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Bruce A. Salk  
DI MONTE & LIZAK  
1300 West Higgins Road  
Suite 200  
Park Ridge, Illinois 60068

## MORTGAGE

THIS MORTGAGE is dated as of March 1, 1993, and is made by THEODORE A. PASQUESI and BRIAN K. MORAN, as Trustees under Agreement dated September 14, 1984 and JEAN B. MORAN (collectively, the "Borrower") to COLUMBIA NATIONAL BANK OF CHICAGO located at 5250 North Harlem Avenue, Chicago, Illinois 60656 ("Lender").

### WITNESSETH:

Armon, Inc., a Delaware corporation, has, concurrently herewith, executed and delivered to the Lender, the following notes (herein collectively referred to as the "Notes"):

- A. Revolving Credit Note dated the date hereof, in the principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$1,350,000.00) bearing interest at the rate specified therein, due in the manner as provided therein and in any event on the 1st day of April, 1994, payable to the order of the Lender, the terms and provisions of which note are incorporated herein and made a part hereof by this reference with the same effect as if set forth at length;
- B. Term Note dated the date hereof, in the principal sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) bearing interest at the rate specified therein, due in the manner as provided therein and in any event on the 1st day of August, 1993, payable to the order of the Lender, the terms and provisions of which note are incorporated herein and made a part hereof by this reference with the same effect as if set forth at length;
- C. Term Note dated the date hereof, in the principal sum of THREE HUNDRED NINETY-FIVE THOUSAND SEVEN HUNDRED NINETY-NINE AND 96/100 DOLLARS (\$395,799.96) bearing interest at the rate specified therein, due in the manner as provided therein and in any event on the 1st day of July, 1997, payable to the order of the Lender, the terms and provisions of which note are incorporated herein and made

BOX 333

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a part hereof by this reference with the same effect as if set forth at length; and

- D. Demand Note dated the date hereof, in the principal sum of ONE MILLION SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$1,075,000.00) bearing interest at the rate specified therein, due upon demand, payable to the order of the Lender, the terms and provisions of which note are incorporated herein and made a part hereof by this reference with the same effect as if set forth at length.

To secure the payment of the indebtedness evidenced by the Notes and the hereinafter defined Liabilities, Borrower does by these presents CONVEY and MORTGAGE unto Lender, all of Borrower's estate, right, title and interest in the real estate situated, lying and being in the County of Cook and State of Illinois and legally described on attached Exhibit A and made part hereof, which is referred to herein as the "Premises," together with all improvements, buildings, tenements, hereditaments, appurtenances, gas, oil, minerals, easements located in, on, over or under the Premises, and all types and kinds of fixtures, including without litigation, all of the foregoing used to supply heat, gas, air conditioning, water, light, power, refrigeration or ventilation (whether single units or centrally controlled) and all screens, window shades, storm doors and windows, floor coverings, awnings, stoves and water heaters, whether now on the Premises or hereafter erected, installed or placed on or in the Premises, or whether or not physically attached to the Premises. The foregoing items are and shall be deemed a part of the Premises and a portion of the security for the Liabilities, as that term is defined in Section 11, hereof, as between the parties hereto and all persons claiming by, through or under them.

Further, Borrower does hereby pledge and assign to Lender, all leases, written or verbal, rents, issues and profits of the Premises, including without limitation, all rents, issues, profits, revenues, royalties, bonuses, rights and benefits due, payable or accruing, and all deposits of money as advance rent or for security, under any and all present and future leases of the Premises, together with the right, but not the obligation, to collect, receive, demand, sue for the recover the same when due or payable. Lender, by acceptance of this Mortgage, agrees, as personal covenant applicable to Borrower only, and not as a limitation or condition hereof and not available to anyone other than Borrower, that until a Default, as hereinafter defined, shall occur or an event shall occur, which under the terms hereof shall give to Lender the right to foreclose this Mortgage, Borrower may collect, receive and enjoy such avails.

Further, Borrower covenants and agrees as follows:

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1. Borrower shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and, except for this Mortgage, free from any encumbrances, mechanic's liens or other liens or claims for lien; (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises, and upon request exhibit satisfactory evidence of the discharge of such lien to Lender; (d) complete within a reasonable time any building or buildings now or at any time in process of erection with the Premises; (e) comply with all requirements of all laws or municipal ordinances with respect to the Premises and the use of the Premises; (f) refrain from impairing or diminishing the value of the Premises.

2. Borrower shall pay, when due and before any penalty attaches, all general taxes, special taxes, special assessments, water charges, drainage charges, sewer service charges, and other charges against the Premises. Borrower shall, upon written request, furnish to Lender duplicate paid receipts for such taxes, assessments and charges. To prevent Default, hereunder Borrower shall pay in full prior to such tax, assessment or charge becoming delinquent under protest, in the manner provided by statute, any tax, assessment or charge which Borrower may desire to contest. Borrower shall make monthly deposits of an amount reasonably estimated by Lender from time to time for the purpose of funding a tax and insurance escrow to be maintained by Lender.

3. Upon the request of Lender, Borrower shall deliver to Lender all original leases of all or any portion of the Premises, together with assignments of such leases from Borrower to Lender, which assignments shall be in form and substance satisfactory to Lender; Borrower shall not procure, permit nor accept any prepayment, discharge or compromise of any rent nor release any tenant from any obligation, at any time while the indebtedness secured hereby remains unpaid, without Lender's written consent.

4. Any awards of damage resulting from condemnation proceedings, exercise of the power of eminent domain, or the taking of the Premises for public use are hereby transferred, assigned and shall be paid to Lender and the proceeds or any part thereof may be applied by Lender, after the payment of all of its expenses, including costs and attorneys' fees, to the reduction of the indebtedness secured hereby and Lender is hereby authorized, on behalf and in the name of Borrower, to execute and deliver valid acquittances and to appeal from any such award.

5. No remedy or right of Lender hereunder shall be exclusive. Each right and remedy of Lender with respect to this Mortgage shall be in addition to every other remedy or right now or hereafter existing at law or in equity. No delay by Lender in exercising, or omission to exercise, any remedy or right accruing on Default

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(defined hereinafter) shall impair any such remedy or right, or shall be construed to be a waiver of any such Default, or acquiescence therein, nor shall it affect any subsequent Default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Lender.

6. Borrower shall keep all buildings and improvements now or hereafter situated on the Premises insured against loss or damage by fire, lightning, windstorm and such other hazards as may from time to time be designated by Lender, including without limitation, flood damage, where Lender is required by law to have the loans evidenced by the Notes so insured. Each insurance policy shall be for an amount sufficient to pay the cost of replacing or repairing the buildings and improvements on the Premises and, in no event less than the principal amount of the Notes; all policies shall be issued by companies satisfactory to Lender. Each insurance policy shall contain a Lender's loss payable clause or endorsement, in form and substance satisfactory to Lender. Borrower shall deliver all insurance policies, including additional and renewal policies, to Lender. In case of insurance about to expire, Borrower shall deliver to Lender renewal policies not less than ten (10) days prior to each respective date of expiration.

7. Upon Default by Borrower hereunder, Lender may, but need not, make any payment or perform any act required by Borrower hereunder in any form and manner deemed expedient by Lender, and Lender may, but need not, make full or partial payments of principal or interest on any encumbrances affecting the Premises and Lender may purchase, discharge, compromise or settle any tax lien or other lien or title or claim thereon, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other moneys advanced by Lender to protect the Premises or the lien hereof, plus reasonable compensation to Lender for each matter concerning which action herein authorized may be taken, shall be so much additional indebtedness secured hereby and shall become immediately due and payable, on ten (10) days prior written notice from Lender, and with interest thereon at a per annum rate equivalent to the Default Rate set forth in the Notes. Inaction of Lender shall never be considered as a waiver of any right accruing to Lender on account of any Default hereunder on the part of Borrower.

8. If Lender makes any payment authorized by this Mortgage relating to taxes, assessments, charges or encumbrances, Lender may do so according to any bill, statement or estimate received from the appropriate public office without inquiry into the accuracy or validity of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.



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9. Upon Default, at the sole option of Lender, the Notes and any other Liabilities shall become immediately due and payable and Borrower shall pay all expenses of Lender including attorneys' fees and expenses incurred in connection with this Mortgage and all expenses incurred in the enforcement of Lender's right in the Premises and other costs incurred in connection with the disposition of the Premises. The term "Default" when used in this Mortgage means the failure of Borrower to comply with or to perform any representation, warranty, term, condition, covenant or agreement contained in this Mortgage, any of the Notes, or any instrument securing any Liabilities.

10. Notwithstanding any other provisions of this Mortgage, no sale, lease, mortgage, trust deed, grant by Borrower of any encumbrance of any kind, conveyance, contract to sell, or transfer of the Premises, or any part thereof, or transfer of occupancy or possession of the Premises, or any part thereof, or sale or transfer of ownership of the beneficial interest or power of direction in Borrower shall be made without the prior written consent to Lender.

11. "Liabilities" means any and all liabilities, obligations and indebtedness of Armon, Inc. for payment of any and all amounts due under the Notes or any other liabilities, indebtedness, and obligations of every kind and nature of Armon, Inc. to the Lender whether heretofore, now owing or hereafter arising and owing, due or payable, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, primary or secondary, joint or several, whether existing or arising through discount, overdraft, purchase, direct loan, by operation of law, or otherwise, together with all costs of collection, legal expenses and outside or in-house attorneys' fees and paralegals' fees or charges incurred or paid by Lender in attempting the collection or enforcement of any of the Notes, or in the repossession, custody, sale, lease, assembly or other disposition of any collateral for the Notes, plus all other amounts described as Liabilities hereunder. Notwithstanding the foregoing, in no event shall the lien of this Mortgage secure outstanding Liabilities in excess of 200% of the aggregate original stated principal amount of the Notes.

12. When the indebtedness secured hereby shall become due whether by acceleration or otherwise, Lender shall have the right to foreclose the lien of this Mortgage. In any suit to foreclose the lien of this Mortgage, there shall be allowed and included as additional indebtedness in the judgment of foreclosure all expenditures and expenses which may be paid or incurred by or on behalf of Lender for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Lender may deem to be reasonably necessary either to prosecute

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the foreclosure suit or to evidence to bidders at any foreclosure sale. All of the foregoing items, which may be expended after entry of the foreclosure Judgment, may be estimated by Lender. All expenditures and expenses mentioned in this paragraph shall become additional indebtedness secured hereby and shall be immediately due and payable, with interest thereon at a rate equivalent to the Default Rate set forth in the Notes, when paid or incurred by Lender. This paragraph shall also apply to any expenditures or expenses incurred or paid by Lender or on behalf of Lender in connection with (a) any proceeding, including without limitation, probate and bankruptcy proceedings, to which Lender shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness secured by; or (b) preparations for the commencement of any suit for the foreclosure of this Mortgage after accrual of the right to foreclose whether or not actually commenced or preparation for the commencement of any suit to collect upon or enforce the provisions of the Notes or any instrument which secures the Notes after default under the Notes whether or not actually commenced; or (c) preparations of the defense of any threatened suit or proceeding which might affect the Premises or the security hereof, whether or not actually commenced.

13. The proceeds from any foreclosure sale shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all the items that are mentioned in the preceding paragraph; second, all other items which under the terms of this Mortgage constitute indebtedness secured by this Mortgage additional to that evidenced by the Notes or the Liabilities, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Notes and the Liabilities (first to interest and then to principal); fourth, any surplus to Borrower or Borrower's successors or assigns, as their rights may appear.

14. Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such suit is filed may appoint a receiver of the Premises. The receiver's appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Borrower at the time of application for the receiver and without regard to the then value of the Premises or whether the Premises shall be then occupied as a homestead or not. Lender may be appointed as the receiver. Such receiver shall have power to collect the rents, issues and profits of the Premises during the pendency of the foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be redemption or not, as well as during any further times when Borrower, except for the intervention of the receiver would be entitled to collect the rents, issues and profits. Such receiver shall also have all other powers which may be necessary or are usual for the protection, possession, control, management and operation of the Premises during the statutory redemption period, if any. The court in which the foreclosure suit

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is filed from time to time may authorize the receiver to apply the net income in the receiver's hands in payment in whole or in part of the indebtedness secured hereby, or secured by any judgment foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of the judgment, and the deficiency judgment against Borrower in case of a foreclosure sale and deficiency. In addition to and not in limitation of the foregoing remedies, Lender shall be entitled to be appointed a mortgagee in possession of the Premises.

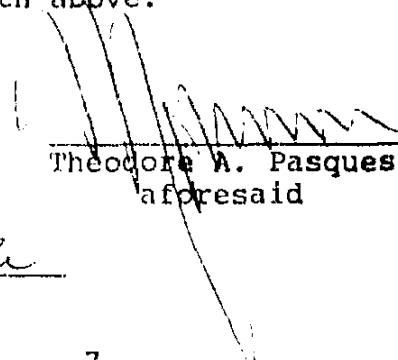
15. No action for the enforcement of the lien or of any provision of this Mortgage shall be subject to any defense which would not be good and available to the party interposing the same in an action at law upon the Notes.

16. Lender shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

17. This Mortgage and all provisions hereof, shall extend to and be binding upon Borrower and all persons or parties claiming under or through Borrower. The word "Borrower" when used herein shall also include all persons or parties liable for the payment of the indebtedness secured hereby or any part thereof, whether or not such persons or parties shall have executed the Notes or this Mortgage. The singular shall include the plural, the plural shall mean the singular and the use of any gender shall be applicable to all genders. The word "Lender" includes the successors and assigns of Lender.

18. This Mortgage has been made, executed and delivered to Lender in Chicago, Illinois and shall be construed in accordance with the internal laws of the State of Illinois. Wherever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid upon applicable law. If any provisions of this Mortgage are prohibited by or determined to be invalid under applicable law, such provisions shall be ineffective to the extent of such prohibitions or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Mortgage.

WITNESS Borrower has executed and delivered this Mortgage as of the day and year set forth above.

  
\_\_\_\_\_  
Theodore A. Pasquesi, as Trustee  
aforesaid

Witness:   
\_\_\_\_\_

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Brian K. Moran  
Brian K. Moran, as Trustee  
aforesaid

Witness: [Signature]

Jean B. Moran  
Jean B. Moran

Witness: [Signature]

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STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY THAT THEODORE A. PASQUESI and BRIAN K. MORAN personally appeared before me this day and subscribed their names to the foregoing instrument for the uses and purposes therein stated.

Given under my hand and notarial seal this 11 day of March, 1993.



Karen Sholtes  
Notary Public

My Commission Expires: 10-23-95

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY THAT JEAN B. MORAN personally appeared before me this day and subscribed her name to the foregoing instrument for the uses and purposes therein stated.

Given under my hand and notarial seal this 11 day of March, 1993.



Karen Sholtes  
Notary Public

My Commission Expires: 10-23-95

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## EXHIBIT A

LOT 1 IN NERGARD'S SUBDIVISION OF THE WEST 1/2 SECTION 29, TOWNSHIP 42 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND THAT PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE NORTH 865.7 FEET AND NORTH OF THE NORTH LINE OF SAID LOT 1, EXCEPTING HOWEVER FROM ALL OF SAID PREMISES (THAT PART LYING EAST OF A LINE 830 FEET WEST OF AND PARALLEL TO THE EAST LINE OF THE NORTHWEST 1/4 OF SECTION 29; AND ALSO EXCEPTING THAT PART OF LOT 1 IN NERGARD'S SUBDIVISION OF AND THE AFORESAID DESCRIBED 24 FOOT STRIP LYING NORTHWESTERLY OF THE FOLLOWING DESCRIBED CURVED LINE; BEGINNING AT A POINT IN THE SOUTH LINE OF THE NORTH 865.7 FEET, 252.8 FEET EAST OF THE WEST LINE OF SAID EAST 1/2 OF THE NORTHWEST 1/4, RUNNING THENCE SOUTHWESTERLY IN A CURVED LINE OF 174.21 FOOT RADIUS CONVEX SOUTHEASTERLY, 113.92 FEET MEASURED ALONG THE CHORD, TO A POINT OF COMPOUND CURVE; THENCE SOUTHWESTERLY IN A CURVED LINE OF 955 FOOT RADIUS, CONVEX SOUTHEASTERLY, TANGENT TO THE LAST DESCRIBED CURVED LINE AT THE POINT OF COMPOUND CURVE, 243.95 FEET MEASURED ALONG THE CHORD, TO A POINT IN THE WEST LINE OF SAID LOT 1 OF NERGARD'S SUBDIVISION SAID POINT BEING 219.85 FEET SOUTH OF THE NORTHWEST CORNER OF SAID LOT 1 ALL IN COOK COUNTY, ILLINOIS.

PIN: 05-29-101-015-000

COMMON ADDRESS: 15 Woodley Drive  
Winnetka, Illinois 60093

93186207