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CMB Loan No. 57392 ORIGINAL Date: September 15, 1992
Buttitta

MORTGAGE, ASSIGNMENT OF LEASES AND
RENTS AND SECURITY AGREEMENT
("this Mortgage")

FROM

EASTHOLME PARTNERS,
a California limited partnership
("Mortgagor")

Address: 21515 Vanowen Street, Suite 116
Canoga Park, California 91303

TO

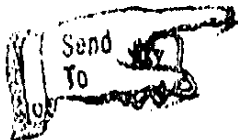
THE CHASE MANHATTAN BANK
(National Association),

Address: 1 Chase Manhattan Plaza
New York, New York 10081

("Mortgagee")

Mortgage Amount: \$2,119,000

This instrument prepared by, and after recording please
return to:



Loeb and Loeb
1000 Wilshire Boulevard, Suite 1800
Los Angeles, California 90017

Attention: Susan V. Noonoo, Esq.

Handwritten signature: Susan V. Noonoo

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DEPT-01 RECORDING
14444 TRAN 8101 10/01/92 13:33:00
48086 # 10 92-729533
COOK COUNTY RECORDER
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CLERK OF COURT

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THE AMOUNT OF THIS MORTGAGE IS SET FORTH ON EXHIBIT "B" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

R E C I T A L S

A. Mortgagor is the owner of the premises described in Exhibit "A" hereto. Mortgagee has loaned to Mortgagor the Mortgage Amount which is evidenced by that certain promissory note (the "New Note") of even date herewith, made by Mortgagor to Mortgagee's order, and Mortgagor, in order to secure the payment thereof, has duly authorized the execution and delivery of this Mortgage.

B. All capitalized terms used herein but not defined herein shall have the meaning as set forth in that certain credit agreement (the "Credit Agreement") of even date herewith, between Mortgagor and Mortgagee.

CERTAIN DEFINITIONS

Mortgagor and Mortgagee agree that, unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms.

"Chattels" means all fixtures, fittings, appliances, apparatus, equipment, machinery and articles of personal property and replacements thereof, other than those owned by lessees, now or at any time hereafter, affixed to, attached to, placed upon, or used in any way in connection with the complete and comfortable use, enjoyment, occupancy or operation of the Improvements on the Premises.

"Events of Default" means the events and circumstances described as such in Section 2.01 hereof.

"Guarantor" means any guarantor of all or part of Mortgagor's obligations under the New Note or this Mortgage.

"Improvements" means all structures or buildings, and replacements thereof, now or hereafter located upon the Premises, including all plant equipment, apparatus, machinery and fixtures of every kind and nature whatsoever forming part of said structures or buildings.

"Premises" means the premises described in Exhibit "A" hereto including all of the easements, rights, privileges and appurtenances (including air rights) thereunto belonging or in anywise appertaining, and all of the estate, right,

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title, interest, claim or demand whatsoever of Mortgagor therein and in the streets and ways adjacent thereto, either in law or in equity, in possession or expectancy, now or hereafter acquired, and as used in this Mortgage, shall, unless the context otherwise requires, be deemed to include the Improvements.

"Involuntary Rate" means the default rate of interest per annum provided by the terms of the New Note upon the occurrence of an event of default thereunder, but in no event to exceed the maximum rate allowed by law.

"Security Documents" means collectively the New Note, the Credit Agreement and this Mortgage.

All terms of this Mortgage which are not defined above or in the Credit Agreement shall have the meaning set forth elsewhere in this Mortgage.

GRANTING CLAUSE

NOW, THEREFORE, Mortgagor, in consideration of the premises and in order to secure the payment of both the principal of, and the interest and any other sums payable on, the New Note or this Mortgage and the performance and observance of all the provisions hereof and of the New Note, hereby gives, grants, bargains, sells, warrants, aliens, remises, releases, conveys, assigns, transfers, mortgages, hypothecates, deposits, pledges, sets over and confirms unto Mortgagee, all its estate, right, title and interest in, to and under any and all of the following described property (the "Mortgaged Property") whether now owned or held or hereafter acquired:

- (i) the Premises;
- (ii) the Improvements;
- (iii) the Chattels;
- (iv) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards, and all rights of Mortgagor to refunds of real estate taxes and assessments; and
- (v) all leases of the Mortgaged Property or portions thereof now or hereafter entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the

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lessees of their obligations thereunder, whether such cash or securities are to be held until the expiration of the terms of such leases or applied to one or more of the installments of rent coming due immediately prior to the expiration of such terms, including, further, the right upon the happening of an Event of Default, to receive and collect the rents thereunder.]

TO HAVE AND TO HOLD unto Mortgagee, its successors and assigns forever.

ARTICLE I

PARTICULAR COVENANTS OF MORTGAGOR

Mortgagor covenants and agrees as follows:

SECTION 1.01. (a) Mortgagor warrants that it has a good and marketable title to an indefeasible fee estate in the Premises subject to no lien, charge or encumbrance except such as are listed as exceptions to title in the title policy insuring the lien of this Mortgage; that it will own the Chattels free and clear of liens and claims; and that this Mortgage is and will remain a valid and enforceable lien on the Mortgaged Property subject only to the exceptions referred to above. Mortgagor has full power and lawful authority to mortgage the Mortgaged Property in the manner and form herein done or intended hereafter to be done. Mortgagor will preserve such title, and will forever warrant and defend the same to Mortgagee and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

(b) Mortgagor represents and warrants to Mortgagee that (i) the Premises and the improvements thereon, and, to the best of Mortgagor's knowledge, the surrounding areas, are not currently and have never been subject to hazardous or toxic substances or wastes or their effects and (ii) there are no claims, litigation, administrative or other proceedings, whether actual or threatened, or judgment or orders, relating to any hazardous or toxic substances or wastes, discharges, emissions or other forms of pollution relating in any way to the Premises or the improvements thereto.

SECTION 1.02. (a) Mortgagor will, at its sole cost and expense, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as Mortgagee shall from

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time to time require, for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering or recording this Mortgage and, on demand, will execute and deliver, and hereby authorizes Mortgagee to execute and file in Mortgagor's name, to the extent it may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments, to evidence more effectively the lien hereof upon the Chattels.

(b) Mortgagor will, at its sole cost and expense, do, execute, acknowledge and deliver all and every such acts, information reports, returns and withholding of monies as shall be necessary or appropriate to comply fully, or to cause full compliance, with all applicable information reporting and back-up withholding requirements of the Internal Revenue Code of 1986, as amended (including all regulations promulgated thereunder) in respect of the Premises and all transactions related to the Premises, and will at all times provide Mortgagee with satisfactory evidence of such compliance and notify Mortgagee of the information reported in connection with such compliance.

SECTION 1.03. (a) Mortgagor forthwith upon the execution and delivery of this Mortgage, and thereafter from time to time, will cause this Mortgage and any security instrument creating a lien or evidencing the lien hereof upon the Chattels and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the interest of Mortgagee in, the Mortgaged Property.

(b) Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Chattels, and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the New Note, this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Chattels or any instrument of further assurance.

SECTION 1.04. Mortgagor will punctually pay the principal and interest and all other sums to become due in

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respect of the New Note at the time and place and in the manner specified in the New Note, according to the true intent and meaning thereof, all in any coin or currency of the United States of America which at the time of such payment shall be legal tender for the payment of public and private debts.

SECTION 1.05. Mortgagor, if other than a natural person, will, so long as it is owner of all or part of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges as a business or stock corporation, partnership, trust or other entity under the laws of the state of its formation and will comply with all regulations, rules, statutes, orders and decrees of any governmental authority or court applicable to it or to the Mortgaged Property or any part thereof.

SECTION 1.06. All right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, Mortgagor or constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor and specifically described in the granting clause hereof, but at any and all times Mortgagor will execute and deliver to Mortgagee any and all such further assurances, mortgages, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

SECTION 1.07. (a) Mortgagor, from time to time when the same shall become due and payable, will pay and discharge all taxes of every kind and nature (including real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes), all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, and all other public charges whether of a like or different nature, imposed upon or assessed against it or the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof. Mortgagor will, upon Mortgagee's request, deliver to Mortgagee receipts evidencing the payment of all such

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taxes, assessments, levies, fees, rents and other public charges imposed upon or assessed against it or the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

Mortgagee may, at its option, to be exercised by thirty (30) days' written notice to Mortgagor, require the deposit by Mortgagor, at the time of each payment of an instalment of interest or principal under the New Note, of an additional amount sufficient to discharge the obligations under this clause (a) when they become due. The determination of the amount so payable and of the fractional part thereof to be deposited with Mortgagee, so that the aggregate of such deposits shall be sufficient for this purpose, shall be made by Mortgagee in its sole discretion. Such amounts shall be held by Mortgagee without interest and applied to the payment of the obligations in respect of which such amounts were deposited or, at Mortgagee's option, to the payment of said obligations in such order or priority as Mortgagee shall determine, on or before the respective dates on which the same or any of them would become delinquent. If one month prior to the due date of any of the aforementioned obligations the amounts then on deposit therefor shall be insufficient for the payment of such obligation in full, Mortgagor within ten (10) days after demand shall deposit the amount of the deficiency with Mortgagee. Nothing herein contained shall be deemed to affect any right or remedy of Mortgagee under any provisions of this Mortgage or of any statute or rule of law to pay any such amount and to add the amount so paid, together with interest at the Involuntary Rate, to the indebtedness hereby secured.

(b) Mortgagor will pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom and in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the cost of Mortgagor and without expense to Mortgagee.

(c) Nothing in this Section 1.07 shall require the payment or discharge of any obligation imposed upon Mortgagor by this Section so long as Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection thereof or other realization thereon and the sale or forfeiture of the Mortgaged Property or any part thereof to satisfy the same; provided that during such contest Mortgagor shall, at the option of

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Mortgagee, provide security satisfactory to Mortgagee, assuring the discharge of Mortgagor's obligation hereunder and of any additional charge, penalty or expense arising from or incurred as a result of such contest; and provided further, that if at any time payment of any obligation imposed upon Mortgagor by clause (a) above shall become necessary to prevent the delivery of a tax deed conveying the Mortgaged Property or any portion thereof because of non-payment, then Mortgagor shall pay the same in sufficient time to prevent the delivery of such tax deed.

SECTION 1.08. Mortgagor will pay any taxes, except income taxes, imposed on Mortgagee by reason of its ownership of the New Note or this Mortgage.

SECTION 1.09. (a) Mortgagor will keep the Improvements and Chattels insured against loss by fire, casualty and such other hazards as may be specified by Mortgagee for the benefit of Mortgagee. Such insurance shall be written in forms, amounts, and by companies satisfactory to Mortgagee, and losses thereunder shall be payable to Mortgagee pursuant to a standard first mortgage endorsement substantially equivalent to the New York standard mortgage endorsement. The policy or policies of such insurance shall be delivered to Mortgagee. Mortgagor shall give Mortgagee prompt notice of any loss covered by such insurance and Mortgagee shall have the right to join Mortgagor in adjusting any loss in excess of \$50,000. Any moneys received as payment for any loss under any such insurance shall be paid over to Mortgagee to be applied, at Mortgagee's option, either to the prepayment of the New Note or to the reimbursement of Mortgagor from time to time for expenses incurred by it in the restoration of the Improvements.

(b) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.09 unless Mortgagee is included thereon as a named insured with loss payable to Mortgagee under a standard mortgage endorsement of the character above described. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

(c) If the Premises are located in an area which has been identified by the Secretary of the United States Department of Housing and Urban Development as a flood hazard area, Mortgagor will keep the Improvements covered, until all sums secured hereby have been repaid in full, by flood insurance in an amount at least equal to the full amount of the New Note or the maximum limit of coverage

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available for the Premises under the National Flood Insurance Act of 1968, whichever is less.

SECTION 1.10. If Mortgagor shall fail to perform any of the covenants contained in Section 1.01, 1.03, 1.07, 1.08, 1.09 or 1.12, Mortgagee may make advances to perform the same on its behalf, and all sums so advanced shall be a lien upon the Mortgaged Property and shall be secured hereby. Mortgagor will repay on demand all sums so advanced on its behalf together with interest thereon at the Involuntary Rate. The provisions of this Section 1.10 shall not prevent any default in the observance of any covenant contained in said Section 1.01, 1.03, 1.07, 1.08, 1.09 or 1.12 from constituting an Event of Default.

SECTION 1.11. (a) Mortgagor will keep adequate records and books of account in accordance with generally accepted accounting principles and will permit Mortgagee, by its agents, accountants and attorneys, to visit and inspect the Mortgaged Property and examine its records and books of account and to discuss its affairs, finances and accounts with the officers or general partners, as the case may be, of Mortgagor, at such reasonable times as may be requested by Mortgagee.

(b) Mortgagor and Guarantor will deliver to Mortgagee with reasonable promptness after the close of their respective fiscal years a balance sheet and statement of profit, loss and cash flow setting forth in each case, in comparative form, figures for the preceding year. Throughout the term of this Mortgage, Mortgagor and Guarantor, with reasonable promptness, will deliver to Mortgagee such other information with respect to Mortgagor or Guarantor as Mortgagee may reasonably request from time to time. All financial statements of Mortgagor or Guarantor (collectively, the "Financial Statements") shall be prepared in accordance with generally accepted accounting principles, shall be delivered in duplicate and, in the case of Mortgagor, shall be accompanied by the certificate of a principal financial or accounting officer or general partner, as the case may be, of Mortgagor, dated within five (5) days of the delivery of or general partner, as the case may be, such statements to Mortgagee, stating that he knows of no Event of Default, nor of any event which after notice or lapse of time or both would constitute an Event of Default, which has occurred and is continuing, or, if any such event or Event of Default has occurred and is continuing, specifying the nature and period of existence thereof and what action Mortgagor has taken or proposes to take with respect thereto, and, except as otherwise specified, stating that Mortgagor has fulfilled all of its obligations under this Mortgage which are required to be fulfilled on or prior to the date of such certificate.

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(c) Mortgagor, within three (3) days upon request in person or within five (5) days upon request by mail, will furnish a written statement, duly acknowledged, of the amount due whether for principal or interest on this Mortgage and whether any offsets, counterclaims or defenses exist against the indebtedness secured hereby.

SECTION 1.12. (a) Mortgagor will not commit any waste on the Premises or make any change in the use of the Premises which will in any way increase any ordinary fire or other hazard arising out of construction or operation. Mortgagor will, at all times, maintain the Improvements and Chattels in good operating order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith which are needful or desirable to such end. The Improvements shall not be demolished or substantially altered, nor shall any Chattels be removed without the prior written consent of Mortgagee except where appropriate replacements free of superior title, liens and claims are immediately made of value at least equal to the value of the removed Chattels.

(b) Mortgagor will, at its sole cost and expense, promptly remove, or cause the removal of, any and all hazardous or toxic substances or wastes or the effects thereof at any time identified as being on, in, under or affecting the Premises.

SECTION 1.13. Mortgagor, immediately upon obtaining knowledge of the institution or pending institution of any proceedings for the condemnation of the Premises or any portion thereof, will notify Mortgagee thereof. Mortgagee may participate in any such proceedings and may be represented therein by counsel of its selection. Mortgagor from time to time will deliver to Mortgagee all instruments requested by it to permit or facilitate such participation. In the event of such condemnation proceedings, the award or compensation payable is hereby assigned to and shall be paid to Mortgagee. Mortgagee shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid. The proceeds of any award or compensation so received shall, at Mortgagee's option, be applied either to the prepayment of the New Note at the rate of interest provided therein regardless of the rate of interest payable on the award by the condemning authority, or shall be paid over to Mortgagor from time to time for restoration of the Improvements.

SECTION 1.14. (a) Mortgagor will not (i) execute an assignment of the rents or any part thereof from the

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Premises without Mortgagee's prior written consent, (ii) except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any lease of the Premises or of any part thereof, now existing or hereafter to be made, having an unexpired term of one (1) year or more, provided, however, that any lease may be canceled if promptly after the cancellation or surrender thereof a new lease is entered into with a new lessee having a credit standing, in the judgment of Mortgagee, at least equivalent to that of the lessee whose lease was canceled, on substantially the same terms as the terminated or canceled lease, (iii) modify any such lease so as to shorten the unexpired term thereof or so as to decrease the amount of the rents payable thereunder, (iv) accept prepayments of any installments of rents to become due under such leases, except prepayments in the nature of security for the performance of the leases thereunder or (v) in any other manner impair the value of the Mortgaged Property or the security of this Mortgage.

(b) Mortgagor will not execute any lease of all or a substantial portion of the Premises except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Premises or portions thereof now or hereafter existing, on the part of the lessor thereunder to be kept and performed and will at all times do all things necessary to compel performance by the lessee under each lease of all obligations, covenants and agreements by such lessee to be performed thereunder. If any of such leases provide for the giving by the lessee of certificates with respect to the status of such leases, Mortgagor shall exercise its right to request such certificates within five (5) days of any demand therefor by Mortgagee.

(c) Each lease of the Premises, or of any part thereof, shall provide that, in the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee thereunder will, upon request of any person succeeding to the interest of Mortgagor as a result of such enforcement, automatically become the lessee of said successor in interest, without change in the terms or other provisions of such lease, provided, however, that said successor in interest shall not be bound by (i) any payment of rent or additional rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by said lessee of its obligations under said lease or (ii) any amendment or modification of the lease made without the consent of Mortgagee or such successor in interest. Each lease shall also provide that, upon request by said successor in interest, such lessee shall execute and

deliver an instrument or instruments confirming such attornment.

To the extent that any part of the Premises is located in the State of New York, reference is hereby made to Section 291-f of the Real Property Law of the State of New York for the purpose of obtaining for Mortgagee the benefits of said Section in connection with this Mortgage.

(d) Mortgagor shall furnish to Mortgagee, within thirty (30) days after a request by Mortgagee, a written statement containing the names of all lessees of the Premises, the terms of their respective leases, the space occupied and the rentals payable thereunder.

SECTION 1.15. Subject to the conditions specified in the next paragraph of this Section, Mortgagee will, upon Mortgagor's request, execute non-disturbance and attornment agreements, in Mortgagee's then standard form, with lessees of the Premises which shall provide that in the event Mortgagee or any purchaser at foreclosure shall succeed to Mortgagor's interest in the Premises, the leases of such lessees will remain in full force and effect and be binding upon Mortgagee or such purchaser and such lessee as though each were the original parties thereto.

Mortgagee's obligation to execute such agreements shall be subject to the following conditions: (i) the credit of the lessee and the terms of the lease shall be satisfactory to Mortgagee, (ii) Mortgagee shall have received and approved the standard form of lease to be used in connection with the leasing of the Premises, (iii) upon each request for such an agreement Mortgagee shall receive a photocopy of the executed lease on which all changes from the standard form shall be indicated by appropriate markings, certified to be true and complete by the responsible officer or general partner, as the case may be, of Mortgagor or by its counsel, (iv) Mortgagee shall receive a letter, signed by Mortgagor and addressed to the lessee, to be forwarded to the lessee by Mortgagee, giving notice of the assignment of each lease provided for herein, and (v) the approval by any lender to which this Mortgage is to be assigned of the execution of such an agreement.

SECTION 1.16. Mortgagor will receive the advances secured by this Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvement and will apply the same first to the payment of such costs before using any part of the total of the same for any other purpose and, in the event all or any part of the Premises is located in the State of New York, will comply with Section 13 of the New

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York Lien Law. Mortgagor will indemnify and hold Mortgagee harmless against any loss or liability, cost or expense, including, without limitation, any judgments, attorney's fees, costs of appeal bonds and printing costs, arising out of or relating to any proceeding instituted by any claimant alleging a violation by Mortgagor of any applicable lien law including, without limitation, any section of Article 3-A of the New York Lien Law.

ARTICLE II

EVENTS OF DEFAULT AND REMEDIES

SECTION 2.01. If one or more of the following Events of Default shall happen, that is to say:

(a) if (i) default shall be made in the payment of any principal, interest or other sums under the New Note, in any such case, when and as the same shall become due and payable, whether at maturity or by acceleration or as part of any payment or prepayment or otherwise, in each case, as in the New Note and this Mortgage provided and such default shall have continued for a period of ten (10) days or (ii) default shall be made in the payment of any tax required by Section 1.07 to be paid and said default shall have continued for a period of twenty (20) days; or

(b) if default shall be made in the due observance or performance of any covenant or agreement on the part of Mortgagor contained in Section 1.01, 1.03, 1.08 or 1.09, and such default shall have continued for a period of twenty (20) days after notice thereof shall have been given to Mortgagor by Mortgagee. For the purposes of this clause if any representation made in Section 1.01 hereof shall be incorrect, it shall be deemed to be a default; or

(c) if default shall be made in the due observance or performance of any other covenant, condition or agreement in the New Note, this Mortgage, any guaranty executed by Guarantor or in any other document executed or delivered to Mortgagee in connection with the loan secured hereby, and such default shall have continued for a period of thirty (30) days after notice thereof shall have been given to Mortgagor by Mortgagee, or, in the case of such other documents, such shorter grace period, if any, as may be provided for therein; or

(d) if by order of a court of competent jurisdiction, a trustee, receiver or liquidator of the

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Mortgaged Property or any part thereof, or of Mortgagor shall be appointed and such order shall not be discharged or dismissed within sixty (60) days after such appointment; or

(e) if Mortgagor shall file a petition in bankruptcy or for an arrangement or for reorganization pursuant to the Federal Bankruptcy Act or any similar law, federal or state, or if, by decree of a court of competent jurisdiction, Mortgagor shall be adjudicated a bankrupt, or be declared insolvent, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or receivers of all or any part of its property; or

(f) if any of the creditors of Mortgagor shall file a petition in bankruptcy against Mortgagor or for reorganization of Mortgagor pursuant to the Federal Bankruptcy Act or any similar law, federal or state, and if such petition shall not be discharged or dismissed within sixty (60) days after the date on which such petition was filed; or

(g) if final judgment for the payment of money shall be rendered against Mortgagor and Mortgagor shall not discharge the same or cause it to be discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered, and secure a stay of execution pending such appeal; or

(h) if any of the events enumerated in clauses (d) through (g) of this Section 2.01 shall happen to Guarantor or any of its property; or

(i) if it shall be illegal for Mortgagor to pay any tax referred to in Section 1.08 hereof or if the payment of such tax by Mortgagor would result in the violation of applicable usury laws; or

(j) if Mortgagor shall transfer, or agree to transfer, in any manner, either voluntarily or involuntarily, by operation of law or otherwise, all or any portion of the Mortgaged Property, or any interest therein (including any air or development rights) without, in any such case, the prior written consent of Mortgagee. Mortgagee may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to this Mortgage and

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any other documents which evidence or secure the loan secured hereby, and any such transferee shall assume all of Mortgagor's obligations hereunder and thereunder and agree to be bound by all provisions and perform all obligations contained herein and therein. Consent to one such transfer shall not be deemed to be a waiver of the right to require consent to future or successive transfers. As used herein "transfer" shall include, without limitation, any sale, assignment, lease or conveyance except leases for occupancy subordinate to this Mortgage and to all advances made and to be made hereunder or, in the event Mortgagor or Guarantor (or a general partner or co-venturer of either of them) is a partnership, joint venture, trust or closely-held corporation, the sale, conveyance, transfer or other disposition of more than ten percent (10%) of any class of the issued and outstanding capital stock of such closely-held corporation or of the beneficial interest of such partnership, venture or trust, or a change of any general partner or any joint venturer, either voluntarily, involuntarily, or otherwise, or in the event Mortgagor or Guarantor (or a general partner or co-venturer of either of them) is a publicly-held corporation, the sale, conveyance, transfer or other disposition of more than 10% of the stock-holdings of any of the Major Shareholders. For purposes of this clause (k), "Major Shareholders" shall mean those five individuals or entities that own the greatest number of shares of each class of stock issued and outstanding of the corporation. In the event Mortgagor or Guarantor is a limited partnership, and so long as a limited partner has contributed to (or remains personally liable for) the partnership capital contributions (present and future) required of such limited partner by the limited partnership agreement, such limited partner may sell, convey, devise, transfer or dispose of all or a part of his limited partnership interest to his spouse, children, grandchildren or a family trust in which his spouse, children or grandchildren are sole beneficiaries; or

(k) if Mortgagor shall encumber, or agree to encumber, in any manner, either voluntarily or involuntarily, by operation of law or otherwise, all or any portion of the Mortgaged Property, or any interest therein (including any air or development rights) without, in any such case, the prior written consent of Mortgagee. Mortgagee may grant or deny such consent in its sole discretion and, if consent should be given, any such encumbrance shall be subject to this Mortgage and any other documents which evidence or secure the loan secured hereby. Consent to one such encumbrance

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shall not be deemed to be a waiver of the right to require consent to future or successive encumbrances. As used herein "encumber" shall include, without limitation, the placing or permitting the placing of any mortgage, deed of trust, assignment of rents or other security device;

(l) if any of the following events occur:

(1) Esden Partners, a California limited partnership ("Esden"), ceases to be the sole Managing General Partner (as defined in the partnership agreement of Mortgagor dated as of August 26, 1992 (the "Partnership Agreement").

(2) The Temporary Incapacity (as defined in the Partnership Agreement) of Rosenfeld.

(3) The Permanent Incapacity (as defined in the Partnership Agreement) of Rosenfeld.

(4) The death of Rosenfeld.

(5) The occurrence of an Event of Default (as defined in the Partnership Agreement) with respect to Esden.

(m) if Mortgagor pledges or assigns any of its rights, title and interest in and to the receipts, profits or cash flow derived from the Mortgaged Property, without the prior written consent of Mortgagee; and

(n) the pledge or assignment by Trustor of any of its rights, title and interest in and to the receipts, profits or cash flow derived from the Mortgaged Property, without the prior written consent of Beneficiary, shall constitute an Event of Default hereunder.

then and in every such case:

I. During the continuance of any such Event of Default, Mortgagee, by notice given to Mortgagor, may declare the entire principal of the New Note then outstanding (if not then due and payable), and all accrued and unpaid interest thereon, to be due and payable immediately, and upon any such declaration the principal of the New Note and said accrued and unpaid interest shall become and be immediately due and payable, anything in the New Note or in this Mortgage to the contrary notwithstanding.

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II. During the continuance of any such Event of Default, Mortgagee personally, or by its agents or attorneys, may enter into and upon all or any part of the Premises, and each and every part thereof, and is hereby given a right and license and appointed Mortgagor's attorney-in-fact to do so, and may exclude Mortgagor, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Premises and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, Mortgagee, at the expense of the Mortgaged Property, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Property, whereof it shall become possessed as aforesaid; and likewise, from time to time, at the expense of the Mortgaged Property, Mortgagee may make all necessary or proper repairs, renewals and replacements and such useful alterations, additions, betterments and improvements thereto and thereon as to it may seem advisable; and in every such case Mortgagee shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of Mortgagor with respect thereto either in the name of Mortgagor or otherwise as it shall deem best; and Mortgagee shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the Mortgaged Property and every part thereof, all of which shall for all purposes constitute property of Mortgagor; and in furtherance of such right Mortgagee may collect the rents payable under all leases of the Premises directly from the lessees hereunder upon notice to each such lessee that an Event of Default exists hereunder accompanied by a demand on such lessee for the payment to Mortgagee of all rents due and to become due under its lease, and Mortgagor FOR THE BENEFIT OF MORTGAGEE AND EACH SUCH LESSEE hereby covenants and agrees that the lessee shall be under no duty to question the accuracy of Mortgagee's statement of default and shall unequivocally be authorized to pay said rents to Mortgagee without regard to the truth of Mortgagee's statement of default and notwithstanding notices from Mortgagor disputing the existence of an Event of Default such that the payment of rent by the lessee to Mortgagee pursuant to such a demand shall constitute performance in full of the lessee's obligation under the lease for the payment of rents by the lessee to Mortgagor; and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts

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necessary to pay for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation for the services of Mortgagee and for all attorneys, counsel, agents, clerks, servants and other employees by it engaged and employed, Mortgagee shall apply the moneys arising as aforesaid, first, to the payment of the principal of the New Note and the interest thereon, when and as the same shall become payable and second, to the payment of any other sums required to be paid by Mortgagor under this Mortgage.

III. Mortgagee, with or without entry, personally or by its agents or attorneys, insofar as applicable, may:

(1) sell the Mortgaged Property to the extent permitted and pursuant to the procedures provided by law, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, at one or more sales as an entity or in parcels or parts, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law; or

(2) institute proceedings for the complete or partial foreclosure of this Mortgage; or

(3) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the New Note or in this Mortgage, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee shall elect.

SECTION 2.02. (a) Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(b) Upon the completion of any sale or sales made by Mortgagee under or by virtue of this Article II, Mortgagee, or an officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument or instruments conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Mortgagee is hereby

appointed the true and lawful attorney irrevocable of Mortgagor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property and rights so sold and for that purpose Mortgagee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Mortgagor, if requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Mortgagee, for the purpose, and as may be designated in such request. Any such sale or sales made under or by virtue of this Article II, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under Mortgagor.

(c) In the event of any sale or sales made under or by virtue of this Article II (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), the entire principal of, and interest on, the New Note, if not previously due and payable, and all other sums required to be paid by Mortgagor pursuant to this Mortgage, immediately thereupon shall, anything in the New Note or in this Mortgage to the contrary notwithstanding, become due and payable.

(d) The purchase money, proceeds or avails of any sale or sales made under or by virtue of this Article II, together with any other sums which then may be held by Mortgagee under this Mortgage, whether under the provisions of this Article II or otherwise, shall be applied as follows:

First: To the payment of the costs and expenses of such sale, including reasonable compensation to Mortgagee, its agents and counsel, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Mortgagee under this Mortgage, together with interest at the Involuntary Rate on all advances made by Mortgagee, and of all taxes, assessments or other charges,

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except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold.

Second: To the payment of the whole amount then due, owing or unpaid upon the New Note for principal and interest, with interest on the unpaid principal at the Involuntary Rate from and after the happening of any Event of Default described in clause (a) of Section 2.01 hereof from the due date of any such payment of principal until the same is paid.

Third: To the payment of any other sums required to be paid by Mortgagor pursuant to any provision of this Mortgage or of the New Note.

Fourth: To the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

(e) Upon any sale or sales made under or by virtue of this Article II, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness secured by this Mortgage the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage.

SECTION 2.03. (a) In case an Event of Default described in clause (a) of Section 2.01 hereof shall have happened and be continuing, then, upon written demand of Mortgagee, Mortgagor will pay to Mortgagee the whole amount which then shall have become due and payable on the New Note, for principal or interest or both, as the case may be, and after the happening of said Event of Default will also pay to Mortgagee interest at the Involuntary Rate on the then unpaid principal of the New Note, and the sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to Mortgagee, its agents and counsel and any expenses incurred by Mortgagee hereunder. In the event Mortgagor shall fail forthwith to pay such amounts upon such demand, Mortgagee shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment

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or final decree against Mortgagor and collect, out of the property of Mortgagor wherever situated, as well as out of the Mortgaged Property, in any manner provided by law, moneys adjudged or decreed to be payable.

(b) Mortgagee shall be entitled to recover judgment as aforesaid either before, after or during the pendency of any proceedings for the enforcement of the provisions of this Mortgage; and the right of Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage, or the foreclosure of the lien hereof; and in the event of a sale of the Mortgaged Property, and of the application of the proceeds of sale, as in this Mortgage provided, to the payment of the debt hereby secured, Mortgagee shall be entitled to enforce payment of, and to receive all amounts then remaining due and unpaid upon, the New Note, and to enforce payment of all other charges, payments and costs due under this Mortgage, and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest at the Involuntary Rate. In case of proceedings against Mortgagor in insolvency or bankruptcy or any proceedings for its reorganization or involving the liquidation of its assets, then Mortgagee shall be entitled to prove the whole amount of principal and interest due upon the New Note to the full amount thereof, and all other payments, charges and costs due under this Mortgage, without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Property, provided, however, that in no case shall Mortgagee receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Mortgaged Property and the distribution from the estate of Mortgagor.

(c) No recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Mortgagor shall affect in any manner or to any extent, the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(d) Any moneys thus collected by Mortgagee under this Section 2.03 shall be applied by Mortgagee in accordance with the provisions of clause (d) of Section 2.02 hereof.

SECTION 2.04. After the happening of any Event of Default and immediately upon the commencement of any action, suit or other legal proceedings by Mortgagee to obtain

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judgment for the principal of, or interest on, the New Note and other sums required to be paid by Mortgagor pursuant to any provision of this Mortgage, or of any other nature in aid of the enforcement of the New Note or of this Mortgage, Mortgagor will (a) waive the issuance and service of process and enter its voluntary appearance in such action, suit or proceeding and (b) if required by Mortgagee, consent to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof. After the happening of any Event of Default and during its continuance, or upon the commencement of any proceedings to foreclose this Mortgage or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of Mortgagee, Mortgagee shall be entitled, as a matter of right, if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of any security for the indebtedness secured hereby, forthwith either before or after declaring the unpaid principal of the New Note to be due and payable, to the appointment of such a receiver or receivers.

SECTION 2.05. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of its property, or of the Mortgaged Property or any part thereof, Mortgagee shall be entitled to retain possession and control of all property now or hereafter held under this Mortgage.

SECTION 2.06. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. Nothing in this Mortgage or in the New Note shall affect the obligation of Mortgagor to pay the principal of, and interest on, the New Note in the manner and at the time and place therein respectively expressed.

SECTION 2.07. Mortgagor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at

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any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof and Mortgagor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Mortgagee but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any foreclosure hereof.

SECTION 2.08. During the continuance of any Event of Default and pending the exercise by Mortgagee of its right to exclude Mortgagor from all or any part of the Premises, Mortgagor agrees to pay the fair and reasonable rental value for the use and occupancy of the Premises or any portion thereof which are in its possession for such period and, upon default of any such payment, will vacate and surrender possession of the Premises to Mortgagee or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery of possession of premises for non-payment of rent, however designated.

SECTION 2.09. Any default hereunder shall, at the option of Mortgagee, constitute a default under the Existing Projects Loan Documents and under any other mortgage, notes, obligations and liabilities of Mortgagor to Mortgagee, whether now existing or thereafter arising, and any default under any of the Existing Projects Loan Documents and/or any such other mortgage, note, obligation or liability, whether now existing or hereafter arising, shall, at the option of Mortgagee, constitute a default under the New Note, this Mortgage and the other Security Documents.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. In the event any one or more of the provisions contained in this Mortgage or in the New Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or

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unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

SECTION 3.02. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail, if to Mortgagor at its address above stated, and if to Mortgagee, to the attention of its Real Estate Finance office at 101 Park Avenue, New York, New York 10081, or at such other address of which a party shall have notified the party giving such notice in writing.

SECTION 3.03. All of the grants, covenants, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the successors and assigns of Mortgagor and the successors and assigns of Mortgagee.

SECTION 3.04. No provision in this Mortgage or in the New Note shall require the payment or permit the collection of interest in excess of the maximum amount permitted by law in commercial construction or permanent mortgage loan transactions between parties of the character of the parties hereto. Mortgagor shall not be obligated to pay any interest in excess of such maximum amount.

SECTION 3.05. This Mortgage may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same mortgage.

SECTION 3.06. Intentionally Omitted.

SECTION 3.07. Mortgagor and Mortgagee shall, upon their mutual agreement to do so, execute such documents as may be necessary in order to effectuate the modification of this Mortgage, including the execution of substitute mortgages, so as to create two or more liens on the Mortgaged Property in such amounts as may be mutually agreed upon but in no event to exceed, in the aggregate, the Mortgage Amount; in such event, Mortgagor covenants and agrees to pay the reasonable fees and expenses of Mortgagee and its counsel in connection with any such modification.

SECTION 3.08. Mortgagor recognizes that Mortgagee may sell and transfer interests in the loan to one or more participants and that all documentation, financial statements, appraisals and other data, or copies thereof,

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Court at Chicago, Illinois, this _____ day of _____, 20__.

Clerk of the Court

Deputy Clerk of the Court

Deputy Clerk of the Court

Deputy Clerk of the Court

Deputy Clerk of the Court

Deputy Clerk of the Court

Deputy Clerk of the Court

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relevant to Mortgagor, any Guarantor or the loan, may be exhibited to and retained by any such participant or prospective participant.

SECTION 3.09 Mortgagor hereby expressly and unconditionally waives, in connection with any foreclosure or similar action or procedure brought by Mortgagee asserting an Event of Default under clause (a) of Section 2.01 of this Mortgage, any and every right it may have to (i) a trial by jury, (ii) interpose any counterclaim therein except to the extent that said counterclaim must be asserted or otherwise be barred and (iii) have the same consolidated with any other or separate suit, action or proceeding. Nothing herein contained shall prevent or prohibit Mortgagor from instituting or maintaining a separate action against Mortgagee with respect to any asserted claim.

SECTION 3.10. Mortgagor has entered into that certain Indemnity Agreement of even date herewith, which Indemnity Agreement relates to certain "Indemnified Matters" (as defined therein). The Indemnified Matters relate to hazardous or toxic substances or wastes or the effects thereof which may be on, in, under or affecting the Premises and the Improvements. Notwithstanding anything hereinbefore to the contrary, it is understood and agreed that this Mortgage does not secure the performance of the obligations of Mortgagor under the Indemnity Agreement it being the intention of Mortgagor and of Mortgagee that such obligations shall be and remain unsecured obligations. A breach of representation or of covenant under the Indemnity Agreement may, in some cases, also constitute a breach of representation or covenant under this Mortgage. In such cases, such breach of representation or covenant shall constitute a default hereunder but any damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses (including, without limitation, attorneys' and experts' reasonable fees and disbursements) of any kind or of any nature whatsoever which may at any time be imposed upon, incurred by or asserted or awarded against Mortgagee and which are Indemnified Matters under the Indemnity Agreement are not secured hereby it being the intention of Mortgagor and Mortgagee that said obligations shall be unsecured obligations and covered only by the Indemnity Agreement.

SECTION 3.11. The information set forth on the cover hereof is hereby incorporated herein.

SECTION 3.12. This Mortgage is being recorded subject and subordinate to the liens of that certain Mortgage, Assignment of Leases and Rents and Security Agreement (the

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"Project Mortgage") dated December 11, 1987, made by Mortgagor for the benefit of Mortgagee, and recorded December 17, 1987, as Instrument No. 3675143, in the Official Records of Cook County, Illinois, as modified and that certain Mortgage, Assignment of Leases and Rents and Security Agreement (the "Additional Mortgage") dated August 26, 1991, made by Mortgagor for the benefit of Mortgagee and recorded September 20, 1991, as Instrument No. 91489810, in the Official Records of Cook County, Illinois. This Mortgage is also being recorded contemporaneously with a subordination agreement dated of even date herewith pursuant to which the lien of this Mortgage shall have priority over the following liens in the following order: (i) the lien of that certain Mortgage, Assignment of Leases and Rents and Security Agreement (the "Fontana Mortgage") dated as of November 30, 1990, made by Mortgagor for the benefit of Mortgagee, and recorded January 24, 1991, as Instrument No. 91036745 in the Official Records of Cook County, Illinois, and (ii) to the lien of that certain Mortgage, Assignment of Leases and Rents and Security Agreement (the "Cross-Collateralization Mortgage") dated April 15, 1991, made by Mortgagor for the benefit of Mortgagee, and recorded May 31, 1991, as Instrument No. 91260791, in the Official Records of Cook County, Illinois. It is the intention of Mortgagor and Mortgagee that the beneficial interest under each of such mortgages shall not merge with or into, but is and shall remain at all times separate and distinct from, the fee title in the Mortgaged Property, notwithstanding any action by Mortgagee to exercise its rights under any of such mortgages, including without limitation any foreclosure proceeding instituted by Mortgagee thereunder. The promissory note(s) secured by and described in the Project Mortgage and the Additional Mortgage shall be hereinafter referred to as the "Project Note."

SECTION 3.13. (a) Mortgagee has agreed to grant partial releases of the Mortgaged Property from the lien of this Mortgage subject to the following conditions:

(i) Mortgagor shall not be in default in the due, prompt and complete performance and observance of any condition, covenant or obligation contained in this Mortgage, the New Note, any of the other Security Documents, or any of the Existing Projects Loan Documents, including without limitation the Project Note and the Project Mortgage;

(ii) Mortgagee shall receive as a release price (the "Release Price") with respect to each portion of the Mortgaged Property to be released pursuant to

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this subparagraph an amount equal to the applicable Net Cash Proceeds resulting from such release;

(iii) the release of any portion of the Mortgaged Property shall not result in a disposition of the Mortgaged Property constituting a violation of any ordinance, law or regulation of any public authority relating to the subdivision of real property or otherwise; and

(iv) Mortgagee shall have received and approved the legal description of the portion of the Mortgaged Property to be released from the lien of this Mortgage.

(b) Any Release Price received by the Mortgagee hereunder shall be applied in the manner set forth in the Credit Agreement.

SECTION 3.14. This Mortgage is to be construed and enforced according to the laws of the State of New York except that, with respect to any portion of the Mortgaged Property located outside of the State of New York, the laws of the state in which such portion of the Mortgaged Property is located shall be applicable thereto but only to the extent required for Mortgagee to exercise its rights and remedies in order to realize upon its interests in the Mortgaged Property.

IN WITNESS WHEREOF, this Mortgage has been duly executed by Mortgagor.

EASTHOLME PARTNERS,
a California limited partnership

By: ESDEN PARTNERS, a California
limited partnership
Managing General Partner

By: ESR CORPORATION, a
California corporation,
General Partner

By _____
Its _____

By _____
Its _____

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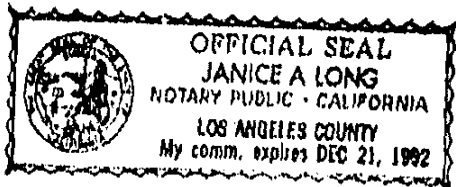
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STATE OF California }
COUNTY OF Los Angeles } SE.

On September 16, 1992, before me, the undersigned, a Notary Public in and for said State, personally appeared Jim DesRosiers and Charles Hamilton, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument respectively as the Assistant Secretary and the Vice President on behalf of ESR Corporation, the corporation therein named, and acknowledged to me that such corporation pursuant to its by-laws or a resolution of its board of directors executed the within instrument on behalf of ESDEN PARTNERS, the partnership therein named and that such partnership executed the within instrument on behalf of The Anden Group, the partnership therein named, and that such last named partnership executed the within instrument.

WITNESS my hand and official seal.



Janice A. Long
Notary Public

Los Angeles County Clerk's Office

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LEGAL DESCRIPTION:

REAL PROPERTY situated in the City of Streamwood, County of Cook, State of Illinois, and described as follows:

LOTS 2, 50; LOTS 83, 85 THROUGH 90 BOTH INCLUSIVE IN WHISPERING POND, BEING A SUBDIVISION IN THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 22, IN TOWNSHIP 41 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 14, 1989 AS DOCUMENT NUMBER 89068145, IN COOK COUNTY, ILLINOIS.

Permanent Tax Numbers:

06-22-414-002 (Lot 2)
06-22-415-018 (Lot 50)
06-22-415-051 (Lot 83)
06-22-415-053 (Lot 85)
06-22-415-054 (Lot 86)
06-22-416-001 (Lot 87)
06-22-416-002 (Lot 88)
06-22-416-003 (Lot 89)
06-22-416-004 (Lot 90)

Address: Irving Park Road and Route 59
Streamwood, Illinois

EXHIBIT "A"

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