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01/28/94

**MORTGAGE, SECURITY AGREEMENT AND  
FINANCING STATEMENT  
AND ASSIGNMENT OF RENTS AND LEASES**

Dated January 28, 1994

from

**HAMPTON PLAZA HEALTH CARE CENTER  
REAL ESTATE LIMITED PARTNERSHIP**

and

**LASALLE NATIONAL TRUST, N.A.,  
NOT INDIVIDUALLY, BUT SOLELY AS  
TRUSTEE UNDER THE LAND  
TRUST NO. 116645,  
DATED SEPTEMBER 18, 1991,  
MORTGAGOR**

**LASALLE NATIONAL BANK,  
MORTGAGEE**

Relating to the

**\$6,000,000 aggregate principal amount loan  
to the Mortgagor from Mortgagee**

DEPT-01 RECORDING \$87.50  
T0013 TRM 2632 01/28/94 16:59:00  
24867 \* -94-098179  
COOK COUNTY RECORDER

**THIS INSTRUMENT IS EFFECTIVE AND SHALL REMAIN EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO ALL GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL ESTATE HEREIN DESCRIBED AND IS TO BE FILED FOR RECORD IN THE REAL ESTATE RECORDS OF COOK COUNTY, ILLINOIS. THE MAILING ADDRESS OF MORTGAGEE AND THE ADDRESS OF MORTGAGOR ARE SET FORTH HEREIN.**

Street Address of Subject Property:

8555 Maynard Road  
Niles, Illinois 60648

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Exhibit A            Legal Description  
Exhibit B            Permitted Liens

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## MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT AND ASSIGNMENT OF RENTS AND LEASES

THIS MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT AND ASSIGNMENT OF RENTS AND LEASES, dated January 28, 1994 (the "Mortgage"), by Hampton Plaza Health Care Center Real Estate Limited Partnership (the "Borrower") and LaSalle National Trust, N.A., not individually, but solely as trustee (the "Land Trustee"), under a land trust known as Land Trust No. 116645, dated September 18, 1991 (the "Land Trust") (the Borrower, together with the Land Trustee, acting at the direction of and for the benefit of Borrower, are sometimes collectively referred to herein as the "Mortgagor"), to LaSalle National Bank, a national banking association (the "Mortgagee"):

### W I T N E S S E T H:

WHEREAS, the Land Trustee holds legal title to the Premises and the Borrower is the beneficiary of the Land Trust and has joined with the Land Trustee, in executing and delivering certain documents as security for the obligations of the Mortgagor hereunder and under the Mortgage Note; and

WHEREAS, the Borrower has requested that the Mortgagee make a loan (the "Mortgage Loan") in an original aggregate principal amount not exceeding \$6,000,000 pursuant to the terms hereof, evidenced by a Mortgage Note (the "Mortgage Note") of even date herewith, from the Mortgagor to the Mortgagee; and

WHEREAS, in order to induce the Mortgagee to make the Mortgage Loan and to evidence and secure the obligations of the Mortgagor to reimburse the Mortgagee for all indebtedness of the Mortgagor to the Mortgagee arising under the Mortgage Note, hereunder and any related credit documents, the Mortgagor has agreed to issue to the Mortgagee, the Mortgage. The Mortgage Note evidences indebtedness in the aggregate principal amount of Six Million Dollars (\$6,000,000). The payment of principal and interest under the Mortgage Note is due as set forth therein. The terms and provisions of the Mortgage Note are hereby incorporated in this Mortgage by this reference as fully and with the same effect as though fully set forth herein; and

WHEREAS, Mortgagee is willing to make the Mortgage Loan provided that Mortgagor will grant a mortgage on the Premises (as that term is hereinafter defined) as security for such indebtedness.

NOW, THEREFORE, to secure the payment of all sums that may at any time be due and owing or required to be paid as provided hereunder or in the Mortgage Note (collectively, the "Indebtedness Hereby Secured"), and the performance and observance of all of the covenants, agreements and provisions herein, and hereunder or in the Mortgage Note and for other good and valuable consideration, the receipt and

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sufficiency whereof are hereby acknowledged by Mortgagor, Mortgagor DOES HEREBY GRANT, DEMISE, RELEASE, ALIEN, MORTGAGE, ASSIGN, GRANT A SECURITY INTEREST IN and CONVEY unto Mortgagee, its successors and assigns forever, the real estate described in Exhibit A attached hereto (which, together with the property mentioned in the succeeding paragraphs, is hereinafter collectively called the "Premises") and commonly known as 8555 Maynard Road, Niles, Illinois 60648;

**TOGETHER**, with all right, title and interest of Mortgagor, including any after-acquired title or reversions, in and to the rights of ways, streets and alleys adjoining the aforesaid real estate;

**TOGETHER**, with all and singular the tenements, hereditaments, easements, appurtenances, water courses, riparian rights, other rights, liberties, and privileges thereof or in any now or hereafter appertaining to said real estate, including any other claim at law or in equity as well as any after-acquired title, franchise, or license and the reversions and remainder hereof;

**TOGETHER**, with all buildings and improvements of every kind and description now or hereafter erected or placed thereon and all materials delivered to the aforesaid real estate intended for construction, renovation and repair of such improvements now or hereafter erected thereon, and all fixtures now or hereafter owned by Mortgagor and attached to, or forming a part of, or essential to the operations of the aforesaid real estate or the operation and convenience of any building(s) and improvements located thereon, including, but not limited to, all equipment, apparatus, machinery, motors, pumps, elevators, fittings, screens, awnings, partitions, carpeting, curtains, and drapery hardware used in the operation of the Premises, and all plumbing, electrical, heating, lighting, ventilating, refrigerating, incineration, air-conditioning, water filtration and sprinkler equipment, systems, fixtures, and conduits (including, but not limited to, all furnaces, boilers, plants, units, condensers, compressors, ducts, apparatus, and hot and cold water equipment and systems) and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to the Premises in any manner, it being mutually agreed that all of the aforesaid property owned by Mortgagor and placed on the Premises shall, so far as permitted by law, be deemed to be fixtures and security for the indebtedness Hereby Secured;

**TOGETHER**, with all accounts receivable, contract rights, general intangibles, instruments, chattel paper, documents, revenues, income, receipts and money whether now existing or hereafter arising, acquired or created by Mortgagor, and all cash and noncash proceeds thereof, including, but without limiting the generality of the foregoing (a) revenues derived from the operation of the Mortgagor's facilities, including the Premises, and any improvements thereon, (b) gifts, grants, bequests, donations and contributions to Mortgagor exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a

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particular purpose inconsistent with their use for the payment of amounts payable under the Mortgage Note and (c) proceeds derived from (i) Insurance, (ii) accounts receivable, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical expense reimbursement or insurance programs or agreements and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by or on behalf of Mortgagor.

**TOGETHER**, with all rents, issues, profits, royalties, avails and other benefits derived or owned by Mortgagor directly or indirectly from the Premises;

**TOGETHER**, with all right, title and interest of Mortgagor under any and all leases, subleases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whereby any person agrees to pay money or any consideration for the use, possession or occupancy of, or any estate in, the Premises or any part thereof, and all rents, security deposits, advance rentals, income, profits, benefits, avails, advantages and claims against guarantors under any thereof;

**TOGETHER**, with all rights of Mortgagor to plans and specifications, designs, drawings and other matters prepared for any construction on the Premises;

**TOGETHER**, with all rights of Mortgagor under any contracts executed by Mortgagor as owner with any provider of goods or services for or in connection with any construction undertaken on, or services performed or to be performed in connection with, the Premises;

**TOGETHER**, with all rights of Mortgagor as seller or borrower under any agreement, contract, understanding or arrangement pursuant to which Mortgagor has, with the consent of Mortgagee, obtained the agreement of any person to pay or disburse any money for Mortgagor's sale (or borrowing or the security) of the Premises or any part thereof;

**TOGETHER**, with all right, title and interest of Mortgagor in and to all insurance proceeds and condemnation awards relating to the Premises and all permits, licenses, franchises, certificates, trademarks, trade names and symbols obtained by Mortgagor in connection with the operation of the Premises;

**TOGETHER**, with all awards and other compensation heretofore or hereafter to be made to the present and all subsequent owners of the Premises for any taking by eminent domain, either permanent or temporary, of all or any part of the Premises or any easement or appurtenance thereof (or any payment, sale or transfer in lieu thereof), including severance and consequential damages and change in grade of streets, which said awards and compensation are hereby assigned to Mortgagee, and Mortgagor hereby designates Mortgagee as its agent and directs and empowers Mortgagee, at the option of Mortgagee, on behalf of Mortgagor to adjust or



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compromise the claim for any award and to collect and receive the proceeds thereof, to give proper receipts and acquittances therefor, and, after deducting expenses of collection, to apply the net proceeds thereof as a credit upon any portion, as selected by Mortgagee, of the indebtedness Hereby Secured.

## AND TOGETHER with:

(i) all rights and benefits of whatsoever nature derived or to be derived by Mortgagor under or by virtue of the Building Lease, dated October 22, 1991, between the Land Trustee and Hampton Plaza Health Care Center Operations Limited Partnership (the "Building Lease") and such other leases and/or leasehold parcels as are added thereto from time to time (the "Leasehold Parcels") of EXHIBIT A attached hereto, including without limitation, the right to exercise options, to give consents and to receive all monies payable to the tenant thereunder; and

(ii) the entire sublessor's interest under each sublease of all or any part of the leasehold estates created under the Building Lease, whether heretofore or hereafter entered into by Mortgagor, the sub-reversions under each such sublease and all rights and benefits to be derived therefrom by Mortgagor; and

(iii) all right, title and interest that Mortgagor may now have or may hereafter acquire in and to the fee simple estate in the land encumbered by the Building Lease; and

(iv) all rights of the Mortgagor under Section 365(d) of title 11 of the United States Code (11 U.S.C. 5365(d)) and any similar law whether now or hereafter existing, whereby a trustee of the landlord under the Building Lease, in any case under title 11 of the United States Code, may be required to promptly elect to assume or reject such Building Lease; and

(v) all rights and estates of the Mortgagor (including without limitation all rights to make any elections) under Section 365(h) of title 11 of the United States Code (11 U.S.C. 5365(h)) and any similar law whether now or hereafter existing, if the Building Lease is rejected by any trustee of the landlord under any such Building Lease in any case under title 11 of the United States Code.

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TO HAVE AND TO HOLD the Premises, unto Mortgagee and its successors and assigns, forever, for the purposes and upon the uses and purposes herein set forth together with all rights to possession of the Premises after any default in the payment of all or any part of the Indebtedness Hereby Secured, or the breach of any covenant or agreement herein contained, or upon the occurrence of any Event of Default (as that term is hereinafter defined).

PROVIDED, NEVERTHELESS, that if Mortgagor shall pay, when due, the Indebtedness Hereby Secured and all amounts due and owing under the Mortgage Note and shall duly and timely perform and observe all of the terms, provisions, covenants, and agreements herein provided to be performed and observed by Mortgagor, then this Mortgage and the estate, right, and interest of Mortgagee in the Premises shall cease and become void and of no effect, otherwise to remain in full force and effect.

## I. REPRESENTATIONS

Mortgagor hereby represents that:

1.1. Title. Mortgagor has good and marketable fee simple title to the Premises and good and marketable title to the buildings, improvements and fixtures (including all personal property and fixtures essential to the operations of such buildings and improvements) located thereon, free and clear of all liens and encumbrances except Permitted Liens (as that term is defined in EXHIBIT B hereto), with full right and power to sell, encumber and convey the same; Mortgagor has duly executed and delivered this Mortgage pursuant to valid and authorized proper authority; and Mortgagor will make any further assurances of title that Mortgagee may reasonably require, from time to time, and will defend the Premises against all claims and demands whatsoever.

1.2. Business Loan. The proceeds of the Indebtedness Hereby Secured shall be used solely for business purposes and in furtherance of the regular business affairs of the Mortgagor, and the entire principal obligation secured hereby constitutes (i) a "business loan" as that term is defined in, and for all purposes of, Illinois Revised Statutes, Chapter 17, paragraph 6404, Section 4(1)(c), and (ii) a "loan secured by a mortgage on real estate" within the purview and operation of Illinois Revised Statutes, Chapter 17, paragraph 6404, Section 4(1)(l).

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## 1.3. Reimbursement Agreement.

(a) This Mortgage secures the Mortgage Loan and the Mortgage Note and all amounts due hereunder and thereunder and the punctual performance, observance and payment by Mortgagor of all of the obligations to be performed, observed or paid by the Mortgagor in connection therewith.

(b) The repayment obligations, including but not limited to the payment of principal of and interest on the Mortgage Loan, of the Mortgagor with respect to the Mortgage Note and hereunder are set forth in the Mortgage Note, which provisions are incorporated herein by reference as if set forth herein.

(c) Mortgagor covenants and agrees that this Mortgage shall secure the payment of the Mortgage Loan and all advances, if any, made pursuant to the terms and provisions hereof, whether such Mortgage Loan and advances are made as of the date hereof or at any time in the future, and whether such future advances are obligatory or are to be made at the option of Mortgagee or otherwise (but not advances or loans made more than 20 years after the date hereof), to the same extent as if such future advances were made on the date of the execution of this Mortgage and although there may be no advance made at the time of the execution of this Mortgage and although there may be no other indebtedness outstanding at the time any advance is made. The lien of this Mortgage shall be valid as to all indebtedness Hereby Secured and including future advances from the time of its filing of record in the office of the Recorder of Deeds of Cook County. The total amount of the Indebtedness Hereby Secured may increase or decrease from time to time, but the total unpaid principal balance of the Indebtedness Hereby Secured (including disbursements which Mortgagee may make under this Mortgage or any other document or instrument evidencing or securing the Indebtedness Hereby Secured) at any time outstanding shall not exceed an amount equal to 200% of the aggregate face amount of the Mortgage Note plus interest thereon and disbursements made for payment of taxes, special assessments or insurance on the Premises and interest on such disbursements. This Mortgage shall be valid and shall have priority over all subsequent liens and encumbrances, including statutory liens except taxes and assessments levied on the Premises to the extent of the maximum amount secured hereby. Borrower acknowledges that all such future advances shall be a lien from the time this Mortgage is recorded, as provided in Ill. Rev. Stat. ch. 110, par. 15-1302.

1.4. Contaminants. Except as provided, in writing, to Mortgagee and except for Permitted Contaminants (as that term is defined in the Environmental Indemnity Agreement, dated January 31, 1994, between the Mortgagee and the Mortgagor (the "Environmental Indemnity Agreement"), Mortgagor represents that, to the best of its knowledge: (i) neither Mortgagor nor any lessee nor any previous owner, tenant, occupant or user of the Premises has used, generated, released, discharged, stored or disposed of, or is using, generating, releasing, discharging, storing or disposing of

any Contaminants (as that term is defined in the Environmental Indemnity Agreement) on, under, or in the Premises, or has transported, or is transporting, any Contaminants to or from the Premises; and (ii) that no Contaminants are present on the Premises except as has been disclosed in writing to the Mortgagee. Mortgagor may maintain all Permitted Contaminants only in such quantities and with continual turnover as typically maintained on properties substantially similar to the Premises and at all times in compliance with all applicable Environmental Laws (as that term is defined in the Environmental Indemnity Agreement). Except as disclosed to Mortgagee, there are no above-ground or, to the best of Mortgagor's knowledge, underground tanks or storage drums located at, on or under the Premises. To the best of Mortgagor's knowledge after due inquiry, neither Mortgagor nor the Premises is (i) subject to any private or governmental lien or judicial or administrative notice, order or action relating to Contaminants or environmental problems, impairments or liabilities with respect to the Premises or such other property or (ii) in, or with any applicable notice and/or lapse of time, and/or failure to take certain curative or remedial actions, will be in violation of any Environmental Laws.

**1.5. Compliance with Environmental Laws.** Mortgagor represents that the Premises and its intended use comply with all applicable laws, governmental regulations and the terms of any enforcement action commenced by any federal, state, regional or local governmental agency, including, without limitation, all Environmental Laws.

**1.6. Compliance with Illinois Responsible Property Transfer Act.** The Premises do not fall within the categories of real property covered by the Illinois Responsible Property Transfer Act, Ill. Rev. Stat., ch. 30, par. 903 et. seq. (1989), as amended (the "Transfer Act"). Mortgagor shall protect, indemnify and hold Mortgagee and Mortgagee's members, directors, officers, employees, agents, successors and assigns harmless from and against any and all loss, damage, cost, expense, liability and penalty (including, without limitation, reasonable attorneys' fees and costs) arising out of or attributable to any violation of the statutory disclosure requirements of the Transfer Act. This indemnity shall survive the satisfaction, release or extinguishment of the lien of this Mortgage, including without limitation, any extinguishment of the lien of this Mortgage by foreclosure or deed in lieu thereof.

**1.7. Payment of Lease Expenses.** Mortgagor shall pay or cause to be paid all rents, additional rents, taxes, assessments, water rates, sewer rents and all other charges mentioned in and made payable pursuant to the Building Lease, for which provision may not have been made herein, when and as often as the same shall become due and payable.

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**1.8. Representations and Covenants with Respect to the Building Lease.** Mortgagor hereby represents to and covenants with the Mortgagee that:

(a) The Building Lease is in full force and effect and unmodified except as described in Exhibit A hereto;

(b) Mortgagor is the lessor under the Building Lease and Hampton Health Care Operations Limited Partnership is the lessee under the Building Lease and is the owner of the leasehold estates created thereby;

(c) All rents (including additional rents and other charges) reserved to the landlord(s) in the Building Lease have been paid to the landlord(s) thereunder to the extent payable prior to the date hereof;

(d) Hampton Health Care Operations Limited Partnership shall have the quiet and peaceful possession of the leasehold estate under the Building Lease; and the Mortgagor agrees to defend the leasehold estate created by the Building Lease, for the entire remainder of the term set forth therein, against all persons claiming, or who may claim, the same or any part thereof, subject only to the payment of the rents in the Building Lease reserved and to the performance and observance of all of the terms, covenants, conditions and warranties thereof; and

(e) There exists no default of the tenant or landlord under the provisions of the Building Lease or in the performance or observance of any of the terms, covenants, conditions or warranties thereof on the part of the landlord or tenant thereunder to be observed or performed.

**1.9. Further Covenants with Respect to the Building Lease.** Mortgagor shall at all times:

(1) (a) promptly and faithfully observe, keep and perform, or cause to be observed, kept and performed, all the terms, covenants and conditions contained in the Building Lease by the tenant thereunder to be observed, kept or performed;

(b) not do or permit anything to be done, the doing of which (and will do everything, the omission of which) will or might impair or tend to impair the security of this Mortgage;

(c) Give Mortgagee prompt notice of any default by it or by the tenant under the Building Lease or of the receipt by Mortgagor of any notice of any default given by tenant thereunder, but in no event later than two business days after Mortgagor obtains knowledge of such default or receives such notice;

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(d) Furnish or cause to be furnished to Mortgagee immediately any and all information which Mortgagee may request concerning the performance of the covenants, conditions and warranties of the Building Lease; and

(e) Permit forthwith Mortgagee or its representatives at all reasonable times and upon reasonable notice, to make investigation or examination concerning such performance.

(2) Mortgagor shall not (without first receiving Mortgagee's prior written consent) modify, extend or in any way alter the terms of the Building Lease or cancel, merge, abandon or surrender the Building Lease, or waive, condone or in any way release or discharge the obligations of the parties thereto. Mortgagor does expressly release, relinquish, surrender and confirm unto the Mortgagee all of its right, power and authority to cancel, surrender, amend, modify or alter in any way the terms and provisions of the Building Lease. Any attempt on the part of the Mortgagor to exercise any such right without the written authority and consent of the Mortgagee thereto being first obtained shall be null and void and constitute an Event of Default hereunder.

(3) Mortgagor shall promptly deposit with the Mortgagee a copy of the Building Lease, certified by Mortgagor as being true and correct as of the date hereof, and will also deposit with the Mortgagee an exact copy of any notice, communication, plan, specification or other instrument or document received or given by it in any way relating to or affecting the Building Lease which may concern or affect the Building Lease or in the real estate thereby demised.

(4) Upon any failure by Mortgagor to observe or perform any condition or covenant on the part of the tenant to be observed and performed under the Building Lease, the observance or performance by Mortgagee (on behalf of the Mortgagor) of any Building Lease condition or obligation shall not remove or waive (as between Mortgagor and Mortgagee) the corresponding Event of Default under the terms hereof; and any monies advanced by Mortgagee and any costs incurred in connection therewith, with interest thereon at the rate set forth in the Mortgage Note applicable to a period when a default exists thereunder, shall be repayable by Mortgagor to Mortgagee on demand and shall be secured hereby;

(5) To the extent permitted by law and any applicable judicial order, the price payable by Mortgagor, or by any other party so entitled, in the exercise of the right of redemption, if any, from sale under order or judgment of foreclosure of the lien of this Mortgage shall include all rents paid by and other sums advanced by Mortgagee, on behalf of Mortgagor, under the Building Lease.

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(6) So long as any of the Indebtedness Hereby Secured shall remain unpaid, unless the Mortgagee shall otherwise in writing consent, the fee title of the landlord under the Building Lease and the leasehold estate thereunder shall never merge but shall always be kept separate and distinct, notwithstanding the union of said estates, either in the landlord or in the tenant, or in a third party, by purchaser or otherwise.

## II. COVENANTS

Mortgagor covenants and agrees as follows:

2.1. Payment of Indebtedness. Mortgagor shall pay when due (a) the principal of and interest on the Indebtedness evidenced by the Mortgage Note and (b) all other Indebtedness Hereby Secured; and Mortgagor shall duly and punctually perform and observe all of the terms, covenants and agreements on Mortgagor's part to be performed and observed as provided herein and in the Mortgage Note; this Mortgage shall secure such payment performance and observance.

2.2. Maintenance, Repair, Restoration, Liens. Mortgagor shall (a) at its expense, promptly repair, restore or rebuild any building or improvements located on the Premises, whether structural or non-structural, that may be damaged or destroyed, whether or not proceeds of insurance are available or sufficient for the purpose; (b) keep the Premises in good condition and repair, without waste; (c) pay, when due, any indebtedness that may be secured by a lien or charge on the Premises (whether senior, of equal priority, or junior to the lien hereof) and, upon request, exhibit to Mortgagee satisfactory evidence of the discharge of such lien; (d) complete, within a reasonable time, any building(s) or other improvements now or at any time in the process of erection or rehabilitation upon the Premises; (e) comply with all requirements of law, municipal ordinances, and restrictions and covenants of record with respect to the Premises and the use thereof; (f) make or permit no alterations in excess of \$100,000 in the Premises without the prior written consent of Mortgagee; (g) suffer or permit no change in the general nature of the occupancy of the Premises; (h) initiate or agree to no zoning reclassification with respect to the Premises; (i) suffer or permit no unlawful use of, or nuisance to exist upon, the Premises; (j) cause the Premises to be managed and operated in a competent and professional manner; (k) cause, suffer or permit no material demolition or alteration of the Premises except as required by law or as required to be made pursuant to the terms of any lease approved by Mortgagee; and (l) grant no easements, licenses, covenants, conditions or declarations of use against the Premises, other than use restrictions contained or provided for in leases approved, in writing, by the Mortgagee.



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2.3. No Mechanics' Liens. It is further made an express condition and covenant hereof, that until full payment of the Indebtedness Hereby Secured: (i) no act or thing shall be done or suffered, and no person shall have any right or power to do any act or thing, whereby any mechanics' lien can arise against or attach to the Premises or any part thereof, unless such lien shall first be wholly waived as against this Mortgage and (ii) the lien of this Mortgage shall extend to any and all improvements and fixtures, now or hereafter on the Premises, prior to any other lien thereon that may be claimed by any person, so that subsequently accruing claims for lien on the Premises shall be junior to this Mortgage. Notwithstanding the foregoing, in the event any mechanics' or materialmen's lien arises, Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any mechanic's lien and defer payment and discharge thereof during the pendency of such contest, provided that: (a) such contest shall prevent the sale or forfeiture of the Premises or any part thereof, or any interest therein, to satisfy such mechanic's lien; (b) within 10 days after Mortgagee has been notified of the filing of such mechanic's lien, Mortgagor shall have notified Mortgagee in writing of Mortgagor's intention to contest such mechanic's lien; and (c) Mortgagor shall have either obtained a title insurance endorsement over such mechanic's lien insuring Mortgagee against loss by reason of the mechanic's lien, or Mortgagor shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the place of payment designated in the Mortgage Note, a sum of money, bond or letter of credit (the "Mechanic's Lien Deposits") which shall be sufficient, in the sole judgment of Mortgagee, to pay, in full, such mechanic's liens and all interest which might become due thereon. Mortgagor shall increase the Mechanic's Lien Deposits whenever, in the sole judgment of Mortgagee, such increase is advisable. The Mechanic's Lien Deposits are to be held without any allowance of interest.

Mortgagee may, at its option, upon written notice to Mortgagor, pay the Mechanic's Lien Deposits, or any part thereof, to mechanic's lien claimants if Mortgagor (A) fails to maintain sufficient Mechanic's Lien Deposits or (B) fails to act in good faith or with reasonable diligence in contesting the mechanic's lien claims. If the mechanic's lien contest is resolved in favor of the claimant and Mortgagor is not in default hereunder, Mortgagee shall pay the Mechanic's Lien Deposits, or any part thereof, to the claimant upon Mortgagee's receipt of evidence satisfactory to Mortgagee of the amount to be paid. Mortgagee shall pay any remaining Mechanic's Lien Deposits to Mortgagor, provided Mortgagor is not in default of any term or covenant hereunder.

2.4. Taxes. Mortgagor shall pay, before any penalty attaches, all general and special taxes, assessments, water charges, sewer charges and other fees and charges of every kind and nature (all herein generally called "Taxes"), whether or not assessed against Mortgagor if applicable to the Premises, any interest therein or the Indebtedness Hereby Secured, or any obligation or agreement secured hereby; and Mortgagor



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shall, upon written request, furnish to Mortgagee duplicate receipts therefor. Mortgagor shall pay, in full, under protest in the manner provided by statute any Taxes that Mortgagor may desire to contest; provided, however, that if deferment of the payment of any such Taxes is required to conduct any contest or review, Mortgagor shall deposit with Mortgagee the full amount thereof, together with an amount equal to the estimated interest and penalties thereon during the period of contest, and in any event, shall pay such Taxes, notwithstanding such contest, if in the reasonable opinion of Mortgagee, the Premises shall be in jeopardy or in danger of being forfeited or foreclosed; and if Mortgagor shall not pay the same when so required, Mortgagee may do so and may apply such deposit for that purpose. In the event that any law or decree has the effect of deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the Taxes or liens herein 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 the interest of Mortgagee in the Premises, or the manner of collection of Taxes, so as to affect this Mortgage or the Indebtedness Hereby Secured or Mortgagee, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such Taxes, or reimburse Mortgagee therefor on demand, unless such payment or reimbursement by Mortgagor is unlawful, in which event the Indebtedness Hereby Secured shall be due and payable within 30 days after written demand by Mortgagee to Mortgagor. Nothing in this Section 2.4 shall require Mortgagor to pay any income, franchise or excise tax imposed upon Mortgagee, except that which may be levied against such income expressly as and for a specific substitute for Taxes pertaining to the Premises, and then only in an amount computed as if Mortgagee derived no income from any source other than its interest hereunder.

**2.5. Insurance Coverage.** Mortgagor, at its own expense, will insure or cause to be insured, including during any construction and thereafter, all of the buildings and improvements now or hereafter comprising the Premises, and each and every part and parcel thereof against such perils and hazards as would a similarly situated entity acting in a commercially reasonable manner and as the Mortgagee may from time to time require.

**2.6. Deposits for Taxes and Insurance Premiums.** If an Event of Default shall occur, Mortgagee may require, in order to assure the payment of taxes payable with respect to the Premises as and when the same shall become due and payable, that Mortgagor comply with Section 2.6 (a)(i) below. Alternatively, if an Event of Default shall occur, Mortgagee may require, in order to assure the payment of insurance premiums payable with respect to the Premises as and when the same shall become due and payable, that Mortgagor comply with Section 2.6(a)(ii) below:

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(a) Mortgagor shall, if required by Mortgagee pursuant to this Section 2.6, deposit monthly with Mortgagee an amount equal to:

(i) One-twelfth (1/12) of the amount of Taxes next to become due upon the Premises; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subsection (i), will result in a sufficient reserve to pay the Taxes next becoming due one month prior to the date when such Taxes are due and payable, plus

(ii) One-twelfth (1/12) of the amount of annual premiums on each policy of insurance upon the Premises; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly sums next payable under this subsection (ii), will result in a sufficient reserve to pay the insurance premiums next becoming due one month prior to the date when such insurance premiums are, in fact, due and payable;

provided further, that the amount of such deposits (herein generally called "Tax and Insurance Deposits") shall be based upon Mortgagee's reasonable estimate as to the amount of Taxes and insurance premiums next to be payable; and all Taxes and Insurance Deposits shall be held by Mortgagee without any allowance of interest thereon.

(b) Mortgagee will, out of the Tax and Insurance Deposits, upon the presentation to Mortgagee by Mortgagor of the bills therefor, pay the insurance premiums and Taxes or will, upon the presentation of receipted bills therefor, reimburse Mortgagor for such payments made by Mortgagor. If the total Tax and Insurance Deposits deposited with the Mortgage shall not be sufficient to pay all of the Taxes and insurance premiums when the same shall become due, then Mortgagor shall pay to Mortgagee on demand any amount necessary to make up the deficiency.

(c) Upon the occurrence of an Event of a Default, Mortgagee may, at its option, without being required so to do, apply any Tax and Insurance Deposits on hand to any of the Indebtedness Hereby Secured, in such order and manner as Mortgagee may elect. When the Indebtedness Hereby Secured has been fully paid, then any remaining Tax and Insurance Deposits shall be paid to Mortgagor.

(d) Notwithstanding anything herein to the contrary, Mortgagee shall not be liable for any failure to apply to the payment of Taxes and insurance premiums any amounts deposited as Tax and Insurance Deposits unless Mortgagor, while no default exists hereunder, shall have requested Mortgagee in writing to make

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application of the Tax and Insurance Deposits on hand to the payment of the particular Taxes or insurance premiums for the payment of which such Deposits were made, accompanied by the bills therefor.

**2.7. Insurance Proceeds and Condemnation Awards.** Amounts received by the Mortgagor as insurance proceeds with respect to any casualty loss or an condemnation awards that are less than \$100,000, may be used in such manner as the Mortgagor may determine. Such amounts in excess of \$100,000 shall be used by the Mortgagor (i) to make additional capital expenditures in connection with the Premises, (ii) to reduce the principal amount of the Mortgage Loan or (iii) with the written consent of the Mortgagee, for any other purpose; provided, however, that during any period of time that an Event of Default shall have occurred and be continuing all insurance proceeds or condemnation awards shall be paid directly to the Mortgagee and applied as determined in the Mortgagee's sole discretion.

**2.8. Assignment of Rents; Building Leases; and Easements.** Mortgagor hereby absolutely, unconditionally and irrevocably grants, transfers, conveys and assigns to Mortgagee all the rents, issues and profits from the Premises, including but not limited to any and all fees or payments received from occupants of the Premises as payment for their occupancy of the Premises and hereby gives to and confers upon Mortgagee the right, power and authority to collect such rents, issues, profits, fees and payments. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, in the name of Mortgagor or Mortgagee for and otherwise collect all such rents, issues, profits, fees or payments and apply the same to the Indebtedness Hereby Secured; provided, however, that Mortgagor shall have the right to collect such rents, issues and profits, fees and payments but not more than one month in advance, prior to or at any time that an Event of Default has occurred and not been timely cured. The assignment of the rents, issues and profits from the Premises in this Section 2.8 is intended to be a present and absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest. From time to time, upon Mortgagee's request, Mortgagor shall execute, acknowledge and deliver to Mortgagee further assignments of leases, rents, issues, profits, fees and payments and deliver to Mortgagee fully executed originals of all leases affecting the Premises.

**2.9. Covenants Regarding Performance of Lessor's Obligations.** Mortgagor shall perform promptly each and every covenant and agreement of any such lease that is to be kept or performed by the Mortgagor, and neither do nor neglect to do, nor permit to be done, anything that may cause the termination of such leases, or any of them, except with the prior written consent of the Mortgagee, or which may diminish or impair their value, or the rents provided for therein or the interest of Mortgagee or Mortgagee therein.

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**2.10. Negative Covenants Regarding Building Leases.** Mortgagor covenants that it will not enter into any lease of the Premises, subsequent to the date hereof, without obtaining the written consent of Mortgagee.

**2.11. Application of Rents and Other Income.** All earnings, revenues, issues, profits, income and rents collected by Mortgagee pursuant to the assignment thereof to it of the Building Lease or any other lease shall be applied in the following manner:

(a) To the payment of taxes, assessments and charges and the expense of insurance, repairs to and improvements on the Premises or to the making of any required deposits in the escrow fund for future payment of taxes, assessments and insurance premiums; provided, however, that Mortgagee shall not be obligated to keep insurance on or make repairs to and/or improvements on the Premises;

(b) To the payment of all operating expenses and other necessary expenses of the management, protection and/or preservation of the Premises as determined in the sole discretion of Mortgagee;

(c) To the repayment to Mortgagee of any and all amounts advanced by it under the terms of this Mortgage together with interest on the respective advancement from the date of each at the maximum rate set out in this Mortgage and the Mortgage Note for interest on advances;

(d) To the payment of any and all costs or expenses incurred by Mortgagee in enforcing the obligations of this Mortgage and the Mortgage Note;

(e) To the payment of principal and interest installments due or to become due under the Mortgage Note or any extension or renewal thereof and to the payment of any judgment rendered thereon together with interest, costs and expenses; and

(f) Any amount not applied as above provided and remaining in the hands of Mortgagee may, at its option, on the first day of each month during the term of this Mortgage and Mortgage Note be applied by Mortgagee to one or both of the following:

(i) used for prepayment of principal and interest on the Mortgage Note; or

(ii) be refunded to Mortgagor;

provided, however, that so long as no Event of Default shall have occurred hereunder, the Mortgagor shall continue to collect all such earnings, revenues, issues, profits, income and rents.



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**2.12. Priority of Application.** All rents collected by Mortgagee may be applied to the items in Section 2.11 above listed in any manner that Mortgagee deems advisable and without regard to the aforesaid priorities. Receipt by Mortgagee of such rents, issues and profits shall not constitute a waiver of any right or remedy that Mortgagee may enjoy under this Mortgage or under the laws of the State of Illinois, nor shall the receipt and application thereof cure any Event of Default hereunder nor affect any foreclosure proceeding or any sale authorized by this Mortgage and the laws of the State of Illinois.

**2.13. Accountability for Rents.** Mortgagee shall be required to account for only such rentals and payments as are actually collected by it. Mortgagee shall have no liability for the failure to rent the Premises or any part thereof, or for failure to make collections of rentals, or for failure to do any of the things that are authorized herein. This provision is Mortgagor's express agreement to grant all of its rights and privileges to Mortgagee and shall not be held to create any duties or liabilities except as herein expressly set forth.

**2.14. Liability for Rents.** Mortgagee shall not be liable for the act or omission of any agent or manager of the Premises subsequent to an Event of Default and the appointment thereof, if any, by the Mortgagee, if Mortgagee shall have used reasonable care in the selection of such agent or manager.

**2.15. Liability for Premises.** Mortgagee shall, in the exercise of its control and management of the Premises, if any, subsequent to an Event of Default and the assumption of such control or management, be deemed the agent of Mortgagor and shall not be liable for any damage to any person or property, where such damage arises out of the operation of, or in connection with, the Premises, unless the damage is caused by the gross negligence or intentional acts of Mortgagee.

**2.16. Mortgagee's Right to Perform for Mortgagor/Lessor.** Mortgagor agrees that, for the purpose of curing any default under any lease, Mortgagee may, but shall not be obligated to, do any act, pay any sum or execute any document in the name of Mortgagor or as its attorney-in-fact, as well as in Mortgagee's own name, as Mortgagee, in its reasonable discretion, may determine, and Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney-in-fact, in its name or otherwise, to do any and all acts, pay any sum and/or execute any and all documents that may in the reasonable opinion of Mortgagee be necessary or desirable to cure any such default or preserve any right of Mortgagor under any of said leases, or to preserve any rights of Mortgagor whatsoever, or to protect Mortgagee's security interests. If Mortgagee, acting under its authority herein granted, should pay, suffer or incur any expense, costs, charge, fee, obligation, damage or liability of any nature, or be a party to any action or proceeding, whether any of the same be for the purpose of curing any such default or protecting Mortgagee's security or the rights of Mortgagor under any of said leases, or otherwise, all of the same and all sums paid

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by Mortgagee for prosecution or defense of such actions or proceedings, including in any case reasonable attorneys' fees, shall be payable by Mortgagor to Mortgagee immediately, without demand, together with interest thereon at the maximum lawful rate (or if there is no such maximum rate, then a rate equal to the lesser of 3% above the rate of interest provided for in the Mortgage Note or the maximum amount permitted by applicable law (the "Default Rate")) until paid, and the same, if not paid, shall be added to Mortgagor's indebtedness to be secured by these presents and be a lien upon the Premises.

**2.17. Stamp Tax.** If, by the laws of the United States of America, or of any state or municipality having jurisdiction over Mortgagor or the Premises, any tax is assessed or becomes due in respect of the issuance of the Mortgage Note, Mortgagor shall pay such tax in the manner required by such law.

**2.18. Effect of Extensions of Time and Amendments.** If the payment of the Indebtedness Hereby Secured, or any part thereof, is extended or varied, or if any part of the security therefor is released, all persons now or at any time hereafter liable therefor, or interested in the Premises, shall be held to assent to such extension, variation or release; and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding any such extension, variation or release. Any person, firm or corporation taking a junior mortgage or other lien upon the Premises or any interest therein shall take such lien subject to the rights of Mortgagee to amend, modify and supplement this Mortgage and the Mortgage Note and to extend the maturity of the Indebtedness Hereby Secured, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

**2.19. Mortgagee's Performance of Mortgagor's Obligations.** Upon the occurrence of an Event of Default hereunder, Mortgagee, either before or after acceleration of the Indebtedness Hereby Secured or the foreclosure of the lien hereof and during any period of redemption may, but shall not be required to, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient to Mortgagee; and Mortgagee may, but shall not be required to, make full or partial payments of principal or interest on any prior encumbrances and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment, and may, but shall not be required to, complete construction, rehabilitation, furnishing and equipping of the improvements upon the Premises and rent, operate and manage the Premises and such improvements and pay operating costs and expenses, including, without limitation, management fees, of every kind and nature in connection therewith, so that the Premises and improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in

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connection therewith, including reasonable attorneys' fees and other monies advanced by Mortgagee to protect the Premises and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Premises and such Improvements or to pay any such operating costs and expenses thereof or to keep the Premises and Improvements operational and usable for its intended purpose, shall be so much additional Indebtedness Hereby Secured, and shall become immediately due and payable without notice, and with interest thereon at the Default Rate. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

**2.20. Inspection of Premises and Records.** Mortgagee shall have the right to inspect the Premises and all books, records and documents relating thereto (except as prohibited by applicable law), at all reasonable times upon reasonable prior notice, and access thereto shall be permitted for that purpose.

**2.21. Restrictions on Transfer.** It shall be an Event of Default hereunder and the Indebtedness Hereby Secured shall be immediately due and payable (to the extent permitted by law) if, without the prior written consent of Mortgagee, Mortgagor shall create, effect, consent to or suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Premises or any part thereof or interest therein, except with the written consent of the Mortgagee.

**2.22. Events of Default.** If one or more of the following events (herein called an "Event of Default") shall occur:

(a) Mortgagor shall fail to pay when due and payable any amount under the Mortgage Note; or

(b) Mortgagor shall fail to perform any covenant, condition or provision hereof and to remedy such default within 30 days after notice thereof to the Mortgagee, unless the nature of the default is such that it can be remedied, but not within the 30-day period and the Mortgagee institutes corrective action and diligently pursues such action until the default is remedied; but in no event shall the period of time permitted to remedy such default pursuant to this Section 2.22 (b) exceed 75 days; or

(c) Any "Event of Default" shall have occurred under any "Related Document" (as set forth in EXHIBIT C hereto); or

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2.22 only, the term Mortgagor shall mean and include not only Mortgagor but each person who, as guarantor, co-maker or otherwise, shall be or become liable for or obligated upon all or any part of the Indebtedness Hereby Secured or any of the covenants or agreements contained herein):

(i) Mortgagor shall file a petition in voluntary bankruptcy under any chapter of the Federal Bankruptcy Code, or any similar law for the relief of debtors, state or federal, now or hereafter in effect; or

(ii) Mortgagor shall file an answer admitting insolvency or its inability to pay its debts; or

(iii) Within 60 days after the filing against Mortgagor of any involuntary proceeding under the Federal Bankruptcy Code or similar law for the relief of debtors, such proceedings shall not have been vacated or stayed; or

(iv) Mortgagor shall be adjudicated a bankrupt, or a trustee or receiver shall be appointed for Mortgagor for all or a material part of Mortgagor's property or the Premises, in any involuntary proceeding, or any court shall have taken jurisdiction of all or the major part of Mortgagor's property or the Premises in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of Mortgagor, and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within 60 days; or

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connection therewith, including reasonable attorneys' fees and other monies advanced by Mortgagee to protect the Premises and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Premises and such improvements or to pay any such operating costs and expenses thereof or to keep the Premises and improvements operational and usable for its intended purpose, shall be so much additional Indebtedness Hereby Secured, and shall become immediately due and payable without notice, and with interest thereon at the Default Rate. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

**2.20. Inspection of Premises and Records.** Mortgagee shall have the right to inspect the Premises and all books, records and documents relating thereto (except as prohibited by applicable law), at all reasonable times upon reasonable prior notice, and access thereto shall be permitted for that purpose.

**2.21. Restrictions on Transfer.** It shall be an Event of Default hereunder and the Indebtedness Hereby Secured shall be immediately due and payable (to the extent permitted by law) if, without the prior written consent of Mortgagee, Mortgagor shall create, effect, consent to or suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Premises or any part thereof or interest therein, except with the written consent of the Mortgagee.

**2.22. Events of Default.** If one or more of the following events (herein called an "Event of Default") shall occur:

(a) Mortgagor shall fail to pay when due and payable any amount under the Mortgage Note; or

(b) Mortgagor shall fail to perform any covenant, condition or provision hereof and to remedy such default within 30 days after notice thereof to the Mortgagee, unless the nature of the default is such that it can be remedied, but not within the 30-day period and the Mortgagor institutes corrective action and diligently pursues such action until the default is remedied; but in no event shall the period of time permitted to remedy such default pursuant to this Section 2.22 (b) exceed 75 days; or

(c) Any "Event of Default" shall have occurred under any "Related Document" (as set forth in EXHIBIT C hereto); or

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(d) If (and for the purpose of this subsection (d) of this Section 2.22 only, the term Mortgagor shall mean and include not only Mortgagor but each person who, as guarantor, co-maker or otherwise, shall be or become liable for or obligated upon all or any part of the Indebtedness Hereby Secured or any of the covenants or agreements contained herein):

(i) Mortgagor shall file a petition in voluntary bankruptcy under any chapter of the Federal Bankruptcy Code, or any similar law for the relief of debtors, state or federal, now or hereafter in effect; or

(ii) Mortgagor shall file an answer admitting insolvency or its inability to pay its debts; or

(iii) Within 60 days after the filing against Mortgagor of any involuntary proceeding under the Federal Bankruptcy Code or similar law for the relief of debtors, such proceedings shall not have been vacated or stayed; or

(iv) Mortgagor shall be adjudicated a bankrupt, or a trustee or receiver shall be appointed for Mortgagor for all or a material part of Mortgagor's property or the Premises, in any involuntary proceeding, or any court shall have taken jurisdiction of all or the major part of Mortgagor's property or the Premises in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of Mortgagor, and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within 60 days; or

(v) Mortgagor shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a receiver or trustee or liquidator of all or a material part of its property or the Premises; or

(e) If the Premises shall be abandoned;

then, the Mortgagee is hereby authorized and empowered, at its option, and without affecting the lien hereby created or the priority of said lien or any right of Mortgagee hereunder to declare, without further notice, all Indebtedness Hereby Secured to be immediately due and payable, whether or not such default be thereafter remedied by Mortgagor, and Mortgagee may immediately proceed to foreclose this Mortgage or to exercise any right, power or remedy provided by this Mortgage or the Mortgage Note, or by law or in equity conferred.

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**2.23. Possession by Mortgagee.** When the Indebtedness Hereby Secured shall become due, whether by acceleration or otherwise, and remain unpaid, Mortgagee shall, if applicable law permits, have the right to enter into and upon the Premises and take possession thereof or to appoint an agent or trustee for the collection of the rents, issues and profits of the Premises; and the net income, after allowing a reasonable fee for the collection thereof and for the management of the Premises, may be applied to the payment of Taxes, insurance premiums and other charges applicable to the Premise, or in reduction of the Indebtedness Hereby Secured; and the rents, issues and profits of and from the Premises are hereby specifically pledged to the payment of the Indebtedness Hereby Secured.

**2.24. Foreclosure.** When the Indebtedness Hereby Secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for the Indebtedness Hereby Secured or part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness Hereby Secured in the decree of sale, all reasonable costs and expenses that may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies and similar data and assurance with respect to title, as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales that may be had pursuant to such decree, the true conditions of the title to or the value of the Premises. All expenditures and expenses of the nature mentioned in this Section 2.24, and such other expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Mortgage Note or the Premises, including probate, bankruptcy and appellate proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, shall be so much additional indebtedness Hereby Secured and shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate until paid.

**2.25. Receiver.** Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without regard to solvency or insolvency of Mortgagor at the time of application for such receiver, and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not; and Mortgagee hereunder or any employee or agent thereof may be appointed as such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any

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further times when Mortgagor, except for the intervention of such receiver, would be entitled to collection of such rents, issues and profits and all other powers that may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court may, from time to time, authorize the receiver to apply the net income from the Premises in his hands in payment in whole or in part of: (a) the Indebtedness Hereby Secured or the indebtedness secured by a decree foreclosing this Mortgage, or any tax, special assessment or other lien that may be or become superior to the lien hereof or of such decree, provided such application is made prior to the foreclosure sale; or (b) the deficiency in case of a sale and deficiency.

**2.26. Proceeds of Foreclosure Sale.** The proceeds of any foreclosure sale of the Premises 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 Section 2.11 hereof; second, all other items which, under the terms hereof, constitute Indebtedness Hereby Secured additional to that evidenced by the Mortgage Note, with interest on such items as herein provided; third, to interest remaining unpaid upon the Mortgage Note; fourth, to the principal remaining unpaid upon the Mortgage Note; and fifth, any surplus to Mortgagor and its successors or assigns, as their rights may appear.

**2.27. Insurance Upon Foreclosure.** In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in rebuilding or restoring the buildings or improvements as herein provided, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In the case of foreclosure of this Mortgage, the court in its decree may provide that the Mortgagee's clause attached to each of the casualty insurance policies may be canceled and that the decree creditor may cause a new loss clause to be attached to each of said casualty insurance policies making the loss thereunder payable to said decree creditors. In the event of foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable to cause the interest of such purchaser to be protected by any of the said insurance policies without credit or allowance to Mortgagor for prepaid premiums thereon.

**2.28. Waiver.** Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and of all other persons, are and shall be deemed to be hereby waived to the full extent permitted by the provisions of the laws of the State of Illinois.

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**2.29. Management Agreement.** The operations of the nursing care facilities presently located on the Premises are being conducted by LLW Management Company, Inc., pursuant to a Management Agreement, dated October 28, 1991. In the event of the termination of such Management Agreement, Mortgagor shall provide, or cause to be provided, to the Mortgagee immediate notice of such termination and Mortgagor shall not appoint a new manager or managing entity without obtaining the written consent of the Mortgagee, which consent shall not be unreasonably withheld.

## II. SECURITY AGREEMENT AND FINANCING STATEMENT

Mortgagor and Mortgagee agree: (i) that this Mortgage shall constitute a Security Agreement within the meaning of the Illinois Uniform Commercial Code (the "Code") with respect to (a) all sums at any time on deposit for the benefit of Mortgagee or held by the Mortgagee (whether deposited by or on behalf of the Mortgagor or anyone else) pursuant to any of the provisions of this Mortgage and (b) any property included in the definition herein of the word "Premises," which property may not be deemed to form a part of the real estate described in Exhibit A or may not constitute a "fixture" (within the meaning of Section 9-313 of the Code), and all replacements of such property, substitutions for such property, additions to such property, and the proceeds thereof (said property, replacements, substitutions, additions and the proceeds thereof being sometimes herein collectively referred to as the "Collateral"); and (ii) that a security interest in and to the Collateral is hereby granted to the Mortgagee; all to secure payment of the Indebtedness Hereby Secured and the performance by the Mortgagor of the terms, covenants and provisions hereof.

If an Event of Default occurs under this Mortgage, Mortgagee, pursuant to the appropriate provisions of the Code, shall have an option to proceed with respect to both the real property and Collateral in accordance with its rights, powers and remedies with respect to the real property, in which event the default provisions of the Code shall not apply. The parties agree that if the Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, Mortgagee shall have all remedies available to a secured party under the Code and five days' notice of the sale of the Collateral shall be deemed to be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses incurred by Mortgagee. Any replacement or substituted Collateral shall be subject to the security interest created hereby and the security interest of Mortgagee shall be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and covered hereby. Mortgagor covenants and represents that all Collateral now is, and that all replacements thereof, substitutions therefor or additions thereto, unless the

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Mortgagee otherwise consents, will be free and clear of liens, encumbrances, title retention devices and security interests of others other than Permitted Liens and as governed and limited by applicable law.

Mortgagor and Mortgagee agree, to the extent permitted by law, that: (i) all of the goods described within the definition of the word "Premises" herein are or are to become fixtures on the real property described in Exhibit A; (ii) this Mortgage, upon recording or registration in the real estate records of the proper office, shall constitute a "fixture filing" within the meaning of Sections 9-313 and 9-402 of the Code; and (iii) and the Trustee is the record owner of the real estate described in Exhibit A and the Borrower has a valid and enforceable beneficial interest therein. The addresses of Mortgagor and Mortgagee are set forth in Section 4.9 hereof.

Mortgagor, upon the written request of Mortgagee from time to time, shall execute, acknowledge and deliver to Mortgagee, a separate Security Agreement, Financing Statement or other similar security instruments, in form satisfactory to Mortgagee, covering all property of any kind whatsoever owned by Mortgagor which is essential to the operation of the Premises and which constitutes goods within the meaning of the Code or concerning which there may be any doubt whether the title to same has been conveyed by or security interest perfected by this Mortgage under the laws of the State of Illinois, and will further execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any financing statement, affidavit, continuation statement or certificate or other document as Mortgagee may request in order to perfect, preserve, maintain, continue and extend the security interest under and the priority of this Mortgage and such security instrument. Mortgagor further agrees to pay to Mortgagee on demand all costs and expenses incurred by Mortgagee in connection with the preparation, execution, recording, filing and re-filing of any such document. Mortgagor shall from time to time, upon the written request of Mortgagee, deliver to Mortgagee an inventory of the Collateral in reasonable detail. Further with respect to the Collateral, Mortgagor is and will be the true and lawful owner thereof, subject to no liens, charges or encumbrances other than permitted liens; the Collateral shall be used by the Mortgagor solely for business purposes; and the Collateral shall be kept at the location of the real estate included in the Premises and shall not be removed, other than in the ordinary course of business, therefrom except with the Mortgagee's prior written consent.

## IV. MISCELLANEOUS

4.1. Mortgagee in Possession. Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Premises.

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4.2. Further Assurances. Mortgagor will do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper, in the sole judgment of Mortgagee, for the better assuring, conveying, mortgaging, assigning and confirming unto Mortgagee all property mortgaged hereby or property intended so to be; whether now owned by Mortgagor or hereafter acquired.

4.3. Rights Cumulative. Each right, power and remedy herein conferred upon Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient to Mortgagee and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

4.4. Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner from time to time of the Premises or any other person having an interest therein), and shall inure to the benefit of Mortgagee and its successors and assigns.

4.5. Provisions Severable. The unenforceability or invalidity of any provision or provisions hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

4.6. Time of the Essence. Time is of the essence of this Mortgage and any other document evidencing or securing the indebtedness hereby secured.

4.7. Captions and Pronouns. The captions and headings of the various sections of this Mortgage are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

4.8. Notices. Except as otherwise specifically provided herein, any notice that any party hereto may desire or may be required to give to any other party shall be in writing, and the delivery thereof by registered or certified or equivalent mail, postage prepaid, return receipt requested, by recognized overnight courier or by telecopy to the respective addresses and numbers of the parties set forth below, or to such other

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place as any party hereto may by notice in writing designate for itself, shall constitute service of notice hereunder:

(a) If to Mortgagee:

LaSalle National Bank  
120 South LaSalle Street  
Room 501  
Chicago, Illinois 60603  
Attention: Commercial Banking and  
International Department  
Telephone: (312) 750-6534

(b) If to Mortgagor:

Hampton Plaza Health Care Center  
Real Estate Limited Partnership  
8555 Maynard Road  
Niles, Illinois 60648  
Attention: Harold N. Gaiser or  
Burton W. Bohr  
Telephone: (708) 967-7000

With a copy to the Land Trustee:

LaSalle National Trust, N.A.,  
120 South LaSalle Street  
Chicago, Illinois 60603  
Attention: Land Trustee Department  
Telephone: (312) 750-6534

Any such other notice may be served by personal delivery thereof to the other party, which delivery shall constitute service of notice hereunder on the date of such delivery.

**4.9. Governing Law.** The place of negotiation, execution and delivery of this Mortgage, and the location of the Premises, being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of the State of Illinois.

**4.10. Subrogation.** If any part of the Indebtedness Hereby Secured is used directly or indirectly to satisfy, in whole or in part, any prior encumbrance upon the Premises or any part thereof, then Mortgagee shall be subrogated to the rights of the

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holder of such prior encumbrance in and to such prior encumbrance and any additional security held by such holder, and shall have the benefit of the priority of the same.

**4.11. Option to Subordinate.** At the written option of Mortgagee, this Mortgage may become subject and subordinate, in whole or in part (but not with respect to priority and entitlement to insurance proceeds or any award in condemnation) to any and all leases of all or any part of the Premises upon the execution by Mortgagee and recording thereof, at any time hereafter, in the office of the Recorder of Deeds for the county wherein the Premises are situated, of a unilateral declaration to that effect.

**4.12. Limitation on Liability of the Land Trustee.** This Mortgage is executed by LaSalle National Trust, N.A., as trustee under a certain trust agreement, dated September 13, 1991, and known as Trust No. 116645, not individually but solely as trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such trustee (and said LaSalle National Trust, N.A. hereby represents that it possesses full power and authority to execute this Mortgage), and it is expressly understood and agreed that nothing herein contained shall be construed as creating any liability on said LaSalle National Trust, N.A. personally to pay amounts due under this Mortgage or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such personal liability, if any, being expressly waived by the payee hereunder, and that so far as the said LaSalle National Trust, N.A. personally is concerned, the Mortgagee and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises owned by LaSalle National Trust, N.A. as trustee as aforesaid, and to other security agreements, documents or instruments or guaranties (all of which are referred to collectively herein as "Mortgage Loan Documents") for the payment hereof, by the enforcement of the liens, charges and other rights created by said Mortgage Loan Documents, in the manner herein and in said Mortgage Loan Documents provided.

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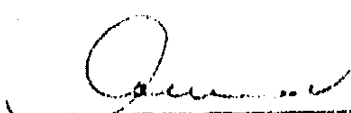
IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly signed, sealed and delivered the day and year first above written.

HAMPTON PLAZA HEALTH CARE CENTER  
REAL ESTATE LIMITED PARTNERSHIP

By:   
General Partner

By:   
General Partner

LASALLE NATIONAL TRUST, N.A., not  
individually, but solely as trustee under the  
land trust No. 116645, dated September 18,  
1991

By:   
Its: Vice President

This document was prepared by and  
upon recording should be returned to:

Michael E. Olsen  
Foley & Lardner  
One IBM Plaza, Suite 3300  
330 North Wabash Avenue  
Chicago, Illinois 60611

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## EXHIBIT A

### Legal Description

#### PARCEL 1:

Lots 21 and 22 in Arthur T. McIntosh and Company's Glenview Acres, being a Subdivision of part of Lot 3 in Owner's Subdivision in Section 11, Township 41 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois, according to the Plat thereof recorded February 20, 1943 as Document Number 13033467, in Cook County, Illinois.

Street Address: 8555 North Maynard Road  
Niles, Illinois 60648

P.I.N. 09-11-306-006  
09-11-306-005

#### EASEMENT PARCEL 2:

Non-exclusive easement for the benefit of Parcel 1 granted by Right-Of-Way Easement dated May 1, 1973 recorded July 12, 1973 as Document Number 22396289 for ingress and egress upon, over, under and across the East 20 feet (as measured at right angle to the East line thereof) of Lot 20 in Arthur T. McIntosh and Company's Glenview Acres, being a subdivision of part of Lot 3 in Owner's Subdivision in Section 11, Township 41 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois.

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## EXHIBIT B

### PERMITTED LIENS

1. Any and all liens, claims and encumbrances in favor of LaSalle National Bank.

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## EXHIBIT C

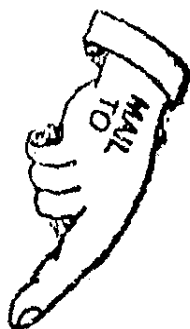
1. Building Lease (as defined in the Mortgage).
2. Environmental Indemnity Agreement (as defined in the Mortgage).
3. Assignment of Leases and Rents, dated January 28, 1994, between the Borrower (as that term is defined in the Mortgage) to LaSalle National Bank.
4. Guaranty Agreement, dated January 28, 1994, from Harold N. Geiser and Burton W. Behr to LaSalle National Bank.
5. Assignment of Beneficial Interest for Collateral Security, dated January 28, 1994, from the Borrower (as that term is defined in the Mortgage) to LaSalle National Bank.
6. Credit Agreement, dated January 28, 1994, between Hampton Plaza Health Care Center Operations Limited Partnership and LaSalle National Bank.

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Mike Allen  
Foley & Cardiac  
One IBM Plaza  
Suite 3300  
Chicago IL 60601