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COOK COUNTY RECORDING
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This instrument was prepared by and
return after recording to:
Michael E. Ross
Schain, Firsel & Burney, Ltd.
222 North LaSalle Street
Suite #1910
Chicago, Illinois 60601

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MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, AND SECURITY AGREEMENT

THIS MORTGAGE is made this 24th day of April, 1993, between **AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO**, not personally, but solely as trustee under Trust Agreement dated March 28, 1990 and known as Trust Number 110682-02 ("Trustee"), **EUGENIE TERRACE TOWNHOME PARTNERS II**, an Illinois general partnership ("Beneficiary") (Trustee and Beneficiary are hereinafter individually and collectively referred to as "Mortgagor") and **CONTINENTAL BANK N.A.**, a national banking association having its principal office at 231 South LaSalle Street, Chicago, Illinois 60697 ("Lender").

WHEREAS, Mortgagor is indebted to Lender in the principal sum of THREE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS ($380,000.00) which indebtedness is evidenced by Mortgagor's Note of even date herewith and all modifications, substitutions, extensions and renewals thereof ("Note") providing for repayment of principal and interest and providing for a final payment of all sums due thereunder on April 10, 1996.

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note, with interest thereon; the payment of all charges provided herein and all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements contained herein and in the Note, all future advances and all other indebtedness of Mortgagor to Lender whether now or hereafter existing (collectively, the "Secured Indebtedness" or "Indebtedness") and also in consideration of Ten Dollars ($10.00), the receipt and sufficiency whereof is acknowledged, Mortgagor does hereby convey, grant, mortgage and warrant to Lender the real estate ("Real Estate") located in the County of Cook, State of Illinois and described on Exhibit A attached hereto, subject only to covenants, conditions, easements and restrictions set forth on Exhibit B, if any ("Permitted Encumbrances").

TOGETHER WITH all buildings, structures, improvements, tenements, fixtures, easements, mineral, oil and gas rights, water rights, appurtenances thereunto belonging, title or reversion in any parcels, strips, streets and alleys adjoining the Real Estate, any land or vaults lying within any street, thoroughfare, or alley adjoining the Real Estate, and any privileges, licenses, and franchises pertaining thereto, all of the foregoing now or hereafter acquired, all leasehold estates and all rents, issues, and profits thereof, for so long and

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BOX 333

during all such times as Mortgagor, its successors and assigns may be entitled thereto (which are pledged primarily and on a parity with the Real Estate and not secondarily), and all apparatus, equipment or articles now or hereafter located thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, and any other apparatus, equipment or articles used or useful in the operation of the property including all additions, substitutions and replacements thereof. All of the foregoing are declared to be a part of the Real Estate whether physically attached or not, and it is agreed that all similar apparatus, equipment, articles and fixtures hereafter placed on the Real Estate by Mortgagor or its successors or assigns shall be considered as constituting part of the Real Estate. (All of the foregoing, together with the Real Estate, are hereinafter referred to as the "Property".)

To have and to hold the Property unto the Lender, its successors and assigns forever, for the purposes and uses set forth herein, free from all rights and benefits under any Homestead Exemption laws of the state in which the Property is located, which rights and benefits Mortgagor does hereby expressly release and waive.

Mortgagor and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Mortgagor shall promptly pay or cause to be paid when due all Secured Indebtedness.

2. Funds for Taxes and Insurance. Subject to applicable law, if requested by Lender, Mortgagor shall thereafter pay or cause to be paid to Lender on the day monthly payments of principal and interest are payable under the Note, until the Note is paid in full, the following amounts (collectively "Funds"): (i) a sum equal to all general and special real estate and property taxes and assessments (including condominium and planned unit development assessments, if any) and ground rents on the Property, if any (collectively "Impositions") next due on the Property, all as estimated by Lender, divided by the whole number of months to elapse before the month prior to the date when such Impositions will become due and payable; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subparagraph (i), will result in a sufficient reserve to pay the Impositions next becoming due one month prior to the date when such Impositions are, in fact, due and payable, plus (ii) a sum equal to an installment of the premium or premiums that will become due and payable to renew the insurance required in Paragraph 6, each installment to be in such an amount that the payment of approximately equal installments will result in the accumulation of a sufficient sum of money to pay renewal premiums for such insurance at least one (1) month prior to the expiration or renewal date or dates of the policy or policies to be renewed; if any, all as are reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held by Lender or, at Lender's election, in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency ("depository account"). Lender shall apply the Funds to pay the Impositions, except that in the event of default, Lender may apply the Funds to the Secured Indebtedness as Lender sees fit. Lender shall not be required to pay any interest or earnings on the funds unless otherwise required by law, in which case, all interest shall accrue in the depository account and Lender may charge for so holding and applying the Funds, analyzing the account or verifying and compiling assessments and bills. Upon Mortgagor's request, Lender shall provide to Mortgagor an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit was made. The Funds are pledged as additional security for the sums secured by this Mortgage. The Funds are for the benefit of Mortgagor and Lender only and no third party shall have any right to or interest in the Funds or the application thereof.

If the amount of Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of Impositions, shall exceed the amount required to pay said Impositions and insurance premiums as they fall due, such excess shall be retained by Lender or in the depository account and credited to subsequent monthly installments of funds. If the amount of the Funds held by Lender shall not be sufficient to pay the Impositions and insurance premiums as they fall due, Mortgagor shall immediately pay or cause to be paid to Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.

Upon payment in full of all Secured Indebtedness, Lender shall promptly refund to Mortgagor, or to any person to whom Mortgagor directs, any Funds held by Lender. If, under Paragraph 19, the Property is sold or is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the Secured Indebtedness.

3. Application of Payments. Unless prohibited by applicable law, all payments received by Lender under this Mortgage, the Loan Agreement, the Note and all other documents given to Lender to further evidence, secure or guarantee the Secured Indebtedness (collectively, the "Loan Documents") shall be applied by Lender first to payment required from Mortgagor to Lender under Paragraph 2, then to any sums advanced by Lender pursuant to Paragraph 8 to protect the security of this Mortgage, then to interest payable on the Note and to any prepayment premium which may be due, and then to Note principal (and if principal is due in installments, application shall be to such installments in the inverse order of their maturity).

Any applications to principal of proceeds from insurance policies, as provided in Paragraph 6, or of condemnation awards, as provided in Paragraph 10, shall not extend or postpone the due date of any monthly installments of principal or interest, or change the

amount of such installments or of the other charges or payments provided in the Note or other Loan Documents.

4. Prior Encumbrances; Liens. Mortgagor shall perform all of Mortgagor's obligations under any mortgage, deed of trust or other security agreement (collectively "Prior Encumbrances") creating a lien having priority over this Mortgage, including Mortgagor's covenants to make payments when due. Any act or omission of Mortgagor which, with the giving of notice or the passage of time would constitute a default or event of default under any Prior Encumbrance or under any ground lease shall be a default under this Mortgage. Mortgagor shall promptly deliver to Lender all notices given or received of any defaults or events of default under any Prior Encumbrance or any ground lease. Nothing in this Paragraph shall be deemed to permit a Prohibited Transfer as defined in Paragraph 17 hereof.

Mortgagor shall keep the Property free from mechanics' or other liens and encumbrances.

5. Taxes and Assessments; Rents. Mortgagor shall pay or cause to be paid when due all Impositions and water, sewer and other charges, fines and Impositions attributable to the Property and leasehold payments, if any, and all other sums due under any ground lease attributable to the Property. Mortgagor shall provide evidence satisfactory to Lender of compliance with these requirements promptly after the respective due dates for payment. Mortgagor shall pay, in full, but under protest in the manner provided by Statues, any tax or assessment Mortgagor desires to contest.

6. Insurance. (a) Mortgagor, at is sole cost and expense, shall insure and keep insured the Property against such perils and hazards, and in such amounts and with such limits, as Lender may from time to time require, and, in any event, including:

(i) All Risk. Insurance against loss to the Property on an "All Risk" policy form, covering insurance risks no less broad then those covered under a Standard Multi Peril (SMP) policy form, which contains a 1987 Commercial ISO "Causes of Loss - Special Form", and insurance against such other risks as Lender may reasonably require, including, but not limited to, insurance covering the cost of demolition of undamaged portions of any portion of the Property when required by code or ordinance, the increased cost of reconstruction to conform with current code or ordinance requirements and the cost of debris removal. Such policies shall be in amounts equal to the full replacement cost of the Property (excluding land), including the foundation and underground pipes, fixtures and equipment and Mortgagor's interest in any leasehold improvements. Such policies shall also contain a 100% co-insurance clause with an agreed amount endorsement and deductibles which are in amounts acceptable to Lender.

(ii) Rent Continuation. Rent and rental value/extra expense insurance (if the Property is tenant occupied) in amounts sufficient to pay during any period in which the Property may be damaged or destroyed, on a gross rents basis for a period of twelve (12) months or such greater time as Lender may deem appropriate: (A) all rents derived from the Property: (B) all amounts (including, but not limited to, all Impositions, utility charges and insurance premiums) required to be paid by Mortgagor or by tenants of the Property; and (C) all contingent rents.

(iii) Flood. Insurance against loss or damage by flood or mud slide in compliance with the Flood Disaster Protection Act of 1973, as amended from time to time, if the Property is now, or at any time while the Secured Indebtedness remains outstanding shall be, situated in any area which an appropriate governmental authority designates as a special flood hazard area, Zone A or Zone V, in amounts equal to the full replacement value of all above grade structures on the Property.

(iv) Public Liability. Commercial general public liability insurance against death, bodily injury and property damage arising in connection with the Property. Such policy shall be written on a 1986 Standard ISO occurrence basis form or equivalent form, shall list Mortgagor as the named insured, shall designate thereon the location of the Property and have such limits as Lender may reasonably require, but in no event less then $1,000,000. Mortgagor shall also obtain excess umbrella liability insurance with such limits as Lender may reasonably require, but in no event less than $2,000,000.00

(v) Other Insurance. Such other insurance relating to the Property and the use and operation thereof as Lender may, from time to time, reasonably require.

(b) Policy Requirements. All insurance shall: (i) be carried in companies with a Best's rating of A/X or better, or otherwise acceptable to Lender; (ii) be in form and content acceptable to Lender; (iii) provide thirty (30) days' advance written notice to Lender before any cancellation, adverse material modification or notice of non-renewal; and (iv) to the extent limits are no otherwise specified herein, contain deductibles which are in amounts acceptable to Lender.

All physical damage policies and renewals shall contain a standard mortgage clause naming the Lender as mortgagee, which clause shall expressly state that any breach of any condition or warranty by Mortgagor shall not prejudice the rights of Lender under such insurance; and a loss payable clause in favor of Lender for personal property, contents, inventory, equipment, loss of rents and business interruption. All liability policies and renewals shall name the Lender as an additional insured. No additional parties shall appear in the mortgage or loss payable clause without Lender's prior written consent. All deductibles shall be in amounts acceptable to Lender. In the event of the foreclosure of this Mortgage or any other transfer of title to the Property in full or partial satisfaction of the

Secured Indebtedness, all right, title and interest of Mortgagor in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee.

(c) Delivery of Policies. Any notice pertaining to insurance and required pursuant to this Paragraph 6 shall be given in the manner provided in Paragraph 15 below. The insurance shall be evidenced by the original policy or a true and certified copy of the original policy, or in the case of liability insurance, by certificates of insurance. Mortgagor shall use its best efforts to deliver originals of all policies and renewals (or certificates evidencing the same), marked "paid", (or evidence satisfactory to Lender of the continuing coverage) to Lender at least thirty (30) days before the expiration of existing policies and, in any event, Mortgagor shall deliver originals of such policies or certificates to Lender at least fifteen (15) days before the expiration of existing policies. If Lender has not received satisfactory evidence of such renewal or substitute insurance in the time frame herein specified, Lender shall have the right, but not the obligation, to purchase such insurance for Lender's interest only. Any amounts so disbursed by Lender pursuant to this Paragraph 6 shall be a part of the Secured Indebtedness and shall bear interest at the default interest rate provided in the Note (the "Default Rate"). Nothing contained in this Paragraph 6 shall require Lender to incur any expense or take any action hereunder, and inaction by Lender shall never be considered a waiver of any right accruing to Lender on account of this Paragraph 6.

(d) Separate Insurance. Mortgagor shall not carry any separate insurance on the Property concurrent in kind or form with any insurance required hereunder or contributing in the event of loss without Lender's prior written consent, and any such policy shall have attached a standard non-contributing mortgagee clause, with loss payable to Lender, and shall otherwise meet all other requirements set forth herein.

(e) Notice of Casualty. Mortgagor shall give immediate notice of any loss to Lender. In case of loss covered by any of such policies, Lender is authorized to adjust, collect and compromise in its discretion, all claims thereunder and in such case, Mortgagor covenants to sign upon demand, or Lender may sign or endorse on Mortgagor's behalf, all necessary proof of loss, receipts, releases and other papers required by the insurance companies to be signed by Mortgagor. Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence. Lender may deduct from such insurance proceeds any expenses incurred by Lender in the collection and settlement thereof, including, but not limited to attorneys' and adjusters' fees and charges.

(f) Application of Proceeds. If all or any part of the 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 10, Mortgagor shall promptly and with all due diligence restore and repair the Property whether or not the net insurance proceeds, award or other compensation (collectively, the "Proceeds") are sufficient to pay the cost of such restoration or repair. Lender may require that all plans and specifications for such restoration or repair be submitted to and approved by Lender

in writing prior to commencement of the work. At Lender's election, to be exercised by written notice to Mortgagor within thirty (30) days following Lender's unrestricted receipt in cash or the equivalent thereof of the Proceeds, the entire amount of the Proceeds shall either: (i) be applied to the Secured Indebtedness in such order and manner as Lender may elect or (ii) be made available to Mortgagor on the terms and conditions set forth in this Paragraph 6 to finance the cost of restoration or repair with any excess to be applied to the Secured Indebtedness in the inverse order of maturity. Any application of the proceeds to reduce the Secured Indebtedness shall constitute a voluntary prepayment subject to any prepayment premiums or fees provided in the Note or other Loan Documents. Lender may apply the Proceeds to such prepayment premiums or fees. If the amount of the Proceeds to be made available to Mortgagor pursuant to this Paragraph 6 is less than the cost of the restoration or repair as estimated by Lender at any time prior to completion thereof, Mortgagor shall cause to be deposited with Lender the amount of such deficiency within thirty (30) days after Lender's written request therefor (but in no event later than the commencement of the work) and Mortgagor's deposited funds shall be disbursed prior to the Proceeds. If Mortgagor is required to deposit funds under this Paragraph 6, the deposit of such funds shall be a condition precedent to Lender's obligation to disburse the Proceeds held by Lender hereunder. The amount of the Proceeds which is to be made available to Mortgagor, together with any deposits made by Mortgagor hereunder, shall be held by Lender to be disbursed from time to time to pay the cost of repair or restoration either, at Lender's option, to Mortgagor or directly to contractors, subcontractors, material suppliers and other persons entitled to payment in accordance with and subject to such conditions to disbursement as Lender may impose to assure that the work is fully completed in a good and workmanlike manner and paid for and that no liens or claims arise by reason thereof. Lender may require (i) evidence of the estimated cost of completion of such restoration or repair satisfactory to Lender and (ii) such architect's certificates, waivers of lien, contractors' sworn statements, title insurance endorsements, plats of survey and other evidence of cost, payment and performance acceptable to Lender. If Lender requires mechanics' and materialmen's lien waivers in advance of making disbursements, such waivers shall be deposited with an escrow trustee acceptable to Lender pursuant to a construction loan escrow agreement satisfactory to Lender. No payment made prior to final completion of the repair or restoration shall exceed ninety percent (90%) of the value of the work performed from time to time. Lender may commingle any such funds held by it with its other general funds. Lender shall not be obligated to pay interest in respect of any such funds held by it nor shall Mortgagor be entitled to a credit against any of the Secured Indebtedness except and to the extent the funds are applied thereto pursuant to this Paragraph 6. Without limitation of the foregoing, Lender shall have the right at all times to apply such funds to the cure of any Event of Default or the performance of any obligations of Mortgagor under the Loan Documents.

7. <u>Use, Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments</u>. Mortgagor shall keep the Property is good condition and repair and shall not commit waste or permit impairment or deterioration of the Property. Mortgagor shall promptly restore or rebuild any buildings or improvements now or hereafter

on the Property which may become damaged or destroyed. Mortgagor shall comply with all requirements of law or municipal ordinance with respect to the use, operation, and maintenance of the Property, including all environmental, health and safety laws and regulations, and shall make no material alterations in the Property except as required by law, without the prior written consent of Lender. Mortgagor shall not grant or permit any easements, licenses, covenants or declarations of use against the Property. If this Mortgage is on a unit in a condominium or a planned unit development, Mortgagor shall perform all of Mortgagor's obligations under the declaration of covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. If this Mortgage is on a ground leasehold, Mortgagor shall perform or cause to be performed all obligations of the lessee under the underlying ground lease.

8. Protection of Lender's Security. If Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage, the Note or the other Loan Documents, or if any action or proceeding is threatened or commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Mortgagor, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as it deems expedient or necessary to protect Lender's interest, including (i) making repairs; (ii) discharging Prior Encumbrances in full or part; (iii) paying, settling, or discharging tax liens, mechanics' or other liens, paying ground rents (if any); (iv) procuring insurance; and (v) renting, operating and managing the Property and paying operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Property shall be operational and usable for its intended purposes. Lender, in making such payments of Impositions and assessments, may do so in accordance with any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy of same or into the validity thereof.

Any amounts disbursed by Lender pursuant to this Paragraph 8 shall be a part of the Secured Indebtedness and shall bear interest at the default interest rate provided in the Note (the "Default Rate"). Nothing contained in this Paragraph 8 shall require Lender to incur any expense or take any action hereunder, and inaction by Lender shall never be considered a waiver of any right accruing to Lender on account of this Paragraph 8.

9. Inspection of Property and Books and Records. Mortgagor shall permit Lender and its representatives and agents to inspect the Property from time to time during normal business hours and as frequently as Lender requests. Mortgagor shall keep and maintain full and correct books and records showing in detail the income and expenses of the Property. From time to time upon not less than five (5) days' demand, Mortgagor shall permit Lender or its agents to examine and copy such books and records and all supporting vouchers and data at the address identified in Paragraph 15 below.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part

thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid directly to Lender. Mortgagor hereby grants a security interest to Lender in and to such proceeds. Lender is authorized to collect such proceeds and, at Lender's sole option and discretion, to apply said proceeds either to restoration or repair of the Property or in payment of the Secured Indebtedness. In the event the Property is restored, Lender may pay the condemnation proceeds in accordance with its customary construction loan payment procedures, and may charge its customary fee for such services. In the event the condemnation proceeds are applied to reduce the Secured Indebtedness, any such application shall constitute a prepayment, and any prepayment premium required by the Loan Documents shall then be due and payable as provided therein. Lender may apply the condemnation proceeds to such prepayment premium.

11. Mortgagor Not Released; Forbearance by Lender Not a Waiver; Remedies Cumulative. Extension or other modification granted by Lender to any successor in interest or Mortgagor of the time for payment of the amortization of the Secured Indebtedness shall not operate to release, in any manner, the liability of the Mortgagor. Any forbearance or inaction by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. Any acts performed by Lender to protect the security of this Mortgage, as authorized by Paragraph 8 or otherwise, shall not be a waiver of Lender's right to accelerate the maturity of the Indebtedness. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under the Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively. No consent or waiver by Lender to or of any breach or default by Mortgagor shall be deemed a consent or waiver to or of any other breach or default.

12. Successors and Assigns Bound. The covenants and agreements contained herein shall bind, and the rights hereunder shall insure to, the respective heirs, executors, legal representatives, successors and assigns of Lender and Mortgagor. If this Mortgage is executed by more than one Mortgagor, each Mortgagor shall be jointly and severally liable hereunder.

13. Loan Charges. If the Loan secured by this Mortgage is subject to a law which sets maximum loan charges, and that law if finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Mortgagor which exceeded the permitted limits will be refunded to Mortgagor. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Mortgagor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Legislation Affecting Lenders' Rights. If an enactment, modification or expiration of an applicable governmental law, ruling or regulation has the effect of rendering

any provision of the Note, this Mortgage or any of the other Loan Documents unenforceable according to its terms, Lender, at is option, may require immediate payment in full of all sums secured by this Mortgage and may invoke any remedies permitted by Paragraph 19.

15. Notices. Except for any notice required under applicable law to be given in another manner, any notice that Lender or Mortgagor may desire or be required to give under this Mortgage to any other party hereto shall be in writing and shall be deemed to have been property given, served and received (i) if delivered by messenger, when delivered, (ii) if mailed United States certified or registered mail, post prepaid, return receipt requested, on the second business day after mailing, (iii) if telexed, telegraphed or telecopied, six (6) hours after being dispatched by telex, telegram or telecopy if such sixth hour falls on a business day within the hours of 8:00 a.m. through 5:00 p.m. of the time in effect at the place of receipt, or at 8:00 a.m. on the next business day thereafter if such hour is later than 5:00 p.m., or (iv) if delivered by reputable express carrier, freight prepaid, the next business day after delivery to such carrier, addressed to such part as follows:

(a) if to Mortgagor:

Eugenie Terrace Townhome Partners II
Three East Huron Street
Chicago, Illinois 60611

with a copy to:

Brown & Peters
2950 North Lincoln Avenue
Chicago, IL 60657
Attention: Michael I. Brown, Esq.

(b) if to Lender:

Continental Bank N.A.
231 South LaSalle Street
Chicago, Illinois 60697
Attention: Jane M. Okarski
Private Business

with a copy to:

Schain, Firsel & Burney, Ltd.
222 North LaSalle Street
Suite #1910
Chicago, Illinois 60601
Attention: Michael D. Firsel

Any party may change the address to which notices may be sent by notice to the other party or parties as provided herein. Except as may be otherwise specifically required herein, notice to Mortgager of the exercise of any right or option granted to Lender by this Mortgage is not required.

16. Governing Law; Severability. The state and local laws applicable to this Mortgage shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage, the Note or any of the other Loan Documents conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage, the Note or any of the other Loan Documents which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage, the Note or any of the other Loan Documents are declared to be severable.

17. Prohibitions on Transfer of the Property or of an Interest in Mortgagor. It shall be an immediate default if, without the prior written consent of Lender, which consent may be granted or withheld at Lender's sole discretion, Mortgagor shall create, effect or consent to or shall suffer or permit any conveyance, sale (including an installment sale), assignment, transfer, lien, pledge, hypothecate, mortgage, security interest, or other encumbrance or alienation, whether by operation of law, voluntarily or otherwise, (collectively "Transfer") of (a) the Property or any part thereof or interest therein; or (b) all or a portion of the beneficial interest of Mortgagor or change in the power of direction, if Mortgagor is a trustee; or (c) all or a portion of the stock of any corporate Mortgagor or corporate beneficiary of a trustee Mortgagor, that results or could result in a material change in the identity of the person(s) or entities previously in control of such corporation; or (d) all or a portion of a partnership, or joint venture interest of a joint venturer in that joint venture, if Mortgagor or Mortgagor's beneficiary consists of or includes a partnership or joint venture, that results or could result in a material change in the identity of the person(s) in control of such partnership or joint venture (each of the foregoing is referred to as a "Prohibited Transfer"). In the event of such default, Lender may declare the entire unpaid balance, including interest, immediately due and payable. The foregoing provisions of this Paragraph 17 shall not, however, apply to the lien of current Impositions and assessments not yet due and payable. This option shall not be exercised by Lender if prohibited by Federal law as of the date of this Mortgage.

18. Event of Default. Each of the following shall constitute an event of default ("Event of Default") under this Mortgage:

(a) Mortgagor's failure to pay any amount due herein or secured hereby, or any installment of principal or interest when due and payable whether at maturity or by acceleration or otherwise, under the Note, this Mortgage, or any other Loan Document, which failure continues for more than five (5) days after the due date;

(b) Mortgagor's failure to perform or observe any other covenant, agreement, representation, warranty or other provision contained in the Note, this Mortgage (other than an Event of Default described elsewhere in this Paragraph 18) or any other document or instrument evidencing, guarantying or securing the Secured Indebtedness, and such failure continues for more than twenty-one (21) days after the earlier of Mortgagor's becoming aware of the failure or written notice from Lender;

(c) A Prohibited Transfer occurs;

(d) Mortgagor, any Partner of Beneficiary, or any Guarantor of this Mortgage, or any beneficiary of or person in control of Mortgagor, shall: (i) file a voluntary petition in bankruptcy, insolvency, debtor relief or for arrangement, reorganization or other relief under the Federal Bankruptcy Act or any similar state of federal law; (ii) consent to or suffer the appointment of or taking possession by a receiver, liquidator, or trustee (or similar official) of the Mortgagor or for any part of the Property or any substantial part of the Mortgagor's other property; (iii) make any assignment for the benefit of Mortgagor's creditors; (iv) fail generally to pay Mortgagor's debts as they become due; (v) court having jurisdiction shall enter a decree or other for relief in respect of Mortgagor in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law:

(e) All or a substantial part of Mortgagor's assets are attached, seized, subjected to a writ or distress warrant, or are levied upon;

(f) If Mortgagor is other than a natural person or persons, (i) the dissolution or termination of existence of Mortgagor, voluntarily or involuntarily, whether by reason of death of general partner of Mortgagor or otherwise; (ii) the amendment or modification in any respect of Mortgagor's articles or agreement of partnership or its corporate resolutions or its articles of incorporation or bylaws that would affect Mortgagor's performance of its obligations under the Note, this Mortgage or the other Loan Documents;

(g) The filing of formal charges by any governmental or quasi-governmental entity, including, without limitation, the issuance of an indictment, under any federal or state law, including without limitation, the Racketeer Influenced and Corrupt Organizations Act of 1970, for which forfeiture of assets is a potential penalty against Mortgagor, any Partner of Beneficiary or any Guarantor of this Mortgage; or

(h) This Mortgage shall not constitute a valid lien on and security interest in the Property (subject only to the Permitted Encumbrances), or if such lien and security interest shall not be perfected.

19. ACCELERATION; REMEDIES. AT ANY TIME AFTER AN EVENT OF DEFAULT, LENDER, AT LENDER'S OPTION, MAY DECLARE ALL SUMS SECURED BY THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS TO BE IMMEDIATELY DUE AND PAYABLE WITHOUT FURTHER DEMAND AND MAY FORECLOSE THIS MORTGAGE BY JUDICIAL PROCEEDING. LENDER SHALL BE ENTITLED TO COLLECT IN SUCH PROCEEDING ALL EXPENSES OF FORECLOSURE, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES AND COSTS INCLUDING ABSTRACTS AND TITLE REPORTS, ALL OF WHICH SHALL BECOME A PART OF THE SECURED INDEBTEDNESS AND IMMEDIATELY DUE AND PAYABLE, WITH INTEREST AT THE DEFAULT RATE. THE PROCEEDS OF ANY FORECLOSURE SALE OF THE PROPERTY SHALL BE APPLIED AS FOLLOWS: FIRST, TO ALL COSTS, EXPENSES AND FEES INCIDENT TO THE FORECLOSURE PROCEEDINGS; SECOND, AS SET FORTH IN PARAGRAPH 3 OF THIS MORTGAGE; AND THIRD, ANY BALANCE TO MORTGAGOR.

20. Assignment of Leases and Rents. All right, title, and interest of Mortgagor in and to those leases, if any, listed on Exhibit C, and all present and future leases affecting the Property, written or oral (collectively, "Leases"), and all rents, income, receipts, revenues, issues, avails and profits from or arising out of the Property (collectively "Rents") are hereby transferred and assigned to Lender as further security for the payment of the Secured Indebtedness, and Mortgagor hereby grants a security interest to Lender in and to the same. If requested by Lender, Mortgagor shall submit all future Leases affecting the Property to the Lender for its approval prior to execution, and all approved and executed Leases shall be specifically assigned to Lender by an instrument satisfactory to Lender. Each Lease shall, at the option of Lender, be paramount or subordinate to this Mortgage. Mortgagor shall furnish Lender with executed copies of each Lease and, if requested by Lender, with estoppel letters from each tenant, which estoppel letters shall be in a form satisfactory to Lender and shall be delivered not later than ten (10) days after Lender's written demand.

If, without Lender's prior written consent, Mortgagor: (i) as lessor, fails to perform and fulfill any term, covenant, or provision in any Lease; (ii) suffers or permits to occur any breach of default under the provisions of any separate assignment of any Lease given as additional security for the Secured Indebtedness; (iii) fails to fully protect, insure, preserve, and cause continued performance or fulfillment of the terms, covenants, or provisions, which are required to be performed by the lessee or lessor of any other Lease or Leases hereafter assigned to Lender; (iv) cancels, terminates, or materially amends or modifies any Lease; or (v) permits or approves an assignment by lessee of a Lease or a subletting of all or any part of the Premises demised in the Lease; such occurrence shall constitute an Event of Default hereunder.

Lender shall have the right to assign Mortgagor's right, title and interest in any Lease to any subsequent holder of this Mortgage or the Note and other Loan Documents or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise.

Upon an Event of Default, this Mortgage shall constitute a direction to each lessee under the Leases and each guarantor thereof, if any, to pay all Rents directly to Lender without proof of the Event of Default. Lender shall have the authority, as Mortgagor's attorney-in-fact (such authority being coupled with an interest and irrevocable) to sign the name of Mortgagor and to bind Mortgagor on all papers and documents relating to the operation, leasing and maintenance of the Property. While this assignment is a present assignment, Lender shall not exercise any of the rights or powers conferred upon it by this Paragraph 20 until an Event of Default shall occur under this Mortgage.

If Mortgagor, as lessor, shall neglect or refuse to perform and keep all of the covenants and agreements contained in the Lease or Leases, then Lender may perform and comply with any such Lease covenants and agreement. All related costs and expenses incurred by the Lender shall become a part of the Secured Indebtedness and shall be due and payable upon demand by Lender with interest thereon accruing thereafter at the Default Rate.

Lender, however, shall not be obligated to perform or discharge any obligation, duty or liability under any Lease. Mortgagor shall, defend, protect, indemnify and hold Lender harmless from any against any and all liability, loss or damage to Lender under the Leases or under or by reason of their assignments and of and from any and all claims and demands whatsoever which may be asserted against Lender by reason of all alleged obligations or undertakings on its part to perform or discharge any Lease terms, covenants or agreements. The amount of any such liability, loss or damage arising under the Leases or under or by reason of their assignment, or in the defense of any claims or demands, including costs, expenses and reasonable attorneys' fees, incurred by Lender shall be a part of the Secured Indebtedness due and payable upon demand with interest thereon accruing thereafter at the Default Rate.

21. Appointment of Receiver. Upon acceleration under Paragraphs 17, 19 or abandonment of the Property, and without further notice to Mortgagor, Lender shall be entitled to have a receiver appointed by a court to enter upon, take possession of an manage the Property and to collect the Rents including those past due. The receiver shall have the power to collect the Rents from the time of acceleration through the pendency of any foreclosure proceeding and during the full statutory period of redemption, if any. All Rents collected by the receiver shall be applied as the appointing court may direct and, in the absence of such direction, first to payment of the costs and expenses of the management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then as provided in Paragraph 3. The receiver shall be liable to account only for those Rents actually received.

22. Release. Upon payment of all Secured Indebtedness, Lender shall release this Mortgage upon payment by Mortgagor of all costs and fees to release same, if any. Mortgagor shall be responsible for recording the release, including all related costs of recordation.

23. Security Agreement. Without limiting any other provisions of this Mortgage, this Mortgage constitutes a Security Agreement under the Uniform Commercial Code of the State of Illinois (herein called the "Code") with respect to all fixtures, apparatus, equipment or articles, and all replacements and substitutions, now or hereafter located on the Property as set forth in the description of the Property above, including but not limited to the air-conditioning, heating, gas, water, power, light, refrigeration, and ventilation systems which are presently located at the Property, and with respect to all Funds and other sums which may be deposited with Lender pursuant hereto (all for the purposes of this paragraphed called "Collateral"), and Mortgagor hereby grants to Lender a security interest in such Collateral. All of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Property. When the Secured Indebtedness shall become due, whether by acceleration or otherwise, Lender shall have all remedies of a secured party under the Code. Mortgagor shall execute and deliver to Lender any financing statements necessary to perfect the security interest in the Collateral created hereby.

24. Waiver of Redemption. Notwithstanding anything to the contrary herein contained, to the fullest extent permitted by the laws of the State of Illinois, Mortgagor hereby waives any and all rights of redemption from foreclosure, on behalf of Mortgagor, and on behalf of (i) each and every person acquiring any interest in or title to the Property subsequent to the date of this Mortgage; (ii) any trust estate of which the Property is a part and all beneficiaries of such trust estate, and (iii) all other persons.

25. Principal Amount of Mortgage. At no time shall the principal amount of the indebtedness secured by this Mortgage not including sums advanced for Impositions and insurance premiums, or to protect the security of this Mortgage or under Paragraph 28 hereof, exceed the stated principal amount of the Note plus Three Hundred Eighty Thousand and No/100 Dollars ($380,000.00).

26. Business Loan. Mortgagor hereby represents and warrants that (a) the proceeds of the Secured Indebtedness (the "Loan") will be used for the purposes specified in 815 ILCS 205/4(1)(9) or (c) (1992 State Bar Edition) of the Illinois Compiled Statutes, as amended; (b) the Loan constitutes a "business loan" within the purview of that Section; (c) the Loan is a transaction exempt from the Truth in Lending Act, 15 U.S.C. §1601, et seq.; and (d) the proceeds of the Indebtedness will not be used for the purchase of registered equity securities within the purview of Regulation "U" issued by the Board of Governors of the Federal Reserve System.

27. Riders. All riders attached hereto, if any, are incorporated herein and made a part hereof.

28. Interpretation. This Mortgage shall be construed pursuant to the laws of the State of Illinois. The headings of sections and paragraphs in this Note are for convenience only and shall not be construed in any way to limit or define the content, scope, or intent

of the provisions. The use of singular and plural nouns, and masculine, feminine, and neuter pronouns, shall be fully interchangeable, where the context so requires. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstances, is adjudicated to be invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included. Time is of the essence of the payment and performance of this Mortgage.

29. Land Trustee Exculpation. This Mortgage is executed by American National Bank and Trust Company of Chicago, not personally, but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as Trustee. No personal liability shall be asserted or be enforceable against the Trustee because or in respect of this Mortgage or its making, issue or transfer, and all such liability, if any, is expressly waived by each taker and holder hereof; except that Trustee in it personal and individual capacity warrants that it as trustee possesses full power and authority to execute this instrument. Nothing herein shall modify or discharge the personal liability assumed by the guarantors hereof. Each original and successive holder of this Mortgage accepts the express condition that no duty shall rest upon the Trustee to sequester the rents, issues and profits arising from the Property, or the proceeds arising from such Property's sale or other disposition. In the Event of Default, the sole remedy of the holder, as far as Trustee is concerned, shall be foreclosure of the Mortgage, action against any other security at any time given to secure the payment of the Secured Indebtedness, action to enforce the personal liability of other makers on the Note or the guarantors of the Note, or any other remedies as the holder in its sole discretion may elect.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the date first stated above.

Mortgagor's Address:

ATTEST

ASSISTANT SECRETARY

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally but solely as Trustee, aforesaid

By:
Name: P. JOHANSEN
Its: Second Vice President

EUGENIE TERRACE TOWNHOME PARTNERS II, an Illinois general partnership

By:
Name: Richard Greenberg
Its: Partner

By:
Name: Richard P. Wexner
Its: Partner

93320013

MDP\AGREEMEN\WEXNER.1

STATE OF Il)
) SS.
COUNTY OF Cook)

I, Pamela Ann Osikos a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that P. JOHANSEN 2ND VP of **AMERICAN NATIONAL BANK and TRUST COMPANY of CHICAGO**, not personally but solely as trustee under Trust Agreement dated March 28, 1990 and known as Trust No. 110682-02, and Gregory S. Kasprzyk ASSISTANT SECRETARY of said bank, both personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged to me that they, being thereunto duly authorized, signed, sealed with the corporate seal of said **MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, AND SECURITY AGREEMENT**, and delivered said instrument as the free and voluntary act of said Agreement, as Trustee aforesaid, and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this APR 2 1993 day of April, 1993.

Pamela Ann Osikos
Notary Public

"OFFICIAL SEAL"
PAMELA ANN OSIKOS
Notary Public, State of Illinois
My Commission Expires 5/1/96

My Commission expires:

5/1/96

93320013

STATE OF Il)
) SS.
COUNTY OF Cook)

I, the undersigned a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that Barbara Pulvino, Barbara Crumby of **EUGENIE TERRACE TOWNHOME PARTNERS II**, an Illinois partnership, all personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged to me that they, being thereunto duly authorized, signed, sealed with the corporate seal of said **MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, AND SECURITY AGREEMENT**, and delivered said instrument as the free and voluntary act of said Agreement, as Trustee aforesaid, and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 21st day of April, 1993.

"OFFICIAL SEAL"
Kathleen Burmeister
Notary Public, State of Illinois
My Commission Expires 12/14/97

Notary Public

My Commission expires:

MDF\AGREEMEN\WEXNER.1

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EXHIBIT "A"

Unit No. 1731 in Eugenie Terrace Townhouses Condominium as delineated on a survey of a portion of a tract of land in Section 33, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, comprised of sundry lots in North Addition to Chicago, in County Clerk's Division of that portion of unsubdivided lands lying between the East line of North Addition and the West line of North Clark Street in the Southeast Quarter of the Southeast Quarter of Section 33 aforesaid, in the Subdivision of Lot 2 in Block "A" in said County Clerk's Division, in Clark Street Addition in the Southeast quarter of the Southeast quarter of said Section 33, in John C. Ender's Subdivision of the East 60.00 feet of sublots 4 and 5 of Lots 7 and 8 and of Lot 6 North of Eugenie Street in North Addition to Chicago, and in Adolph Olsen's Subdivision of part of Lots 6 and 7 in said North Addition to Chicago, which survey is attached as Exhibit "E" to the Declaration of Condominium recorded on December 30, 1987, as Document No. 87-680770, as amended by the First Amendment to Declaration of Condominium for Eugenie Terrace Townhouses Condominium dated November 20, 1989 and recorded on December 28, 1989 as Document No. 89-619742 (as so amended, the "Declaration") together with its undivided percentage interest in the common elements.

Common Address: 1740 North Clark Street, Chicago, Illinois 60614.

Permanent Index Number(s): 14-33-414-062-1066

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EXHIBIT "B"

The following Schedule B exceptions from Chicago Title Insurance Company Commitment dated April 12, 1993, Order No. 1401-007431182, A, M, G, Z, F, I, J, K, J, W and L.

EXHIBIT "C"

Lease to Fred O'Donnell.

MDF\AGREEMEN\WEXNER.1