums remaining unpaid under the Loan Documents to be immediately due and payable and without notice.

(a)

or (b) make, suffer or permit any change in or change of control of, the entity now or hereafter managing the day to day management and operation of the Property.

EXCEPT WITH RESPECT TO TRANSFERS PERMITTED PURSUANT TO PARAGRAPH R-2 HEREOF,

33. MORTGAGEE NOT AN EXPERT IN APPROVING PLANS AND SPECIFICATIONS.

In this Mortgage, in the loan commitment issued by Mortgagee committing Mortgagee to make or purchase the loan secured hereby and perhaps in other Loan Documents, Mortgagee has either approved or required that Mortgagee approve plans and specifications for all or part of the Property, and Mortgagee may have required that Mortgagee approve the architect, contractor, engineer or other construction-related persons, entities, documents or matters. Mortgagor hereby acknowledges that Mortgagee (i) does not have among its investment department personnel any architects, contractors, engineers or other construction-related experts or expertise, and (ii) to the extent Mortgagee has made any requirements referred to earlier in this paragraph, Mortgagee has exercised and in the future will exercise its rights in connection with such requirements solely as a lender in determining or preserving the value of the Property for internal loan purposes exclusively and NOT as an expert in construction-related matters or for the purpose of establishing or indicating in any manner fair market value for any other purpose, entity or person. In the event the original Mortgagee named on page 1 hereof is not The Life Insurance Company of Virginia, a Virginia corporation, then this paragraph shall not be applicable until the time and thereafter that The Life Insurance Company of Virginia owns the Note. If The Life Insurance Company of Virginia should purchase the Note and thereafter sell such Note or any interest therein, then this paragraph shall continue to be effective with regard to The Life Insurance Company of Virginia and, to the extent the facts in this paragraph are true with respect to any subsequent holder of the

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Note or any interest therein, to any subsequent holder of the Note or any interest therein.

34. TITLE WARRANTY AND AFTER ACQUIRED TITLE. Mortgagor expressly covenants, warrants and agrees to defend Mortgagee's title to the Property and every portion thereof forever. Should Mortgagor hereafter acquire any interest in the Property or any part thereof which it does not now own, then the lien of this Mortgage shall automatically attach to such after acquired interest as though such interest had been owned and conveyed herein by Mortgagor on the date hereof.

35. USURY. If a default in any of the Loan Documents shall occur, then at the option of Mortgagee, the whole indebtedness secured by the Loan Documents shall at once become due, without notice, and may be collected pursuant to this Mortgage and the other Loan Documents, but unearned interest shall not be chargeable, and no terms, covenants or conditions contained in any of the Loan Documents, nor default of Mortgagor, nor exercise by Mortgagee of the right to accelerate the maturity of the indebtedness secured by the Loan Documents, nor the arising of any contingency whatsoever, shall entitle Mortgagee to collect in any event an amount exceeding the maximum permissible amount of interest allowable under current applicable law on the indebtedness secured by the Loan Documents, and in no event shall Mortgagor be obligated to pay an amount exceeding such maximum amount of interest, and all such terms, covenants and agreements, if any, which might in any contingency whatsoever operate to bind or compel Mortgagor to pay interest exceeding such maximum permissible amount of interest on said indebtedness shall be without binding force or effect in law, but only to the extent of the excess of such amount of interest. Mortgagee shall give an appropriate refund to any entity that pays to Mortgagee any amount to which Mortgagee is not entitled according to this paragraph.

36. FINANCIAL INFORMATION. Mortgagor shall furnish to Mortgagee an annual accounting of all "Income" (as defined in paragraph 9 hereof) and expenses pertaining to the Property, such accounting to be in form and content satisfactory to Mortgagee in all respects, to be certified in a manner designated by Mortgagee and to be furnished to Mortgagee one hundred twenty (120) days after the end of Mortgagor's fiscal year. At the same time as the foregoing annual accounting is delivered to Mortgagee, Mortgagor shall also deliver to Mortgagee an annual rent roll for the Property which must be in form and content satisfactory to Mortgagee in all respects and must be certified in a manner designated by Mortgagee, showing all tenants having lease rights in any of the Property, the square footage leased by each tenant, lease terms, rent per square foot, maximum annual rent, rent adjustment clauses and all lease expenses to be paid by landlord. On demand, Mortgagor will furnish to Mortgagee and its agents convenient facilities for the audit of such annual statements; provided, however, that Mortgagee may require such statements to be submitted by Mortgagor in audited form at Mortgagor's cost and expense and certified by an independent certified public accountant. Mortgagee and its agents shall have access at all times to inspect any or all of Mortgagor's books and records with respect to the Property and the operation thereof and may make copies thereof and take extracts therefrom. In addition, Mortgagor agrees to deliver to Mortgagee accurate and complete current financial statements of Mortgagor (1) at the same time as the aforesaid annual accounting of all income and expenses and (2) at any other time that Mortgagee so requests, such financial statements to contain whatever financial information Mortgagee shall request. If Mortgagor is an artificial entity, then Mortgagor shall deliver to Mortgagee similar financial statements on Mortgagor and on each person or entity that owns (directly or indirectly) an interest of twenty (20) percent or more in Mortgagor; however, if Mortgagor is a partnership, then in lieu of the earlier requirements in this sentence, similar financial

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statements for Mortgagor and each of the general partners shall be delivered to Mortgagee. Any financial statements requested by Mortgagee (exclusive of said annual financial statements) shall be delivered to Mortgagee within thirty (30) days after requested by Mortgagee. Mortgagor shall also within thirty (30) days after requested by Mortgagee deliver to Mortgagee a complete and accurate explanation of any items questioned by Mortgagee with respect to any financial statements or annual accountings delivered to Mortgagee.

37. CLOSING COSTS. All costs incurred directly or indirectly in closing the transactions envisioned by the Loan Documents have either been paid in full by Mortgagor or will be paid in full immediately upon demand by Mortgagee. Further, should any modifications of any of the Loan Documents hereafter occur, all requirements of Mortgagee pertaining thereto will either be fully satisfied by Mortgagor or Mortgagor will cause others to satisfy such requirements, and all costs associated therewith will be paid in full by Mortgagor.

38. OCCUPANCY AND BUILDING PERMITS. Mortgagor covenants and warrants that the Property is and will remain the subject of a validly issued and outstanding building permit and a permanent certificate of occupancy.

39. ASBESTOS AND RADON. Mortgagor hereby represents and warrants that there is no asbestos or radon contained in any of the Property.

40. COMPLIANCE WITH APPLICABLE LAWS (INCLUDING ENVIRONMENTAL LAWS). Mortgagor will keep all of the Property constantly in good order and repair, will comply with all governmental laws, ordinances, rules, regulations and orders now or hereafter affecting the Property or any part thereof, will comply with all covenants, conditions and restrictions affecting the Property and will not permit, suffer or commit any waste, impairment or deterioration of the Property, or any part thereof. Further, Mortgagor represents and warrants to Mortgagee that Mortgagor has complied, and the Property does comply, with all the requirements and conditions set forth in all zoning ordinances, all federal, state and local governmental subdivision wetland, coastal waters and environmental protection acts and any other ecological, environmental or use restrictions and all other governmental laws, rules and regulations applicable to or affecting the Property. Mortgagor further covenants and agrees to continue to comply with the same now and in the future, and the failure to comply with the same shall constitute a default hereunder and under all Loan Documents. The failure to comply therewith shall afford Mortgagee the option to declare the Note and all other Loan Documents immediately due and payable. In furtherance of the foregoing and without limiting any other rights and remedies of Mortgagee, in the event that there shall be filed a lien against the Property by any entity with respect to any of the matters specified earlier in this paragraph, then Mortgagor agrees to either cause said lien to be removed from the Property or provide a bond satisfactory to Mortgagee insuring Mortgagee a continuing first lien status within sixty (60) days from the date that the lien is placed against the Property or within such shorter period of time as the circumstances shall permit (but in all events at least five (5) days prior to any sale of the Property to satisfy said lien) in the event that the holder of such lien takes steps to cause the Property to be sold pursuant to said lien. Should Mortgagor cause, suffer or permit any violation of any of the above laws, rules or regulations, or fail to fully perform the foregoing requirements pertaining to the removal of or bonding of any lien that may be filed, then Mortgagor agrees that this Mortgage, the Note and all other Loan Documents shall at the option of Mortgagee become accelerated, due and payable; and, Mortgagor shall be personally liable for the payment of the Note and any outstanding obligations under this Mortgage and all other Loan Documents.

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notwithstanding exculpatory provisions, if any, contained in this Mortgage, in the Note or any of the other Loan Documents to the contrary.

4.1. ADDITIONAL ENVIRONMENTAL PROVISIONS.

("Environmental Laws")

(a) Hazardous Material Defined. As used in this paragraph, "Hazardous Material" means any chemical substance (i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, policy or other applicable law of any kind; or (ii) which is or becomes defined as a "hazardous waste" or "hazardous substance" under any federal, state or local statute, regulation or ordinance, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601 et seq.) and the Federal Resource Conservation and Recovery Act (42 U.S.C. section 6901 et seq.) and amendments thereto and regulations promulgated thereunder; or (iii) which is toxic, explosive, corrosive, infectious or otherwise hazardous and is or becomes regulated by any federal, state or local governmental authority; or (iv) the presence of which on the Property could constitute a nuisance upon the Property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Property; (v) the presence of which on adjacent properties could constitute a trespass by Mortgagor because it percolated from the Property; or (vi) without limitation which contains polychlorinated biphenyls (PCBs), asbestos, radon or urea formaldehyde.

(b) Environmental Damages Defined. "Environmental Damages" means all (i) claims, judgments, damages, penalties, fines, costs, liens, liabilities and losses including, without limitation, diminution in the value of the Property, or any other property, or damages for the loss of or restriction on the use of rentable or usable space or of any amenity of the Property which are incurred by Mortgagor as a result of the existence of Hazardous Material upon, about or beneath the Property; (ii) costs incurred by Mortgagor in connection with investigation of Hazardous Material upon, about or beneath the Property or costs incurred by Mortgagor in connection with investigation of items referenced in subparagraph (i) herein, or (iii) attorneys' fees, consultant's fees and experts' fees and all costs incurred by Mortgagor in connection with items referenced in subparagraphs (i) and (ii) herein, or the preparation of any feasibility studies or reports concerning the Property and the performance of any cleanup, remedial, removal or restoration work upon, about or beneath the Property or elsewhere required by any federal, state or local governmental agency or political subdivision, or reasonably necessary in order for Mortgagor to make full economic use of the Property.

(c) Representation and Warranty of Mortgagor Regarding Presence of Hazardous Materials. Mortgagor represents and warrants to Mortgagee that (i) to the best of its knowledge, no Hazardous Material is present upon the Property, (ii) to the best of its knowledge, after investigation, there have been no Hazardous Materials present upon the Property in the last 50 years, (iii) to the best of its knowledge, no Hazardous Material has migrated from the Property onto adjacent property, (iv) no

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summons, citation, directive, order, notice or other communication has been issued to Mortgagor or, to the best of its knowledge, any prior owner or operator of the Property arising out of the presence of Hazardous Material on the Property, and (v) to the best of its knowledge, no adjacent or nearby property contains Hazardous Material which could migrate upon, about or beneath the Property.

In violation of
Environmental Laws

(d) Hazardous Material Upon the Property Prohibited. Mortgagor shall not cause, permit or suffer any Hazardous Material to be brought upon, treated, stored, disposed of, discharged, released, produced or used upon about or beneath the Property by Mortgagor, its agents, employees, lessees, contractors, invitees, or any other person; provided, however, that Mortgagor shall immediately remove any Hazardous Material of such invitee or other person notwithstanding Mortgagor's failure after exercise of the best of its ability to prevent such Hazardous Material on the Property in the first place.

See insert d-1 on Page 19A attached hereto and incorporated herein.

(e) Indemnification of Mortgagee for Environmental Damages. Notwithstanding any provision to the contrary in any of the Loan Documents, including, without limitation, any exoneration provisions contained in any of the Loan Documents, Mortgagor shall indemnify, defend and hold Mortgagee harmless from and against any and all (1) Environmental Damages, and (2) all other liabilities, losses, claims, damages, costs, penalties, fines, judgments, attorneys' fees, consultants' fees and experts' fees incurred or suffered by Mortgagee by reason of, resulting from, in connection with, or arising in any manner whatsoever out of a breach of any representation, warranty or covenant contained in this paragraph.

42. INTERNAL REVENUE CODE SECTION 6045 (e). Mortgagor has made or provided for making, or will make or provide for making, on a timely basis, any reports or returns required under Section 6045 (e) of the Internal Revenue Code of 1955 (and any similar reports or returns required by state or local law) relating to the Property, notwithstanding the fact that the primary reporting responsibility may fall on Mortgagee, counsel for Mortgagee or any other person or entity. Mortgagor's obligations under this paragraph will be deemed to be satisfied if proper and timely reports and returns required under this paragraph are filed by a title company or real estate broker involved in the real estate transaction relating to the Property, but nothing contained herein shall be construed to require such returns or reports to be filed by Mortgagee or counsel for Mortgagee.

43. CONSENTS. Any consent requested or required of Mortgagee with respect to any of the Loan Documents (whether or not such request is based on a provision requiring or providing for Mortgagee's consent) shall be given by Mortgagee only in its sole election and discretion, and, if given, shall not constitute a consent to or waiver of any consent required to be given upon the happening of a subsequent request or occurrence.

44. MISCELLANEOUS CONSTRUCTION PROVISIONS. Wherever there is a reference in the terms, covenants and conditions herein contained to any of the parties hereto, the same shall be construed to mean as well the heirs, representatives, successors and assigns (whether voluntary by act of said parties or involuntary by operation of law) of the same, and such reference shall apply to all of the designated parties, whether they be one or more, both individually and collectively, and whether they be the masculine, feminine or

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(d-1) The Mortgagor has conducted or caused to be conducted appropriate inquiry into the current and previous uses of the Property to determine that (i) there are no facilities on the Property which are subject to reporting under Section 312 of the Federal Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. Section 11022), and federal regulations promulgated thereunder, and (ii) the Property does not contain any underground storage tanks which require notification under Section 9002 of the federal Solid Waste Disposal Act as now or hereafter amended (42 U.S.C. Section 6991). Accordingly, the Property is not "real property" as such term is defined under the Illinois Responsible Property Transfer Act of 1988, Ill. Rev. Stat. Ch. 30, par. 903, et seq., as now or hereafter amended ("RPTA") and neither the making of the Loan by Mortgagee nor the granting of a mortgage interest in the Property to Mortgagee by Mortgagor are subject to RPTA.

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neuter gender. The term "Mortgagor" shall include the maker of the Note unless said maker is expressly excluded. Further, this Mortgage shall be construed and enforced in accordance with and shall be governed by the laws of the State of Illinois. All remedies contained herein and contained in all other Loan Documents are intended by the parties hereto to be cumulative in nature, scope and effect, and any one or more of such remedies may be exercised concurrently with or independently of any or all other such remedies. All such remedies shall be in addition to, rather than exclusive of, all remedies available at law or in equity. Should one or more of the provisions hereof or of any of the other Loan Documents be held to be legally unenforceable by a court of competent jurisdiction, then the remaining terms, covenants and conditions hereof and of all other Loan Documents shall continue in full force and effect. The election by Mortgagee of one or more remedies provided in the Loan Documents or provided at law or in equity shall never be construed by Mortgagor or others or be intended by Mortgagee as an election of remedies to the exclusion of any or the other of such remedies, and such other remedies may be exercised by Mortgagee as often and to whatever extent Mortgagee specifies from time to time. To the extent Mortgagee shall have exercised, defended, enforced or otherwise protected its rights, titles or interests in the Loan Documents or at law or in equity in any manner, whether one or more times, and any of such exercises, defenses, enforcement or other protective actions shall be withdrawn, discontinued or abandoned for any reason or shall have been determined adversely to Mortgagee; then, in every such instance, except to the extent expressly prohibited by applicable law (i) the parties to the Loan Documents shall be restored to their respective rights, titles and interests existing immediately prior to any such exercise, defense, enforcement or other protective action as if no such action had been taken by Mortgagee, (ii) any defaults in the Loan Documents occurring prior or subsequent to such action shall be conclusively deemed to be continuing defaults to the extent not cured in a manner satisfactory to Mortgagee in all respects, (iii) none of the Loan Documents nor any of the rights, titles or interests therein shall be deemed to have been reinstated or otherwise affected by such withdrawal, discontinuance, abandonment or adverse determination except to the extent expressly set forth in writing to the contrary by Mortgagee and (iv) Mortgagor hereby waives, to the extent such waiver is not prohibited by applicable law, the benefit of any applicable law or agreement which would produce a result contrary to or in conflict with the provisions of this sentence.

45. **PURPOSE OF THE LOAN SECURED HEREBY.** Mortgagor hereby represents and warrants that the purpose of the loan evidenced by the Note is to acquire or conduct a business or investment as sole proprietor, joint venturers or other owners.

46. **FUTURE ADVANCES.** Reference is hereby made to the provisions of paragraph 7 hereof for Mortgagee's authority to advance additional sums under this Mortgage.

47. **TIME.** The parties hereto hereby acknowledge that time is of the essence in each of the Loan Documents.

48. **PROVISIONS HEREOF TO RUN WITH THE LAND.** All of the grants, provisions, terms, covenants and conditions hereof shall run with the land which comprises part of the Property, shall apply to and bind Mortgagor and any person or entity having an ownership interest in the Property and shall inure to the benefit of Mortgagee, its successors and assigns.

49. **MARGIN STOCK.** No part of the proceeds of the Note will be used for the purpose (whether immediate, incidental or ultimate) of purchasing or carrying any margin stock, as such terms are defined in Regulation G (12 CFR part 207) of the Board of Governors of the Federal Reserve System, or for the purpose of reducing or retiring

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any indebtedness which was originally incurred for any such purpose.

50. ADDITIONAL PROVISIONS (IF ANY):

See Rider attached hereto and consisting of Pages R-1 through R-3.

51. **Exculpation - Partnership.** Except as set forth in (a) that certain Indemnity Agreement (the "Indemnity Agreement") of even date herewith from Mortgagor to Mortgagee and (b) that certain Guaranty (the "Guaranty") of even date herewith from Donald E. Schimek and James Stancel to Mortgagee, it is intended hereby that the Note shall be payable only out of the property specifically described in this Mortgage by enforcement of the provisions contained in the Loan Documents and out of any other property, security or guaranties given for the indebtedness evidenced by the Note, and accordingly:

(a) Subject to the provisions of Subsection (c) below and the Indemnity Agreement and the Guaranty, no personal liability shall be asserted or be enforceable against Mortgagor or any of Mortgagor's partners (general or limited) or their respective successors and assigns or their separate assets and estates because of or in respect of the Note or the making, issue or transfer thereof, all such liability, if any, being expressly waived by each from time to time Mortgagee;

(b) Nothing herein contained shall be deemed a waiver by any Mortgagee of any right which such Mortgagee may have pursuant to Sections 506(a), 506(b), and 1111(b) or any other provision of the Bankruptcy Code of the United States to file a claim for the full amount of the indebtedness evidenced by the Note or to require that all collateral or security for the indebtedness evidenced by the Note shall continue to secure the entire amount of the indebtedness evidenced by the Note in accordance with the Loan Documents.

(c) Nothing hereby contained shall affect or impair the liability or obligation of any guarantor, co-maker or other person (including Mortgagor or any partner of Mortgagor) who by separate instrument shall be or become liable upon or obligated for any of the indebtedness evidenced hereby or any of the covenants or agreements contained in the Loan Documents or any other instrument.

IN WITNESS WHEREOF, the undersigned has caused this Mortgage to be duly executed, all on and as of the day, month and year first above written.

LAGROU KOSTNER PARTNERSHIP, an
Illinois general partnership

By: _____
Donald E. Schimek, general partner

By: _____
James Stancel, general partner

THIS INSTRUMENT WAS PREPARED BY:

David B. Goss, Esq.
Rudnick & Wolfe
203 North LaSalle Street, Suite 1800
Chicago, Illinois 60601

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 15th day of November, 1991, before me appeared Donald E. Schimek and James Stancel, the sole partners of LaGrou Kostner Partnership, an Illinois general partnership to me personally known, who, being by me duly sworn, did say that they executed the foregoing instrument as their free and voluntary act and deed and the free and voluntary act and deed of the partnership for the purposes therein contained.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

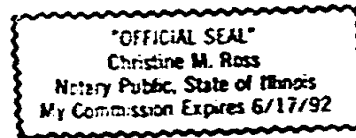
Christine M. Ross
Notary Public - Signature

My Term Expires:

6/17/92

Christine M. Ross

Notary Public - Printed Name



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RIDER TO ILLINOIS MORTGAGE AND SECURITY AGREEMENT

R-1 Illinois Mortgage Foreclosure Law.

(a) **Benefits to Act.** Mortgagor and Mortgagee shall have the benefit of all of the provisions of the Illinois Mortgage Foreclosure Law (Ill. Rev. Stat. Ch. 110, Par. 15-1101 et. seq. (1989)) (the "Act"), including all amendments thereto which may become effective from time to time after the date hereof. In the event any provision of the Act which is specifically referred to herein may be repealed, Mortgagee shall have the benefit of such provision as most recently existing prior to such repeal, as though the same were incorporated herein by express reference.

(b) **Insurance.** Wherever provision is made in the Mortgage for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of the Mortgagee shall continue in the Mortgagee as judgment creditor or mortgagee until confirmation of sale.

(c) **Protective Advances.** All advances, disbursements and expenditures made or incurred by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Act (collectively "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

(i) all advances by Mortgagee in accordance with the terms of this Mortgage to: (1) preserve, maintain, repair, restore or rebuild the improvements upon the mortgaged real estate; (2) preserve the lien of this Mortgage or the priority thereof; or (3) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 15-1302 of the Act;

(ii) payments by Mortgagee of: (1) when due installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (2) when due installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Property or any part thereof; (3) other obligations authorized by this Mortgage; or (4) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of the Act;

(iii) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(iv) attorneys' fees and other costs incurred: (1) in connection with the foreclosure of this Mortgage as referred to in Sections 1504 (d)(2) and 15-1510 of the Act; (2) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of this Mortgage or arising from the interest of the Mortgagee hereunder; or (3) in connection with the commencement, prosecution or defense of any such foreclosure or other action related to the Mortgage or the mortgaged real estate;

(v) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 15-1505 of the Act;

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(vi) expenses deductible from proceeds of sale as referred to in subsections (a) and (b) of Section 15-1512 of the Act;

(vii) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (1) if the Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof deemed by Mortgagee to be required to be paid; (2) if Mortgagor's interest in the Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (3) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or Mortgagee takes possession of the Property imposed by Subsection (e)(1) of Section 15-1704 of the Act; (4) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (5) payments deemed by Mortgagee to be required for the benefit of the Property or required to be made by the owner of the mortgaged real estate under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Property; (6) stated or common expense assessments payable to any association or corporation in which the owner of the Property is a member in any way affecting the Property; (7) if the loan secured hereby is a construction loan, costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment, loan agreement or other agreement; (8) payments deemed by Mortgagee to be required pursuant to any lease or other agreement for occupancy of the Property for amounts required to be paid by mortgagor; and (9) if the Mortgage is insured, payments of FHA or private mortgage insurance required to keep such insurance in force.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the Default Rate under the terms of the Note.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 15-1302 of the Act.

All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

(i) determination of the amount of indebtedness secured by this Mortgage at any time;

(ii) the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

(iii) if right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 15-1603 of the Act;

(iv) determination of amount deductible from sale proceeds pursuant to Section 15-1512 of the Act;

(v) application of income in the hands of any receiver or Mortgagee in possession; and

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(vi) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 15-1503 and Section 15-1511 of the Act.

(d) **Mortgagee in Possession.** In addition to any provision of this Mortgage authorizing the Mortgagee to take or be placed in possession of the Property, or for the appointment of a receiver, Mortgagee shall have the right, in accordance with Sections 15-1701 and 15-1702 of the Act, to be placed in possession of the Property or at its request to have a receiver appointed, and such receiver, or Mortgagee, if and when placed in possession, shall have, in addition to any other powers provided in this Mortgage, all rights, powers, immunities, and duties as provided for in Sections 15-1701 and 15-1703 of the Act.

(e) **Future Advances.** The following (collectively, if more than one are referred to herein as the "commitment"): Commitment Letter dated April 3, 1991, as amended, Mortgagee has bound itself and does hereby bind itself to make advances pursuant to and subject to the terms of the commitment, and the parties hereby acknowledge and intend that all such advances, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded as provided in Section 15-1302 (b)(1) of the Act.

(f) **Waiver of Redemption.** Mortgagor acknowledges that the Property does not constitute agricultural real estate, as said term is defined in Section 15-1201 of the Act or residential real estate as defined in Section 15-1219 of the Act. Pursuant to Section 15-1601 (b) of the Act, Mortgagor hereby waives any and all right to redemption.

R-2 **Permitted Transfers.** The provisions of Section 32 hereof shall not apply to any of the following:

- (a) Liens securing the Indebtedness Hereby Secured;
- (b) The lien of current real estate taxes and assessments not in default;
- (c) Transfers of the Property, or part thereof, or interest therein or any beneficial interests, shares of stock, or partnership or joint venture interests, as the case may be, in the Mortgagor by or on behalf of an owner thereof who is deceased or declared judicially incompetent, to such owner's heirs, legatees, devisees, executors, administrators, estate, personal representatives and/or committee, so long as said transfer does not result in a dissolution of Mortgagor, and in the event of the death or incompetency of James Stancel, Donald E. Schimek remains the managing general partner owning greater than fifty percent (50%) of the aggregate partnership interests of Mortgagor, measured by both percentage of capital and allocation of profits.
- (d) transfers of partnership interests of the Mortgagor (i) by or among general partners or (ii) by general partners not greater than, in the aggregate, twenty percent (20%) of the partnership interest in Mortgagor to (A) their respective spouse or lineal descendants, (B) a trust established for the benefit of their respective spouse or lineal descendants or (C) bona-fide employees, so long as in (i) and (ii) above, Donald E. Schimek remains the managing general partner owning greater than fifty percent (50%) of the aggregate partnership interests of Mortgagor, measured by both percentage of capital and allocation of profits. In connection with any of the foregoing transfers, Mortgagor shall, within ten (10) days after Mortgagee's request, deliver to Mortgagee copies of executed and recorded (if applicable) documents evidencing such transfer.

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EXHIBIT A

PARCEL 1: THAT PART OF A TRACT OF LAND CONSISTING OF PARTS OF LOTS 3, 4, 5, 6 AND THAT PART OF VACATED SOUTH KILBOURN AVENUE PER DOCUMENT NO. 6389208 IN COUNTY CLERK'S DIVISION OF THE EAST 1/2 OF THE WEST 1/2 OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE EAST LINE OF CHICAGO AND ILLINOIS WESTERN RAILROAD RIGHT-OF-WAY, SAID POINT BEING 25.49 FEET SOUTH OF THE EAST AND WEST CENTERLINE OF SAID SECTION 34, THENCE NORTH ALONG THE EAST LINE OF SAID RIGHT-OF-WAY, SAID LINE BEING 255.43 FEET EAST OF AND PARALLEL TO THE WEST LINE OF SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 34, FOR A DISTANCE OF 489.20 FEET; THENCE SOUTHEAST 293.96 FEET TO A POINT ON A LINE 460.71 FEET NORTH OF AND PARALLEL TO EAST AND WEST CENTERLINE OF SAID SECTION 34, SAID POINT BEING 40.00 FEET EAST OF THE SAID RIGHT-OF-WAY LINE; THENCE EAST, PARALLEL TO SAID EAST AND WEST CENTERLINE OF SAID SECTION 34, FOR A DISTANCE OF 610.49 FEET TO A LINE 717.31 FEET WEST OF AND PARALLEL TO THE NORTH AND SOUTH CENTERLINE OF SAID SECTION 34; THENCE SOUTH, ALONG THE SAID LINE 489.20 FEET TO A POINT ON A LINE, SAID LINE BEING 25.49 FEET SOUTH OF AND PARALLEL TO THE EAST AND WEST CENTERLINE OF SAID SECTION 34, THENCE WEST ALONG A LINE 25.49 FEET SOUTH OF AND PARALLEL TO EAST AND WEST CENTERLINE OF SAID SECTION 34, FOR A DISTANCE OF 650.62 FEET, TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 2: EASEMENTS APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 1 AS SET FORTH AND DEFINED IN THE DECLARATION OF EASEMENTS RECORDED AS DOCUMENT NOS. 20053109 AND 20053110 FOR INGRESS AND EGRESS, ALL IN COOK COUNTY, ILLINOIS.

STREET ADDRESS: 3514 South Eastman Avenue
Chicago, Illinois

P.I.N.: 16-34-103-010; 16-34-102-015 and 16-34-302-026

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PROMISSORY NOTE (ILLINOIS FORM)

\$ 3,000,000.00

Date: November ____, 1992

1. **Definitions.** For the purposes hereof, the following terms shall have the following meanings:

(a) "**Borrower**" shall mean LaGrou Kostner Partnership, an Illinois general partnership

~~not personally but solely as Trustee under Trust Agreement dated~~
~~and known as Trust No. _____~~ and shall include its successors and assigns

(b) "**Holder**" shall mean The Life Insurance Company of Virginia, a Virginia corporation

and each successive owner and holder of this Note

(c) "**Amortization Commencement Date**" shall mean January 1, 1992

(d) "**Loan Amount**" shall mean \$ 3,000,000.00 (THREE MILLION DOLLARS).

(e) "**Regular Rate**" shall mean an annual rate of interest of 10.125% (TEN AND 125/1000THS PERCENT)

(f) "**Default Rate**" shall mean an annual interest rate equal to the Regular Rate plus 4% (FOUR PERCENT)

(g) "**Premises**" shall mean certain real property and improvements thereon located in and more fully described in the Mortgage hereinafter referred to

(h) "**Maturity Date**" shall mean December 1, 1998

(i) "**Governing State**" shall mean Illinois

(j) "**Monthly Amortizing Payment**" shall mean \$ 29,199.54 (TWENTY-NINE THOUSAND ONE HUNDRED NINETY-NINE AND 54/100 DOLLARS)

and other terms herein defined shall have the meanings as so defined

2. **Agreement to Pay.** FOR VALUE RECEIVED, The Borrower hereby promises to pay to the order of the Holder, in the manner provided for herein and in the Mortgage hereinafter referred to, a principal sum equal to the Loan Amount, together with interest upon the balance of principal remaining from time to time unpaid at the rates provided for in Sections 3 and 5 hereof

3. **Interest Rate Prior to Default.** Outstanding principal balances hereof prior to default or maturity shall bear interest at the Regular Rate, in each case calculated daily on the basis of a 360-day year for each day all or any part of the principal balance hereof shall remain outstanding.

for full calendar months and a 365-day year for each day all or part of the principal balance hereof shall remain outstanding for periods less than full calendar months.

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4. Late Charge. Without limiting the provisions of Section 5 hereof, in the event any installment of interest and/or principal and interest is not paid on the due date thereof, the Borrower promises to pay a late charge of PERCENT of the amount due, to defray the expenses incident to handling any such delayed payment or payments.

5. Default Rate. In the event that there shall occur any default specified in Sections 11(a) and/or 11(b) hereof, then and in any such event the entire principal balance hereof and all indebtedness secured by the Mortgage shall thereafter bear interest at the Default Rate, and interest at the Default Rate as provided for in this Section shall be immediately due and payable. Holder and shall constitute additional indebtedness evidenced by this Note and secured by the Loan Documents.

6. Monthly Payments. Principal and interest on this Note shall be paid in installments (herein generally called "Monthly Payments") as follows:

(a) On the first day of the month next following the date hereof, and on the first day of each and every month thereafter to and including the first day of the month preceding the Amortization Commencement Date, interest only at the Regular Rate shall be paid on the outstanding principal balance hereof.

(b) On the Amortization Commencement Date, and on the first day of each and every month thereafter to and including the first day of the month preceding the Maturity Date there shall be paid on account of principal and interest hereon at the Regular Rate the Monthly Amortizing Payment.

(c) In all events, the entire principal balance hereof, together with all accrued and unpaid interest thereon, shall be due and payable on the Maturity Date.

THIS IS A BALLOON NOTE and on the Maturity Date a substantial portion of the principal amount of this Note will remain unpaid by the Monthly Payments above required.

7. Application of Payments. All payments on account of the indebtedness evidenced hereby shall be applied as follows:

(a) First, to amounts payable to the Holder pursuant to or secured by the Mortgage or other Loan Documents, other than principal and interest upon this Note.

(b) Second, to Late Charges payable pursuant to Section 4 hereof.

(c) Third, to interest on the unpaid principal balance hereof at the applicable rate specified in Sections 4 and 5 hereof, and

(d) The remainder shall be applied to principal.

provided that from and after the occurrence of a default as specified in Sections 11(a) and/or 11(b) hereof, the Holder shall have the right, and shall be authorized, to apply payments made hereunder against any or all amounts payable hereunder or under the Mortgage or any of the Loan Documents, in such order or manner as the Holder may in its sole discretion elect. Funds paid hereunder shall be deemed received on the next business day if not received by 2:00 p.m. local time at the location where payments hereunder are to be made.

8. Method and Place of Payment. Payments upon this Note shall be made:

(a) In lawful money of the United States of America which shall be legal tender for public and private debts at the time of payment and in immediately available funds, and

(b) At such place as the Holder may from time to time in writing appoint, provided that in the absence of such appointment, all payments hereon shall be made at the offices of Mid-North Financial Services, Inc., Suite 202, 205 West Wacker Drive, Chicago, Illinois 60606.

9. Security. This Note is the Note referred to in and secured by:

(a) A Mortgage (herein called the "Mortgage") from Borrower, as mortgagor, to the Holder, as mortgagee, bearing even date herewith, encumbering the Premises, and

(b) An Assignment of Rents and Leases (herein called the "Assignment") bearing even date herewith, made by Borrower, as assignor, to the Holder, as assignee, assigning to the Holder all of the rents, issues and profits of and from the Premises and the leases thereof.

of the Attachment

and Other Income and Assignment of Lease

both

collectively

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Reference is hereby made to the Mortgage and all other Loan Documents, (as defined in the Mortgage), which Loan Documents

~~this Note, the Mortgage, the assignment and all other instruments, credit agreement, credit agreement and other agreements in effect with respect to the indebtedness evidenced hereby and other instruments governing, securing or guaranteeing the indebtedness evidenced hereby or now or hereafter delivered to the Holder in connection therewith, being herein generally called the "Loan Documents", and reference is hereby made to the Loan Documents, which, are hereby incorporated herein by this reference as fully and with the same effect as if set forth herein at length, for a description of the Premises, a statement of the covenants and agreements of the Borrower, as mortgagor and assignor, a statement of the rights, remedies and security afforded thereby, and all other matters therein contained.~~

or any other default in this Note

10. Default and Acceleration. At the election of the Holder and without notice, the outstanding principal balance hereof, together with accrued interest thereon, shall be and become at once due and payable at the place herein provided for payment.

- (a) In the case default shall occur in the payment of principal or interest when due in accordance with the terms and provisions hereof, or
- (b) Upon the occurrence of any ~~Event of Default (as such term is defined in the Mortgage) under the Mortgage or the occurrence of any Event of Default under any of the other Loan Documents;~~

default

whereupon the Holder may proceed to foreclose the Mortgage, to exercise any other rights and remedies available to the Holder under any of the Loan Documents and to exercise any other rights and remedies against Borrower or the Premises or with respect to this Note or the other Loan Documents which the Holder may have at law, in equity or otherwise

11. Prepayment Privilege. Prepayment of the indebtedness evidenced hereby, other than Monthly Payments applicable to principal, may be made only in accordance with the provisions and conditions of this Section 11 and not otherwise

See Pages 3A and 3B attached hereto and by this reference incorporated herein.

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(a) No payments of principal may be made hereon other than (i) Monthly Payments required by Section 6 hereof, and (ii) prepayments permitted or required by Subsections (b) and (c) below:

(b) With regard to Sections 2 or 3 of the Mortgage, prepayments of the Note may only be made under this Section 11(b) if the Holder elects to require such prepayment pursuant to its rights set forth in said sections or consents in writing to such application pursuant to said sections. If prepayment is either required or permitted by Holder under said sections, then prepayment of the principal amount hereof in whole or in part shall be made immediately after receipt by the Borrower or the Holder of proceeds of casualty insurance ("Proceeds") or out of awards consequent upon taking of the Premises by condemnation or conveyances in lieu thereof ("Awards"), but only to the extent of such Proceeds or Awards unless required to be paid in full by the Holder. Any prepayments made pursuant to this Section 11(b) may be made without Premium.

(c) In addition to prepayments permitted pursuant to Section 11(b) hereof (and the Holder shall not be obligated to accept partial prepayments except as may be made pursuant to Section 11(b) hereof), the indebtedness evidenced hereby may be prepaid in whole (but not in part) at the times specified in Section 11(e) below, upon payment of the entire outstanding principal amount hereof, plus accrued interest thereon and all other sums payable pursuant to or secured by any of the Loan Documents, plus a premium (the "Premium") in an amount equal to the amount calculated in accordance with the provisions of Section 11(d).

(d) The Premium to be paid in connection with a prepayment hereof pursuant to Section 11(d) above shall be an amount equal to the greater of (x) ONE PERCENT (1%) of the principal amount being prepaid or (y) an amount which, together with the Prepayment, can be invested on the Prepayment Date at the Adjusted Current Yield to produce (a) payments on the first day of each month of the Remaining Term (except the first month) equal to the Monthly Amortizing Payment and (b) a payment on the Maturity Date equal to the unpaid principal due on the Maturity Date (assuming all Monthly Amortizing Payments due prior to the Maturity Date are made when due).

Definitions

"Prepayment Date" means the date fixed for prepayment as such date is specified in the Prepayment Notice (as hereinafter defined).

"Prepayment" means the amount of principal repaid on the Prepayment Date.

"Current Yield" means the yield to maturity percentage for the United States Treasury Bond or Note closest in maturity to the Maturity Date (herein "Treasury Security") as published in the Wall Street Journal on the fifth (5th) business day preceding the Prepayment Date; provided that if (A) publication

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of the Wall Street Journal or the Current Yield of Treasury Securities in the Wall Street Journal is discontinued, the Holder shall, in its sole discretion, designate in lieu thereof some other financial or governmental publication of national circulation containing such information, and/or (B) if there is more than one Treasury Security with such a maturity date, the selection of the Treasury Security to be used in connection with the calculations provided for herein shall be in the sole discretion of the Holder.

"Adjusted Current Yield" means the Current Yield adjusted to reflect the difference in timing of semi-annual payments of interest on the Treasury Security and monthly payments under this Note.

"Remaining Term" means the quotient, rounded to the nearest one, obtained by dividing (A) the number of days from and including the Prepayment Date to and including the Maturity Date by (B) 30.

[Monthly Amortizing Payment, Maturity Date and Prepayment Notice are defined in other provisions of the Note]

(e) Any prepayment made hereon pursuant to Section 11(c) above may be made only after December 1, 1995 upon ninety (90) days prior written notice to the Holder hereof (the "Prepayment Notice") at the place where payments hereon are then payable, of intention to make the prepayment.

(f) No partial payment made hereon, whether pursuant to the provisions hereof or accepted by the Holder as a matter of grace, shall operate to defer or reduce the Monthly Payments provided for in Section 6 hereof, and each and every such Monthly Payment shall be paid in full when due until all indebtedness evidenced hereby or secured by the Mortgage shall have been paid in full.

(g) Any prepayment made during the last ninety (90) days of the term hereof may be made without Premium.

(h) For purposes hereof, a "prepayment" shall mean any payment (other than Monthly Payments required by Section 6 hereof) of the principal amount of the indebtedness evidenced hereby prior to the stated Maturity Date hereof, whether such payment is made voluntarily, involuntarily or following an acceleration of the maturity hereof as provided herein. A prepayment of the principal amount hereof in whole shall include accrued interest thereon and all other sums payable pursuant to or secured by the Mortgage.

(i) Borrower acknowledges and agrees that: (i) the Premium constitutes lawful consideration for Borrower's privilege to prepay the indebtedness evidenced hereby; (ii) unless specifically provided to the contrary herein, such Premium shall be payable whether the prepayment is made voluntarily, involuntarily or following Holder's acceleration of maturity as provided herein; (iii) Holder shall suffer damages in the event of payment of the entire indebtedness evidenced hereby prior to the stated Maturity Date hereof.

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whether such payment is made voluntarily, involuntarily, or pursuant to Holder's acceleration of the maturity hereof as provided herein, which damages may include, but are not limited to, prematurely incurring reinvestment costs and expenses, losing maximum investment returns during the time period following prepayment and preceding reinvestment, losing higher investment returns from inability to reinvest in investments yielding maximum returns, and incurring adverse tax consequences from receiving the Premium in a lump sum rather than receiving interest otherwise payable periodically in installments until the Maturity Date; (iv) Borrower intends that the Premium shall compensate Holder, at least in part, for such damages; (v) the actual amount of such damages is very difficult to ascertain or measure and (vi) the method of calculating the amount of Premium produces a reasonable estimate of the damages which Holder is likely to suffer in the event of prepayment, (notwithstanding that the Premium amount may be less than or greater than the amount of Holder's actual damages resulting from prepayment).

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Including but without limitation, a default pursuant to Section 32 of the Mortgage respecting a prohibited transfer.

12. **Induced Default.** If upon the occurrence of any default specified in Sections 10(a) and/or 10(b) hereof, and following the acceleration of the maturity hereof as herein provided, a tender of payment of the amount necessary to satisfy the indebtedness evidenced hereby is made by Borrower, its successors or assigns, or by anyone on its or their behalf, such tender shall constitute an evasion of the prepayment terms hereof and shall be deemed to be a voluntary prepayment hereunder, and any such prepayment, to the extent permitted by law, will therefore be subject to and include:

(a) The prepayment premium specified in Section 11 hereof if prepayment is then permitted pursuant to Section 11 hereof; or

(b) If at any such time there be no privilege of prepayment hereunder, a premium equal to the greater of ~~10%~~ of the then principal balance hereof or an amount equivalent to the highest Premium payable in accordance with Section 11 hereof as if prepayment were then permitted.

and such premium shall constitute liquidated damages payable to the Holder on account of the Borrower's breach of its agreements hereunder and Borrower's evasion of the prepayment provisions hereof and the Holder's loss of bargain, provided that Borrower hereby recognizes that any prepayment will result in loss and damage to the Holder through the occurrence of additional administrative expenses and possible frustration in meeting its other financial commitments and Borrower acknowledges that Holder's damages for such a default will be extremely difficult and impractical to ascertain and therefore agrees that the foregoing premium is a reasonable estimate of said loss and damage to Holder.

13. **Business Loan.** Borrower represents that the indebtedness evidenced hereby is a business loan within the purview and intent of the Illinois Interest Act (Ill. Rev. Stat. ch. 17, § 6-404), transacted solely for the purpose of owning and operating the business of the Borrower or the beneficiary of the Borrower as contemplated by said Act.

14. **Costs of Enforcement.** In the event that (a) this Note is placed in the hands of an attorney-at-law for collection after maturity or upon default or to enforce any of the rights, requirements or remedies contained herein or in the other Loan Documents, or (b) proceedings at law, in equity, or bankruptcy, receivership or other legal proceedings are instituted or threatened in connection herewith or in connection with the Premises or any of the Holder's rights or interests, or (c) the Holder is made or is threatened with being made a party to any such proceeding, then and in any such event, the Borrower hereby agrees to pay within five (5) days after demand all costs of collecting or attempting to collect this Note, or protecting or enforcing such rights, or evaluating, prosecuting or defending any such proceedings, including, without limitation, reasonable attorneys' fees (whether or not suit is brought), in addition to all principal, interest and other amounts payable hereunder, all of which shall be secured by the Loan Documents.

15. **Notices.** All notices required or permitted to be given hereunder to the Borrower shall be given in the manner and to the place provided in the Mortgage for notices to Mortgagee.

16. **Time.** Time is of the essence of this Note and each of the provisions hereof and of the Mortgage, Assignment and other Loan Documents.

17. **No Usury.** It is the intent of the Borrower and the Holder to comply with the laws of the Governing State with regard to the rate of interest charged hereunder, and accordingly, notwithstanding any provision to the contrary in this Note, the Mortgage, or any of the Loan Documents, no such provision in any such instrument, including without limitation any provision of this Note providing for the payment of interest or other charges and any provision of the Loan Documents providing for the payment of interest, fees, costs or other charges, shall require the payment or permit the collection of any amount (herein called "Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use, detention, or forbearance in the collection, of all or any portion of the indebtedness evidenced by this Note, provided that if any Excess Interest is provided for, or is adjudicated as being provided for, in this Note, the Mortgage or any of the Loan Documents, then in such event:

(a) The provisions of this Section shall govern and control;

(b) Borrower shall not be obligated to pay any Excess Interest;

(c) Any Excess Interest that the Holder may have received hereunder shall, at the option of the Holder be (i) applied as a credit against the then outstanding principal balance due under this Note, or accrued and unpaid interest thereon, not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing;

(d) The applicable interest rate or rates shall be automatically subject to reduction to the maximum lawful rate allowed to be contracted for in writing under the applicable usury laws of the Governing State.

The Borrower expressly waives the provisions of any present or future statute or law which prohibits or may prohibit the collection of said premium in connection with any such acceleration.

On the purchase of a foreclosed note, or the Holder if the Holder bids at such sale.

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as at the date of disbursement of the indebtedness evidenced hereby, and this Note and all other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in such interest rate or rates, and

(e) Neither the Borrower nor any other person shall have any action or remedy against the Holder for any damages whatsoever or any defense to enforcement of any of the Loan Documents arising out of the payment or collection of any Excess Interest.

18. Disbursement. Funds representing the proceeds hereof, which are disbursed by any Holder by mail, wire transfer or other delivery to the Borrower or to escrows or otherwise for the benefit of the Borrower, shall for all purposes be deemed outstanding hereunder and to have been received by the Borrower as of the date of such mailing, wire transfer or other delivery, and interest shall accrue and be payable upon such funds from and after the date of such wire transfer, mailing or delivery and until repaid, notwithstanding the fact that such funds may not at any time have been received by the Borrower or applied for its benefit.

19. Waivers. The Borrower, each endorser, surety or guarantor hereof, and any and all others who are now or may become liable for all or part of the obligations of the Borrower under this Note or any of the Loan Documents (all of the foregoing being herein collectively called "Obligors") agree to be jointly and severally bound hereby and jointly and severally, to the fullest extent permitted by law

(a) Waive and renounce any and all redemption and exemption rights and the benefit of all valuation and appraisement privileges against the indebtedness evidenced by this Note or by any extension or renewal hereof.

(b) Waive all notices in connection with the delivery and acceptance hereof and all other notices in connection with the performance, default or enforcement of the payment hereof or hereunder.

(c) Waive any and all demand, presentment for payment, notice of non-payment, protest and notice of protest, notice of dishonor and all lack of diligence and delays in the enforcement of the payment hereof.

(d) Agree that the liability of each or any Obligor shall be unconditional and without regard to the liability of any other person or entity for the payment hereof, and shall not in any manner be affected by any indulgence or forbearance granted or consented to by the Holder to any of them with respect hereto.

(e) Consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by the Holder with respect to the payment or other provisions hereof, and to the release of any security at any time given for the payment hereof, or any part thereof, with or without substitution, and to the release of any person or entity liable for the payment hereof, and

(f) Consent to the addition of any and all other makers, endorsers, guarantors and other Obligors for the payment hereof, and to the acceptance of any and all other security for the payment hereof, and agree that the addition of any such Obligors or security shall not affect the liability of any of the Obligors for the payment hereof.

20. Holder's Actions. The remedies of the Holder as provided herein or in any of the Loan Documents shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of the Holder, and may be exercised as often as occasion therefor shall arise and in connection therewith.

(a) Failure of the Holder, for any period of time or on more than one occasion, to exercise its option to accelerate the Maturity Date of this Note shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent default.

(b) No act of omission or commission of the Holder, including specifically and without limitation any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same and any such waiver or release may be effected only through a written document executed by the Holder and then only to the extent specifically recited therein.

(c) A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event, similar or dissimilar, or as a bar to any subsequent exercise of the Holder's rights or remedies hereunder, and

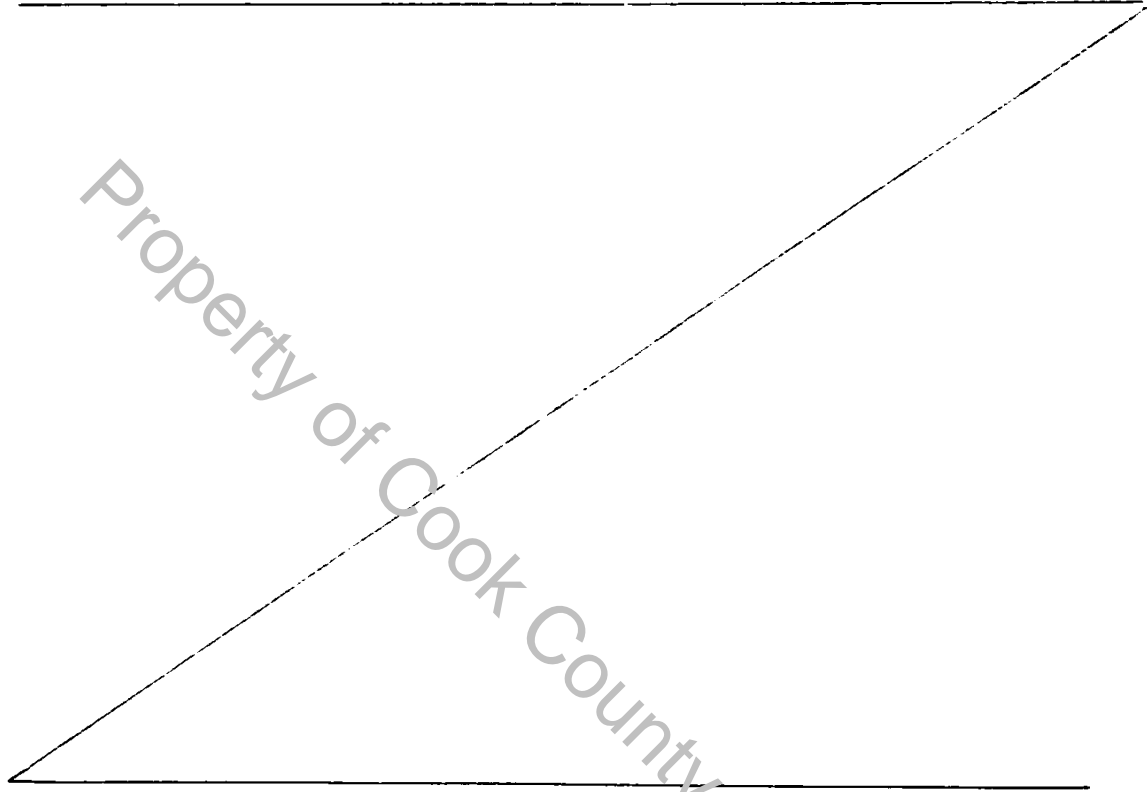
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(d) Except as otherwise specifically required herein, no notice to the Borrower or any other person of the exercise of any right or remedy granted to the Holder by this Note shall be required

21. Severability. The unenforceability or invalidity of any provision or provisions hereof shall not render any other provision or provisions hereof unenforceable or invalid

22. Captions. The captions to the Sections of this Note are for convenience only and shall not be deemed part of the text of the respective Sections and shall not vary, by implication or otherwise, any of the provisions of this Note

23. Governing Law. This Note shall be governed by the laws of the Governing State



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CONTINUED ON PAGE 7

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24. **Exculpation - Partnership.** Except as set forth in (a) that certain Indemnity Agreement (the "Indemnity Agreement") of even date herewith from Borrower to Holder and (b) that certain Guaranty (the "Guaranty") of even date herewith from Donald E. Schimek and James Stancel to Holder, it is intended hereby that this Note shall be payable only out of the property specifically described in the Mortgage by enforcement of the provisions contained in the Loan Documents and out of any other property, security or guaranties given for the indebtedness evidenced hereby, and accordingly:

(a) Subject to the provisions of Subsection (c) below and the Indemnity Agreement and the Guaranty, no personal liability shall be asserted or be enforceable against Borrower or any of Borrower's partners (general or limited) or their respective successors and assigns or their separate assets and estates because of or in respect of this Note or the making, issue or transfer thereof, all such liability, if any, being expressly waived by each from time to time Holder;

(b) Nothing herein contained shall be deemed a waiver by any Holder of any right which such Holder may have pursuant to Sections 506(a), 506(b), and 1111(b) or any other provision of the Bankruptcy Code of the United States to file a claim for the full amount of the indebtedness evidenced hereby or to require that all collateral or security for the indebtedness evidenced hereby shall continue to secure the entire amount of the indebtedness evidenced hereby in accordance with the Loan Documents.

(c) Nothing hereby contained shall affect or impair the liability or obligation of any guarantor, co-maker or other person (including Borrower or any partner of Borrower) who by separate instrument shall be or become liable upon or obligated for any of the indebtedness evidenced hereby or any of the covenants or agreements contained in the Loan Documents or any other instrument.

IN WITNESS WHEREOF, the undersigned has caused this Promissory Note to be duly executed, all on and as of the day, month and year first above written.

LAGROU KOSTNER PARTNERSHIP, an
Illinois general partnership

By:

Donald E. Schimek, general partner

By:

James Stancel, general partner

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)


On this 15th day of November, 1991, before me appeared Donald E. Schimek and James Stancel, the sole partners of LaGrou Kostner Partnership, an Illinois general partnership to me personally known, who, being by me duly sworn, did say that they executed the foregoing instrument as their free and voluntary act and deed and the free and voluntary act and deed of the partnership for the purposes therein contained.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

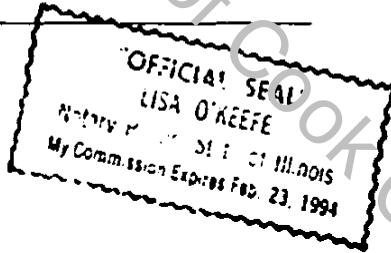


Notary Public - Signature

My Term Expires:



Notary Public - Printed Name



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