

# UNOFFICIAL COPY

THIS INSTRUMENT PREPARED BY:  
CATHY J. DANNER  
WHEN RECORDED MAIL TO:  
HOME SAVINGS OF AMERICA  
LOAN SERVICE CENTER  
P.O. BOX 60015  
CITY OF INDUSTRY, CALIFORNIA 91718-0016

COOK COUNTY, ILLINOIS  
RECORDED

94690419

1994 AUG -4 PM 2: 25

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ALL NOTICES TO LENDER SHALL BE MAILED OR DELIVERED TO THE ABOVE ADDRESS.

## Mortgage and Assignment of Rents ADJUSTABLE INTEREST RATE LOAN LOAN NO. 1713008-9

This Mortgage, made this 19th day of JULY, 1994, between  
LOUIS M. KOSTOW AND DEBORAH S. KOSTOW, HUSBAND AND WIFE AND DAVID S. KOSTOW, A  
BACHELOR AND PAULYNE B. KOSTOW, A WIDOW

herein called BORROWER, whose address is 780 WEIDNER ROAD, UNIT #302  
(number and street)

BUFFALO GROVE  
(city)

IL  
(state)

60089  
(zip code)

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and HOME SAVINGS OF AMERICA, F.S.B., a corporation herein called LENDER, whose address is 4900 Rivergrade Road, Irwindale California 91706.

WITNESSETH: Borrower hereby grants, conveys, mortgages and warrants to Lender the real property legally described as follows:

UNIT 780-302 IN CHATHAM PLACE CONDOMINIUM, AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED REAL ESTATE: PART OF LOT 9 IN CHATHAM SUBDIVISION UNIT NO. 4, BEING A SUBDIVISION OF PART OF THE SOUTHEAST 1/4 OF SECTION 5, TOWNSHIP 42 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH SURVEY IS ATTACHED AS EXHIBIT "A" TO THE DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT NUMBER 93877052, AS AMENDED, TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS IN COOK COUNTY, ILLINOIS.

PARCEL 2: THE EXCLUSIVE RIGHT TO THE USE OF P780-11, A LIMITED COMMON ELEMENT AS DELINEATED ON THE SURVEY ATTACHED TO THE DECLARATION AFORESAID RECORDED AS DOCUMENT 93877052. PARCEL 3: EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 1 AS SET FORTH IN DECLARATION OF CHATHAM PLACE CONDOMINIUM MASTER COMMON AREA ASSOCIATION RECORDED AS DOCUMENT NUMBER 93877051, AS AMENDED BY DOCUMENT 03081382.

COMMONLY KNOWN AS 780 WEIDNER ROAD, UNIT #302, BUFFALO GROVE, IL. 60089

PTN: 03-05-303-018

Clt. Audrey 94037131 7512360

Together with all interest which Borrower now has or may hereafter acquire in or to said property, and in and to all easements and rights of way appurtenant thereto; and (b) all buildings, structures, improvements, fixtures and appurtenances now or hereafter placed thereon, including, but not limited to, all apparatus and equipment, whether or not physically affixed to the land or any building, used to provide or supply air-cooling, air-conditioning, heat, gas, water, light, power, refrigeration, ventilation, laundry, drying, dishwashing, garbage disposal or other services; and all waste vent systems, antennas, pool equipment, window coverings, drapes and drapery rods, carpeting and floor covering, awnings, ranges, ovens, water heaters and attached cabinets; it being intended and agreed that such (a) be conclusively deemed to be affixed to and to be part of the real property that is conveyed hereby; and (c) all water and water rights (whether or not appurtenant). Borrower agrees to execute and deliver, from time to time, such further instruments as may be requested by Lender to confirm the lien of this Mortgage on any such properties. The properties conveyed to Lender hereunder are hereinafter referred to as "such property."

The Borrower absolutely and irrevocably grants, transfers and assigns to Lender the rents, income, issues, and profits of all property covered by this Mortgage.

### FOR THE PURPOSE OF SECURING:

- (1) Payment of the sum of \$ 79,900.00 with interest thereon, according to the terms of a promissory note of even date herewith and having a final maturity date of JULY 20, 2034 made by Borrower, payable to Lender or order, and all modifications, extensions or renewals thereof. (2) Payment of such sums as may be incurred, paid out, or advanced by Lender, or may otherwise be due to Lender, under any provision of this Mortgage and all modifications, extensions or renewals thereof. (3) Performance of each agreement of Borrower contained herein or incorporated herein by reference or contained in any papers executed by Borrower relating to the loan secured hereby. (4) Performance, if the loan secured hereby or any part thereof is for the purpose of constructing improvements on such property, of each provision or agreement of Borrower contained in any building loan agreement or other agreement between Borrower and Lender relating to such property. (5) The performance and keeping by Borrower of each of the covenants and agreements required to be kept and performed by Borrower pursuant to the terms of any lease and any and all other instruments creating Borrower's interest in or defining Borrower's right in respect to such property. (6) Compliance by Borrower, with each and every monetary provision to be performed by Borrower under any declaration of covenants, conditions and restrictions pertaining to such property or any declaration of condominium ownership and upon written request of Lender, the enforcement by Borrower of any covenant to pay maintenance or other charges, if the same have not been paid or valid legal steps taken to enforce such payment within 90 days after such written request is made. (7) At Lender's option, payment, with interest thereon, of any other present or future indebtedness or obligation of Borrower (or of any successor in interest of Borrower to such property) due to Lender, whether created directly or acquired by absolute or contingent assignment, whether due or not, whether otherwise secured or not, or whether existing at the time of the execution of this Mortgage or arising thereafter, the exercise of such option to be evidenced by a notice in writing to Borrower or any successor in interest of Borrower. (8) Performance of all agreements of Borrower to pay fees and charges to the Lender whether or not herein set forth. (9) Payment of charges, as allowed by law when such charges are made, for any statement regarding the obligation secured hereby.

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and provisions of the mortgage or instrument creating such mortgage. Borrower also agrees not to amend, change, or modify his

(10) Loan on Leasehold Estate. If such property includes a leasehold estate, Borrower agrees to comply with all of the terms, conditions, and provisions of the mortgage or instrument creating such mortgage. Borrower also agrees not to amend, change, or modify his... (11) Disposition of the Proceeds of any Insurance Policy, Condemnation or other Recovery. The amount received by Lender...

(12) Condemnation and Injury to Property. All sums due, paid or payable to Borrower or any successor in interest to Borrower of such property, whether by way of judicial, settlement or otherwise: (a) for injury or damage to such property, or (b) in connection with any condemnation for public use or injury to such property, or any part thereof, shall be paid to Lender...

(13) Impoundments. To pay to Lender, in addition to any other payments required hereunder, monthly advance impoundments, as estimated by Lender, for taxes, assessments, insurance premiums, ground rents or other obligations secured by this mortgage... (14) Taxes and Other Sums Due. To pay, satisfy and discharge: (a) at least ten (10) days before delinquency; all general and special taxes affecting such property...

(15) Life, Health or Accident Insurance. If Borrower shall maintain life, accident or health insurance and Lender shall be the owner or holder of any policy of such insurance as further security hereunder, Lender may elect to pay any premiums thereon as to which Borrower conveyed at any sale and hereunder pursuant to the foreclosure of this mortgage... (16) Repair and Maintenance of Property. To keep such property in good condition and repair, not to substantially alter, remove or demolish any buildings thereon...

(17) Construction or Improvements. To complete in good and workmanlike manner any building or improvement or repair relating thereto which may be begun on such property or contemplated by the loan secured hereby, to pay when due all costs and liabilities incurred therefor, and not to permit any mechanic's lien against such property... (18) Fire and Casualty Insurance. To provide and maintain in force at all times fire and other types of insurance with respect to such property as may be required by Lender...

(19) Taxes and Other Sums Due. To pay, satisfy and discharge: (a) at least ten (10) days before delinquency; all general and special taxes affecting such property... (20) Life, Health or Accident Insurance. If Borrower shall maintain life, accident or health insurance and Lender shall be the owner or holder of any policy of such insurance as further security hereunder, Lender may elect to pay any premiums thereon as to which Borrower conveyed at any sale and hereunder pursuant to the foreclosure of this mortgage...

(21) Repair and Maintenance of Property. To keep such property in good condition and repair, not to substantially alter, remove or demolish any buildings thereon... (22) Construction or Improvements. To complete in good and workmanlike manner any building or improvement or repair relating thereto which may be begun on such property or contemplated by the loan secured hereby...

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(24) **Future Advances.** Upon request of Borrower, Lender at Lender's option prior to release of this Mortgage, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Mortgage when evidenced by promissory notes stating that said notes are secured hereby. At no time shall the principal amount of the indebtedness secured by this Mortgage, not including sums advanced in accordance herewith to protect the security of this Mortgage, exceed the original amount of the Note plus

(25) **Inspection and Business Records.** Lender at any time during the continuation of this Mortgage may enter and inspect such property at any reasonable time. Borrower agrees that in the event that such property is now or hereafter used for commercial or residential income purposes, that when requested by Lender, Borrower will promptly deliver to Lender such certified financial statements and profit and loss statements of such types and at such intervals as may be required by Lender which will be in form and content prepared according to the generally accepted accounting principles and practices, which statements shall cover the financial operations relating to such property, and Borrower further agrees, when requested by Lender, to promptly deliver, in writing such further additional information as required by Lender relating to any of such financial statements.

(26) **Governing Law; Severability.** The loan secured by this Mortgage is made pursuant to, and shall be construed and governed by, the laws of the United States and the rules and regulations promulgated thereunder, including the federal laws, rules and regulations for federal savings banks. If any paragraph, clause or provision of this Mortgage or the note or any other notes or obligations secured by this Mortgage is determined by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall affect only those paragraphs, clauses or provisions so determined and shall not affect the remaining paragraphs, clauses and provisions of this Mortgage or the note or other notes secured by this Mortgage.

(27) **Offsets.** No indebtedness secured by this Mortgage shall be offset or compensated or shall be deemed to have been offset or compensated by all or part of any claim, cause of action, counterclaim or part of any claim, cause of action, counterclaim or crossclaim, whether liquidated or unliquidated, which Borrower now or hereafter may have or may claim to have against Lender; and, in respect to the indebtedness now or hereafter secured hereby, Borrower waives to the fullest extent permitted by law, any and all rights of offset which Borrower now or hereafter may have or claim to have in respect to all or part of the indebtedness secured hereby, and further waives the benefits of any applicable law, regulation or procedure which provides or substantially provides that, where cross-demands for money have existed between persons at any point in time when neither demand was barred by the applicable statute of limitations, and an action is thereafter commenced by one such person, the other person may assert in his answer the defense of payment in that the two demands are compensated so far as they equal each other, notwithstanding that an independent action asserting his claim would at the time of filing his answer be barred by the applicable statute of limitations.

(28) **Misrepresentation or Nondisclosure.** Borrower has made certain written representations and disclosures in order to induce Lender to make the loan evidenced by the note or notes which this Mortgage secures, and in the event that Borrower has made any misrepresentation of material fact or failed to disclose any material fact, Lender, at its option and without prior notice, shall have the right to declare the indebtedness secured by this Mortgage, irrespective of the maturity date specified in the note or notes, immediately due and payable.

(29) **Waiver of Homestead.** Borrower hereby waives all right of homestead exemption in such property.

(30) **Notice to Borrower.** Any notice to the Borrower provided for in the note or this Mortgage shall be deemed given when it is deposited in the United States mail, postage prepaid, addressed to the Borrower at the address of the Borrower as it appears in Lender's records pertaining to the loan evidenced by the note at the time notice is given.

(31) **General Provisions.** (a) This Mortgage applies to, inures to the benefit of, and binds, all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. (b) The term "Lender" shall mean the owner and holder (including a pledgee) of any note secured hereby, whether or not named as Lender herein. (c) Wherever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa. (d) Captions and paragraph headings used herein are for convenience only, are not a part of this Mortgage and shall not be used in construing it.

(32) **Adjustable Rate Mortgage Provisions.** The Note which this Mortgage secures is an adjustable mortgage loan on which the interest rate may be adjusted from time to time in accordance with a monthly increase or decrease in an index, all as provided in said Note. From time to time the monthly installment payments due under said Note may not be sufficient to pay all interest due in which case unpaid interest will be added to principal. In no case shall the unpaid interest added to the principal exceed 150% of the original principal indebtedness.

BORROWER REQUESTS THAT A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE HEREUNDER BE MAILED TO BORROWER AT THE ADDRESS HEREIN ABOVE SET FORTH.

Signature of Borrower

X Louis M. Kostow  
LOUIS M. KOSTOW  
X David S. Kostow  
DAVID S. KOSTOW

X Deborah S. Kostow  
DEBORAH S. KOSTOW  
X Paulyne B. Kostow  
PAULYNE B. KOSTOW

State of Illinois McHenry County ss:


I, the undersigned, a notary public in and for said county and state, do hereby certify that LOUIS M. KOSTOW AND DEBORAH S. KOSTOW, HUSBAND AND WIFE AND DAVID S. KOSTOW, A BACHELOR AND PAULYNE B. KOSTOW, A WIDOW

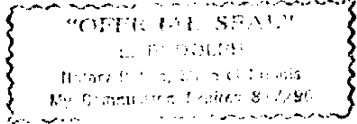
personally known to me to be the same person(s) whose name(s) ARE subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that THEY signed and delivered the same instrument as THEIR free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this

A day of July 1994

My commission expires:

  
Notary Public



LOAN NO. 1713008-9

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(11) **Prepayment Charge.** Should any note or obligation secured hereby require Borrower to pay a fee in connection with the prepayment of any of the indebtedness secured hereby, notwithstanding the fact that Borrower shall have defaulted in any obligation secured hereby and Lender, by reason thereof, shall have declared all sums secured hereby immediately due and payable.

(12) **Failure of Borrower to Comply with Mortgage.** Should Borrower fail to make any payment, or fail to do any act required in this Mortgage, or fail to perform any obligation secured by this Mortgage, or do any act Borrower agreed not to do, Borrower shall be in default under this Mortgage. Lender, but without obligation so to do and without notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, and without contesting the validity or amount of the same, may: (a) pay or do the same in such manner and to such extent as it may deem necessary to protect the security hereof; Lender being authorized to enter upon such property for such purposes; (b) pay, purchase, contest or compromise any encumbrance, charge or lien, which in its judgment is or appears to be prior or superior hereof; and (c) in exercising any such power pay necessary expenses. Borrower agrees to repay any amount so expended on demand of Lender.

(13) **Sums Advanced to Bear Interest and To Be Added to Indebtedness.** To pay immediately upon demand and any sums advanced or paid by Lender or Borrower under any clause or provision of this Mortgage. Any such sum, until so repaid, shall be secured herein and bear interest from the date it was advanced or paid at the same interest rate, as may be adjusted from time to time, as such indebtedness, and shall such sum and interest thereon be secured by this Mortgage.

(14) **Application of Funds.** Lender shall have the right at its sole discretion to direct the manner in which payments or proceeds shall be applied upon or allocated among the various items constituting Borrower's indebtedness or obligations secured hereby.

(15) **Obligation of Borrower Joint and Several.** If more than one person is named as Borrower, each obligation of Borrower shall be the joint and several obligation of each such person.

(16) **Acceleration Clause: Right of Lender to Declare All Sums Due on any Transfer, Etc.** Lender shall have the right, at its option, to declare any indebtedness and obligations secured hereby, irrespective of the maturity date specified in any note or agreement evidencing the same due and payable within 30 days after such declaration if: (a) Borrower or any successor in interest to Borrower of such property sells, enters into a contract of sale, conveys or alienates such property or any part thereof, or suffers his title or any interest therein to be divested, whether voluntarily or involuntarily or leases such property or any part thereof for a term of more than 3 years, or changes or permits to be changed the character or use of such property, or drills or extracts or enters into a lease for the drilling for or extracting oil, gas or other hydrocarbon substance or any mineral or any kind or character on such property; or (b) Borrower is a partnership and the interest of a general partner is assigned or transferred; or (c) Borrower is a corporation and more than 25% of the corporate stock thereof is sold, transferred or assigned during a 12 month period; or (d) Borrower has made any material misrepresentation or failed to disclose any material fact in those certain financial and other written representations and disclosures made by Borrower in order to induce Lender to enter into the transaction evidenced by the promissory note or notes or agreements which this Mortgage secures.

(17) **No Waivers by Lender.** No waiver by Lender of any right under this Mortgage shall be effective unless in writing. Waiver by Lender of any right granted to or under this Mortgage or of any provision of this Mortgage as to any transaction or occurrence shall not be a general waiver as to any future transaction or occurrence. By accepting payment of any sum secured hereby after its due date or by making any payment or performing any act on behalf of Borrower that Borrower was obligated hereunder, but failed, to make or perform, or by adding any payment so made by Lender to the indebtedness secured hereby, Lender does not waive its right to require prompt payment when due or all other sums so secured or to require prompt performance of all other acts required hereunder, or to declare a default for failure to pay such other sums or to perform such other acts.

(18) **Modification in Writing.** This Mortgage cannot be changed or modified except as otherwise provided in this Mortgage or by agreement in writing signed by Borrower or any successor in interest to Borrower, and Lender.

(19) **Right to Collect and Receive Rent and Profits.** Notwithstanding any other provisions hereof, Lender hereby grants permission to Borrower to collect and retain the rents, issues and profits of such property as they become due and payable, but Lender reserves the right to revoke such permission at any time with or without cause by notice in writing to Borrower, mailed to Borrower at his last known address. In any event, such permission to Borrower shall be revoked upon default by Borrower in payment of any indebtedness secured hereby or in the performance of any agreement hereunder. On any such default, Lender may at any time without notice, either in person, by agent or by receiver to be appointed by the court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of such property, or any part thereof, make, cancel, enforce or modify leases, obtain and record liens, set or modify rents, in its own name sue for or otherwise collect the rents, issues and profits thereof, including those due and unpaid, and apply the same, less costs and expenses of operation and collection, upon any indebtedness secured hereby and in such order as Lender may determine, and except for such application, Lender shall not be liable to any person for the collection or non-collection of any rents, issues, income, profits, or the failure to collect or enforce any of the foregoing rights. The entering upon and taking possession of such property, the collection of such rents, issues and profits, or the doing of other acts herein authorized, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(20) **Remedies.** No remedy herein provided shall be exclusive or any other remedy hereof or now or hereafter existing by law, but shall be cumulative. Every power or remedy hereby given to Borrower or to Lender or to which either of them may be otherwise entitled, may be exercised from time to time and as often as may be deemed expedient, in, on, and either of them may pursue inconsistent remedies. If Lender holds any additional security for any obligation secured hereby, and on any default of Borrower, Lender may, at its option, offset against any indebtedness owing by it to Borrower, the whole or any part of the indebtedness secured hereby. The Lender is hereby authorized and empowered at its option, without any obligation so to do, and without affecting the obligations hereof, to apply toward the payment of any indebtedness secured hereby, any and all sums or money, or credit, or of or belonging to Borrower and which the Lender may have in its possession or under its control, including, among other things, any moneys held by Lender under paragraph (6) hereof, in order to assure the performance of the obligations and certain of the rights and obligations hereof. Borrower waives any and all rights of offset which Borrower now or hereafter may have against Lender, of claims and no offset made by Lender shall relieve Borrower from paying instalments on the obligations secured hereby as they become due.

(21) **Foreclosure of Mortgage.** When the indebtedness hereby secured shall become due, whether by acceleration or otherwise, the Lender shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree of sale all expenditures and expenses which may be paid or incurred by or on behalf of Lender for attorney's fees, appraisals, outlays for documentary and expert evidence, stenographic charges, publication cost and costs of procuring all abstracts of title or commitments for title insurance. Such fees, charges and costs may be estimated as to items to be expended prior to the date of the decree of sale and Lender may deem it reasonably necessary to include such items in the bid or bids at any sale which may be had pursuant to such decree. The true condition of the title to or the value of the Property, All expenditures and expenses of the nature of this paragraph mentioned shall become so much additional indebtedness secured hereby and shall be immediately due and payable with interest thereon. If the rate specified in the Note. Such expenditures and expenses shall include expenditures made in connection with the sale of the Property or not actually commenced, (b) preparation for the defense of any threatened suit or proceeding which might affect the Property or the security hereof, whether or not actually commenced, (c) preparation for the defense of any threatened suit or proceeding which might affect the Property or the security hereof, whether or not actually commenced, (d) any efforts for collection of any past due indebtedness secured hereby. The proceeds of any foreclosure sale of the Property 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 such items as are mentioned in this paragraph hereof; second, all other items which under the terms hereof constitute indebtedness secured by this Mortgage, third, any surplus to Borrower, his legal representatives or assigns, as their rights may appear.

(22) **Appointment of Receiver.** Upon or at any time after the filing of a complaint to foreclose this Mortgage the court in which such complaint may be filed may appoint a receiver of the property or may appoint Lender as Mortgagee in possession. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of the mortgagor and without regard to the value of the property or persons, if any, liable for the payment of the indebtedness secured hereby and without regard to the then value of the property. Whether the same shall be occupied as a homestead or not. Such receiver or Mortgagee in possession shall have power to collect the rents, issues and profits of the premises during the pendency of such foreclosure suit, as well as during any further time when Borrower, his successors or assigns, except for the retention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or convenient in such cases for the protection, possession, control, management and operation of the property during the whole and part thereof. The court from time to time may authorize the receiver or Mortgagee in possession to apply the net income held by either of them in payment in whole or in part of the indebtedness and other sums secured hereby, or in payment of any tax, special assessment or other lien which may be or become superior to the lien hereof or superior to a decree foreclosing this Mortgage, provided such application is made prior to foreclosure sale. In case of a judicial sale, the property, or so much thereof as may then be affected by the Waiver of State of Limitations. Time of the essence as to all of Borrower's obligations hereunder, and to the extent permitted by law, Borrower waives all present or future rights of limitation with respect to any debt, demand or obligation, secured hereby in any action or proceeding for the purpose of enforcing this Mortgage or any rights or remedies hereunder.

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does not constitute a "fixture", as such term is defined in the Uniform Commercial Code (the "Code") of the state in which the Premises are located, this Mortgage shall be deemed to be, as well, a security agreement under such Uniform Commercial Code for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to the Lender as "secured party," as such term is defined in such Code;

To have and to hold the same unto Lender and its successors and assigns forever, for the purposes and uses herein set forth.

If and when the principal amount of the Note and all interest as provided hereunder, any and all other amounts required under the Loan Documents, and all of the agreements contained in the Loan Documents, have been fully paid and performed, then this Mortgage shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect.

## III

### GENERAL AGREEMENTS

**3.01 Principal and Interest.** Mortgagor shall pay promptly when due the principal and interest on the indebtedness evidenced by the Note at the times and in accordance with the terms of the Note or any of the other Loan Documents.

**3.02 Other Payments.** At the option of Lender, Mortgagor shall deposit with Lender or a depository designated by Lender, in addition to any installments of principal or interest payments required by the Note, monthly until the principal indebtedness evidenced by the Note is paid, a sum equal to all real estate taxes and assessments ("taxes") next due on the Mortgaged Property. The amount of such deposits shall be based upon the Lender's estimate of the amount of the taxes for the Mortgaged Property, divided by the whole number of months to elapse before the month prior to the month when such taxes will become due and payable.

All such payments described in this Paragraph 3.02 shall be held by Lender or a depository designated by Lender in trust without accruing, or without any obligation arising for the payment of, any interest thereon. If the funds so deposited are insufficient to pay, when due all taxes as aforesaid, Mortgagor shall, within ten (10) days after receipt of demand therefor from Lender or its agent, deposit such additional funds as may be necessary to pay such taxes. If the funds so deposited exceed the amounts required to pay such items, the excess shall, provided no Default exists hereunder, be refunded to Mortgagor or, if a Default exists hereunder, be applied against other amounts due and payable by Mortgagor hereunder or under the other Loan Documents.

Neither Lender nor any such depository shall be liable for any failure to make such payments of taxes unless Mortgagor, while not in Default hereunder, has requested Lender or such depository, in writing, to make application of such deposits to the payment of particular taxes, accompanied by the bills for such taxes; provided, however, that Lender may, at its option, make or cause such depository to make any such application of the aforesaid deposits without any direction or request to do so by Mortgagor.

**3.03 Property Taxes.** Mortgagor shall pay, before becoming delinquent, all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges that may be asserted against the Mortgaged Property or any part thereof or interest therein, and furnish to Lender

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duplicate receipts therefor within thirty (30) days after payment thereof, unless payment is made by Lender from the amount of any deposits made by Mortgagor hereunder. If Mortgagor has made deposits with Lender pursuant to Paragraph 3.02(a), Lender, at its option, either may make such deposits available to Mortgagor for the payments required under this Paragraph 3.03 or may make such payments on behalf of Mortgagor. Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments, provided that:

(a) such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of the Mortgaged Property or any part thereof or interest therein to satisfy the same;

(b) Mortgagor has notified Lender in writing of the intention of Mortgagor to contest the same before any tax or assessment has been increased by any interest, penalties, or costs; and

(c) Mortgagor has deposited with Lender, at such place as Lender may from time to time in writing designate, a sum of money or other security acceptable to Lender that, when added to the monies or other security, if any, deposited with Lender pursuant to Paragraph 3.02 hereof, is sufficient, in Lender's reasonable judgment, to pay in full such contested tax and assessment and all penalties and interest that might become due thereon, and shall keep on deposit an amount sufficient, in Lender's judgment, to pay in full such contested tax and assessment, increasing such amount to cover additional penalties and interest whenever, in Lender's judgment, such increase is advisable. In lieu of cash, Mortgagor may provide a surety bond underwritten by a surety company acceptable to Lender and in an amount sufficient in Lender's reasonable judgment to pay in full such contested tax or assessment, and all penalties and interest or an enforcement over the lien of such tax or assessment issued by the Title Company (as defined in the Loan Agreement) to Lender's Title Policy (as defined in the Loan Agreement).

In the event Mortgagor fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit or such other security as hereinabove provided, Lender may, at its option, apply the monies and liquidate any securities deposited with Lender, in payment of or on account of, such taxes and assessments, or any portion thereof then unpaid, including all penalties and interest thereon. If the amount of the monies and any such other security so deposited is insufficient for the payment in full of such taxes and assessments, together with all penalties and interest thereon, Mortgagor shall forthwith, upon demand, either deposit with Lender a sum that, when added to such funds then on deposit, is sufficient to make such payment in full, or, if Lender has applied funds on deposit on account of such taxes and assessments, restore such deposit to an amount satisfactory to Lender. Provided that Mortgagor is not then in Default hereunder, Lender shall, if so requested in writing by Mortgagor, after final disposition of such contest and upon Mortgagor's delivery to Lender of an official bill for such taxes, apply the money so deposited in full payment of such taxes and assessments or that part thereof then unpaid, together with all penalties and interest thereon.

**3.04 Tax Payments by Lender.** Lender is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to taxes, assessments, water and sewer charges, and other governmental charges, fines, impositions, or liens that may be asserted against the Mortgaged Property, or any part thereof, and may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy thereof or into the validity of any tax, assessment, lien, sale, forfeiture, or title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this

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Paragraph 3.04, whenever, in its reasonable judgment and discretion, such advance seems necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Lender is further authorized, at its option, to obtain a title search prepared by a title insurance company of Lender's choosing. All such advances and indebtedness authorized by this Paragraph 3.04 shall constitute additional indebtedness secured hereby and shall be repayable by Mortgagor upon demand with interest at the rate set forth in the Note.

## 3.05 Insurance

(a) **Hazard.** Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured for the "full insurable value" of the Mortgaged Property under a replacement cost form of insurance policy against loss or damage resulting from fire, windstorm, and other hazards as may be required by Lender. Mortgagor shall pay promptly, when due, any premiums on such insurance. All such insurance shall be in form and of content, and shall be carried in companies, approved in writing by Lender, and all such policies and renewals thereof (or certificates evidencing the same), marked "paid," shall be delivered to Lender at least thirty (30) days before the expiration of then existing policies and shall have attached thereto standard noncontributory mortgagee clauses entitling Lender to collect any and all proceeds payable under such insurance, as well as standard waiver of subrogation endorsements. Mortgagor shall not carry any separate insurance on such improvements concurrent in kind or form with any insurance required hereunder or contributing in the event of loss. In the event of a change in ownership of the Mortgaged Property approved in writing by Lender, immediate notice thereof shall be delivered by mail to all such insurers. In the event of any casualty loss, Mortgagor shall give immediate notice thereof by mail to Lender. Mortgagor hereby permits Lender, at Lender's option, to adjust and compromise any such losses under any of the aforesaid insurance and, after deducting any costs of collection, to use, apply, or disburse the proceeds as provided in this Section 3.05(a). In case of damage to or the destruction of the Mortgaged Property or portions thereof by fire or other casualty, Mortgagor, at Mortgagor's election exercised within sixty (60) days after the occurrence of such loss or casualty may, cause all proceeds of insurance to be applied to the indebtedness secured hereby or (provided Mortgagor is not in Default hereunder) the restoration to substantially former condition and equivalent value of the Mortgaged Property damaged or destroyed; provided, however, Mortgagor's right to elect to have the proceeds applied to restoration of the Mortgaged Property shall be conditioned upon the following: (i) the Mortgagor not being in Default hereunder; (ii) the Mortgagor's presenting to Lender concurrently with notice of Mortgagor's election, evidence reasonably satisfactory to Lender that the proceeds of insurance are sufficient to repair or restore the Mortgaged Property, or, if such proceeds are insufficient, that Mortgagor has deposited with Lender funds, which when added to the proceeds of insurance, shall be sufficient to repair or restore the Mortgaged Property; (iii) in the judgment of Lender, Mortgagor can complete such repairs or restoration not less than one hundred twenty (120) days prior to the date when the Note matures; (iv) Lender shall have approved the plans and specifications for any such restoration; (v) Lender shall have the right to hold and disburse all funds necessary for such rebuilding or to approve disbursements of insurance proceeds for any such rebuilding; and (vi) Mortgagor shall have commenced the reconstruction or restoration of the Mortgaged Property within ninety (90) days after the occurrence of such loss or casualty and shall proceed diligently thereafter to completion. In the event Mortgagor does not or is not entitled to make the election aforesaid, Lender shall, in the exercise of its sole and absolute discretion, decide whether the insurance proceeds shall be applied against the indebtedness secured hereby or in the repair or restoration of the Mortgaged Property. In the event the insurance proceeds are to be applied to the indebtedness secured hereby, Lender may collect all proceeds of insurance after deduction of all reasonable expense of collection and settlement, including reasonable attorneys' and adjustors' fees and charges, and apply same against the indebtedness

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secured hereby. If the insurance proceeds are insufficient to pay such indebtedness in full, Lender may declare the balance remaining unpaid immediately due and payable, and avail itself of any of the remedies provided for in the event of Default. Any proceeds remaining after application upon the indebtedness shall be paid by Lender to Mortgagor.

The term "full insurable value" as used herein shall mean actual cash value -- replacement cost without physical depreciation (inclusive of costs of excavation, foundations and footings below the lowest basement floor of the Mortgaged Property) to the extent available from Mortgagor's insurance companies. Lender shall have the right to notify Mortgagor periodically during the term of this Mortgage that it elects to have the replacement value redetermined by an insurance company acceptable to Lender. The redetermination shall be made promptly and in accordance with the rules and practices of the Board of Fire Underwriters, or a like board recognized and generally accepted by the insurance company, and each party shall be promptly notified of the results by the company. The amount of the property and casualty insurance required to be maintained hereunder shall be adjusted according to any such redetermination. The cost of such redetermination and any additional insurance premiums shall be paid by the Mortgagor.

In the event Lender is obligated hereunder or elects to apply such insurance proceeds toward repairing, restoring and rebuilding such improvements, such proceeds shall be made available, from time to time, upon Lender's being furnished with reasonably satisfactory evidence of the estimated cost of such repairs, restoration, and rebuilding, and with such architect's and other certificates, waivers of lien, contractors' sworn statements, and other evidence of the estimated cost thereof and of payments as Lender may reasonably require and approve. Mortgagor shall obtain the prior written consent of Lender before undertaking any such repair, restoration, or rebuilding, and shall further provide Lender with all plans and specifications for such repairs, restoration, and rebuilding as Lender may reasonably require and approve, which approval shall not be unreasonably withheld or delayed. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed, from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Lender shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens or encumbrances. Lender's obligation to permit such insurance proceeds to be used for rebuilding the Mortgaged Property shall terminate and a Default shall be deemed to have occurred hereunder in the event that the undisbursed balance of such insurance proceeds is not sufficient to pay for the cost of completing the work, unless the amount of any such deficiency is deposited with Lender within fifteen (15) days after notice thereof. In the event of foreclosure of this Mortgage or other transfer of title to the Mortgaged Property in extinguishment of the indebtedness secured hereby, all right, title, and interest of Lender in and to any such insurance policies then in force and any claims or proceeds thereunder, shall pass to Lender or any purchaser or grantee therefrom.

(b) **Liability.** Mortgagor shall carry and maintain such comprehensive public liability and workmen's compensation insurance as may be reasonably required from time to time by Lender in form and of content, in amounts, and with companies approved in writing by Lender. Certificates of such insurance, premiums prepaid, shall be deposited with Lender and shall contain provision for twenty (20) days' notice to Lender prior to any cancellation thereof.

**3.06 Condemnation and Eminent Domain.** Any and all awards heretofore or hereafter made or to be made to the present, or any subsequent owner of the Mortgaged Property by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Mortgaged Property, any improvement located thereon, or any easement thereon or appurtenance thereof are hereby assigned by Mortgagor to Lender. Lender is hereby authorized to collect and receive from



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the condemnation authorities all such awards and Lender is hereby authorized to give appropriate receipts and acquittances therefor. Mortgagor shall give Lender immediate written notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Mortgaged Property, or any easement thereon or appurtenance thereof (including severance of, consequential damage to or change in grade of streets), and shall deliver to Lender copies of any and all papers served in connection with any such proceedings. Mortgagor further agrees to make, execute and deliver to Lender, at any time upon request, free, clear, and discharged of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Lender for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter made to Mortgagor for any taking, either permanent or temporary, under any such proceeding.

In the event of eminent domain proceedings resulting in condemnation of only a part of the Mortgaged Property, Mortgagor shall have the option, exercisable within sixty (60) days after the date that a final determination of the amount of any condemnation award is made, to rebuild the remaining portion of the Mortgaged Property, and to use all available condemnation proceeds therefor, provided that (a) in the judgment of Lender, such proceeds are sufficient to rebuild and restore the Mortgaged Property in a manner that provides adequate security to Lender for repayment of the Loan, (b) the improvements on the Mortgaged Property can be restored to a complete architectural unit in substantially the same condition and having substantially equivalent value as prior to such taking; (c) in Lender's judgment, the repairs and restoration can be completed not less than one hundred twenty (120) days prior to the date that the note matures; (d) Lender shall have the right to approve plans and specifications for any major rebuilding or restoration; (e) Lender shall have the right to hold and disburse all funds necessary for such rebuilding or to approve disbursements of condemnation proceeds for rebuilding; (f) no default then exists under the Loan Documents and (g) Mortgagor shall have commenced the reconstruction or restoration of the Mortgaged Property within ninety (90) days after the occurrence of condemnation and shall proceed diligently thereafter to completion. If the condemnation is of substantially all of the Mortgaged Property or affects only part of the Mortgaged Property and total rebuilding is, in Lender's judgment, infeasible or any of the conditions to the use of the proceeds to rebuild set forth hereinabove are not met, then proceeds shall be used to pay the outstanding indebtedness evidenced and secured by the Loan Documents.

**3.07 Maintenance of Property.** Except for the rehabilitation described in the Plans and Specifications (as defined in the Loan Agreement), no building or other improvement on the Mortgaged Property shall be materially altered, removed, or demolished, nor shall any fixtures, chattels, or articles of personal property on, in or about the Mortgaged Property be severed, removed, sold or mortgaged without the prior written consent of Lender and, in the event of the demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered by this Mortgage or by any separate security agreement executed in conjunction herewith, the same shall be replaced promptly by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from any other security interest therein, encumbrances thereon, or reservation of title thereto. Mortgagor shall promptly repair, restore, or rebuild any building or other improvement now existing or hereafter situated on the Mortgaged Property that may become damaged or be destroyed. Any such building or other improvement shall be so repaired, restored, or rebuilt so as to be of at least equal value and of substantially the same character as prior to such damage or destruction.

Mortgagor further agrees: (a) to permit, commit, or suffer no waste, impairment, or deterioration of the Mortgaged Property or any part thereof; (b) to keep and maintain the Mortgaged Property and every part thereof in good repair and condition; (c) to effect such repairs as Lender may reasonably

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require, and, (d) from time to time, to make all necessary and proper replacements thereof and additions thereto so that the Premises and such buildings, other improvements, fixtures, chattels, and articles of personal property will, at all times be in good condition, fit and proper for the respective purposes for which they were originally erected or installed or rehabilitated.

**3.08 Compliance with Laws.** Mortgagor shall comply with all statutes, ordinances, regulations, rules, orders, decrees, and other requirements relating to the Mortgaged Property or any part thereof imposed by any federal, state, or local authority and shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions, and nonconforming uses), privileges, franchises, and concessions that are applicable to the Mortgaged Property or that have been granted to or contracted for by Mortgagor in connection with any existing or presently contemplated use of the Mortgaged Property.

**3.09 Liens and Transfers.** Without Lender's prior written consent, Mortgagor shall not create, suffer, or permit to be created or filed against the Mortgaged Property or any part thereof hereafter any mortgage lien or other lien superior or inferior to the lien of this Mortgage, except for the Regulatory and Land Use Restriction Agreement, of even date herewith, between the Illinois Housing Development Authority (the "IHDA") and Mortgagor, the Junior Mortgage, the Security Agreement and Collateral Assignment of Rents and Leases ("Subordinate Mortgage") of even date herewith executed by Mortgagor in favor of the IHDA, the Extended Use Agreement executed by Mortgagor in favor of the IHDA, and the other Permitted Exceptions (as defined in the Loan Agreement). The Subordinate Mortgage secures the indebtedness of Mortgagor to the IHDA as evidenced by that certain promissory note in the original principal amount of \$1,121,111. Notwithstanding the foregoing, Mortgagor may, at its expense, after prior written notice to Lender, contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any mechanic's lien claim filed against the Mortgaged Property provided that: (i) neither the Mortgaged Property nor any part thereof is at any time in danger of being sold, forfeited, lost or interfered with and (ii) Mortgagor shall have furnished an endorsement to the Title Policy affirmatively insuring Lender against the existence or attempted enforcement of such mechanic's lien or such alternative security as Lender may require. In the event Mortgagor hereafter suffers or permits any superior or inferior lien other than the Permitted Exceptions to be attached to the Mortgaged Property or any part thereof without such consent, other than a mechanic's lien claim being contested in accordance with this Paragraph 3.09, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance thereof and all interest accrued thereon to be immediately due and payable, without notice to Mortgagor.

If Mortgagor, without Lender's prior written consent, sells, transfers, conveys, assigns, hypothecates, or otherwise transfers the title to all or any portion of or interest in the Mortgaged Property (other than tenant leases on forms previously approved by Lender), or there is a change in the general partner of the Mortgagor (other than provided in the Loan Documents,) or there is a change of control of the general partners of Mortgagor, whether by operation of law, voluntarily, or otherwise, or contracts to do any of the foregoing, Lender shall have the unqualified right, at its option, to accelerate the maturity of the Note, causing the entire principal balance, accrued interest, and prepayment premium, if any, to be immediately due and payable, without notice to Mortgagor. Without limiting the generality of the foregoing, each of the following events shall be deemed a sale, conveyance, assignment, hypothecation, or other transfer of an interest in the Mortgaged Property prohibited by the preceding sentence:

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(a) if Mortgagor is a partnership, any sale, conveyance, assignment, or other transfer of all or any portion of the partnership interest of any general partner of such partnership that results in a material change in the identity of the person(s) in control of such partnership; and

(b) if Mortgagor is a partnership or corporation, any sale, conveyance, assignment, or other transfer of all or any portion of the stock or partnership interest of any entity directly or indirectly in control of any corporation or partnership constituting or included within Mortgagor that results in a material change in the identity of the person(s) in control of such entity; and

Notwithstanding anything contained herein to the contrary, neither the withdrawal, removal and/or replacement of a general partner of the Mortgagor pursuant to the terms of the Partnership Agreement (as defined in the Loan Agreement), nor a withdrawal, removal, substitution, replacement or addition of a limited partner of the Mortgagor shall constitute a default hereunder, provided that: (a) prior written notice of any withdrawal, removal, substitution, replacement or addition of any general partner is given to Lender, (b) any substitute general partner is acceptable to Lender, in the exercise of its reasonable judgment, and is selected with reasonable promptness, and (c) in Lender's reasonable judgment, the rehabilitation or operation of the Mortgaged Property will not be delayed or impaired as the result of such withdrawal, removal, substitution, replacement or addition.

Any waiver by Lender of the provisions of this Paragraph 3.09 shall not be deemed to be a waiver of the right of Lender in the future to insist upon strict compliance with the provisions hereof.

**3.10 Subrogation to Prior Lienholder's Rights.** If the proceeds of the loan secured hereby, any part thereof or any amount paid out or advanced by Lender is used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any part thereof, then, to the fullest extent permitted by law, Lender shall be subrogated to the rights of the holder thereof in and to such other lien or encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

**3.11 Lender's Dealings with Transferee.** In the event of the sale or transfer, by operation of law, voluntarily, or otherwise, of all or any part of the Mortgaged Property, Lender shall be authorized and empowered to deal with the vendee or transferee with regard to the Mortgaged Property, the indebtedness secured hereby, and any of the terms or conditions hereof as fully and to the same extent as it might with Mortgagor, without in any way releasing or discharging Mortgagor from its covenants hereunder, specifically including those contained in Paragraph 3.09 hereof, and without waiving Lender's right of acceleration pursuant to Paragraph 3.02 hereof.

**3.12 Stamp Taxes.** If at any time the United States government or any federal, state, or municipal governmental subdivision, requires Internal Revenue or other documentary stamps, levies, or any tax on this Mortgage or on the Note, or requires payment of the United States Interest Equalization Tax on any of the indebtedness secured hereby, then such indebtedness and all interest accrued thereon shall be and become due and payable, at the election of the Lender thirty (30) days after the mailing by Lender of notice of such election to Mortgagor; provided, however, that such election shall be unavailing, and this Mortgage and the Note shall be and remain in effect if Mortgagor lawfully pays for such stamps or such tax, including interest and penalties thereon, to or on behalf of Lender.



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**3.13 Change in Tax Laws.** In the event of the enactment, after the date of this Mortgage, of any law of the state in which the Premises are located deducting from the value of the Premises for the purpose of taxation the amount of any lien thereon or imposing upon Lender the payment of all or any part of the taxes, assessments, charges or liens hereby required to be paid by Mortgagor or changing in any way the law relating to the taxation of mortgages or debts secured by mortgages or Mortgagor's interest in the Mortgaged Property or the manner of collection of taxes so as to affect this Mortgage or the indebtedness secured hereby or the holder thereof, then Mortgagor, upon demand by Lender, shall pay such taxes, assessments, charges, or liens or reimburse Lender therefor; provided, however, that if, in the opinion of counsel for Lender, it might be unlawful to require Mortgagor to make such payment or the making of such payment might result in violation of the law, then Lender may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured hereby to become due and payable within sixty (60) days after the giving of such notice. Nothing contained in this Paragraph 3.13 shall be construed as obligating Lender to pay any portion of Mortgagor's federal or state income tax.

**3.14 Inspection of Property.** Mortgagor shall permit Lender and its representatives and agents to inspect the Mortgaged Property from time to time during normal business hours and as frequently as Lender considers reasonable. Lender shall use best efforts to provide Mortgagor with reasonable prior written or telephonic notice.

**3.15 Inspection of Books and Records.** Mortgagor shall keep and maintain full and correct books and records showing in detail the income and expenses of the Mortgaged Property and, within fifteen (15) days after written demand therefor by Lender, permit Lender or its agents to examine such books and records and all supporting vouchers and data at any time during customary business hours and from time to time on request at Mortgagor's offices, at the address hereinabove identified or at such other location as may be mutually agreed upon.

**3.16 Annual Operating Statements.** Mortgagor shall furnish to Lender, within ninety (90) days after the close of each fiscal year, an annual operating statement of income and expenses of the Mortgaged Property and also of Mortgagor, if so required by Lender. Such report shall contain such detail and embrace such items as Lender may reasonably require.

**3.17 Acknowledgement of Debt.** Mortgagor shall furnish from time to time, within fifteen (15) days after Lender's request, a written statement, duly acknowledged, confirming Lender's determination of the amount then due under the Note and this Mortgage, or, if Mortgagor does not agree with Lender's determination, then stating the basis of such disagreement, and disclosing whether any any alleged offsets or defenses exist as of the date of the statement against the indebtedness secured hereby

**3.18 Other Amounts Secured.** At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures in addition to any loan proceeds disbursed from time to time, and in addition to any advances pursuant to Paragraphs 3.04, 3.06 and 3.09 hereof, litigation and other expenses pursuant to Paragraphs 4.05 and 4.06 hereof, and any other amounts as provided herein, the payment of any and all loan commissions, service charges, liquidated damages, expenses, and advances due to or paid or incurred by Lender in connection with the indebtedness secured hereby, all in accordance with the application and loan commitment issued in connection with this transaction, if any, and the other Loan Documents.

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**3.19 Assignments of Leases and Rents.** The terms, covenants, conditions, and other provisions of any Assignment of Leases and Rents described in Exhibit B hereto are hereby expressly incorporated herein by reference and made a part hereof, with the same force and effect as though the same were particularly set forth herein.

**3.20 Declaration of Subordination.** At the option of Lender, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any condemnation or eminent domain award) to any and all leases of all or any part of the Mortgaged Property upon the execution by Lender and recording thereof, at any time hereafter, in the appropriate official records of the county wherein the Premises are situated, of a unilateral declaration to that effect.

**3.21 Security Instruments.** Mortgagor shall execute, acknowledge, and deliver to Lender, within fifteen (15) days after request by Lender, a security agreement, financing statements, and any other similar security instrument reasonably required by Lender, in form and of content reasonably satisfactory to Lender, covering all property of any kind whatsoever owned by Mortgagor that, in the sole opinion of Lender, is essential to the operation of the Mortgaged Property and concerning which there may be any doubt whether title thereto has been conveyed, or a security interest therein perfected, by this Mortgage under the laws of the state in which the Premises are located. Mortgagor shall further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement, certificate or other document as Lender may request in order to perfect, preserve, maintain, continue, and extend such security instruments. Mortgagor further agrees to pay to Lender all reasonable costs and expenses incurred by Lender in connection with the preparation, execution, recording, filing, and refiling of any such document.

**3.22 Releases.** Lender, without notice and without regard to the consideration, if any, paid therefor and, notwithstanding the existence at that time of any inferior liens thereon, may release from the lien created hereby all or any part of the Mortgaged Property or release from liability any person obligated to repay any indebtedness secured hereby or extend the time for payment of all or any part of such indebtedness or modify the Loan Documents without in any way affecting the liability of any party to any of the Note, this Mortgage or any of the other Loan Documents, including without limitation any guaranty given as additional security for the indebtedness secured hereby and without in any way affecting the priority of the lien of this Mortgage. None of the foregoing actions by Lender shall in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the indebtedness secured hereby.

**3.23 Interest Laws.** It being the intention of Lender and Mortgagor to comply with the laws of the State of Illinois, it is agreed that, notwithstanding any provision to the contrary in the Note, this Mortgage or any of the other Loan Documents, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection of all or any portion of the indebtedness evidenced by the Note. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Note, this Mortgage, or any of the other Loan Documents, then in such event (a) the provisions of this Paragraph 3.23 shall govern and control; (b) neither Mortgagor nor any other "Obligors" (as that term is defined in the Note) shall be obligated to pay any Excess Interest; (c) any Excess Interest that Lender may have received hereunder shall, at the option of Lender, be (i) applied as a credit against the then unpaid principal balance under the Note, accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii)

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any combination of the foregoing; (d) the rate of interest charged under the Note shall be subject to automatic reduction to the maximum lawful contract rate allowed under the applicable usury laws of the aforesaid State, and the Note, this Mortgage, and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the interest rate; and (e) neither Mortgagor nor any other Obligors shall have any action against Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest.

**3.24 Use of Loan Proceeds.** No part of the funds disbursed to the Mortgagor pursuant to the Note have been or shall be used for the purchase or carrying of registered equity securities within the purview of Regulation G of the Federal Reserve Board or for the purpose of releasing or retiring any indebtedness which was originally incurred for any such purpose. Mortgagor covenants that no part of the proceeds of the Note will be used to purchase or carry any margin stock (within the meaning of Regulations U and G of the Board of Governors of the Federal Reserve System) or for retiring any indebtedness which was originally incurred for such purpose.

## IV

### DEFAULTS AND REMEDIES

**4.01 Events Constituting Defaults.** Each of the following events shall constitute a default (a "Default") under this Mortgage:

(a) Failure of Mortgagor to pay any sum secured hereby on the date such sum becomes due and payable, including without limitation, any installment of principal thereof or interest on the Note, and the continuation of such failure to pay for five (5) days after notice thereof from Lender.

(b) Failure of Mortgagor to perform or observe any other covenant, warranty, or other provision contained in this Mortgage for a period in excess of thirty (30) days after the date on which notice of such failure is given by Lender to Mortgagor. In the case of non-monetary default not susceptible of being cured within such thirty (30) day period, Lender shall not declare an event of Default as long as Mortgagor (a) initiates corrective action within such thirty (30) day period; (b) diligently, continuously and in good faith proceeds to cure such default or potential event of Default; (c) the Mortgagor's security in the Mortgaged Property is not materially impaired by such failure to cure within said thirty (30) day period; and (d) the non-monetary default is cured within ninety (90) days after the date that Lender first gives notice as described above to Mortgagor notice by Lender. In no event shall the grace period hereinabove granted be for more than ninety (90) days from the date Lender first gives notice as above to Mortgagor, it being acknowledged and agreed by Mortgagor that concurrently with the expiration of such ninety (90) day period Lender may declare a Default, accelerate all indebtedness secured hereby and pursue all remedies contained herein.

(c) Any representation or warranty contained in any of the Note, this Mortgage, the other Loan Documents or any other document or writing submitted to Lender by or on behalf of Mortgagor pertaining to the Loan shall be materially false or misleading when made, provided that if any breach of any representation or warranty of Mortgagor is of a nature as to be reasonably capable of being cured or corrected within thirty (30) days and said breach does not, in Lender's judgment impair the Mortgagor's ability to perform its obligations under the Loan Documents or materially impair or



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jeopardize Lender's security in the Mortgaged Property, then Mortgagor shall have thirty (30) days after written notice thereof to cure or correct such breach.

(d) Admission by Mortgagor in writing, including without limitation an answer or other pleading filed in any court, of Mortgagor's insolvency or its inability to pay its debts generally as they fall due.

(e) Institution by Mortgagor of bankruptcy, insolvency, reorganization, or arrangement proceedings of any kind under the Federal Bankruptcy Code, whether as now existing or as hereafter amended, or any similar federal or state laws relating to debtors or creditors rights now or hereafter existing, or the making by Mortgagor of a general assignment for the benefit of creditors.

(f) Institution of any such proceedings against Mortgagor that are consented to by Mortgagor or are not dismissed, vacated, or stayed within ninety (90) days after the filing thereof. Notwithstanding the preceding sentence, if, after the institution of such proceedings, Lender reasonably determines that its security in the Mortgaged Property is materially impaired or at immediate risk of being materially impaired, Lender shall have the right to declare an immediate Default.

(g) Appointment by any court of a creditor, trustee, or liquidator of or for, or assumption by any court of jurisdiction of, all or any part of the Mortgaged Property or all or a major portion of the property of Mortgagor, if such appointment or assumption is consented to by Mortgagor or, within ninety (90) days after such appointment or assumption, such receiver, trustee, or liquidator is not discharged or such jurisdiction is not relinquished, vacated, or stayed. Notwithstanding the preceding sentence, if, after the institution of such proceedings, Lender reasonably determines that its security in the Mortgaged Property is materially impaired or at immediate risk of being materially impaired, Lender shall have the right to declare an immediate Default.

(h) Declaration by any court or governmental agency of the bankruptcy or insolvency of Mortgagor.

(i) The occurrence of a default under the Loan Agreement or any other Loan Document, which default continues beyond any applicable notice and cure period.

**4.02 Acceleration of Maturity.** At any time during the existence of any Default, and at the option of Lender, the entire principal balance then outstanding under the Note, together with interest accrued thereon and all other sums due from Mortgagor thereunder or under this Mortgage and under any of the other Loan Documents, shall without notice become immediately due and payable with interest thereon at the Default Interest Rate (as defined in the Note).

**4.03 Foreclosure of Mortgage.** Upon the occurrence of any Default, or at any time thereafter, Lender may, at its option, proceed to foreclose the lien of this Mortgage by judicial proceedings in accordance with the laws of the state in which the Premises are located. Any failure by Lender to exercise such option shall not constitute a waiver of its right to exercise the same at any other time.

**4.04 Lender's Continuing Options.** The failure of Lender to exercise its options to accelerate the maturity of the indebtedness secured hereby or to exercise any other option granted to Lender hereunder in any one or more instances or the acceptance by Lender of partial payments of such indebtedness, shall neither constitute a waiver of any such Default or of Lender's options hereunder nor

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establish, extend or affect any grace period for payments due under the Note, but such options shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Lender, may at Lender's option and, to the extent permitted by law, be rescinded by written acknowledgement to that effect by Lender and shall not affect Lender's right to accelerate maturity upon or after any future Default.

**4.05 Litigation Expenses.** In any proceeding to foreclose the lien of this Mortgage or enforce any other remedy of Lender under any of the Note, this Mortgage and the other Loan Documents or in any other proceeding whatsoever in connection with any of the Loan Documents or any of the Mortgaged Property in which Lender is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting thereof, all expenses paid or incurred in connection with such proceeding; by or on behalf of Lender, including without limitation, reasonable attorney's fees, appraiser's fees, outlays for documentary evidence and expert advice, stenographers' charges, publication costs, survey costs, and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and any similar data and assurances with respect to title to the Mortgaged Property as Lender may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises or the Mortgaged Property. All expenses of the foregoing nature, and such expenses as may be incurred in the protection of any of the Mortgaged Property and the maintenance of the lien of this Mortgage thereon, including without limitation, the reasonable fees of any attorney employed by Lender in any litigation affecting the Note, this Mortgage or any of the Mortgaged Property or, from and after the occurrence of a Default, in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall be immediately due and payable by Mortgagor with interest at the rate set forth in the Note.

**4.06 Performance by Lender.** In the event of any Default, Lender may, but need not, make any payment or perform any act herein required of Mortgagor 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 prior encumbrances, if any; purchase, discharge, compromise, or settle any tax lien or other prior or junior lien or title or claim thereof; redeem the Mortgaged Property from any sale or forfeiture; or contest any tax or assessment thereon. All monies paid for any of the purposes authorized herein and all expenses paid or incurred in connection therewith, including reasonable attorney's fees, and any other monies advanced by Lender to protect the Mortgaged Property and the lien of this Mortgage, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable by Mortgagor to Lender without notice and with interest thereon at the Default Interest Rate as defined in the Note. Inaction of Lender shall never be construed to be a waiver of any right accruing to Lender by reason of any Default by Mortgagor.

**4.07 Right of Possession.** In any case in which, under the provisions of this Mortgage or the other Loan Documents, Lender has a right to institute foreclosure proceedings, whether or not the entire principal sum secured hereby becomes immediately due and payable as aforesaid, or whether before or after the institution of proceedings to foreclose the lien hereof or before or after sale thereunder, Mortgagor shall, forthwith upon demand of Lender, surrender to Lender, and Lender shall be entitled to take actual possession of, the Mortgaged Property or any part thereof, personally or by its agent or attorneys, and Lender, in its discretion, may enter upon and take and maintain possession of all or any part of the Mortgaged Property, together with all documents, books, records, papers and accounts of Mortgagor or the then owner of the Mortgaged Property relating thereto and may exclude Mortgagor,

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such owner and any agents and servants thereof wholly therefrom and may, as attorney in fact or agent of Mortgagor or such owner, or in its own name as Lender and under the powers herein granted:

(a) hold, operate, manage, and control all or any part of the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper or necessary to enforce the payment of security of the rents, issues, deposits, profits, and avails of the Mortgaged Property, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor;

(b) cancel or terminate any lease or sublease of all or any part of the Mortgaged Property for any cause or on any ground that would entitle Mortgagor to cancel the same;

(c) elect to disaffirm any lease or sublease of all or any part of the Mortgaged Property made subsequent to this Mortgage or subordinated to the lien hereof;

(d) to the fullest extent permitted by law, extend or modify any then existing leases and make new leases of all or any part of the Mortgaged Property, which extensions, modifications, and new leases may provide for terms to expire or for options to lessees to extend or *renew terms to expire beyond the maturity date of the loan evidenced by the Note* and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale; it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the Mortgaged Property are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness secured hereby, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and

(e) make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments, and improvements in connection with the mortgaged Property as may seem judicious to Lender, to insure and reinsure the Mortgaged Property and all risks incidental to Lender's possession, operation, and management thereof, and to receive all rents, issues, deposits, profits and avails therefrom.

**4.08 Priority of Payments.** Any rents, issues, deposits, profits and avails of the Mortgaged Property received by Lender after taking possession of all or any part of the Mortgaged Property, or pursuant to any assignment thereof to Lender under the provisions of this Mortgage or any of the other Loan Documents shall be applied in payment of or on account of the following, in such order as Lender or, in case of receivership, as the court, may determine:

(a) operating expenses of the Mortgaged Property (including reasonable compensation to Lender, any receiver of the Mortgaged Property, any agent or agents to whom management of the Mortgaged Property has been delegated), and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized;

(b) taxes, special assessments, and water and sewer charges now due or that may hereafter become due on the Mortgaged Property, or that may become a lien thereon prior to the lien of this Mortgage;



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(c) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Mortgaged Property (including without limitation the cost, from time to time, of installing or replacing ranges, refrigerators, and other appliances and other personal property therein, and of placing the Mortgaged Property in such condition as will, in the reasonable judgment of Lender or any receiver thereof, make it readily rentable or salable);

(d) any indebtedness secured by this Mortgage or any deficiency that may result from any foreclosure sale pursuant hereto; and

(e) any remaining funds to Mortgagor or its successors or assigns, as their interests and rights may appear.

**4.09 Appointment of Receiver.** Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Mortgaged Property or any part thereof. Such appointment may be made (a) either before or after foreclosure sale, without notice; (b) without regard to the solvency or insolvency at any time of application for such receiver of the person or persons, if any, liable for the payment of the indebtedness secured hereby; (c) without regard to the value of the Mortgaged Property at such time and whether or not the same is then occupied as a homestead; and (d) without bond being required of the applicant. Such receiver shall have the power to take possession, control and care of the Mortgaged Property and to collect all rents, issues, deposits, profits and avails thereof during the pendency of such foreclosure suit and, in the event of a sale and a deficiency where Mortgagor has not waived its statutory rights of redemption, during the full statutory period of redemption, as well as during any further times when Mortgagor or its devisees, legatees, heirs, executors, administrators, legal representatives, successors, or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits and avails. Such receiver shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management and operation of the Mortgaged Property. To the extent permitted by law, such receiver may be authorized by the court to extend or modify any then existing leases and to make new leases of the Mortgaged Property or any part thereof, which extensions, modifications, and new leases may provide for terms to expire or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness secured hereby, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Mortgaged Property are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree or issuance of certificate of sale or deed to any purchaser.

**4.10 Foreclosure Sale.** In the event of any foreclosure sale of the Mortgaged Property, the same may be sold in one or more parcels. Lender may be the purchaser at any foreclosure sale of the Mortgaged Property or any part thereof.

**4.11 Application of Proceeds.** The proceeds of any foreclosure sale of the Mortgaged Property, or any part thereof, shall be distributed and applied in the following order of priority: (a) on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraphs 4.05 and 4.06 hereof; (b) all other items that, under the terms of this Mortgage, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon at the interest rate set forth in the Note; (c) all principal and interest remaining unpaid under the Note, in the

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order of priority specified by Lender in its sole discretion; and (d) the balance to Mortgagor or its successors or assigns, as their interests and rights may appear.

**4.12 Application of Deposits.** In the event of any Default, Lender may, at its option, without being required to do so, apply any monies or securities that constitute deposits made to or held by Lender or any depository pursuant to any of the provisions of this Mortgage toward payment of any of Mortgagor's obligations under the Note, this Mortgage, or any of the other Loan Documents, in such order and manner as Lender may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Mortgaged Property. Such deposits are hereby pledged as additional security for the prompt payment of the indebtedness evidenced by the Note and any other indebtedness secured hereby and shall be held to be applied irrevocably by such depository for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor.

**4.13 Waiver of Statutory Rights.** Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, stay, extension, or exemption laws, or any so-called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, hereby also waives any and all rights to the Mortgaged Property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold in its entirety. Mortgagor hereby further waives any and all rights of redemption from sale under any order or decree of foreclosure of the lien hereof for itself and on behalf of any trust estate of which the Premises are a part, all persons beneficially interested therein and every person acquiring any interest in the Mortgaged Property or title to the Premises subsequent to the date of this Mortgage, and on behalf of all other persons to the extent permitted by law.

**4.14 Cross Default Effect Under Loan Documents.** A Default under the provisions of any of the Loan Documents, after any applicable notice and after the expiration of any applicable cure period, shall be deemed to be a Default under this Mortgage. Lender may, at its option, exhaust its rights and remedies under any or all of said Loan Documents, as well as its rights and remedies hereunder, either concurrently or independently and in such order as it may determine and may apply the proceeds received therefrom to the indebtedness of Mortgagor secured hereby without waiving or affecting the status of any breach or Default or any right or remedy, whether contained in this Mortgage or any contained or exercised pursuant to any of the Loan Documents.

**4.15 Security Agreement and Financing Statement.** Mortgagor and Lender agree that this Mortgage shall constitute a security agreement within the meaning of the Code with respect to any

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personal property and fixtures located in or upon or used in connection with the Premises, including, without limitation the items described in subparagraph (e) of Article II hereof, and all replacements of such property, substitutions for such property, additions to such property, and the proceeds thereof (said property and the replacements, substitutions and additions thereto and the proceeds thereof being sometimes hereinafter collectively referred to as the "Collateral"), and that a security interest in and to the Collateral is hereby granted to Lender to secure payment of the indebtedness secured by this Mortgage and to secure performance by Mortgagor of the terms, covenants and provisions hereof. 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 Mortgaged Property, and the following provisions of this Paragraph 4.15 shall not limit the applicability of any other provision of this Mortgage but shall be in addition thereto:

(a) Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof and the liens and encumbrances permitted under Paragraph 3.09 hereof.

(b) The Collateral is to be used by Mortgagor solely for business purposes.

(c) The Collateral will be kept at the Mortgaged Property, and, except for any obsolete Collateral, will not be removed therefrom without the consent of Lender (being the Secured Party as that term is used in the Code). The Collateral may be affixed to the Premises, but will not be affixed to any other real estate.

(d) Upon a Default hereunder, Lender shall have the remedies of a secured party under the Code, including without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Mortgagor can give authority therefor, with or without judicial process, enter upon any place where the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code); and Lender shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral, subject to Mortgagor's right of redemption, in satisfaction of Mortgagor's obligations, as provided in the Code. Lender may (i) render the Collateral unusable without removal, (ii) dispose of the Collateral on the Premises, or (iii) require Mortgagor to make it available to Lender for its possession at a place to be designated by Lender which is reasonably convenient to both parties. Lender will give Mortgagor at least five (5) days notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified United States mail or equivalent, postage prepaid, to the address of Mortgagor hereinabove set forth at least five (5) days before the time of the sale or disposition. Lender may buy at any public sale and, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, Lender may buy at private sale. Any such sale may be held as part of and in conjunction with any foreclosure sale of the Premises, including the Collateral, to be sold as one, if Lender so elects. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorney's fees and reasonable legal expenses incurred by Lender in connection therewith, shall be applied against the indebtedness hereby secured in such order or manner as Lender shall select. Lender will pay to Mortgagor any surplus realized on such disposition.



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(e) The terms and provisions contained in this Paragraph 4.15 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code.

(f) This Mortgage is intended to be a financing statement within the purview of the Code with respect to any Collateral, which is or may become fixtures relating to the Premises. The addresses of Mortgagor (Debtor) and Lender (Secured Party) are hereinabove set forth. This Mortgage is to be filed for record with the Recorder of Deeds of the County where the Premises is located. Mortgagor is the record owner of the Premises.

## V

### MISCELLANEOUS

**5.01 Notices.** Except as otherwise hereinabove specified, any notice that Lender or Mortgagor may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipients thereof pursuant to and at the addresses set forth in Section 8.4 of the Loan Agreement or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice shall be deemed to have been delivered two (2) business days after mailing by United States registered or certified mail, return receipt requested, or when delivered in person with written acknowledgement of the receipt thereof. Except as otherwise specifically required, herein, notice of the exercise of any right or option granted to Lender by this Mortgage is not required to be given, any such notice being deemed waived by Mortgagor to the fullest extent permitted by law.

**5.02 Time of Essence.** It is specifically agreed that time is of the essence of this Mortgage.

**5.03 Covenants Run with Land.** All of the covenants of this Mortgage shall run with the land constituting the Premises.

**5.04 Governing Law.** The place of negotiation, execution, and delivery of this Mortgage, the location of the Mortgaged Property, and the place of payment and performance under the Loan Documents being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that State. To the extent that this Mortgage may operate as a security agreement under the Uniform Commercial Code, Lender shall have all rights and remedies conferred thereon for the benefit of a secured party, as such term is defined therein.

**5.05 Rights and Remedies Cumulative.** All rights and remedies set forth in this Mortgage are cumulative, and the holder of the Note and of every other obligation secured hereby may recover judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy afforded hereby.

**5.06 Severability.** If any provision of this Mortgage, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstance, is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included herein.

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**5.07 Non-Waiver.** Unless expressly provided in this Mortgage to the contrary, no consent or waiver, express or implied, by an interested party referred to herein, to or of any breach or default by any other interested party referred to herein, in the performance by such party of any obligations contained herein shall be deemed a consent to or waiver by the party of any obligations contained herein or shall be deemed a consent to or waiver of the performance by such party of any other obligations hereunder or the performance by any other interested party referred to herein of the same, or of any other, obligations hereunder.

**5.08 Headings.** The headings of sections and paragraphs in this Mortgage are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions hereof.

**5.09 Grammar.** As used in this Mortgage, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

**5.10 Deed in Trust.** If title to the Mortgaged Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Mortgaged Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

**5.11 Successors and Assigns.** This Mortgage and all provisions hereof shall be binding upon Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor, and the word "Mortgagor," when used herein, shall include all such persons and entities and any others liable for the payment of the indebtedness secured hereby or any part thereof, whether or not they have executed the Note or this Mortgage. The word "Lender," when used herein, shall include Lender's successors, assigns, and legal representatives, including all other holders, from time to time, of the Note.

**5.12 Loss of Note.** Upon receipt of evidence reasonably satisfactory to Mortgagor of the loss, theft, destruction or mutilation of the Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Mortgagor or, in the case of any such mutilation, upon surrender and cancellation of the Note, Mortgagor will execute and deliver to Lender in lieu thereof, a replacement Note, identical in form and substance to the Note and dated as of the date of the Note and upon such execution and delivery all references in this Mortgage to the Note shall be deemed to refer to such replacement Note.

**5.13 Nonrecourse.** The Loan is a nonrecourse obligation of Mortgagor. Neither Mortgagor nor any of its general or limited partners shall have personal liability for the repayment of the Loan, except in the event of fraud or gross misrepresentation of material fact. The sole recourse of the Lender under the Loan documents (excluding Lender's rights of recourse under Section 8.16 and Section 8.22 of the Loan Agreement and the Environmental Indemnity described on Exhibit B attached hereto) for the repayment of the Loan shall be the exercise of its rights against the Mortgaged Property and related security thereunder.

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IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the date hereinabove first written.

GRAND BOULEVARD RENAISSANCE LIMITED PARTNERSHIP, an Illinois limited partnership

By: [Signature]  
Ronald M. Galton, general partner

By: [Signature]  
Nicholas S. Gaglione, general partner

Property of Cook County Clerk's Office

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## EXHIBIT A

### LEGAL DESCRIPTION

#### Parcel 1:

LOTS 7 AND 8 IN HONORE'S SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

P.L.N.: 20-03-305-024-0000

STREET ADDRESS: 4314-16 South King Drive, Chicago, Illinois

#### Parcel 2:

LOT 17 IN SNOW AND DICKINSON'S SUBDIVISION OF LOT 2 IN CLEAVER AND TAYLOR'S SUBDIVISION OF THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 AND THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

P.L.N.: 20-03-414-008-0000

STREET ADDRESS: 417-49 East 45th Street, Chicago, Illinois

#### Parcel 3:

LOTS 5 AND 6 IN BLOCK 6 IN WARD'S SUBDIVISION OF THE NORTH 1/4 OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

P.L.N.: 20-03-408-014-0000

STREET ADDRESS: 537-39 East 44th Street, Chicago, Illinois

#### Parcel 4:

THE NORTH 50 FEET OF LOT 1 IN EMIGH AND KILMER'S SUBDIVISION OF THAT PART WEST OF VINCENNES AVENUE OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

P.L.N.: 20-03-400-008-0000

STREET ADDRESS: 4331-33 South King Drive, Chicago, Illinois

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## EXHIBIT B

### LOAN DOCUMENTS

The term "Loan Documents," as used herein, means the following documents and any other documents previously, now, or hereafter given to evidence, secure, or govern the disbursement of the indebtedness secured hereby including any and all extensions, renewals, amendments, modifications, and supplements thereof or thereto:

1. That certain Multi-Family Residential Loan Agreement (the "Loan Agreement") of even date herewith executed by Mortgagor and Lender;
2. The Adjustable Rate Promissory Note (the "Note") of even date herewith executed by Mortgagor;
3. The following security documents:
  - (a) This Mortgage creating a first lien in the Mortgaged Property;
  - (b) an Assignment of Leases and Rents, executed by Mortgagor, assigning to Lender all rents, issues, deposits, and profits pertaining to the Mortgaged Property owned by Mortgagor;
  - (c) a Security Agreement of even date herewith, executed by Mortgagor granting Lender a security interest in certain personal property more fully described therein, under the Uniform Commercial Code as adopted in Illinois;
  - (d) certain Uniform Commercial Code Financing Statements, executed by Mortgagor pertaining to the personal property described in the aforesaid Security Agreement;
  - (e) an Assignment of Contracts and Documents of even date herewith executed by Mortgagor granting Lender a security interest in all contracts, permits, licenses, etc. executed or obtained by Mortgagor in connection with the rehabilitation of operation of the Property; and
  - (f) an Environmental Indemnity of even date herewith executed by Mortgagor, Ronald M. Gatton and Nicholas S. Gaglione.

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