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CONSTRUCTION LOAN MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS

THIS CONSTRUCTION LOAN MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS ("Mortgage"), made as of April 30, 1991, is made and executed by Washington Court Limited Partnership, an Illinois limited partnership, having an address of 727 N. Milwaukee Avenue, Chicago, Illinois ("Grantor", "Borrower" or "Partnership"), in favor of CONTINENTAL COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, having an office at 231 South LaSalle Street, Chicago Illinois 60697 ("Mortgagee").

. DEPT-01 RECORDING \$48.00
. T43333 TRAN 0614 04/30/91 16:14:00
. #2171 # C *-91-201221
. COOK COUNTY RECORDER

R E C I T A L S :

Mortgagee and Grantor have executed a Building Loan Agreement of even date herewith (the "Loan Agreement"), subject to the terms and conditions of which Mortgagee shall provide financial accommodations to Grantor in an amount not to exceed \$771,058.00 (the "Loan"). In connection with the Loan Agreement, Grantor has executed and delivered to Mortgagee an Adjustable Rate Promissory Note of even date herewith in the original principal amount of \$771,058.00 ("Note"). The principal balance of the Note shall bear interest at the initial per annum rate of ~~4 3/4~~ ^{Seven and} percent (7%), which rate thereafter shall be adjusted in the manner set forth in the Note. The Note matures on the fifth (5th) day of the 120th calendar month following the date of the Note.

GRANTING CLAUSES

To secure the payment of the indebtedness evidenced by the Loan Agreement and the Note and the payment of all amounts due thereunder and the performance and observance of all covenants and conditions contained in this Mortgage, the Loan Agreement and the Note, any and all other mortgages, security agreements, assignments of leases and rents, and any other documents and instruments now or hereafter executed by Grantor or any party related thereto or affiliated therewith to evidence, secure or

This document prepared by and after recording return to:

Laura E. Tilly
Davis, Miner, Barnhill & Galland
14 W. Erie Street
Chicago, IL 60610

4800

Box 430

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guarantee the payment of all or any portion of the indebtedness under the Loan Agreement and the Note and any and all renewals, extensions, amendments and replacements of this Mortgage, the Loan Agreement and the Note and any such other documents and instruments (the Loan Agreement, the Note, this Mortgage, such other mortgages, security agreements, assignments of leases and rents, and any other documents and instruments now or hereafter executed and delivered in connection therewith, and any and all amendments, renewals, extensions and replacements hereof and thereof, being sometimes referred to collectively as the "Loan Documents" and individually as a "Loan Document") all indebtedness and liabilities secured hereby being hereinafter sometimes referred to as "Borrower's Liabilities", which indebtedness and liabilities being secured hereby shall, in no event, exceed the amount of \$1,156,587.00, including any further advances as described in Section 4.09 hereof. Grantor does hereby convey, warrant, mortgage, assign, transfer, pledge and deliver to Mortgagee the following described property located in Cook County, Illinois subject to the terms and conditions herein:

A. The land located in Cook County, Illinois, legally described in the attached Exhibit A and hereinafter referred to as the "Land".

B. All the buildings, structures, improvements and fixtures of every kind or nature now or hereafter situated on the Land; and, to the extent not owned by tenants of the "Mortgaged Property" (as hereinafter defined), all machinery, appliances, equipment, furniture and all other personal property of every kind or nature located in or on, or attached to, or used or intended to be used in connection with, or with the operation of the Land, buildings, structures, improvements or fixtures now or hereafter located, or to be located on the Land, or in connection with any construction being conducted or which may be conducted thereon, and all extensions, additions, improvements, substitutions and replacements to any of the foregoing ("Improvements").

C. All building materials and goods which are procured or are to be procured for use on or in connection with the construction of the Improvements, or the construction of additional Improvements whether or not such materials and goods have been delivered to the Land ("Materials").

D. All plans, specifications, architectural renderings, drawings, licenses, permits, soil test reports, other reports of examination or analyses of the Land or the Improvements, contracts for services to be rendered to Grantor or otherwise in connection with the Improvements and all other property, contracts, reports, proposals and other materials now or

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hereafter existing in any way relating to the Land or the Improvements or the construction of additional Improvements.

E. All easements, tenements, right-of-way, vaults, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers and appurtenances in any way belonging, relating or appertaining to any of the Land or Improvements, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired ("Appurtenances").

F. (i) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Land, Improvements or Appurtenances or any part thereof or to any rights appurtenant thereto;

(ii) All compensation, awards, damages, claims, rights of action and proceeds of or on account of (a) any damage or taking, pursuant to the power of eminent domain, of the Land, Improvements, Appurtenances or Materials or any part thereof, (b) Damage to all or any portion of the Land, Improvements or Appurtenances by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Land, Improvements, Appurtenances, Materials or of other property, or (c) the alteration of the grade of any street or highway on or about the Land, Improvements, Appurtenances, Materials or any part thereof; and, except as otherwise provided herein, Mortgagee is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and, except as otherwise provided herein, to apply the same toward the payment of the indebtedness and other sums secured hereby;

(iii) All contract rights, general intangibles, actions and rights in action, including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Land, Improvements, Appurtenances or Materials; and

(iv) All proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Land, Improvements, Appurtenances or Materials.

G. All rents, issues, profits, income and other benefits now or hereafter arising from or in respect of the Land, Improvements or Appurtenances (the "Rents"), it being intended that this Granting Clause shall constitute an absolute and present assignment of the Rents, subject, however, to the conditional permission given to Grantor in this Mortgage to collect and use the Rents as provided in this Mortgage.

H. Any and all leases, licenses and other occupancy agreements now or hereafter affecting the Land, Improvements, Appurtenances or Materials, together with all security therefor and guarantees thereof and all monies payable thereunder, and all books and records owned by Grantor which contain evidence of payments made under the leases and all security given therefor (collectively, the "Leases"), subject, however, to the conditional permission given in this Mortgage to Grantor to collect the Rents arising under the Leases as provided in this Mortgage.

I. Any and all after-acquired right, title or interest of Grantor in and to any of the property described in the preceding Granting Clauses.

J. The proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding Granting Clauses.

All of the mortgaged property described in the Granting Clauses, together with all real and personal, tangible and intangible property pledged in, or to which a security interest attaches pursuant to, any of the Loan Documents is sometimes referred to collectively as the "Mortgaged Property". The Rents and Leases are pledged on a parity with the Land and Improvements and not secondarily.

ARTICLE ONE

COVENANTS OF GRANTOR

Grantor covenants and agrees with Mortgagee as follows:

1.01 Performance Under Notes, Mortgage and Other Instruments. Grantor shall perform, observe and comply with or cause to be performed, observed and complied with in a complete and timely manner all provisions hereof and of the Loan Agreement, the Note, every other Loan Document and every instrument evidencing or securing Borrower's Liabilities and will promptly pay or cause to be paid to Mortgagee when due the principal with interest thereon and all other sums required to be paid by Grantor pursuant to the Loan Agreement, the Note, this Mortgage, every other Loan Document and every other instrument evidencing or securing Borrower's Liabilities.

1.02 General Covenants and Representations. Grantor covenants and represents that as of the date hereof and at all times thereafter during the term hereof: (a) Grantor is seized of an indefeasible estate in fee simple in that portion of the Mortgaged Property which is real property, and has good and absolute title to it and the balance of the Mortgaged Property is

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free and clear of all liens, security interests, charges and encumbrances whatsoever except those listed on attached Exhibit B (the "Permitted Encumbrances"); (c) Grantor has good right, full power and lawful authority to mortgage and pledge the Mortgaged Property as provided herein; (d) upon the occurrence of an Event of Default, Mortgagee may at all times peaceably and quietly enter upon, hold, occupy and enjoy the Mortgaged Property in accordance with the terms hereof; and (e) Grantor will maintain and preserve the lien of this Mortgage as a lien on the Mortgaged Property subject only to the Permitted Encumbrances, until Borrower's Liabilities have been paid in full.

1.03 Compliance with Laws and Other Restrictions. Grantor covenants and represents that the Land and the Improvements and the use thereof shall, on the completion of rehabilitation, comply with and will during the full term of this Mortgage continue to comply in all material respects with, all applicable restrictive covenants, zoning and subdivision ordinances and building codes, licenses, health and environmental laws and regulations and all other applicable laws, ordinances, rules and regulations. Grantor shall not operate or maintain the Mortgaged Property in a manner that causes the Mortgaged Property to be in material violation of any such laws, ordinance, rules and regulations. If any federal, state or other governmental body or any court issues any notice or order to the compliance with any such covenant, ordinance, code, law or regulation, Grantor will promptly provide Mortgagee with a copy of such notice or order and will immediately commence and diligently perform all such actions as are necessary to comply therewith or otherwise correct such non-compliance. Grantor shall not, without the prior written consent of Mortgagee, petition for or otherwise seek any change in the zoning ordinances or other public or private restrictions applicable to the Mortgaged Property on the date hereof.

1.04 Taxes and other Charges.

1.04.1 Taxes and Assessments. Grantor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levied, fines, impositions, liabilities, obligations, liens and encumbrances of every kind and nature whatsoever now or hereafter imposed, levied or assessed upon or against the Mortgaged Property or any part hereof, or upon or against this Mortgage or Borrower's Liabilities or upon or against the interest of Mortgagee in the Mortgaged Property, as well as all taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or in respect of the Mortgaged Property or any part thereof; provided, however, that unless compliance with applicable laws requires that taxes, assessments or other charges must be paid as a condition to protesting or

contesting the amount thereof, Grantor may in good faith, by appropriate proceedings commenced within thirty (30) days of the due date of such amounts and thereafter diligently pursued, contest the validity, applicability or amount of any asserted tax, assessment or other charge and pending such contest, Grantor shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment, Grantor shall either (i) establish adequate reserves to cover such contested taxes, assessments or charges or (ii) deposit with Mortgagee a bond or other security satisfactory to Mortgagee in an amount equal to the amount being so contested plus a reasonable estimate of the amount of any additional charges, penalties or expenses arising from or occurring as a result of such contest.

1.05 Mechanic's and Other Liens. Grantor shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien or encumbrance (other than any lien for taxes and assessments not yet due) to be created upon or against the Mortgaged Property, provided, however, that Grantor may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted lien and, pending such contest, Grantor shall not be deemed to be in default hereunder if Grantor shall first deposit with Mortgagee a bond or other security satisfactory to Mortgagee in an amount equal to the amount being so contested plus a reasonable estimate of the amount of any additional charges, penalties or expenses arising from or occurring as a result of such contest, such bond or other security, to be returned to Grantor after final adjudication of such asserted lien and, if required, payment thereof by Grantor.

1.06 Insurance and Condemnation

1.06.1 Hazard Insurance. During the renovation of the Improvements, Grantor shall maintain the insurance required by the Loan Agreement. Upon completion of the Improvements, Grantor shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of Mortgagee, until Borrower's Liabilities are paid in full, policies of hazard insurance in an amount which shall be not less than 100% of the full insurable replacement cost of the Mortgaged Property (other than the Land), insuring on a replacement cost basis the Mortgaged Property against loss or damage on an "All Risks" form, such insurable hazards, casualties and contingencies as Mortgagee may require, including without limitation, fire, windstorm, rainstorm, vandalism, earthquake and, if all or any part of the Mortgaged Property shall at any time be located within an area identified by the government of the United States or any agency thereof as having special flood hazards and for which flood insurance is available, floods. Grantor shall pay promptly when due any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing them shall be reasonably accept-

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Grantor hereby irrevocably appoints Mortgagee as its attorney-in-fact for the purposes set forth in the preceding sentence. Each insurance company is hereby authorized and directed to make payment of 100% of all such losses directly to Mortgagee(s) named in such policies.

1.06.4 Condemnation Awards. Mortgagee shall be entitled to all compensation, awards, damages, claims, rights of action and proceeds of, or on account of (i) any damage or taking, pursuant to the power of eminent domain, of the Mortgaged Property or any part thereof, (ii) damage to the Mortgaged Property by reason of the taking, pursuant to the power of eminent domain, of other property or of a portion of the Mortgaged Property, or (iii) the alteration of the grade of any street or highway on or about the Mortgaged Property. Mortgagee is hereby authorized, at its option, to commence, appear in and prosecute in its own or Grantor's name any action or proceeding relating to any such compensation, awards, damages, claims, rights of action and proceeds and to settle or compromise any claim in connection therewith. Grantor hereby irrevocably appoints Mortgagee as its attorney-in-fact for the purposes set forth in the preceding sentence. Mortgagee after deducting from such compensation, awards, damages, claims, rights of action and proceeds all its expense, including attorneys' fees, shall apply such net proceeds in such manner and order as Mortgagee may determine. Grantor agrees to execute such further assignments of any compensation awards, damages, claims, rights of action and proceeds as Mortgagee may require.

1.06.5 Repair; Proceeds of Casualty Insurance and Eminent Domain. If all or any part of the Mortgaged Property shall be damaged or destroyed by fire or other casualty or shall be damaged or taken through the exercise of the power of eminent domain or other cause described in Paragraph 1.06.4, the entire amount of the insurance proceeds, award or compensation from any such casualty, damage or taking shall be applied in such manner and order as Mortgagee may determine, subject to the provisions of Article 14 of the Loan Agreement. If no Event of Default exists, Mortgagee shall, in accordance with the Loan Agreement, permit Grantor to use the insurance proceeds, award or compensation, to be disbursed for such repair or restoration, to fully repair or restore the Mortgaged Property under such conditions as Mortgagee may impose and in a manner acceptable to Mortgagee. If the amount of proceeds to be made available to Grantor pursuant to this Paragraph 1.06.5 is less than the cost of the restoration or repair as estimated by Mortgagee at any time prior to completion thereof, Grantor shall cause to be deposited with Mortgagee the amount of such deficiency within thirty (30) days of Mortgagee's written request therefor (but in no event later than the commencement of the work) and Grantor's deposited funds shall be disbursed prior to any such insurance proceeds. If Grantor is required to deposit funds under

this Paragraph 1.06, the deposit of such funds shall be a condition precedent to Mortgagee's obligation to disburse any insurance proceeds, award or compensation held by Mortgagee hereunder.

1.06.6 Proceeds of Business Interruption and Rental Insurance. The net proceeds of business interruption and rental insurance shall be applied first to the maintenance of debt service on the Mortgaged Property, and then to maintenance expenses of the Mortgaged Property, as such expenses are reasonably determined by Grantor.

1.06.7 Renewal of Policies. At least thirty (30) days prior to the expiration date of any policy evidencing insurance required under Paragraph 1.06, a renewal thereof, substitution therefor, or certificate of insurance evidencing the renewal thereof or substitution therefor satisfactory to Mortgagee shall be delivered to Mortgagee with receipts or other evidence of the payment of any premiums then due on such renewal policy or substitute policy.

1.07 Care of the Mortgaged Property.

A. Grantor shall preserve and maintain the Mortgaged Property in good and first class condition and repair. Grantor shall not, without the prior written consent of Mortgagee, permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or of any part thereof, and will not take any action which will increase the risk of fire or other hazard to the Mortgaged Property or to any part thereof.

B. Except as otherwise provided in this Mortgage or in the Loan Agreement, no new improvements shall be constructed on the Mortgaged Property and no part of the Mortgaged Property shall be removed, demolished or altered in any material manner without the prior written consent of Mortgagee, which approval shall not be unreasonably withheld.

1.08 Transfer or Encumbrance of the Mortgaged Property. Unless permitted by the Loan Agreement and except for Permitted Encumbrances, Grantor shall not permit or suffer to occur any sale, assignment, conveyance, transfer, mortgage, lease (other than leases made in accordance with the provisions of this Mortgage) or encumbrance of, or any contract for any of the foregoing on an installment basis or otherwise pertaining to, the Mortgaged Property, any part thereof, any interest therein, any interest in the beneficial interest in any trust holding title to the Mortgaged Property or any interest in a corporation, partnership or other entity which owns all or part of the Mortgaged Property or such beneficial interest, whether by operation of law or otherwise, without the prior written consent of Mortgagee having been obtained (i) to the sale, assignment,

conveyance, mortgage, lease, option, encumbrance or other transfer and (ii) to the form and substance of any instrument evidencing or contracting for any such sale, assignment, conveyance, mortgage, lease, option, encumbrance or other transfer. Except in regard to the Permitted Encumbrances, Grantor shall not, without the prior written consent of Mortgagee, further assign or permit to be assigned, the rents from the Mortgaged Property, and any such assignment without the prior express written consent of the Mortgagee shall be null and void. Except in regard to the Permitted Encumbrances, Grantor shall not permit any interest in any lease of the Mortgaged Premises to be subordinated to any encumbrance on the Mortgaged Property other than the Loan Documents and any such subordination shall be null and void. Except in regard to the Permitted Encumbrances, Grantor agrees that, except as otherwise expressly permitted in the Loan Agreement, in the event the ownership of the Mortgaged Property, any interest therein or any part thereof becomes vested in a person other than Grantor, Mortgagee may, without notice to Grantor, deal in any way with such successor or successors in interest with reference to this Mortgage, the Note, the Loan Documents and Borrower's Liabilities without in any way vitiating or discharging Grantor's liability hereunder or Borrower's Liabilities. No sale of the Mortgaged Property, no forbearance to any person with respect to this Mortgage, and no extension to any person of the time for payment of the Note or any other Borrower's Liabilities given by Mortgagee shall operate to release, discharge, modify, change or affect the original liability of Grantor, either in whole or in part.

1.09 Further Assurances. At any time and from time to time, upon Mortgagee's request, Grantor shall make, execute and deliver, or cause to be made, executed and delivered, to Mortgagee, and where appropriate shall cause to be recorded, registered or filed, and from time to time thereafter to be re-recorded, re-registered and refiled at such time and in such offices and places as shall be deemed desirable by Mortgagee, any and all such further mortgages, security agreements, financing statements, instruments of further assurance, certificates and other documents as Mortgagee may consider necessary or desirable in order to effectuate or perfect, or to continue and preserve the obligations under, the Note, this Mortgage, any other Loan Document and any instrument evidencing or securing Borrower's Liabilities, and the lien of this Mortgage as a lien upon all of the Mortgaged Property, whether now owned or hereafter acquired by Grantor. Upon any failure by Grantor to do so, Mortgagee may make, execute, record, register, file, re-record, re-register or refile any and all such mortgages, instruments, certificates and documents for and in the name of Grantor, and Grantor hereby irrevocably appoints Mortgagee the agent and attorney-in-fact of Grantor to do so.

1.10 Security Agreement and Financing Statements.

A. Grantor (as debtor) hereby grants to Mortgagee (as creditor and secured party) a security interest under the Uniform Commercial Code as adopted in Illinois (the "Uniform Commercial Code") in all fixtures, machinery, appliances, equipment, furniture and personal property of every nature whatsoever constituting part of the Mortgaged Property. Grantor shall execute any and all documents, including without limitation, financing statements pursuant to the Uniform Commercial Code, as Mortgagee may request to preserve, maintain and perfect the priority of the first lien and security interest created hereby on property which may be deemed personal property or fixtures, and shall pay to Mortgagee on demand any reasonable expenses incurred by Mortgagee in connection with the preparation, execution and filing of any such documents. Grantor hereby authorizes and empowers Mortgagee and irrevocably appoints Mortgagee the agent and attorney-in-fact of Grantor to execute and file, on Grantor's behalf, all financing statements and filings and continuations thereof as Mortgagee deems necessary or advisable to create, preserve and protect such lien. When and if Grantor and Mortgagee shall respectively become the debtor and secured party in any Uniform Commercial Code financing statement affecting the Mortgaged Property (or Mortgagee takes possession of personal property delivered by Grantor where possession is the means of perfection of the security interest), then, at Mortgagee's sole election, this Mortgage shall be deemed a security agreement as defined in such Uniform Commercial Code, and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed herein or by general law, or, as to such part of the security which is also reflected in such financing statement, by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code. In the event of any inconsistency or conflict between the terms of the Loan Agreement and the terms of this Paragraph 1.11 with respect to collateral covered by the Loan Agreement, the terms of the Loan Agreement shall control.

B. Without limiting the foregoing, if an Event of Default occurs which is not cured within any applicable grace or cure period, Mortgagee shall be entitled immediately to exercise all remedies available to it under the Uniform Commercial Code and this Paragraph 1.11. Grantor shall, in such event and if Mortgagee so requests, assemble the tangible personal property at Grantor's expense, at a convenient place designated by Mortgagee. Grantor shall pay all reasonable expenses incurred by Mortgagee in the collection of such indebtedness, including reasonable attorneys' fees and legal expenses, and in the repair of any real estate or other property to which any of the tangible personal property may be affixed. If any notification of intended disposition of any of the personal property is required by law, such

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notification shall be deemed reasonable and proper if given at least ten (10) days before such disposition. Any proceeds of the disposition of any of the personal property may be applied by Mortgagee to the payment of the reasonable expenses of retaking, holding, preparing for sale and selling the personal property, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by Mortgagee toward the payment of such of Borrower's Liabilities, and in such order of application, as Mortgagee may from time to time elect. If an Event of Default occurs, Mortgagee shall have the right to exercise and shall automatically succeed to all rights of Grantor with respect to intangible personal property subject to the security interest granted herein to the extent permitted by law and the terms governing such intangible property rights. Any party to any contract subject to the security interest granted herein shall be entitled to rely on the rights of Mortgagee without the necessity of any further notice or action by Grantor. Mortgagee shall not by reason of this Mortgage or the exercise of any right granted hereby be obligated to perform any obligation of Grantor with respect to any portion of the personal property nor shall Mortgagee be responsible for any act committed by the Grantor, or any breach or failure to perform by the Grantor with respect to any portion of the personal property.

1.11 Assignment of Rents. The assignment of rents, income and other benefits contained in Paragraph G of the Granting Clauses of this Mortgage shall be an absolute assignment, fully operative without any further action on the part of either party, and, specifically, Mortgagee shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all rents, income and other benefits from the Mortgaged Property, whether or not Mortgagee takes possession of such property. Grantor hereby further grants to Mortgagee the right effective upon the occurrence of an Event of Default to do any or all of the following, at Mortgagee's option, (i) to enter upon and take possession of the Mortgaged Property for the purpose of collecting the rents, income and other benefits, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Mortgagee, (iii) to lease the Mortgaged Property or any part thereof, and (iv) to apply the rents, income and other benefits, after payment of all necessary charges and expenses, on account of Borrower's Liabilities. Such assignment and grant shall continue in effect until Borrower's Liabilities are paid in full, the execution of this Mortgage constituting and evidencing the irrevocable consent of Grantor to the entry upon and taking possession of the Mortgaged Property by Mortgagee pursuant to such grant, whether or not foreclosure proceedings have been instituted. Neither the exercise of any rights under this paragraph by Mortgagee nor the application of any such rents, income or other benefits to payment of Borrower's Liabilities shall cure or waive any Event of Default or notice provided

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for hereunder, or invalidate any act done pursuant hereto or pursuant to any such notice, but shall be cumulative of all other rights and remedies. Notwithstanding the foregoing, so long as no Event of Default has occurred or is continuing, Grantor shall have the right and authority to continue to collect the rents, income and other benefits (if any) from said property as they become due and payable but not more than thirty (30) days prior to the due date thereof. The existence or exercise of such right of Grantor to collect said rents, income and other benefits shall not operate to subordinate this assignment to any subsequent assignment of said rents, income or other benefits, in whole or in part, by Grantor, and any such subsequent assignment by Grantor shall be subject to the rights of Mortgagee hereunder.

1.12 After-Acquired Property. To the extent permitted by, and subject to, applicable law, the lien of this Mortgage, including without limitation the security interest created under Paragraph 1.11, shall automatically attach, without further act, to all property hereafter acquired by Grantor located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Mortgaged Property or any part thereof.

1.13 Leases Affecting Mortgaged Property.

A. Grantor shall comply with and perform in a complete and timely manner all of its material obligations as landlord under all leases affecting the Mortgaged Property or any part thereof. Each of the commercial leases if any, shall contain a provision requiring the lessee to notify Mortgagee of any default by lessor and granting an opportunity for a reasonable time after such notice to cure such default prior to any right accruing to the lessee to terminate such lease. Mortgagee shall have the right to notify at any time and from time to time any tenant of the Mortgaged Property of any provision of this Mortgage upon reasonable cause.

B. The assignment contained in Paragraph H of the Granting Clauses shall not be deemed to impose upon Mortgagee any of the obligations or duties of Grantor provided in any lease, including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage and shall have been barred and foreclosed thereby of all right, title and interest and equity of redemption in the Mortgaged Property or any part thereof. Grantor hereby acknowledges and agrees that Grantor is and will remain liable under such leases to the same extent as though the assignment contained in Paragraph H of the Granting Clauses had not been made. Mortgagee disclaims any assumption of the obligations imposed upon Grantor under the leases, except as to such obliga-

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tions which arise after such time as Mortgagee shall have exercised the rights and privileges conferred upon it by the assignment contained in Paragraph H of the Granting Clauses and assumed full and indefeasible ownership of the collateral thereby assigned. With respect to the assignment contained in Paragraph H of the Granting Clause, Grantor shall, from time to time upon request of Mortgagee specifically assign to Mortgagee as additional security hereunder, by an instrument in writing in such form as may be approved by Mortgagee, all right, title and interest of Grantor in and to any and all Leases now or hereafter of or affecting the Mortgaged Property or any part thereof together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Grantor to collect the rentals under such lease. Grantor shall also execute and deliver to Mortgagee any modification, financing statement or other document reasonably required by Mortgagee to perfect the foregoing assignment as to any such lease. The provisions of this Paragraph 1.13 shall be subject to the provisions of Paragraph H of the Granting Clauses.

1.14 Execution of Leases. Grantor shall be permitted from time to time to enter into leases for residential apartments comprising a part of the Improvements, provided that (i) the leases are for a term no greater or less than one (1) year, (ii) the leases are at rental values not less than previously approved by Mortgagee, and (iii) the leases otherwise conformed with the applicable requirements of any of the Loan Documents. Except as otherwise permitted in the preceding sentence, Grantor shall not permit any leases at the Mortgaged Property to be made of the Mortgaged Property or existing leases to be renewed without the prior written consent of Mortgagee as to the form and substance of each lease. Following any such written approval by Mortgagee, Grantor shall not modify the approved lease in any material respect without Mortgagee's prior written consent. Following the execution or renewal by Grantor of a lease in compliance with the foregoing provisions of Paragraph 1.14, Grantor shall not permit such lease to be modified, terminated, renewed or extended except pursuant to the terms thereof or with the prior written consent of Mortgagee.

1.15 Expenses; Indemnification. Grantor shall pay when due and payable, and otherwise on demand made by Mortgagee, appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title insurance fees, escrow fees, attorneys' fees, environmental reports or studies, court costs, documentary and expert evidence, fees of inspecting architects and engineers, and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by Mortgagee in connection with any of the following:

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- a. The preparation, execution, delivery and performance of the Loan Documents, subject to the provisions of the Loan Agreement;
- b. The funding of the Loan, subject to the provisions of the Loan Agreement;
- c. Any court or administrative proceeding involving the Mortgaged Property or the Loan Documents to which Mortgagee is made a party by reason of its being a holder of any of the Loan Documents, including without limitation, bankruptcy, insolvency, reorganization, probate, eminent domain, condemnation, building code and zoning proceedings;
- d. Any court or administrative proceeding or other action undertaken by Mortgagee to enforce any remedy or to collect any indebtedness due under this Mortgage or any of the other Loan Documents following a default thereunder including without limitation a foreclosure of this Mortgage or a public or private sale under the Uniform Commercial Code;
- e. Any remedy exercised by Mortgagee following an Event of Default including foreclosure of this Mortgage and actions in connection with taking possession of the Mortgaged Property or collecting rents assigned hereby;
- f. Any activity in connection with any request by Grantor or anyone acting on behalf of Grantor that the Mortgagee consent to a proposed action which, pursuant to this Mortgage or any of the other Loan Documents may be undertaken or consummated only with the prior consent of Mortgagee, whether or not such consent is granted; or
- g. Any negotiation undertaken between Mortgagee and Grantor or anyone acting on behalf of Grantor pertaining to the existence or cure of any default under or the modification or extension of any of the Loan Documents.

In the event of foreclosure hereof, Mortgagee shall be entitled to add to the indebtedness found to be due by the court a reasonable estimate of such expenses to be incurred after entry of the decree of foreclosure. To the extent permitted by law, Grantor agrees to hold harmless Mortgagee against and from, and reimburse it for, all claims, demands, liabilities, losses, damages, judgments, penalties costs and expenses, including without limitation, attorneys fees, which may be imposed upon, asserted against, or incurred or paid by it by reason of or in connection with any bodily injury or death or property damage

occurring in or upon or about the Mortgaged Property through any cause whatsoever, or asserted against it on account of any act performed or omitted to be performed hereunder, or on account of any transaction arising out of or in any way connected with the Mortgaged Property, this Mortgage, the other Loan Documents, any of the indebtedness evidenced by the Note or any of Borrower's liabilities.

1.16 Mortgagee's Performance of Grantor's Obligations. If Grantor fails to pay any tax, assessment, encumbrance or other imposition, or to furnish insurance hereunder, or to perform any other covenant, condition or term in this Mortgage, the Note or any other Loan Document, Mortgagee may, but shall not be obligated to, pay, obtain or perform the same. All payments made, whether such payments are regular or accelerated payments, and costs and expenses incurred or paid by Mortgagee in connection therewith shall be due and payable immediately. The amounts so incurred or paid by Mortgagee, together with interest thereon at the Default Rate from the date paid by Mortgagee until reimbursed by Grantor, shall be added to Borrower's Liabilities and secured by the lien of this Mortgage and the Loan Documents. To the extent permitted by law Mortgagee is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any covenant, condition or term that Grantor has failed to perform or observe, without thereby becoming liable to Grantor or any person in possession holding under Grantor. Performance or payment by Mortgagee of any obligation of Grantor shall not relieve Grantor of said obligation or of the consequences of having failed to perform or pay the same and shall not effect the cure of any Event of Default.

1.17 Use of the Mortgaged Property. Grantor shall not suffer or permit the Mortgaged Property, or any portion thereof, to be used by the public, as such, without restriction or in such manner as might reasonably tend to impair Grantor's title to the Mortgaged Property or any portion thereof, or in such manner as might reasonably make possible a claim or claims of easement by prescription or adverse possession by the public, as such, or of implied dedication of the Mortgaged Property or any portion thereof. Grantor shall not use or permit the use of the Mortgaged Property or any portion thereof for any unlawful purposes.

1.18 Litigation Involving Mortgaged Property. Grantor shall promptly notify Mortgagee of any litigation, administrative procedure or proposed legislative action initiated against Grantor or the Mortgaged Property or in which the Mortgaged Property is directly or indirectly involved including any proceedings which seek to (i) enforce any lien against the Mortgaged Property, (ii) correct, change or prohibit any existing condition, feature or use of the Mortgaged Property, (iii) condemn or demolish the

Mortgaged Property, (iv) take, by the power of eminent domain, any portion of the Mortgaged Property or any property which would change the Mortgaged Property, (v) modify the zoning applicable to the Mortgaged Property, or (vi) otherwise adversely affect the Mortgaged Property. Grantor shall initiate or appear in any legal action or other appropriate proceedings when necessary to protect the Mortgaged Property from damage. Grantor shall, upon written request of Mortgagee, represent and defend the interests of Mortgagee in any proceedings described in this Paragraph 1.18 or, at Mortgagee's election, pay the reasonable fees and expenses of any counsel retained by Mortgagee to represent the interest of Mortgagee in any such proceeding.

1.19 Management of Mortgaged Property. Grantor shall cause the Mortgaged Property to be managed at all times in accordance with sound business practice. If the Improvements are to be leased to multiple occupants, Grantor shall cause the Mortgaged Property to be managed by a competent and reputable managing agent acceptable to Mortgagee pursuant to a management agreement approved by Mortgagee in writing in advance of execution thereof by Grantor or anyone acting on behalf of either of them. Following such approval, Grantor shall not permit the management agreement to be terminated (except for good cause after notice to Mortgagee), materially modified, amended or extended, or permit a change in the identity of the management agent, without Mortgagee's prior written consent. Each management agreement shall be subject in all respects to the lien of this Mortgage and the rights of Mortgagee hereunder and each management agreement shall so provide.

1.20 Hazardous Materials.

A. Grantor shall cause all employees, agent, contractors and subcontractors of Grantor and any other persons from time to time present on or occupying the Mortgaged Property to, keep and maintain the Mortgaged Property, including the soil and ground water thereof, in compliance with, and not cause or knowingly permit the Mortgaged Property, including the soil and ground water thereof, to be in violation of, any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions thereon. Neither Grantor nor any employees, agents, contractors or subcontractors of Grantor or any other persons occupying or present on the Mortgaged Property shall use, generate, manufacture, store or dispose of on, under or about the Mortgaged Property or transport to or from the Mortgaged Property any flammable explosives, petroleum (including crude oil) or any fraction thereof, radioactive materials, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of toxic or hazardous substances, wastes, or materials (collectively referred to hereinafter as

("Hazardous Materials") under any federal or applicable state or local laws, ordinances or regulations dealing with or otherwise pertaining to toxic or hazardous substances, wastes or materials (collectively referred to as the "Hazardous Materials Laws"), except as such Hazardous Materials may be required to be used, stored or transported in connection with the permitted uses of the Mortgaged Property and then only to the extent permitted by law after obtaining all necessary permits and licenses therefor.

B. Grantor shall immediately advise Mortgagee in writing of: (i) any notices received by Grantor (whether such notices are from the Environmental Protection Agency, or any other federal, state or local governmental agency or regional office thereof) of the violation or potential violation by Grantor of any applicable Hazardous Materials Laws; (ii) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any Hazardous Materials Laws; (iii) all claims made or threatened by any third party against Grantor or the Mortgaged Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iv) Grantor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Mortgaged Property that could cause the Mortgaged Property or any part thereof to be subject to any Hazardous Materials Claims.

C. Mortgagee shall have the right, but not the obligation, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' and consultants' fees in connection therewith paid by Grantor upon demand.

D. Grantor shall be solely responsible for, and shall indemnify and hold harmless Mortgagee, its directors, officers, employees, agents, successors and assigns from and against, any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence (whether prior to or during the term of the loan secured by this Mortgage and whether by Grantor or a predecessor in title or any employee, agent, contractor or subcontractor of Grantor or any predecessor in title or any third person) of Hazardous Materials on, under or about the Mortgaged Property.

E. Any loss, damage, cost, expense or liability incurred by Mortgagee for which Grantor is responsible or for which Grantor has indemnified Mortgagee shall be paid to Mortgagee on demand, and failing prompt reimbursement shall, together with

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interest thereon at the Default rate under the Note from the date incurred by Mortgagee until paid by Grantor, (i) be added to Borrower's Liabilities, (ii) be immediately due and payable, and (iii) be secured by the lien of this Mortgage and the other Loan Documents.

1.21 Construction Mortgage. This is a "construction mortgage", as said term is defined in section 9-313(1) (c) of the Illinois Uniform Commercial Code. Grantor further covenants and agrees that the Loan secured hereby is a construction loan. The proceeds of the Loan secured by this Mortgage will be disbursed to Grantor pursuant to the provisions of the Loan Agreement. All advances and indebtedness arising and accruing under the Loan Agreement and other Loan Documents from time to time, whether or not the total amount thereof may exceed the face amount of the Note, shall be secured hereby to the same extent as though said Loan Agreement and other Loan Documents were fully incorporated in this Mortgage.

1.22 Prohibited Uses. The Grantor covenants and represents that no part of the proceeds of the Loan secured hereby shall be used for the purchase or carrying of registered equity securities within the purview of Regulation G of the Federal Reserve Board or for the purpose of releasing or retiring any indebtedness which was originally incurred for any such purpose.

ARTICLE TWO

DEFAULTS

2.01 Event of Default. The term "Event of Default" wherever used in this Mortgage, shall mean any one or more of the following events:

- a. If Grantor shall (i) fail to pay when due (A) any payment of principal when such payment shall become due and payable under the Note whether at maturity or otherwise; or (B) any payment of interest under the Note when due and payable; or (ii) fail to keep, perform or observe any other covenant, condition or agreement on the part of Grantor in this Mortgage or materially breach any representation, covenant or warranty made by Grantor herein; which in each case is not cured within any applicable grace period set forth in the Loan Agreement.
- b. If a "Default", "Event of Default" or default shall occur under and as defined in the Loan Agreement or any of the other Loan Documents, which is not cured within any applicable grace or cure period.

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- c. A material uninsured loss, damage, destruction or taking by eminent domain or other condemnation proceeding of any substantial portion of the Mortgaged Property or any part of the Mortgaged Property which materially impairs any of the intended uses of the Mortgaged Property.
 - d. The occurrence of a sale, assignment, conveyance, transfer, mortgage, lien or encumbrance of, or execution of a contract for any of the foregoing, in violation of Paragraph 1.08 hereof which is not cured within any applicable grace period set forth in the Loan Agreement.

ARTICLE THREE

REMEDIES

3.01 Acceleration of Maturity. If an Event of Default shall have occurred, Mortgagee may declare the outstanding principal amount of the Note and the interest accrued thereon and any other of Borrower's liabilities to be immediately due and payable, and upon such declaration such principal and interest and other Borrower's Liabilities declared due shall immediately become due and payable without further demand or notice.

3.02 Late Fee and Default Interest Rate. The Borrower shall pay on demand a "late charge" equal to four percent (4%) of any principal and (to the extent not prohibited by applicable law) of any accrued interest and of any other amounts due under the Note which are overdue for more than ten (10) days. Following an Event of Default, or after maturity, whether due to acceleration or otherwise, the rate of interest then in effect on the Loan shall be increased by two percent (2%) per annum until such Event of Default has been cured.

3.02 Mortgagee Power of Enforcement. If an Event of Default shall have occurred, Mortgagee may, either with or without entry or taking possession as provided in this Mortgage or otherwise, and without regard to whether or not Borrower's Liabilities shall have been accelerated, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure or any other action for any default existing at the time such earlier action was commenced or arising thereafter, proceed by any appropriate action or proceeding: (a) to enforce payment of the Note and/or any other of Borrower's Liabilities or the performance of any term hereof or any of the other Loan Documents; (b) to foreclose this Mortgage and to have sold, as an entirety or in separate lots or parcels, the Mortgaged Property; and (c) to pursue any other remedy available to it. Mortgagee may

take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as Mortgagee may determine.

3.03 Mortgagee's Right to Enter and Take Possession, Operate and Apply Income.

A. If an Event of Default shall have occurred, Grantor, upon demand of Mortgagee, shall forthwith surrender to Mortgagee the actual possession of the Mortgaged Property and, if and to the extent permitted by law, Mortgagee itself, or by such officers or agents as it may appoint, is hereby expressly authorized to enter and take possession of all or any portion of the Mortgaged Property and may exclude Grantor and its agents and employees wholly therefrom and shall have joint access with Grantor to the books, papers and accounts of Grantor.

B. If Grantor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after Mortgagee's demand, Mortgagee may obtain a judgment or decree conferring on Mortgagee the right to immediate possession or requiring Grantor to deliver immediate possession of all or part of the Mortgaged Property to Mortgagee, the entry of which judgment or decree Grantor hereby specifically consents. Grantor shall pay to Mortgagee, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Mortgagee, its attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

C. Upon every such entering upon or taking of possession, Mortgagee, to the extent permitted by law, may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof. Mortgagee shall surrender possession of the Mortgaged Property to Grantor only when all amounts then due under any of the terms of this Mortgage shall have been paid and all other defaults have been cured. However, the same right to take possession shall exist if any subsequent Event of Default shall occur.

3.04 Leases. Mortgagee is authorized to foreclose this Mortgage subject to the rights, if any, of any or all tenants of the Mortgaged Property, even if the rights of any such tenants are or would be subordinate to the lien of this Mortgage. The failure to make any subordinate tenant a party defendant to any foreclosure proceedings and to foreclose its rights will not be, nor be asserted by Grantor, any junior lien holder, any tenant or any other party claiming by, through or under Grantor to be, a defense to any such foreclosure proceeding or any other proceedings instituted by Mortgagee to collect the sums secured hereby or to collect any deficiency remaining unpaid after the

foreclosure sale of the Mortgaged Property.

3.05 Purchase by Mortgagee. Upon any foreclosure sale, Mortgagee may bid for and purchase all or any portion of the Mortgaged Property and, upon compliance with the terms of the sale and applicable law, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

3.06 Application of Foreclosure Sale Proceeds. The proceeds of any foreclosure sale of the Mortgaged Property or any part thereof received by Mortgagee shall be applied by Mortgagee to the indebtedness secured hereby in such order and manner as Mortgagee may elect in a written notice to Grantor given on or before sixty (60) days following confirmation of the sale and in the absence of such election, then first to expenses of sale, then to expenses including attorneys' fees of the foreclosure proceeding, then to interest and then to principal.

3.07 Application of Indebtedness Toward Purchase Price. Upon any foreclosure sale, Mortgagee may apply any or all of the indebtedness and other sums due to Mortgagee under the Note, this Mortgage or any other Loan Document or any other Borrower's Liabilities, or any decree in lieu thereof, toward the purchase price.

3.08 Waiver of Appraisal, Valuation, Extension and Redemption Laws. Grantor agrees, to the full extent permitted by law, that in case of an Event of Default, neither Grantor nor anyone claiming through or under it will set up, claim or seek to take advantage of any appraisal, valuation, stay or extension laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the final and absolute putting into possession thereof, immediately after such sale, the purchaser at said sale. Grantor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Mortgaged Property marshaled upon any foreclosure of the lien hereof and agrees that Mortgagee or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property in part or as an entirety. Grantor acknowledges that the transaction of which this Mortgage is a part is a transaction which does not include either agricultural real estate (as defined in Section 15-1201 of the Illinois Mortgage Foreclosure Law (Chapter 110, Section 15-1101 et seq., Illinois Revised Statutes) (herein called the "Act")) or residential real estate (as defined in Section 15-1219 of the Act), and to the full extent permitted by law, hereby voluntarily and knowingly waives its rights to reinstatement and redemption as allowed under Section 15-1601(b) of the Act.

3.09 Receiver - Mortgagee in Possession. If an Event of Default shall have occurred, Mortgagee to the extent permitted by law and without regard to the value of the Mortgaged Property or the adequacy of the security for the indebtedness and other sums secured hereby, shall be entitled as a matter of right and without any additional showing or proof, at Mortgagee's election, to either the appointment by the court of a receiver (without the necessity of Mortgagee posting a bond) to enter upon and take possession of the Mortgaged Property and to collect all rents, income and other benefits thereof and apply the same as the court may direct or to be placed by the court into possession of the Mortgaged Property as mortgagee in possession with the same power herein granted to a receiver and with all other rights and privileges of a mortgagee in possession under law. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect all rents, income and other benefits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such rents, income and other benefits actually received by Mortgagee, whether received pursuant to this Paragraph 3.09 or Paragraph 3.03. Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as pledgee to the possession and control of any cash, deposits or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to Mortgagee.

3.10 Suits to Protect the Mortgaged Property. Mortgagee shall have the power and authority (but not the duty) to institute and maintain any suits and proceedings as Mortgagee may deem advisable (a) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or which violate the terms of this Mortgage, (b) to preserve or protect its interest in the Mortgaged Property, or (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Mortgagee's interest.

3.11 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting Grantor, Mortgagee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claims allowed in such proceedings for the entire amounts due and payable under the Note, this Mortgage and any other Loan Document, at the date of the institution of such proceedings, and for any additional amounts which may become due and payable after such date.

3.12 Delay or Omission. No delay or omission of Mortgagee in the exercise of any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to Mortgagee may be exercised from time to time and as often as may be deemed expedient by Mortgagee.

3.13 Waiver of Default. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies in respect thereof.

3.14 Discontinuance of Proceedings; Position of Parties Restored. If Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or such proceedings shall have resulted in a final determination adverse to Mortgagee, then and in every such case Grantor and Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Mortgagee shall continue as if no such proceedings had occurred or had been taken.

3.15 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Mortgagee by the Note, this Mortgage or any other Loan Document or any instrument evidencing or securing Borrower's Liabilities is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Note or any other Loan Document or any instrument evidencing or securing Borrower's Liabilities, or now or hereafter existing at law, in equity or by statute.

3.16 Interest After Event of Default. If an Event of Default shall have occurred, all sums outstanding and unpaid under the Note and all other Borrower's Liabilities shall, to the extent permitted by law, bear interest thereafter at the Default Rate until such Event of Default is cured.

3.17 Non-recourse. If an Event of Default shall have occurred hereunder the sole remedy of Mortgagee for the satisfaction of sums due hereunder and for default in payment or performance of all other obligations under the Note and other Loan Documents securing the indebtedness shall be limited to an action to sell or foreclose the premises mortgaged and to recover upon any other security interest granted by the Grantor including rents and benefits from any property constituting security. In no event shall any deficiency judgment be sought or entered against the Grantor or any of its partners. This limitation of

liability provision shall control over any provision to the contrary in any of the various Loan Documents.

ARTICLE FOUR

MISCELLANEOUS PROVISIONS

4.01 Heirs, Successors and Assigns Included in Parties. Whenever Grantor or Mortgagee is named or referred to herein, the heirs and successors, and assigns of such person or entity shall be included, and all covenants and agreements contained in this Mortgage shall bind the successors and assigns of Grantor, including any subsequent owner of all or any part of the Mortgaged Property and inure to the benefit of the successors and assigns of Mortgagee. This Section 4.01 shall not be construed to permit an assignment, transfer, conveyance, encumbrance or other disposition otherwise prohibited by this Mortgage.

4.02 Notices. All notices, requests, reports, demands or other instruments required or contemplated to be given or furnished under this Mortgage to Grantor or Mortgagee shall be directed to Grantor or Mortgagee as the case may be at the following addresses:

If to Mortgagee:

Continental Community Development Corporation
231 South LaSalle Street
Chicago, Illinois 60697
Attention: Vice President

With a copy to:

Davis, Miner, Barnhill & Galland
14 W. Erie Street
Chicago, Illinois 60610
Attn: Laura E. Tilly

If to Grantor:

Washington Court Limited Partnership
c/o The Rezmar Corporation
727 N. Milwaukee Avenue
Chicago, Illinois 60622

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience only, are not to be considered a part hereof, and shall not limit, expand or otherwise affect any of the terms hereof.

4.04 Invalid Provisions. In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Mortgage or in any other Loan Document shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note or in any other Loan Document (or the application of the covenant, agreement or term held to be invalid, illegal or unenforceable, to persons or circumstances other than those in respect of which it is invalid, illegal or unenforceable) shall be in no way affected, prejudiced or disturbed thereby.

4.05 Changes. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but, only by an instrument in writing signed by the party against which enforcement of the release, change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Grantor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

4.06 CONSENT TO JURISDICTION; WAIVER. THE UNDERSIGNED CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF ILLINOIS AND WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE AND BE EFFECTIVE IN THE MANNER SET FORTH IN SECTION 4.02 HEREOF. THE UNDERSIGNED WAIVES TRIAL BY JURY, ANY OBJECTION BASED UPON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED WHEREUNDER. NOTHING IN THIS PARAGRAPH SHALL AFFECT THE RIGHT OF LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST THE UNDERSIGNED OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

4.07 Governing Law. This Mortgage has been delivered and accepted at and shall be deemed to have been made at Chicago, Illinois, and shall be interpreted, and the rights and obligations of the parties hereto determined, in accordance with the laws and decisions of the State of Illinois, shall be immediately binding upon the undersigned and its successors and assigns, and shall inure to the benefit of the successors and assigns of Mortgagee.

4.08 Required Notices. Grantor shall notify Mortgagee promptly of the occurrence of any of the following: (i) receipt

of notice from any governmental authority relating to the violation of any rule, regulation, law or ordinance, the enforcement of which would materially and adversely affect the Mortgaged Property; or (ii) commencement of any judicial or administrative proceedings by or against or otherwise adversely affecting Grantor or the Mortgaged Property.

4.09 Future Advances. This Mortgage is given to secure not only existing indebtedness, but also future advances made by made by Mortgagee in order to protect its interest in the Mortgaged Property, pursuant to the Loan Agreement and as evidenced by the Note, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but all indebtedness secured hereby shall, in no event, exceed the amount of \$1,156,587.00.

4.10 Release. Upon full payment of Borrower's Liabilities, Mortgagee shall issue to Grantor an appropriate release deed in recordable form. The Mortgagee shall grant notice of such payment to the City.

4.11 Attorneys' fees. Whenever reference is made herein to the payment or reimbursement of reasonable attorneys' fees, such fees shall be deemed to include allocable compensation to staff counsel, if any, of Mortgagee in addition to the fees of any other attorneys engaged by Mortgagee.

4.12 Compliance with Illinois Mortgage Foreclosure Law.

A. In the event that any provision in this Mortgage shall be inconsistent with any provision of the Illinois Mortgage Foreclosure Law (the "Act"), the provisions of the Act shall take precedence over the provisions of this Mortgage but shall not invalidate or render invalid any other provision of this Mortgage that can be construed in a manner consistent with the Act.

B. If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of the Grantor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law.

C. Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in this Mortgage, shall be

added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

4.13 Junior Mortgages. Mortgagee hereby consents to Grantor's causing the Mortgaged Property to be encumbered by the certain mortgages referred to herein as the Junior Mortgage, more particularly described on Exhibit C attached hereto, on the following terms and conditions:

A. The Grantor hereby covenants and agrees that:

(i) The Grantor shall not renew or extend the Junior Mortgage without in each instance the prior written consent of the Mortgagee;

(ii) The Grantor shall not change or modify, or agree to any change or modification of, the terms and conditions of the Junior Mortgage without the prior written consent of the Mortgagee; and

(iii) The Grantor shall, immediately after being notified in writing or otherwise of a default under any of the Junior Mortgage, notify the Mortgagee of same.

B. The Junior Mortgage shall contain the following term or terms having substantially the same effect

(i) that said Junior Mortgage shall be expressly made subject and subordinate to the lien and provisions of this Mortgage, and any other Loan Documents given as security for the payment of Borrower's Liabilities, and to any and all advances pursuant to the Loan Agreement, whenever made, subject to the limitation set forth in Section 4.09 hereof, with interest thereon, and to any expenses, charges and fees which may increase Borrower's Liabilities above the original principal amount thereof.

(ii) that the holder of the note secured by any such Junior Mortgage shall be obligated to give to Mortgagee written notice of any default under said Junior Mortgage.

(iii) that the holder of the Junior Mortgage, its successors and assigns, or any other legal holder of said Junior Mortgage shall agree to assign and release to the Mortgagee, its successors and assigns or any other legal holder of this Mortgage:

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(1) all of its right, title and interest, if any, in and to the proceeds of all policies of insurance covering the property for application upon the Indebtedness or other disposition thereof in accordance with the provisions of this Mortgage, and

(2) all of its right, title and interest, all claims, if any, in and to all awards or other compensation made for any taking of any part of the Property to be applied upon the Indebtedness secured by this Mortgage or other disposition thereof in accordance with the provision of this Mortgage.

(iv) that the holder of said Junior Mortgage agrees to execute, acknowledge and deliver to the Mortgagee such instrument of subordination as may be required in order to evidence the foregoing.

4.14 Rider. Rider 1 attached hereto is hereby incorporated herein in its entirety.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed as of the day and year first above written.

GRANTOR:

WASHINGTON COURT LIMITED PARTNERSHIP

By: The Rezmar Corporation, an
Illinois corporation
Its: General Partner

By: 

Its: Present

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STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

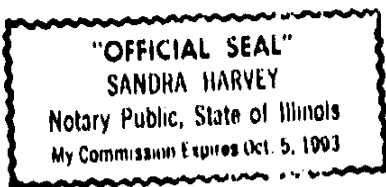
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Daniel S. Moshay personally known to me to be the _____ President of _____ The Rezmar Corporation an Illinois corporation, which is the general partner of Washington Court Limited Partnership, an Illinois limited partnership, and personally known to me to be the same person whose name are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such President, he signed, sealed and delivered the said instrument as President of said corporation, and on behalf of said partnership pursuant to authority, given by the Board of Directors of said corporation as his free and voluntary act, and as the free and voluntary act and deed of said corporation and on behalf of said Partnership for the uses and purposes therein set forth.

Given under my hand and official seal, this 30th day of April 1976.

Notary Public

Sandra Harvey

My Commission Expires:



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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

THE EAST 5 FEET 8 INCHES OF LOT 31 AND ALL OF LOTS 32, 33, 34, AND 35, ALSO THE WEST 13 FEET, 7 3/4 INCHES OF LOT 36 ALL IN BLOCK 8 IN DERBY'S ADDITION TO CHICAGO, A SUBDIVISION OF PART OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY ILLINOIS.

Property Address: 5032-5040 W. Washington, Chicago, Illinois

P.I.N.: 16-09-422-021 Vol. 550

Property of Cook County Clerk's Office

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EXHIBIT B

PERMITTED ENCUMBRANCES

1. A second mortgage for the benefit of the City of Chicago, Department of Housing, securing a Note in the principal amount of \$675,000.00 and dated as of April 30, 1991.
2. A Regulatory Agreement between Grantor and the City of Chicago, Department of Housing, dated as of April 30, 1991.
3. An Assignment of Rents and Leases from Grantor to the City of Chicago, Department of Housing, dated as of April 30, 1991.
4. Building Court case filed in the Circuit Court of Cook County, Illinois Municipal Division, known as Case No. 81 M1 67580.
5. Accrued and unpaid taxes not yet due and payable.

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EXHIBIT C

JUNIOR MORTGAGE

A Mortgage from Washington Court Limited Partnership to the City of Chicago, Department of Housing, dated as of April 2, 1991, and securing a Note in the principal amount of \$675,000.00.

Property of Cook County Clerk's Office

RIDER_1

This Rider is attached to and made a part of the Adjustable Rate Premissory Note, the Building Loan Agreement, and the Construction Loan Mortgage, Security Agreement and Assignment of Leases and Rents evidencing and securing a loan in the amount of Seven Hundred Seventy-One Thousand, Fifty-Eight and No/100 Dollars (\$771,058) (the "Loan") made by Continental Community Development Corporation ("Lender") to Washington Court Limited Partnership "Borrower") for the construction or rehabilitation of the property commonly known as 5040 West Washington Blvd., Chicago, Illinois (the "Project"). The limited partnership providing equity for the Project, whether Borrower or another entity, is sometimes referred to herein as the "Partnership," and the Articles of Limited Partnership forming or continuing the Partnership are referred to herein as the "Partnership Agreement".

The parties hereto agree that the following covenants, terms, and conditions shall be part of and shall modify or supplement each of the documents evidencing, securing, or governing the disbursement of the Loan (the "Loan Documents"), and that in the event of any inconsistency or conflict between the covenants, terms, and conditions of the Loan Documents and this Rider, the following covenants, terms, and conditions shall control and prevail:

1. The Loan is a nonrecourse obligation of Borrower. Neither Borrower nor any of its general and limited partners (or, if Borrower is not the Partnership, the general and limited partners of the Partnership), nor any other party shall have any personal liability for repayment of the Loan. The sole recourse of Lender under the Loan Documents for repayment of the Loan shall be the exercise of its rights against the Project and related security thereunder. Provided, however, that nothing in this section shall limit, modify, or amend Borrower's indemnification obligations set forth in Section 17.5 of the Loan Agreement with respect to losses suffered by Lender, other than Borrower's failure to repay the loan.
2. Neither the withdrawal, removal, replacement, and/or addition of a general partner of the Partnership pursuant to the terms of the Partnership Agreement, nor the withdrawal, replacement, and/or addition of any of its limited partner's general partners, shall constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness.

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3. If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. Borrower shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by Lender under the Loan Documents. Submission of a written invoice stating amounts due on the Loan from Lender to Borrower shall constitute written notice under this section.
4. If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Borrower and each of the general and limited partners of the Partnership, as identified in the Partnership Agreement, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Lender under the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and if Borrower (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Lender. In no event shall Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.
5. In the event of any eminent domain proceedings resulting in condemnation of the Project or any part hereof, Borrower shall have the right to rebuild the Project, and to use all available condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loan or if such proceeds are insufficient then Borrower shall have funded any deficiency, (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents. If the condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Lender for repayment of the remaining balance of the Loan.

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6. In an approval, consent, or other determination by Lender required under any of the Loan Documents, Lender shall act reasonably and in good faith.

In Witness Whereof, the undersigned have caused this Rider to be executed this 30th day of April, 1991.

Borrower:

Washington Court Limited Partnership, an Illinois Partnership

By: The Reznar Corporation
an Illinois corporation,
its general partner

By: [Signature]
Its: President

Attest:

By: [Signature]
Its: [Signature]

Lender:

Continental Community Development Corporation, a Delaware Corporation

By: [Signature]
Its: [Signature]

Attest:

By: [Signature]
Its: [Signature]

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