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Loan No. 21-85-1000000-1

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

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT (herein called "Mortgage") is made as of January 3, 1995, by and between Timothy R. Callaghan and Matthew D. Mateja (collectively herein, together with each of their respective successors and assigns, called "Mortgagor") in favor of St. Paul Federal Bank For Savings, a federal savings bank (herein, together with its successors and assigns, called the "Mortgagee").

RECITALS

A. Note, Principal and Interest. Mortgagor has executed and delivered to Mortgagee a promissory note dated as of the date hereof, payable to the order of Mortgagee in the original principal amount of Two Hundred Fifty Two Thousand and No/ 100 Dollars (\$252,000.00) (the "Note"). Such promissory note, together with any and all amendments or supplements thereto, extensions thereof, and notes which may be taken in whole or partial renewal, substitution or extension thereof or which may evidence any of the indebtedness secured hereby, shall be called the "Note".

B. Related Agreements. Any and all loan agreements, pledge agreements, supplemental agreements, assignments, guarantees, letters of credit and all instruments of indebtedness or security in addition to the Note and this Mortgage now or hereafter executed by Mortgagor or any party related thereto in connection with any of the Liabilities (as hereinafter defined) or for the purpose of supplementing or amending the Note or this Mortgage, as the same may be amended, extended, modified or supplemented from time to time, are hereinafter referred to as the "Related Agreements".

C. Liabilities and Obligations. As used in this Mortgage, the term "Liabilities" means all indebtedness of any kind arising under, and all amounts of any kind which at any time become due or owing to Mortgagee under or with respect to the Note, this Mortgage or any of the Related Agreements including without limitation, the following: the principal of and interest on the Note; all advances, costs or expenses paid or incurred by Mortgagee to protect any or all of the Collateral (as hereinafter defined), perform any obligation of Mortgagor hereunder or collect any amount owing to Mortgagee which is secured hereby; any and all other obligations and indebtedness, howsoever created, arising or evidenced, direct or indirect, absolute or contingent, recourse or nonrecourse, now or hereafter existing or due or to become due, owing by Mortgagor to Mortgagee; interest on all of the foregoing, and all costs of enforcement and collection of all of the foregoing. As used in this Mortgage, the terms "Obligations" means all of the covenants, agreements and obligations of any kind arising under or with respect to the Note, this Mortgage or any of the Related Agreements.

D. Collateral. For purposes of this Mortgage, the term "Collateral" means and includes all of the following:

(1) Real Estate. All of the land described on Exhibit A attached hereto (the "Land"), together with all and singular the tenements, rights, easements, hereditaments, rights of way, privileges, liberties, appendages and appurtenances now or hereafter belonging or in anyway appertaining to the Land (including, without limitation, all rights relating to storm and sanitary sewer, water, gas, electric, railway and telephone services); all development rights, air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the Land; all estate, claim, demand, right, title or interest of Mortgagor in and to

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any street, road, highway, vault or alley (vacated or otherwise) adjoining the Land or any part thereof, all strips and gores belonging, adjacent or pertaining to the Land; and any after-acquired title to any of the foregoing (all of the foregoing is referred to collectively as the "Real Estate");

(2) Improvements and Fixtures. All buildings, structures, replacements, furnishings, fixtures, fittings and other improvements and property of every kind and character now or hereafter located or erected on the Real Estate, together with all building or construction materials, equipment, appliances, machinery, plant equipment, fittings, apparatus, fixtures and other articles of any kind or nature whatsoever now or hereafter found on, affixed to or attached to the Real Estate, including (without limitation) all motors, boilers, engines and devices for the operation of pumps, and all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment (all of the foregoing is referred to collectively as the "Improvements");

(3) Personalty. All building materials, goods, construction materials, appliances (including stoves, refrigerators, water fountains and coolers, fans, heaters, incinerators, compactors, dishwashers, clothes washers and dryers, water heaters and similar equipment), supplies, blinds, window shades, carpeting, floor coverings, elevators, office equipment, growing plants, fire sprinklers and alarms, control devices, equipment (including motor vehicles and all window cleaning, building cleaning, swimming pool, recreational, monitoring, garbage, air conditioning, pest control and other equipment), tools, furnishings, furniture, light fixtures, non-structural additions to the Real Estate, and all other tangible property of any kind or character now or hereafter owned by Mortgagor and used or useful in connection with the Real Estate, any construction undertaken on the Real Estate, any trade, business or other activity (whether or not engaged in for profit) for which the Real Estate is used, the maintenance of the Real Estate for the convenience of any guests, tenants, licensees or invitees of Mortgagor, all regardless of whether located on the Real Estate or located elsewhere for purposes of fabrication, storage or otherwise including (without limitation) all rights under and to any escrow account(s) established and maintained pursuant hereto and/or pursuant to any Related Agreement, it being understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned (all of the foregoing is referred to collectively as the "Personalty").

(4) Intangibles. All goodwill, trademarks, trade names, option rights, purchase contracts, books and records and general intangibles of Mortgagor relating to the Real Estate, the Improvements and/or the Personalty and all accounts (including without limitation accounts receivable, all escrows or accounts formed for the payment of real estate taxes and/or insurance premiums), contract rights (including without limitation all rights as seller or borrower under a contract, understanding or arrangement for the sale or borrowing on the security of the Collateral or any part thereof), instruments, chattel paper, choses in action, judgments, insurance proceeds, awards of damages and settlements of any kind or nature which may in any way result from or relate to all of any portion of the Collateral, all compensation, awards, and claims or on account of any damage or taking, pursuant to the power of eminent domain, of the Collateral or any part thereof or on account of the alteration of the grade of any street or highway on or about the Real Estate, and all other rights of Mortgagor for payment of money, for property sold or lent, for services rendered, for money lent, or for advances or deposits made, and any other intangible property of Mortgagor related to the Real Estate, the Improvements and/or the Personalty (all of the foregoing is referred to collectively as the "Intangibles");

(5) Leases and Rents. All (i) rights of Mortgagor under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whether now existing or entered into at any time hereafter (all of the foregoing is referred to collectively as the "Leases"), whereby any person agrees to pay money or any consideration for the use, possession or occupancy of, or any estate in, the Collateral or any part thereof; and (ii) rents, issues, income, profits, royalties, security deposits, benefits, avails, advantages and claims derived, possessed or owned by Mortgagor directly or indirectly from such Leases and/or the Real Estate, the Improvements, the Personalty and/or the Intangibles (all of the foregoing is referred to collectively as the "Rents");

(6) Construction Documents. All rights of Mortgagor to plans and specifications, designs, drawings and other matters prepared for any construction on the Real Estate and 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 Real Estate or the Improvements, including any architect's contract (all of the foregoing is referred to collectively as the "Construction Documents");

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(7) Proceeds. All proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Real Estate, Improvements, Personality, Intangibles, Leases, Rents or Construction Documents; and

(8) Other Property. All other property or rights of Mortgagor of any kind or character related to the Real Estate, the Improvements, the Personality or the Intangibles. (All of the Real Estate, the Improvements and any other property which is real estate under applicable law, is sometimes referred to collectively herein as the "Premises".)

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NOW, THEREFORE, for and in consideration of the recitals set forth above which are hereby incorporated, the Mortgagee's making the Loan to Mortgagor, the various agreements contained herein and in the Note and any Related Agreements, and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged by Mortgagor, and in order to secure the full, timely and proper payment of each and every one of the Liabilities and the performance of each and every one of the Obligations (provided, however, that the maximum amount to be secured by this Mortgage shall not exceed three times the Loan plus the total amount of all advances made by Mortgagee to protect the Collateral and the security interest and lien created hereby), MORTGAGOR HEREBY MORTGAGES, WARRANTS, CONVEYS, TRANSFERS AND ASSIGNS TO MORTGAGEE, AND GRANTS TO MORTGAGEE AND ITS SUCCESSORS AND ASSIGNS FOREVER ALL OF THE COLLATERAL.

TO HAVE AND TO HOLD the Collateral unto Mortgagee forever, for the purposes and uses herein set forth, and Mortgagor hereby expressly waives and releases any and all right, benefit, privilege, advantage or exemption under and by virtue of any and all statutes and laws of the State or other jurisdiction in which the Real Estate is located providing for the exemption of homesteads from sale or execution or otherwise

AGREEMENT

I. COVENANTS AND AGREEMENTS OF MORTGAGOR

Further to secure the payment of the Liabilities and the performance of the Obligations, Mortgagor hereby covenants and agrees with Mortgagee as follows:

1.1 Performance of Obligations. Mortgagor shall perform, observe and comply with all Obligations, including without limitation, all terms, covenants and conditions of the Note, this Mortgage and the Related Agreements.

1.2 Payment of Liabilities. Mortgagor agrees that it will pay, timely and in the manner required in the Note, this Mortgage or the Related Agreements, the principal of and interest on the Note, and all other Liabilities (including fees and charges). All sums payable by Mortgagor hereunder shall be paid without demand, offset or deduction. Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, deduction or defense.

1.3 Payment of Taxes. Mortgagor will (i) pay before due all taxes and assessments, general or special, and any and all levies, claims, charges, expenses and liens, ordinary or extraordinary, governmental or non-governmental, statutory or otherwise, due or to become due, that may be levied, assessed, made, imposed or charged on or against the Collateral or any property used in connection therewith; (ii) pay before due any tax or other charge on the interest or estate in lands created or represented by this Mortgage or by any of the other Related Agreements, whether levied against Mortgagor or Mortgagee or otherwise; and (iii) will submit to Mortgagee all receipts showing payment of all of such taxes, assessments and charges within thirty (30) days of its due date.

1.4 Funds for Taxes and Insurance. In order to more fully protect the security of this Mortgage and in order to provide security to Mortgagee for the payment of the amounts required under Section 1.3 hereof, Mortgagee requires Mortgagor to deposit with Mortgagee or its designee, at the time of each payment of an installment of interest or principal under the Note, an additional amount sufficient to discharge the obligations of Mortgagor under Section 1.3 hereof as and when they become due. The determination of the amount payable and of the fractional part thereof to be deposited with Mortgagee shall be made by Mortgagee in its discretion based on the prior year's taxes and Mortgagee's estimate of the amount by which taxes can be expected to rise. If at any time within thirty (30) days prior

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to the due date of any of the obligations, the amounts then on deposit therefor shall be insufficient for the payment of such obligation in full, Mortgagor shall, within seven (7) days after demand, deposit the amount of the deficiency with Mortgagee. If the amounts deposited are in excess of the actual obligations for which they were deposited, Mortgagee may refund any such excess, or, at its option, may hold the same and reduce proportionately the required monthly deposits for the ensuing year. Nothing herein contained shall be deemed to affect any right or remedy of Mortgagee under any other provision of this Mortgage or under any statute or rule of law to pay any such amount and to add the amount so paid to the Liabilities. All amounts held by Mortgagee or its designee shall be held not in trust and not as agent of Mortgagor, and may be commingled with other funds held by Mortgagee or its designee, and said amounts shall not bear interest, and shall be applied to the payment of the obligations in respect to which the amounts were deposited or, at the option of Mortgagee, to the payment of said obligations in such order or priority as Mortgagee shall determine. All amounts so deposited shall be held by Mortgagee or its designee as additional security for the Liabilities. Upon the occurrence of a Default, Mortgagee may, in its sole and absolute discretion and without regard to the adequacy of its security hereunder, apply such amounts or any portion thereof to any part of the Liabilities. Any such application of said amounts or any portion thereof to any Liabilities shall not be construed to cure or waive any Default or notice of Default hereunder or invalidate any act done pursuant to any such Default or notice. Mortgagor shall deliver to Mortgagee all tax bills, assessment statements and statements for any other applicable obligations as soon as the same are received by Mortgagor, and Mortgagee shall be entitled to rely thereupon and shall be entitled to pay such amounts. If Mortgagee sells or assigns this Mortgage, Mortgagee shall have the right to transfer all amounts deposited under this Section to the purchaser or assignee, and Mortgagor shall thereupon be released and have no further liability hereunder for the application of such deposits, and Mortgagor shall look solely to such purchaser or assignee for such application and for all responsibility relating to such deposits. At any time after the occurrence of a Default, Mortgagee may, at its option, by written notice to Mortgagor require Mortgagor to make similar deposits to those set forth above for the payment of amounts required under Section 1.9 hereof, in which case all of the foregoing terms and provisions of this paragraph relating to tax deposits and accounts shall be applicable to such deposits for insurance premiums and Mortgagor shall immediately begin making such deposits in accordance herewith.

1.5 Maintenance and Repair. Mortgagor will not abandon the Premises, not do or suffer anything to be done which would depreciate or impair the value of the Collateral or the security of this Mortgage; not remove or demolish any of the Improvements; pay promptly for all labor and materials for all construction, repairs and improvements to or on the Premises; not make any changes, additions or alterations to the Premises or the Improvements except as required by any applicable governmental requirement or as otherwise approved in writing by Mortgagee; maintain, preserve and keep the Personalty and the Improvements in good, safe and insurable condition and repair and promptly make any needful and proper repairs, replacements, renewals, additions or substitutions required by wear, damage, obsolescence or destruction; promptly restore and replace any of the Improvements or Personalty which are destroyed or damaged; not commit, suffer or permit waste of any part of the Premises, and maintain all grounds and abutting streets and sidewalks in good and neat order and repair.

1.6 Transfer of Premises; Liens.

In determining whether or not to make the loan secured hereby, Mortgagee examined the creditworthiness, background and experience in operating property such as the Premises of Mortgagor and the Beneficiaries of Mortgagor if Mortgagor is a land trust (collectively, "Beneficiary"), found it acceptable and relied and continues to rely upon the same as the means of repayment of the Liabilities, performance of the Obligations and maintaining the value of the Collateral. Mortgagor and Beneficiary are experienced in borrowing money and operating property such as the Premises, were ably represented by a licensed attorney at law in the negotiation and documentation of the Note, this Mortgage and the Related Agreements (or had the opportunity to be so represented), and bargained at arm's length and without duress of any kind for all of the terms and conditions of the loan, including this provision. Mortgagor and Beneficiary recognize that Mortgagee is entitled to keep its loan portfolio at current interest rates by either making new loans at such rates or collecting assumption fees and/or increasing the interest rate on a loan. Mortgagor and Beneficiary further recognize that any secondary or junior financing placed upon the Collateral: (a) may divert funds which would otherwise be used to pay the Liabilities; (b) could result in acceleration and foreclosure by any such junior encumbrancer which would force Mortgagee to take measures and incur expenses to protect its security; (c) would detract from the value of the Collateral should Mortgagee come into possession thereof with the intention of selling the same; and (d) would impair Mortgagee's right to accept a deed in lieu of foreclosure, as a foreclosure by Mortgagee would be necessary to clear the title to the Premises.

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Mortgagor agrees that if this Section be deemed a restraint on alienation, that it is a reasonable one, and that Mortgagor will not, without the prior written consent of Mortgagee (a) sell, contract to sell, assign, transfer, lease, option or convey, or permit to be transferred, leased, optioned or conveyed, whether by operation of law or otherwise (collectively referred to herein as a "Transfer"), (i) the Collateral or any part thereof or any interest therein or estate in any thereof (including any conveyance into a trust or any conveyance of the beneficial interest in any trust holding title to the Collateral); (ii) any interest in the aggregate of five percent (5%) or more in a corporation, partnership, limited liability company or other entity which owns all or part of the Collateral and/or all or part of the beneficial interest in any trust holding title to any of the Collateral; (b) remove any of the Collateral from the Premises or from the State in which the Real Estate is located; or (c) create, suffer or permit to be created or to exist any mortgage, lien, claim, security interest, charge, encumbrance or other right or claim of any kind whatsoever (collectively referred to herein as an "Encumbrance") upon the Collateral or any part thereof, except those of current taxes not delinquent and the Permitted Exceptions; or (d) permit the Collateral or any portion thereof to be submitted to any condominium property act by filing a declaration of condominium ownership or otherwise. Mortgagor agrees that any breach of or default in any of the foregoing covenants shall be a Default. Mortgagor shall reimburse Mortgagee for all costs and expenses, including without limitation reasonable attorneys' fees, incurred by Mortgagee in connection with Mortgagee's review of a request for consent to a Transfer or Encumbrance of all or part of the Collateral, or any interest therein. Any waiver by Mortgagee of a default under this Section and/or any consent by Mortgagee to any such Transfer or Encumbrance shall not constitute a consent to, or a waiver of, any right, remedy or power of Mortgagee upon a subsequent default under this Section or subsequent request for consent to Transfer or Encumbrance.

Notwithstanding anything else in this Section to the contrary, Mortgagor shall be permitted to lease portions of the Premises in the ordinary course of business, at rents which will equal or exceed the rents as of the date of this Mortgage, for a term not exceeding two years and otherwise pursuant to written leases in a form approved by Mortgagee subject only to insubstantial variations from said form which may be accepted by Mortgagee.

Mortgagor agrees that in the event the ownership of the Premises, any interest therein or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal in any way with such successor or successors in interest with reference to this Mortgage, the Note, the Related Agreements and the Liabilities and Obligations without in any way vitiating or discharging Mortgagor's liability hereunder or for the Liabilities and Obligations. No sale of the Collateral, no forbearance with respect to the Note or this Mortgage, and no extension of the time for payment of the Note or any other Liabilities given by Mortgagee shall operate to release, discharge, modify, change or affect the original liability of Mortgagor, either in whole or in part, except to the extent specifically agreed in writing by Mortgagee.

1.7 Access by Mortgagee. Upon request of Mortgagee, Mortgagor will at all times (a) deliver to Mortgagee either all of its executed originals (in the case of chattel paper or instruments) or certified copies (in all other cases) of all Leases, agreements, Construction Documents, all amendments and supplements thereto, and any other document which is, or which evidences, governs or creates, the Collateral; (b) permit access by Mortgagee during normal business hours to its books and records (including any supporting or related vouchers or papers), tenant registers, offices, insurance policies and other papers for examination and the making of copies and extracts; (c) prepare such schedules, rent rolls, financial statements, summaries, reports and progress schedules as Mortgagee may reasonably request; (d) provide Mortgagee and its agents convenient facilities for the audit of any statements, books and records; and (e) permit Mortgagee and its agents and designees, at all reasonable times, to enter on and inspect the Premises.

1.8 Stamp and Other Taxes. If the federal, or any state, county, local, municipal or other government or any subdivision thereof having jurisdiction shall (a) levy, assess or charge any tax (excepting therefrom any income tax on Mortgagee's receipt of interest payments on the principal portion of the Liabilities), assessment or imposition upon this Mortgage, the Liabilities, the Note or any of the other Related Agreements, the interest of Mortgagee in the Collateral, or any of the foregoing, or upon Mortgagee by reason of or as holder of any of the foregoing, or shall at any time or times require revenue stamps to be affixed to the Note, this Mortgage, or any of the other Related Agreements, or (b) deduct 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 assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holder or holders thereof, Mortgagor shall pay all such taxes and stamps to or for Mortgagee as they become due and payable. If any such law or regulation is enacted or adopted permitting, authorizing or requiring

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any tax, assessment or imposition to be levied, assessed or charged, which law or regulation prohibits Mortgagor from paying the tax, assessment, stamp, or imposition to or for Mortgagee, or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then it shall constitute a Default hereunder and all Liabilities shall become immediately due and payable at the option of Mortgagee.

1.9 Insurance.

1.9.1 Required Insurance.

(a) Mortgagor, at its sole cost and expense, shall insure and keep insured the Collateral against such perils and hazards, and in such amounts and with such limits, as Mortgagee may from time to time require including at a minimum:

(i) Insurance against loss to the Premises on an "all risk" policy form, covering insurance risks no less broad than those covered under a Standard Multi-Peril (SMP) policy form, which contains a 1987 Commercial 150 "Causes of Loss Special Form," and such other risks as Mortgagee may reasonably require, including, but not limited to, insurance covering the cost of demolition of undamaged portions of any portion of the Premises when required by code or ordinance and the increased cost of reconstruction to conform with current code or ordinance requirements, in amounts equal to at least 80% of the full replacement cost of the Premises with consideration for depreciation (other than the Real Estate), including fixtures and equipment, Mortgagor's interest in leasehold improvements, and the cost of debris removal, with 90% coinsurance with an agreed amount endorsement and inflation guard endorsement, provided, however, that in no event shall such insurance be less than 120% of the outstanding amount of all Liabilities;

(ii) Rent and rental value/extra expense insurance in amounts sufficient to pay during any period in which the Premises may be damaged or destroyed, on a gross rents basis for a period of twelve (12) months or such greater time as Mortgagee may deem appropriate: (x) all Rents and (y) all amounts (including, but not limited to, all taxes, assessments, utility charges and insurance premiums) required to be paid by Mortgagor or by tenants of the Premises;

(iii) Broad form boiler and machinery insurance including business interruption/extra expense and rent and rental value insurance, on all equipment and objects customarily covered by such insurance and/or involved in the heating, cooling, electrical and mechanical systems of the Premises (if any are located at the Premises), providing for full repair and replacement cost coverage;

(iv) During the making of any alterations or improvements to the Premises (x) insurance covering claims based on the owner's or employer's contingent liability not covered by the insurance provided in subsection (vi) below and (y) worker's compensation insurance covering all persons engaged in such alterations or improvements;

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

(vi) Commercial general public liability insurance, with the location of the Premises designated thereon, against death, bodily injury and property damage arising in connection with the Premises with Mortgagor listed as the named insured with such limits as Mortgagee may reasonably require (but in no event less than \$1,000,000) and written on a 1986 Standard 150 occurrence basis form or equivalent form, and, if required by Mortgagee, excess umbrella liability coverage with such limits as Mortgagee may reasonably require but in no event less than \$2,000,000; and

(vii) Such other insurance relating to the Collateral and the use and operation thereof, as Mortgagee may, from time to time, reasonably require, including, but not limited to, dramshop, products liability and workers' compensation insurance.

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All insurance shall: (i) be carried with companies with a Best's rating of A or better, or otherwise acceptable to Mortgagee; (ii) be in form and content acceptable to Mortgagee; (iii) provide thirty (30) days' advance written notice to Mortgagee given in the manner set forth herein before any cancellation, material modification or notice of non-renewal, and (iv) provide that no claims shall be paid thereunder without ten (10) days' advance written notice to Mortgagee in the manner set forth herein. All physical damage policies and renewals shall contain a standard mortgagee clause naming Mortgagee and its successors and assigns, as mortgagee, which clause shall expressly state that any breach of any condition or warranty by Mortgagor shall not prejudice the rights of Mortgagee under such insurance, and a loss payable clause in favor of Mortgagee for personal property, contents, inventory, equipment, loss of rents and business interruption. All liability policies and renewals shall name Mortgagee and its successor and assigns as an additional insured. No additional parties shall appear in the mortgagee or loss payable clause without Mortgagee's prior written consent. All deductibles shall be in amounts acceptable to Mortgagee. In the event of the foreclosure of this Mortgage or any other transfer of title to the Collateral in full or partial satisfaction of the Liabilities, all right, title and interest of Mortgagor in and to all insurance policies and renewals thereof then in force shall pass to such purchaser or grantee. Mortgagor authorizes and empowers Mortgagee to effect insurance upon the Collateral in the amounts aforesaid, for a period covering the time from entry of a foreclosure decree to and including the date of sale, and if necessary therefor, to cancel any or all existing insurance policies.

(b) The insurance shall be evidenced by the original policy, or in the case of liability insurance, certificates of insurance. Mortgagor shall use its best efforts to deliver originals of all policies and renewals, marked "paid," to Mortgagee at least thirty (30) days before the expiration of existing policies and in any event, Mortgagor shall deliver originals of such policies to Mortgagee at least fifteen (15) days before the expiration of existing policies. If Mortgagee has not received satisfactory evidence of such renewal or substitute insurance in the time frame specified herein, Mortgagee shall have the right, but not the obligation, to purchase such insurance for Mortgagee's interest only. Any amounts so disbursed by Mortgagee pursuant to this Section 1.9.1 shall be a part of the Liabilities and shall bear interest at the Default Rate (as defined in the Note). Nothing contained in this Section 1.9.1 shall require Mortgagee to incur any expense or take any action hereunder, and inaction by Mortgagee shall never be considered a waiver of any right accruing to Mortgagee on account of this Section 1.9.1.

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

1.9.3 Adjustment of Loss. Mortgagor shall give immediate notice of any loss to Mortgagee. In case of loss covered by any of the policies required hereunder, Mortgagee is authorized to adjust, collect and compromise in its discretion all claims thereunder and in such case Mortgagor agrees to sign upon demand, or Mortgagee may sign or endorse on Mortgagor's behalf, all necessary proofs of loss, receipts, releases and other papers required by the insurance companies to be signed by Mortgagor. Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact for the purposes set forth in the preceding sentence. Each insurance company is hereby authorized to make payment of 100% of all such losses directly to Mortgagee alone. After deducting from such insurance proceeds any expenses incurred by Mortgagee in the collection and settlement thereof, including without limitation attorneys' and adjusters' fees and charges, Mortgagee shall apply the net proceeds to the Liabilities, in such order as Mortgagee may determine, or, at its sole and absolute discretion to the restoration or repair of the Collateral in accordance with such terms, conditions and restrictions as Mortgagee, in its sole and absolute discretion, may impose. Any surplus remaining after payment and satisfaction of the Liabilities shall be paid to Mortgagor. Mortgagee shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure, except due to Mortgagee's gross negligence or willful misconduct. If any material part of the Collateral is damaged or destroyed and the loss is not adequately covered by insurance proceeds collected or in the process of collection, Mortgagor shall deposit, within ten (10) days of Mortgagee's request therefor, the amount of the loss not so covered.

1.9.4 Proceeds of Rent and Rental Value and Business Interruption Insurance. The net proceeds of rent and rental value or business interruption insurance shall be paid to Mortgagee for application first to the Liabilities in such order and manner as Mortgagee may elect and then to the creation of reserves for future payments of the Liabilities, in such amounts as Mortgagee deems necessary, with the balance to be remitted to Mortgagor subject to such controls as Mortgagee may deem necessary to assure that said balance is used to discharge accrued, and to be accrued, expenses of operation and maintenance of the Premises.

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1.9.5 Application of Insurance Proceeds. Any application of insurance proceeds or any portion thereof to any Liabilities shall not be construed to cure or waive any Default or notice of Default hereunder or invalidate any act done pursuant to any such Default or notice.

1.9.6 Value. Upon request by Mortgagee, Mortgagor agrees to furnish at its sole expense, evidence of the replacement value of the Collateral of the type which is regularly and ordinarily provided to insurance companies.

1.10 Eminent Domain. In case the Collateral, or any part or interest in any thereof, is taken by condemnation (or transfer in lieu thereof) or damaged by the taking of other property, Mortgagee is hereby empowered to collect and receive all compensation and awards of any kind whatsoever (referred to collectively herein as "Condemnation Awards") which may be paid for any property so taken or transferred or for damages to any property not taken (all of which Mortgagor hereby assigns to Mortgagee). All Condemnation Awards so received after deducting Mortgagee's expenses and reasonable attorneys' fees, shall be applied by Mortgagee, at its sole and absolute option, to either (i) the Liabilities, in such order as Mortgagee may determine, or (ii) the restoration or repair of the Collateral in accordance with such terms, conditions and restrictions as Mortgagee, in its sole and absolute discretion, may impose. Any surplus remaining after payment and satisfaction of the Liabilities shall be paid to Mortgagor. Mortgagor hereby empowers Mortgagee, in Mortgagee's sole and absolute discretion, to settle, compromise and adjust any and all claims or rights arising under any condemnation or eminent domain proceeding relating to the Collateral or any portion thereof. Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact for the purposes set forth in this Section. Mortgagor agrees to execute such further assignments of Condemnation Awards as Mortgagee may require.

1.11 Governmental Requirements. Mortgagor will at all times fully comply with, and cause the Collateral and the use and condition thereof to fully comply with, all federal, state, county, municipal, local and other governmental laws, statutes, ordinances, requirements, regulations, rules, orders and decrees of any kind whatsoever that apply or relate to Mortgagor or the Collateral or the use thereof. Mortgagor will observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits, privileges, franchises and concessions (including, without limitation, those relating to land use and development, landmark preservation, construction, access, water rights and use, noise and pollution) which are applicable to Mortgagor or have been granted for the Collateral or the use thereof. If any governmental body or court issues any notice or order to the effect that the Collateral is not in compliance with any covenant, ordinance, law or regulation, Mortgagor shall promptly deliver to Mortgagee a copy of such notice or order and shall immediately commence and diligently perform corrective action. Unless required by applicable law or unless Mortgagee has otherwise first agreed in writing, Mortgagor shall not make or allow any changes to be made in the nature of the occupancy or use of the Premises or any portion thereof for which the Premises or such portion was intended at the time this Mortgage was delivered. Mortgagor shall not initiate or acquiesce in any change in any zoning or other land use classification now or hereafter in effect and affecting the Premises or any part thereof without in each case obtaining Mortgagee's prior written consent thereto.

1.12 No Mechanics' Liens. Mortgagor shall (a) keep the Premises free from mechanics' liens or other liens or claims for lien, except that Mortgagor shall have the right either to: (i) place a bond with Mortgagee in an amount, form, content and issued by a surety acceptable to Mortgagee for the payment of any such lien; or (ii) obtain a title indemnity insuring Mortgagee's interest against said lien in an amount, form, content and issued by a title insurance company acceptable to Mortgagee, in either case within ten (10) days after the filing thereof; and (b) immediately pay when due any indebtedness which may be secured by a lien or charge on the Premises superior or inferior to the lien hereof (no such superior or inferior lien to be permitted hereunder), and upon request exhibit satisfactory evidence of the discharge of any such lien to Mortgagee.

1.13 Continuing Priority. Mortgagor will: (i) pay such fees, taxes and charges, execute and file (at Mortgagor's expense) such financing statements, obtain such acknowledgments or consents, notify such obligor or providers of services and materials and do all such other acts and things as Mortgagee may from time to time request to establish and maintain a valid and perfected first and prior lien on and security interest in the Collateral and to provide for payment to Mortgagee directly of all cash proceeds thereof, with Mortgagee in possession of the Collateral to the extent it requests; (ii) maintain its office and principal place of business at all times at the address provided herein; (iii) keep all of its books and records relating to the Collateral on the Premises or at the address provided herein; (iv) keep all tangible Collateral on the Real Estate except as Mortgagee may otherwise consent in writing; (v) make notations on its books and records sufficient to enable Mortgagee, as well as third parties, to determine the interest of Mortgagee

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hereunder; and (vi) not collect any rents or the proceeds of any of the Leases or Intangibles more than 30 days before the same shall be due and payable, except as Mortgagee may otherwise consent in writing.

1.14 Utilities. Mortgagor will pay all utility charges incurred in connection with the Collateral promptly when due and maintain all utility services available for use at the Premises.

1.15 Contract Maintenance; Other Agreements; Leases. Mortgagor will, for the benefit of Mortgagee, fully and promptly keep, observe, perform and satisfy each obligation, condition, covenant, and restriction affecting the Premises or imposed on it under any agreement between Mortgagor and a third party relating to the Collateral or the Liabilities secured hereby (including, without limitation, the Leases, Construction Documents and Intangibles) (collectively referred to as the "Third Party Agreements") so that there will be no default thereunder and so that the persons (other than Mortgagor) obligated thereon shall be and remain at all times obligated to perform for the benefit of Mortgagee. Mortgagor will not permit to exist any condition, event or fact which could allow or serve as a basis or justification for any such person to avoid such performance. Without the prior written consent of Mortgagee, Mortgagor shall not (i) make or permit any termination or material amendment of any Third Party Agreement; (ii) accept prepayments of rent exceeding one month; (iii) materially modify or amend any such Leases or, except where the lessee is in default, cancel or terminate the same or accept a surrender of the leased premises, provided, however, that Mortgagor may renew, modify or amend leases or take other action in the ordinary course of business so long as such action does not decrease the monetary obligations of the lessee thereunder, or otherwise materially decrease the obligations of the lessee or the rights or remedies of the lessor; (iv) consent to the assignment or subletting of the whole or any portion of any lessee's interest under any Lease which has a term of more than two years or grant any options to renew for a term greater than two years; (v) create or permit any lien or encumbrance which, upon foreclosure, would be superior to any such Leases; or (vi) in any other manner impair Mortgagee's rights and interest with respect to the Leases and Rents. All security or other deposits received from tenants under the Leases shall be segregated and maintained at Mortgagee in an account satisfactory to Mortgagee and in compliance with the law of the State where the Premises are located.

1.16 Notify Mortgagee of Default. Mortgagor shall notify Mortgagee in writing within two (2) business days of the occurrence of any Default or other event which, upon the giving of notice or the passage of time or both, would constitute a Default.

1.17 Financial Reporting; Certificate.

(a) Financial Reporting. Mortgagor, at Mortgagor's expense, shall prepare and furnish (i) an annual statement of the operation of the Premises prepared and certified by Mortgagor, showing in reasonable detail satisfactory to Mortgagee total rents and other income received, security deposits and total expenses together with an annual balance sheet and profits and loss statement, within one hundred twenty (120) days after the close of each fiscal year of Mortgagor, beginning with the fiscal year first ending after the date of delivery of this Mortgage, (ii) interim balance sheets and profit and loss statements, certified by Mortgagor, in such form as may be required by Mortgagee not more than semi-annually if there is no existing default, and (iii) copies of Mortgagor's and the principals' of Mortgagor (defined as general partners, shareholders, members or beneficiaries who have a ten percent (10%) or greater interest in Mortgagor) annual State and Federal Income Tax filings within (30) thirty days of filing. In addition, financial statements, in such form and containing such detail as Mortgagee may request from the principals of Mortgagor shall be certified by such principal and delivered to Mortgagee not more than semi-annually. Mortgagor shall keep accurate books and records, and allow Mortgagee, its representatives and agents access to such books in accordance with Section 1.7 hereof. If Mortgagor or such principals fail to comply with the requirements set forth above, or in the event of a Default hereunder, Mortgagee shall have the right to have Mortgagor's books and records audited by an independent certified public accountant, and the cost of such audit shall be the obligation of Mortgagor. Upon a foreclosure of this Mortgage, all of Mortgagor's books and records maintained in connection with the Collateral shall be made available to the successful bidder at the foreclosure sale for inspection and copying for a period of not less than three (3) years following said sale. Any audited financial statements prepared on behalf of Mortgagor or such principals shall be delivered to Mortgagee as soon as available.

(b) Certificate. Mortgagor, within three (3) days of request in person or within five (5) days of request by mail, shall furnish either or both of the following: (i) a written statement, duly acknowledged, of all amounts due on any Liabilities, whether for principal or interest on the Note or otherwise, and stating, to the best of Mortgagor's knowledge, whether any offsets or defenses exist against the Liabilities and covering such other matters with respect to any

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Liabilities as Mortgagor may reasonably require; and (ii) a certificate setting forth the names of all lessees under any Leases, the terms of their respective Leases, the space occupied, the rents payable thereunder, any security deposits collected by Mortgagor, and the dates through which any and all rents have been paid.

1.18 Assignment of Leases and Rents

(a) Assignment. All of Mortgagor's interest in and rights under the Leases now existing or hereafter entered into, and all of the Rents, whether now due, past due, or to become due, and including all prepaid rents and security deposits, are hereby absolutely, presently and unconditionally granted, transferred, assigned and conveyed to Mortgagee to be applied by Mortgagee in payment of the Liabilities. Prior to the occurrence of any Default, Mortgagor shall have a license to collect and receive all Rents as they become due and payable but not more than thirty (30) days in advance, which license shall be terminated at the sole option of Mortgagee, without regard to the adequacy of its security hereunder and without notice to or demand upon Mortgagor, upon the occurrence of any Default. It is understood and agreed that neither the foregoing assignment of Rents to Mortgagee nor the exercise by Mortgagee of any of its rights or remedies hereunder shall be deemed to make Mortgagee a "mortgagee in possession" or otherwise responsible or liable in any manner with respect to the Collateral or the use, occupancy, enjoyment or any portion thereof, unless and until Mortgagee, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Collateral by any court at the request of Mortgagee or by agreement with Mortgagor, or the entering into possession of any part of the Collateral by such receiver, be deemed to make Mortgagee a mortgagee in possession or otherwise responsible or liable in any manner with respect to the Collateral or the use, occupancy, enjoyment or operation of all or any portion thereof. Upon the occurrence of any Default, this Mortgage shall constitute a direction and full authority to each lessee under any Lease and each guarantor of any Lease to pay all Rents to Mortgagee without proof of the default relied upon. Mortgagor hereby irrevocably authorizes and holds harmless each lessee and guarantor to rely upon and comply with any notice or demand by Mortgagee for the payment to Mortgagee of any Rents due or to become due.

(b) Limitation of Mortgagee's Liability. Mortgagee shall not be liable for any loss sustained by Mortgagor resulting from Mortgagee's failure to let the Premises following the occurrence of any one or more Defaults or from any other act or omission of Mortgagee in managing, operating or maintaining the Premises following the occurrence of any one or more Defaults. Mortgagee shall not be obligated to observe, perform or discharge, nor does Mortgagee hereby undertake to observe, perform or discharge any covenant, term, condition or agreement contained in any Lease to be observed or performed by the lessor thereunder, or any obligation, duty or liability of Mortgagor under or by reason of this Mortgage, and Mortgagor shall and does hereby agree to indemnify and defend Mortgagee for, and to hold Mortgagee harmless of or from, any and all liability, loss or damage which Mortgagor may or might incur under any Lease or under or by reason of this Mortgage and of or from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligation or undertaking on its part to observe or perform any of the covenants, terms, conditions or agreements contained in any Lease. Should Mortgagee incur any such liability, loss or damage under any Lease or under or by reason of this Mortgage, or in the defense of any such claim or demand, the amount thereof, including costs, expenses and attorneys' fees, shall become immediately due and payable by Mortgagor with interest thereon at the Default Rate and shall be secured by this Mortgage. Neither this Mortgage nor the assignment of Leases and Rents contained herein shall operate to place responsibility for the care, control, management or repair of the Premises or for the carrying out of any of the covenants, terms, conditions or agreements contained in any Lease upon Mortgagee, nor shall it operate to make Mortgagee responsible or liable for any waste committed upon the Premises by any tenant, occupant or other party, or for any dangerous or defective condition of the Premises, or for any negligence in the management, upkeep, repair or control of the Premises resulting in loss or injury or death to any tenant, occupant, licensee, employee or stranger.

(c) Mortgagee's Collection of Rents. Mortgagor hereby further grants to Mortgagee the right effective upon the occurrence of a Default, to do any or all of the following, at Mortgagee's option: (i) enter upon and take possession of the Premises for the purpose of collecting the Rents, (ii) dispose by the usual summary proceedings any tenant defaulting in the payment thereof to Mortgagee, (iii) lease the Premises or any part thereof (including leases that extend beyond the term of this Mortgage), (iv) repair, restore and improve the Premises, and (v) apply the Rents after payment of certain expenses and capital expenditures relating to the Premises on account of the Liabilities in such order and manner as Mortgagee may elect, in its sole discretion. Mortgagee shall have the authority, as Mortgagor's attorney in-fact, such authority being coupled with an interest and irrevocable, to sign the name of Mortgagor and to bind Mortgagor on all papers and documents relating to the operation, leasing and maintenance of the Collateral. Such

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assignment and grant shall continue in effect until the Liabilities are paid in full, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Premises by Mortgagee pursuant to such grant, whether or not foreclosure proceedings have been instituted. Neither the exercise of any rights under this paragraph by Mortgagee nor the application of any such Rents to payment of the Liabilities shall cure or waive any Default or notice provided for hereunder, or invalidate any act done pursuant hereto or pursuant to any such notice, but shall be cumulative of all other rights and remedies.

(d) Application. Mortgagor shall apply the Rents to the payment of all necessary and reasonable operating costs and expenses of the Collateral, debt service on the Liabilities, and a reasonable reserve for future expenses, repairs and replacements for the Collateral, before using the Rents for Mortgagor's personal use or any other purpose not for the direct benefit of the Collateral.

(c) Rights of Lessor. Mortgagee shall have the right and option to commence a civil action to foreclose this Mortgage and to obtain a judgment of foreclosure subject to the rights of any lessee of the Premises. The failure to join the lessor or any lessee as party or parties defendant in any such civil action or the failure of any Decree of Foreclosure and Sale or similar order or decree to foreclose his, her, its or their rights shall not be asserted by Mortgagor as a defense in any civil action instituted to collect Liabilities, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Collateral, any statute or rule of law at any time existing to the contrary notwithstanding.

(f) Attornment. In the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, the lessee under each Lease affecting all or any portion of the Premises shall, at the option of Mortgagee, attorn to any person succeeding to the interest of Mortgagor as a result of such enforcement and shall recognize such successor in interest as lessor under such Lease without change in the terms or other provisions thereof; provided, however, that said successor in interest shall not be bound by any payment of rent or additional rent for more than one (1) month in advance or any amendment or modification to any lease made without the consent of Mortgagee or said successor in interest. Each lessee, upon request by said successor in interest, shall execute and deliver an instrument or instruments confirming such attornment.

1.19 Mortgagee's Performance. If Mortgagor fails to pay or perform any of its obligations herein contained (including payment of expenses of foreclosure and court costs), Mortgagee may (but need not), as agent or attorney-in-fact of Mortgagor, make any payment or perform (or cause to be performed) any obligation of Mortgagor hereunder (including without limitation making payments of principal, interest or other amounts on any lien, encumbrance or charge on any of the Collateral; completing any construction; making repairs; prosecuting collection of the Collateral or proceeds thereof; purchasing, discharging, or settling any tax lien or other lien or claim) in any form and manner deemed expedient by Mortgagee, and any amount so paid or expended (plus reasonable compensation to Mortgagee for its out-of-pocket and other expenses for each matter for which it acts under this Mortgage), with interest thereon at the Default Rate, shall be added to the Liabilities and shall be repaid to Mortgagee upon demand. In making any payment or securing any performance relating to any obligation of Mortgagor hereunder, Mortgagee shall be the sole judge of the legality, validity and amount of any lien or encumbrance and of all other matters necessary to be determined in satisfaction thereof. No such action of Mortgagee shall ever be considered as a waiver of any right accruing to it on account of the occurrence of any matter which constitutes a Default.

1.20 Subrogation. To the extent that Mortgagee, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or Mortgagor or any other person pays any such sum with the proceeds of the loan secured hereby, Mortgagee shall have and be entitled to a lien or other interest on the Collateral equal in priority to the lien or other interest discharged and Mortgagee shall be subrogated, despite their release of record, to and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Mortgagee in securing the Liabilities.

1.21 Management of Premises. Mortgagor shall manage the Premises through its own personnel or a third party approved by Mortgagee, and Mortgagor shall not contract with any other third party for property management services without (i) the prior written approval by Mortgagee of such party and the terms of its contract for management services, which approval shall not be unreasonably withheld, and (ii) Mortgagee receives a subordination of any lien by the Manager in form and substance satisfactory to Mortgagee.

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1.22 Use of the Premises. Mortgagor shall not suffer or permit the Premises, or any portion thereof, to be used for any purpose except a residential apartment complex, nor shall Mortgagor permit the Premises to be used by the public without restriction or in such manner as might reasonably tend to impair Mortgagor's title to the Premises or any portion thereof, or in such manner as might reasonably make possible a claim or claims of easement by prescription or adverse possession by the public, as such, or of implied dedication of the Premises or any portion thereof. Mortgagor shall not use or permit the use of the Premises or any portion thereof for any unlawful purpose.

1.23 Litigation Involving Premises. Mortgagor shall promptly notify Mortgagee of any litigation, threatened litigation, administrative procedure or proposed legislative action initiated against Mortgagor or the Premises or in which the Premises are directly or indirectly affected, including any proceedings which seek to (i) enforce any lien against the Premises, (ii) correct, change or prohibit any existing condition, feature or use of the Premises, (iii) condemn or demolish the Premises, (iv) take, by the power of eminent domain, any portion of the Premises or any property which would damage the Premises, (v) modify the zoning applicable to the Premises, or (vi) otherwise adversely affect the Premises. Mortgagor shall initiate or appear in any legal action or other appropriate proceedings when necessary to protect the Premises from damage. Mortgagor shall, upon written request of Mortgagee, represent and defend (at trial and appellate levels, with counsel acceptable to Mortgagee and at Mortgagor's sole cost) the interests of Mortgagee in any proceedings described in this Section 1.23 or, at Mortgagee's election, pay the fees and expenses of any counsel retained by Mortgagee to represent the interest of Mortgagee in any such proceedings.

II. REPRESENTATIONS AND WARRANTIES

To induce Mortgagee to make the loan secured hereby, in addition to any representations and warranties in the Note, any Related Agreement and Article V hereof, Mortgagor hereby represents and warrants, as of the date hereof and until the Liabilities are paid in full and the Obligations are fully performed, that:

2.1 Title. Mortgagor is well seized of the Premises, and of a good, indefeasible estate therein, in fee simple. The Collateral is free from all encumbrances whatsoever (and any claim of any other person thereto) other than the encumbrances created by this Mortgage and the Related Agreements and those expressly approved by Mortgagee in writing (the "Permitted Exceptions"). Mortgagor has good and lawful right to sell, mortgage and convey the Collateral. Mortgagor, its successors and assigns will forever warrant and defend the Collateral against all claims and demands whatsoever.

2.2 Power and Authority. Mortgagor, and if Mortgagor is more than one party, each party constituting Mortgagor (and, if Mortgagor or any constituent party of Mortgagor is a partnership, each of Mortgagor's and any constituent party's general partners) is duly organized and validly existing and has full power and due authority to execute, deliver and perform this Mortgage, the Note, and any of the Related Agreements in accordance with their terms. If Mortgagor is a corporation, a limited partnership or a limited liability company, Mortgagor is qualified to do business and is in good standing in the state in which the Premises are located, and is in good standing in the State of its incorporation or creation. Such execution, delivery and performance has been duly authorized by all necessary corporate, partnership or company action and approved by each required governmental authority or other party. The obligations of Mortgagor and every other party thereto under this Mortgage, the Note and the Related Agreements are the legal, valid and binding obligations of each, enforceable by Mortgagee in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws applicable to the enforcement of creditors' rights generally.

2.3 No Default or Violations. No Default or event which, with notice or passage of time or both, would constitute a Default ("Unmatured Event of Default") has occurred and is continuing under this Mortgage, the Note, or any of the Related Agreements. Neither Mortgagor, nor any party constituting Mortgagor, nor any general partner in any such party, is in violation of any governmental requirement (including, without limitation, any applicable securities law) or in default under any agreement to which it is bound, or which affects it or any of its property which default would have a material adverse effect on the Mortgagor's ability to pay the Liabilities and perform the Obligations and/or on the value of any of the Collateral, and the execution, delivery and performance of this Mortgage, the Note or any of the Related Agreements in accordance with their terms and the use and occupancy of the Premises will not violate any governmental requirement (including, without limitation, any applicable usury law), or conflict with, be inconsistent with or result in any default under, any of the representations or warranties, covenants, conditions or other

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provisions of any indenture, mortgage, deed of trust, easement, restriction of record, contract, document, agreement or instrument of any kind to which any of the foregoing is bound or which affects it or any of its property, except as identified in writing and approved by Mortgagee.

2.4 No Litigation or Governmental Controls. There are no proceedings of any kind pending, or, to the knowledge of Mortgagor, threatened, against or affecting Mortgagor, the Collateral (including any attempt or threat by any government authority to condemn or rezone all or any portion of the Premises), any party constituting Mortgagor or any general partner in any such party which (a) involve the validity, enforceability or priority of this Mortgage, the Note or any of the Related Agreements or (b) enjoin or prevent or threaten to enjoin or prevent the use and occupancy of the Collateral or the performance by Mortgagor of its obligations hereunder; and there are no rent controls, governmental moratoria or environment controls presently in existence, or, to the knowledge of Mortgagor, threatened, affecting the Premises, except as identified in writing to, and approved by, Mortgagee.

2.5 Lien. Title to the Collateral, or any part thereof, is not subject to any liens, encumbrances or defects of any nature whatsoever, whether or not of record, and whether or not customarily shown on title insurance policies, except the Permitted Exceptions.

2.6 Financial and Operating Statements. All financial and operating statements submitted to Mortgagee in connection with the loan secured hereby are true and correct in all respects, (applied, in the case of any unaudited statement, on a basis consistent with that of the preceding fiscal year) and fairly present the respective financial conditions of the subjects thereof and the results of their operations as of the respective dates shown thereon. No materially adverse changes have occurred in the financial conditions and operations reflected therein since their respective dates, and no additional borrowings have been made since the date thereof other than the borrowing made under this Mortgage and any other borrowing approved in writing by Mortgagee.

2.7 Other Statements to Mortgagee. Neither this Mortgage, the Note, any Related Agreement, nor any document, agreement, report, schedule, notice or other writing furnished to Mortgagee by or on behalf of any party constituting Mortgagor, or any general partner of any such party, contains any omission or misleading or untrue statement of any material fact.

2.8 Third Party Agreements. To the best of Mortgagor's knowledge, each Third Party Agreement is unmodified and in full force and effect and free from default on the part of each party thereto, and all conditions required to be (or which by their nature can be) satisfied by any party to date have been satisfied. Mortgagor has not done or said or omitted to do or say anything which would give any obligor on any Third Party Agreement any basis for any claims against Mortgagor or any counterclaim to any claim which might be made by Mortgagor against such obligor on the basis of any Third Party Agreement.

2.9 Floodway. The Premises are not in a regulatory floodway or in a "special flood hazard area" or an "A" or "V" zone as shown on a Flood Hazard Boundary Map, a Flood Insurance Rate Map or equivalent map published by the Federal Insurance Administration, the Federal Emergency Management Agency or their successors.

III. DEFAULT

Each of the following shall constitute a default ("Default") hereunder (including, if Mortgagor consists of more than one person or entity, the occurrence of any of such events with respect to any one or more of such persons or entities):

3.1 Payment; Performance. Failure to make any payment of principal or interest or any other amount on the Note or any of the other Liabilities, when and as the same shall become due and payable, whether at maturity or by acceleration or otherwise and the continuation of such failure for ten (10) days after such due date. Default in the timely and proper performance of any of the other covenants or agreements of Mortgagor contained herein, and, except if the continued operation or safety of the Premises, or the lien hereof or the lien of any other security granted to Mortgagee or the value of the Collateral is immediately threatened or jeopardized, the continuation of such failure for thirty (30) days after written notice thereof is given Mortgagor by Mortgagee. A Default occurs under the Note or under any of the Related Agreements.

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3.2 Receiver, Suspension, Attachment The appointment, pursuant to an order of a court of competent jurisdiction, of a trustee, receiver or liquidator of the Collateral or any part thereof, or of Mortgagor, or any termination or voluntary suspension of the transaction of business of Mortgagor, or any attachment execution or other judicial seizure of all or any substantial portion of Mortgagor's assets which attachment, execution or seizure is not discharged within thirty (30) days.

3.3 Bankruptcy Filing; Other Consents or Failures Mortgagor, or if Mortgagor is a partnership any constituent general partner or joint venturer in Mortgagor, or if Mortgagor is a trust or similar entity any trustee or beneficiary of Mortgagor or if Mortgagor is a limited liability company any constituent member in Mortgagor (any and all of Mortgagor, any such constituent general partner or joint venturer, any such trustee or beneficiary, and any such member, being included within the term "Mortgagor" for the purposes of this Section 3.3 and Sections 3.2, 3.4 and 3.5 hereof), shall file a voluntary case under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Mortgagor or for any part of the Collateral or any substantial part of Mortgagor's property, or shall make any general assignment for the benefit of Mortgagor's creditors, or shall fail generally to pay Mortgagor's debts as they become due or shall take any action in furtherance of any of the foregoing.

3.4 Involuntary Bankruptcy Filing Any involuntary case is brought against Mortgagor under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect and such case is not dismissed within sixty (60) days after its filing; or Mortgagor consents to or fails to oppose any such proceeding; or the court in any such proceeding enters a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Mortgagor or for any part of the Collateral or any substantial part of Mortgagor's property, or orders the winding up or liquidation of the affairs of Mortgagor, and such decree or order is not dismissed within thirty (30) days after the entry thereof.

3.5 Guarantor Default under the terms of any agreement of guaranty relating to the indebtedness evidenced by the Note or relating to any other Liabilities, or the occurrence of any of the events enumerated in Sections 3.2, 3.3 or 3.4 with regard to any guarantor of the Note or other Liabilities, or the revocation, limitation or termination of the obligations of any guarantor of the Note or other Liabilities, except in accordance with the express written terms of the guaranty.

3.6 Transfer In the event (a) if Mortgagor is a corporation, or trust or similar entity, the sale, conveyance, transfer, encumbrance or disposition, whether voluntarily, involuntarily or otherwise, of more than five percent (5%) of the issued and outstanding capital stock of Mortgagor or of the beneficial interest of such trust or similar entity without the prior written consent of Mortgagee, (b) if Mortgagor is a limited or general partnership, a joint venture, or a limited liability company, a change of any constituent general partner, any joint venturer, or any membership interest whether voluntarily, involuntarily or otherwise, or the sale, conveyance, transfer, disposition, charging or encumbrance of any such general partner, joint venture or membership interests, or (c) any other Transfer or Encumbrance prohibited under Section 1.b hereof, without the prior written consent of Mortgagee.

3.7 Miscellaneous If Mortgagor is other than a natural person or persons, without the prior written consent of Mortgagee in each case, (a) the dissolution or termination of existence of Mortgagor, voluntarily or involuntarily, whether by reason of death of a general partner or member of Mortgagor or otherwise; (b) the amendment or modification in any material respect of Mortgagor's articles, agreement of partnership, operating agreement or its corporate resolutions relating to this transaction or its articles of incorporation or bylaws, or (c) the distribution of any of Mortgagor's capital, except for distributions of the proceeds of the Loan secured hereby and cash from operations. As used herein, "cash from operations" shall mean any cash of Mortgagor earned from operation of the Collateral (but not from a sale, borrowing or refinancing of the Collateral), available after paying all ordinary and necessary current expenses of Mortgagor, including expenses incurred in the maintenance of the Collateral, and after establishing reserves to meet current or reasonably expected obligations of Mortgagor relating to the Collateral. If Mortgagor or any guarantor is a natural person or persons, the death, legal incompetency or mental disability of any Mortgagor, any general partner or member of Mortgagor or any guarantor.

3.8 Tax on Mortgagee The imposition of a tax, other than a state or federal income tax, on or payable by Mortgagee by reason of its ownership of the Note or this Mortgage, and Mortgagor not promptly paying said tax, or it being illegal for Mortgagor to pay said tax.

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3.9 Representations and Warranties. Any representation, warranty or disclosure made to Mortgagee by Mortgagor or any guarantor of any Liabilities in connection with or as an inducement to the making of the loan evidenced by the Note or this Mortgage (including, without limitation, the representations and warranties contained in Article II of this Mortgage), or any of the Related Agreements, proving to be false or misleading in any material respect as of the time the same was made or at any time, whether or not any such representation or disclosure appears as part of this Mortgage.

3.10 Other Loans. Mortgagor's failure to pay or perform or Mortgagor's default under any other promissory note, loan document or other evidence of indebtedness with Mortgagee after expiration of any applicable notice and cure period.

IV. REMEDIES

4.1 Acceleration. Upon the occurrence of any Default, the entire indebtedness evidenced by the Note and all other Liabilities, together with interest thereon at the Default Rate, shall, at the option of Mortgagee, notwithstanding any provisions hereof and without demand or notice of any kind to Mortgagor or to any other person, become and be immediately due and payable.

4.2 Remedies Cumulative. No remedy or right of Mortgagee hereunder or under the Note or any Related Agreements or otherwise, or available under applicable law, shall be exclusive of any other right or remedy, but each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on any Default shall impair any such remedy or right or be construed to be a waiver of any such Default or an acquiescence therein, nor shall it affect any subsequent Default of the same or a different nature. Every such remedy or right may be exercised concurrently or independently, and when and as often as may be deemed expedient by Mortgagee. All obligations of Mortgagor, and all rights, powers and remedies of Mortgagee, expressed herein, shall be in addition to, and not in limitation of, those provided by law or in the Note or any Related Agreements or any other written agreement or instrument relating to any of the Liabilities or any security therefor.

4.3 Possession of Premises; Remedies under Note and Related Agreements. Mortgagor hereby waives all right to the possession, income and rents of the Premises from and after the occurrence of any Default. Mortgagee is hereby expressly authorized and empowered, to the extent permitted by law, at and following any such occurrence, to enter into and upon and take possession of the Premises or any part thereof, to exclude Mortgagor and its agents and employees thereof from, and Mortgagor shall immediately surrender possession of the Premises. Mortgagee may insure the Premises, contract with third parties to assist Mortgagor, complete any construction in progress thereon at the expense of Mortgagor, lease the same (including without limitation leases extending past the term of the Loan), collect and receive all Rents and apply the same, less the necessary or appropriate expenses of collection thereof, either for the care, operation and preservation of the Premises or, at the election of Mortgagee in its sole discretion, to a reduction of such of the Liabilities in such order as Mortgagee may elect. Mortgagee, in addition to the rights provided under the Note and any Related Agreements is also hereby granted full and complete authority to enter upon the Premises, employ watchmen to protect the Personalty and Improvements from depreciation or injury and to preserve and protect the Collateral, and to continue any and all outstanding contracts for the erection and completion of improvements to the Premises, to make and enter into any contracts and obligations wherever necessary in its own name, and to pay and discharge all debts, obligations and liabilities incurred thereby, all at the expense of Mortgagor. All such expenditures by Mortgagee shall be Liabilities hereunder which shall accrue interest at the Default Rate.

4.4 Foreclosure; Expense of Litigation. When the Liabilities or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such Liabilities or part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees and expenses, appraisers' fees, environmental studies and/or audits, outlays for documentary and expert evidence, stenographers' 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 assurances with respect to title, as Mortgagee may deem necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this Section 4.4 mentioned and such expenses and fees

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ns may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or other proceeding affecting this Mortgage, the Note, the Related Agreements or the Premises, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any litigation or other proceeding or threatened litigation or other proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate, and shall be secured by this Mortgage.

4.5 Application of 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 4.4 hereof; second, on account of all Liabilities, with interest thereon as herein provided; and third, any surplus to Mortgagor.

4.6 Appointment of Receiver. Upon, or at any time after, a Default hereunder and before or after the filing of a complaint to foreclose this Mortgage, the Mortgagee may petition to have a receiver for the Premises appointed. Such appointment may be made either before or after sale, without notice, without regard to the 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 or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of and from the Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further period when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which 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 from time to time may authorize the receiver to apply the net income in his or her hands in payment in whole or in part of: (a) the Liabilities secured hereby or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and/or (b) the deficiency in case of a sale and deficiency.

4.7 Personal Property Foreclosure. If a Default exists, Mortgagee may exercise from time to time any rights and remedies available to it under applicable law, or otherwise available to it, in addition to, and not in lieu of, any rights and remedies expressly granted in this Mortgagee. Mortgagor shall, promptly upon request by Mortgagee, assemble the Collateral and make it available to Mortgagee at such place or places, reasonably convenient for both Mortgagee and Mortgagor, as Mortgagee shall designate. Any notification required by law of intended disposition by Mortgagee of any of the Collateral shall be deemed reasonably and properly given if given at least five (5) days before such disposition. Without limiting the foregoing, whenever a Default exists, Mortgagee may, with respect to so much of the Collateral as is personal property under applicable law, to the fullest extent permitted by applicable law, without further notice, advertisement, hearing or process of law of any kind, (i) notify any person obligated on the Collateral to perform directly for Mortgagee its obligations thereunder, (ii) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, (iii) endorse any checks, drafts or other writings in the name of Mortgagor to allow collection of the Collateral, (iv) take control of any proceeds of the Collateral, (v) enter upon any premises where any of the Collateral may be located and take possession of and remove such Collateral, (vi) sell any or all of the Collateral, free of all rights and claims of Mortgagor therein and thereto, at any public or private sale, and (vii) bid for and purchase any or all of the Collateral at any such sale. Proceeds of any disposition by Mortgagee of any of the Collateral may be applied by Mortgagee to the payment of expenses in connection with the Collateral, including attorneys fees and legal expenses, and any balance of such proceeds shall be applied by Mortgagee toward the payment of such of the Liabilities and in such order of application as Mortgagee may from time to time elect. Mortgagee may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code or other applicable law as in effect from time to time or otherwise available to it under applicable law.

Mortgagor hereby expressly waives presentment, demand, notice of dishonor, protest and notice of protest in connection with the Note and, to the fullest extent permitted by applicable law, any and all other notices, demands, advertisements, hearings or process of law in connection with the exercise by Mortgagee of any of its rights and remedies hereunder. Mortgagor hereby constitutes Mortgagee its attorney-in-fact with full power of substitution to take possession of the Collateral upon any Default and, as Mortgagee in its sole discretion deems necessary or proper, to

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execute and deliver all instruments required by Mortgagee to accomplish the disposition of the Collateral, this power of attorney is a power coupled with an interest and is irrevocable while any of the Liabilities are outstanding.

4.8 Performance of Third Party Agreements. Mortgagee may, in its sole discretion at any time after the occurrence of a Default, notify any person obligated to Mortgagor under or with respect to any Third Party Agreements of the existence of a Default, require that performance be made directly to Mortgagee at Mortgagor's expense, and advance such sums as are necessary or appropriate to satisfy Mortgagor's obligations thereunder; and Mortgagor agrees to cooperate with Mortgagee in all ways reasonably requested by Mortgagee (including the giving of any notices requested by, or joining in any notices given by, Mortgagee) to accomplish the foregoing.

4.9 No Liability on Mortgagee; Indemnity. Notwithstanding anything contained herein, Mortgagee shall not be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, whether hereunder, under any of the Third Party Agreements or otherwise. Mortgagor shall be and remain liable for all its obligations. Except for matters caused by the gross negligence or willful misconduct of Mortgagee, Mortgagor shall and does hereby agree to indemnify and defend against and hold Mortgagee harmless of and from: (i) any and all liabilities, losses or damages which Mortgagee may incur or pay under or with respect to any of the Collateral or under or by reason of its exercise of rights hereunder; and (ii) any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any of the Collateral or in any of the contracts, documents or instruments evidencing or creating any of the Collateral. Mortgagee shall not have responsibility for the control, care, management or repair of the Premises or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Premises resulting in loss, injury or death to any tenant, licensee, employee, stranger or other person. No liability shall be enforced or asserted against Mortgagee in its exercise of the powers herein granted to it, and Mortgagor expressly waives and releases any such liability. Should Mortgagee incur any such liability, loss or damage under any of the Lease, or under or by reason hereof, or in the defense of any claims or demands, Mortgagor agrees to reimburse Mortgagee immediately upon demand for the full amount thereof, including costs, expenses and attorneys' fees, plus interest thereon at the Default Rate.

4.10 Prepayment Charge. If this Mortgage, the Note or any Related Agreement provides for any charge for prepayment of any Liabilities, Mortgagor agrees to pay said charge if for any reason any of said Liabilities shall be paid prior to the stated maturity date thereof, even if and notwithstanding that a Default shall have occurred and Mortgagee, by reason thereof, shall have declared said Liabilities or all sums secured hereby immediately due and payable, and whether or not said payment is made prior to or at any sale held under or by virtue of this Section IV.

4.11 Suits to Protect the Premises. Mortgagee shall have the power and authority (but not the duty) to institute and maintain any suits and proceedings as Mortgagee may deem advisable (a) to prevent any impairment of the Premises by any acts which may be unlawful or which violate the terms of this Mortgage, (b) to preserve or protect its interest in the Premises, or (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Mortgagee's interest.

4.12 Delay or Omission. No delay or omission of Mortgagee in the exercise of any right, power or remedy accruing upon any Default shall exhaust or impair any such right, power or remedy, or be construed to waive any such Default or to constitute acquiescence therein. Every right, power and remedy given to Mortgagee may be exercised from time to time and as often as may be deemed expedient by Mortgagee.

V. ENVIRONMENTAL MATTERS

5.1 Definitions. For purposes of this Article:

(a) "Environmental Laws" means any federal, state or local statute, law, code, rule, regulation, guideline, ordinance, order, standard, permit, license or requirement (including consent decrees, judicial decisions, judicial interpretations and administrative orders) now existing or hereinafter enacted together with all related amendments, implementing regulations and reauthorizations, pertaining to the protection, preservation, conservation or regulation of the environment, including, but not limited to: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq. ("CERCLA"), the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et

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seq. ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq. ("TSCA"); the Clean Air Act, 42 U.S.C. § 7401 et seq.; and the Clean Water Act, 33 U.S.C. § 1251 et seq., including, if the Premises are located in Illinois, the Illinois Environmental Protection Act, Ill. Rev. Stat. Ch. 111-1/2, § 1001 et seq., (collectively, the "Illinois Environmental Act").

(b) "Hazardous Material" means:

(i) "hazardous substances" as defined by CERCLA or the Illinois Environmental Act;

(ii) "hazardous wastes", as defined by RCRA;

(iii) any pollutant or contaminant, or hazardous, dangerous or toxic chemical, material, waste or other substance ("pollutant") within the meaning of any Environmental Laws, which Environmental Laws prohibit, limit, otherwise regulate, relate to or impose obligations, liability or standards concerning the use, exposure, release, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant;

(iv) petroleum or crude oil;

(v) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2011 et seq., and amendments thereto and reauthorizations thereof;

(vi) asbestos-containing materials in any form or condition;

(vii) polychlorinated biphenyls ("PCBs"); and

(viii) natural gas, natural gas liquids, liquefied natural gas or synthetic gas useable for fuel.

(c) "Environmental Actions" means:

(i) any notice of violation, correspondence, complaint, claim, citation, demand, inquiry or inquiries, report, action, assertion of potential responsibility, lien, encumbrance, or proceeding regarding the Premises or property adjacent to the Premises, whether formal or informal, absolute or contingent, matured or unmatured, brought or issued by any governmental unit, agency, or body, or any person or entity respecting:

(1) Environmental Laws;

(2) public health risks;

(3) the environmental condition of the Premises, or any portion thereof, or the contamination of any other property by Hazardous Material emanating from the Premises, including actual or alleged damage or injury to wildlife, biota, air, surface or subsurface soil or water, wetlands or other natural resources; or

(4) the use, exposure, release, generation, manufacture, transportation to or from, handling, storage, treatment, recycling, reclamation, reuse, disposal or presence of Hazardous Material either on the Premises or transported off-site for sale, treatment, storage, recycling, reclamation, reuse or disposal;

(ii) any violation or claim of violation by Mortgagor of any Environmental Laws;

(iii) any lien for damages caused by, or the recovery of any costs incurred for the investigation, remediation or cleanup of any release or threatened release of Hazardous Material; or

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(d) Mortgagor shall provide such information and certifications which Mortgagor may reasonably request from time to time to insure Mortgagor's compliance with this Article V. To investigate Mortgagor's compliance with Environmental Laws and with this Article V, Mortgagor, its agents and employees, shall have the right, but not the

(e) Mortgagor shall immediately notify Mortgagor of all Environmental Actions and provide copies within two (2) business days of receipt of all written notices, complaints, correspondence and other documents relating thereto. Mortgagor shall promptly cure and have dismissed with prejudice all Environmental Actions to the satisfaction of Mortgagor, and Mortgagor shall keep the Premises free of any environmental liability or other imposed pursuant to any Environmental Actions.

(b) (i) Other than Disposed Material and Disposed Tanks, no Hazardous Material shall be introduced to or used, generated, presented, stored, manufactured, released, treated, disposed, transported onto or from or handled on the Premises without thirty (30) days prior written notice to Mortgagor, provided that Mortgagor may handle, store, use or dispose of products containing small quantities of Hazardous Materials, which products are of a type customarily found in households (such as aerosol cans containing insecticides, paints, paint remover and the like) and provided further that Mortgagor shall handle, store, use, transport or dispose of any such Hazardous Materials in a safe and lawful manner and shall not allow such Hazardous Materials to contaminate the Premises or the environment.

(b) (ii) The Premises and Mortgagor shall comply with all Environmental Laws. All required governmental permits and licenses shall remain in effect or shall be renewed in a lawful manner, and Mortgagor shall comply therewith. All Hazardous Material present, handled or generated on the Premises will be handled, generated and disposed of in a lawful manner. Mortgagor will satisfy all requirements of applicable Environmental Laws for the registration, operation, maintenance and removal of all underground storage tanks on the Premises, if any. Without limiting the foregoing, all Hazardous Material shall be handled in compliance with all applicable Environmental Laws.

5.3 Sovereigns: Mortgagor hereby covenants and agrees with Mortgagor as follows:

(a) At Mortgagor's request, Mortgagor shall reaffirm such representations and warranties in writing. The Mortgagor hereby agrees to indemnify and hold Mortgagor free and harmless from and against all loss, cost, damage and expense, including attorney's fees and costs, which Mortgagor may sustain by reason of the inaccuracy or breach of any of the foregoing representations and warranties as of the date the foregoing representations and warranties are made and are deemed remade.

(c) There have been no past, and there are no pending or threatened, Environmental Actions.

(b) No use, exposure, release, generation, manufacture, storage, treatment, transportation or disposal of Hazardous Material has occurred or is occurring on or from the Premises except as has been disclosed in writing to Mortgagor ("Disclosed Material"). All Hazardous Material used, treated, stored, transported to or from, generated or handled on the Premises has been disposed of on or off the Premises in a lawful manner. No environmental, public health or safety hazards currently exist with respect to the Premises. No underground storage tanks (including petroleum storage tanks) are now present or have been located on or under the Premises in the past except as has been disclosed in writing to Mortgagor ("Disclosed Tanks").

(a) The Premises and Mortgagor have been and are currently in compliance with all Environmental Laws. All required governmental permits and licenses are in effect, and Mortgagor is in compliance therewith. Mortgagor has not sent any such Hazardous Material for off-site treatment, recycling, reclamation, reuse, handling, storage or disposal, or any property adjacent to the Premises.

5.2 Representations: Mortgagor hereby represents and warrants to Mortgagor that:

(iv) the destruction or loss of property, or the injury, illness or death of any officer, director, employee, agent, representative, tenant or invitee of Mortgagor or any other person arising from or caused by the environmental condition of the Premises.

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obligation, at any time to enter upon the Premises upon reasonable notice to Mortgagee, take samples, review Mortgagee's books and records, interview Mortgagee's employees and officers, and conduct such other activities as Mortgagee, at its sole discretion, deems appropriate to ensure Mortgagee's compliance. Mortgagee shall cooperate fully in the conduct of such an audit. If Mortgagee decides to conduct such an audit because of (i) an Environmental Action; (ii) Mortgagee's considering taking possession of or title to the Premises after default by Mortgagee; (iii) a material change in the use of the Premises which, in Mortgagee's opinion, increases the risk of noncompliance with Environmental Laws; or (iv) the introduction of Hazardous Material to the Premises; then Mortgagee shall pay upon demand all costs and expenses connected with such audit, which, until paid, shall become liabilities secured by the Related Agreements and shall bear interest at the Default Rate. Nothing in this Article V shall give or be construed as giving Mortgagee the right to direct or control Mortgagee's actions in complying with Environmental Laws.

5.4 Mortgagee's Rights to Rely. Mortgagee is entitled to rely upon Mortgagee's representations and covenants contained in this Article V despite any independent investigations by Mortgagee or its consultants. Mortgagee shall take all necessary actions to determine for itself, and to remain aware of, the environmental condition of the Premises. Mortgagee shall have no right to rely upon any independent environmental investigations or findings made by Mortgagee or its consultants, except such reports provided by Mortgagee in connection with the acquisition of the Premises by Mortgagee.

5.5 Indemnification. The term "Mortgagee's Environmental Liability" shall mean any and all losses, liabilities, obligations, penalties, claims, fines, litigation, demands, costs, judgments, orders, suits, proceedings, injunctive relief, information requests, notices, letters, damages (including consequential, punitive and exemplary damages), disbursements or expenses of any kind or nature whatsoever (including attorneys' fees and experts' fees and disbursements and expenses) incurred by and/or arising out of (whether before, during, or after the term of the Loan) investigating, defending against, settling or prosecuting any litigation, claim or proceeding relating to and/or incurred in connection with:

(a) any removal or remedial action (as defined in CERCLA) or similar costs incurred in responding to the presence or threatened presence of and/or a release or threat of release of a Hazardous Material) which may in any time be imposed upon, incurred by or asserted or awarded against Mortgagee Indemnified Parties (defined below) in connection with or arising from:

(i) any Hazardous Material on, in, under or affecting all or any portion of the Premises, or any surrounding areas, or generated at the Premises;

(ii) any material misrepresentation, inaccuracy or breach of any warranty, covenant or agreement contained or referred to in this Section 5.5;

(iii) any violation or claim of violation by Mortgagee of any Environmental Laws;

(iv) the imposition of any lien for damages caused by, or the recovery of any costs incurred for the cleanup of, any release or threatened release of Hazardous Material; or

(v) any Environmental Action; or

(b) enforcing the indemnifications found herein

Mortgagee shall indemnify, defend (at trial and appellate levels and with counsel, experts and consultants acceptable to Mortgagee and at Mortgagee's sole cost) and hold Mortgagee Indemnified Parties free and harmless from and against Mortgagee's Environmental Liability (collectively, "Mortgagee's Indemnification Obligations"). "Mortgagee Indemnified Parties" shall mean Mortgagee, its parent and subsidiary corporations, and each of their respective affiliates, shareholders, directors, officers, employees, and agents. Mortgagee's Indemnification Obligations shall survive in perpetuity the repayment of the Note or any transfer of the Premises by Mortgagee, Mortgagee or any of the other Mortgagee Indemnified Parties, including by foreclosure or by a deed in lieu of foreclosure. Mortgagee and its successors and assigns hereby waive, release and agree not to make any claim or bring any cost recovery action against any Mortgagee Indemnified Party under or with respect to any Environmental Laws. To the extent that any Mortgagee Indemnified

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Party is strictly liable under any Environmental Laws or Environmental Actions, Mortgagor's Environmental Obligations to such Mortgagee Indemnified Party under this indemnity shall likewise be without regard to fault on the part of Mortgagor or such Mortgagee Indemnified Party with respect to the violation or condition which results in liability to such Mortgagee Indemnified Party.

VI. GENERAL

6.1 Permitted Acts. Mortgagor agrees that, without affecting or diminishing in any way the liability of Mortgagor or any other person (except any person expressly released in writing by Mortgagee) for the payment or performance of any of the Liabilities or for the performance of any obligation contained herein or affecting the lien hereof upon the Collateral or any part thereof, Mortgagee may at any time and from time to time, without notice to or the consent of any person release any person liable for the payment or performance of any of the Liabilities; extend the time for, or agree to alter the terms of payment of, any indebtedness under the Note or any of the Liabilities; modify or waive any obligation; subordinate, modify or otherwise deal with the lien hereof; accept additional security of any kind; release any Collateral or other property securing any or all of the Liabilities; make releases of any portion of the Premises; consent to the making of any map or plat of the Premises; consent to the creation of a condominium regime on all or any part of the Premises or the submission of all or any part of the Premises to the provisions of any condominium act or any similar provisions of law of the state where the Premises are located, or to the creation of any easements on the Premises or of any covenants restricting the use or occupancy thereof; or exercise or refrain from exercising, or waive, any right Mortgagee may have.

6.2 Expenses. Mortgagor shall pay when due and payable, and otherwise on demand made by Mortgagee, all loan fees, appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title insurance fees, escrow fees, attorneys' fees, court costs, documentary and expert evidence, fees of inspecting architects and engineers, environmental reports and/or audit costs and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by Mortgagee in connection with any of the following (collectively, the "Expenses"):

(a) Any court or administrative proceeding involving Mortgagor, the Premises or the Related Agreements to which Mortgagee is made a party or is subject to subpoena by reason of its being a holder of any of the Related Agreements, including without limitation bankruptcy, insolvency, reorganization, probate, eminent domain, condemnation, building code and zoning proceedings;

(b) Any court or administrative proceeding or other action undertaken by Mortgagee to enforce any remedy or to collect any indebtedness due under this Mortgage or any of the other Related Agreements following a default thereunder, including without limitation a foreclosure of this Mortgage or a public or private sale under the Uniform Commercial Code;

(c) Any remedy exercised by Mortgagee following an Event of Default including foreclosure of this Mortgage and actions in connection with taking possession of the Premises or collecting Rent assigned hereby;

(d) Any activity in connection with any request by Mortgagor or anyone acting on behalf of Mortgagor that Mortgagee consent to a proposed action which, pursuant to this Mortgage or any of the other Related Agreements, may be undertaken or consummated only with the prior consent of Mortgagee, whether or not such consent is granted; or

(e) Any negotiation undertaken between Mortgagee and Mortgagor or anyone acting on behalf of Mortgagor pertaining to the existence or cure of any default under or the modification or extension of any of the Related Agreements.

If Mortgagor fails to pay any Expenses, Mortgagee may elect, but shall not be obligated, to pay such Expenses, and if Mortgagee does so elect, then Mortgagor will, upon demand by Mortgagee, reimburse Mortgagee for all such Expenses which have been or shall be paid or incurred by it. The amounts paid by Mortgagee in respect of such Expenses, together with interest thereon at the Default Rate from the date paid by Mortgagee until paid by Mortgagor, shall be added to the Liabilities, shall be immediately due and payable and shall be secured by the lien of this Mortgage and the other Related Agreements. In the event of the foreclosure hereof, Mortgagee shall be entitled to add to the indebtedness found to be due by the court a reasonable estimate of such Expenses to be incurred after entry of the decree of foreclosure.

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6.3 Security Agreement; Fixture Filing. This Mortgage, to the extent that it conveys or otherwise deals with personal property or with items of personal property which are or may become fixtures, shall also be construed as a security agreement under the Uniform Commercial Code as in effect in the state in which the Premises are located. This Mortgage constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the County in which the Premises are located with respect to any and all fixtures included within the term "Collateral" as used herein and with respect to any Personalty or other personal property that may now be or hereafter become such fixtures. Mortgagor shall execute any statements pursuant to the Uniform Commercial Code, as Mortgagee may request to preserve, maintain and perfect the priority of the first lien and security interest created hereby on the Collateral which may be deemed personal property or fixtures, and shall pay to Mortgagee on demand any expenses incurred by Mortgagee in connection with the preparation, execution and filing of any such documents. Mortgagor hereby authorizes and empowers Mortgagee and irrevocably appoints Mortgagee the agent and attorney in fact of Mortgagor to execute and file, on Mortgagor's behalf, all financing statements and refiling and continuations thereof as Mortgagee deems necessary or advisable to create, preserve and protect such lien.

6.4 Release. Upon full payment of all indebtedness secured hereby and satisfaction of all the Liabilities in accordance with their respective terms and at the time and in the manner provided, and when Mortgagee has no further obligation to make any advance, or extend any credit hereunder, under the Note or any Related Agreements, this conveyance shall be null and void, and thereafter, upon demand therefor, an appropriate instrument of reconveyance or release shall in due course be made by Mortgagee to Mortgagor. All costs incurred in connection with such reconveyance or release shall be paid by Mortgagor, including a release fee payable to Mortgagee in the amount of \$50.

6.5 Notices. Each notice, demand or other communication in connection with this Mortgage shall be in writing, addressed to such addressee at its address set forth below and shall be deemed to be given to and served upon the addressee thereof (i) upon actual delivery if personally delivered, (ii) on the third Business Day after the deposit thereof in the United States mail by registered or certified mail, first-class postage prepaid, or (iii) on the first Business Day of the delivery to an overnight delivery service.

If to Mortgagee:

St. Paul Federal Bank For Savings
6700 West North Avenue
Chicago, Illinois 60635
Attention: Portfolio Analysis Dept.

With a Copy To:

St. Paul Federal Bank For Savings
6700 West North Avenue
Chicago, Ill. 60635
Attention: General Counsel

If to Mortgagor:

Mr. Timothy R. Callaghan
340 W. Diversey Avenue, #1315
Chicago, Illinois 60657

And to:

Mr. Matthew D. Mateja
1346 W. Granville
Chicago, Illinois 60660

By notice complying with this section, any party may from time to time designate a different address as its address for the purpose of the receipt of notices hereunder. "Business Day" shall mean any day, including Saturdays when Mortgagee is open for business, other than Sunday or any other day on which federal savings banks in Chicago, Illinois are not open for business.

6.6 Successors; Mortgagor; Gender. Without in any way limiting the provisions of Section 1.6 hereof, all provisions hereof shall inure to and bind the parties and their respective successors, vendees and assigns. The word "Mortgagor" shall include all persons claiming under or through Mortgagor and all persons liable for the payment or performance of any of the Liabilities whether or not such persons shall have executed the Note or this Mortgage. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

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6.7 Assignment by Mortgagee. Mortgagee shall have the right to assign Mortgagee's right, title and interest in and to this Mortgage, the Note and any Related Agreement and/or the Loan, in whole or in part, or any participating interest therein to any person, including without limitation any person acquiring title to all or any part of the Collateral through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Mortgagee.

6.8 Cure by Mortgagee. Mortgagee shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as Mortgagor requests in writing, but failure of Mortgagee to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of Mortgagee to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by Mortgagor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

6.9 Governing Law. This Mortgage shall be construed in accordance with and governed by the internal laws of the State of Illinois.

6.10 Waiver. Mortgagor, on behalf of itself and all persons now or hereafter interested in the Premises or the Collateral, to the fullest extent permitted by applicable law hereby waives all rights under all appraisal, homestead, moratorium, valuation, exemption, stay, extension, and redemption statutes, laws or equities, or any so called "Moratorium Laws", now or hereafter existing, and hereby further waives the pleading of any statute of limitations as a defense to any and all Liabilities secured by this Mortgage, and Mortgagor agrees that no defense, claim or right based on any thereof will be asserted, or may be enforced, in any action enforcing or relating to this Mortgage or any of this Collateral. Without limiting the generality of the preceding sentence, Mortgagor, 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 of this Mortgage, hereby irrevocably releases and waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage or under any power contained herein or under any sale pursuant to any statute, order, decree or judgment of any court to the extent permitted by the provisions of 735 ILCS 5/15-1603 of the Illinois Compiled Statutes, as amended. Mortgagor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Mortgage, hereby expressly waives and releases all rights to direct the order in which any of the Collateral shall be sold in the event of any sale or sales pursuant hereto and to have any of the Collateral and/or any other property now or hereafter constituting security for any of the Liabilities marshalled upon any foreclosure of this Mortgage or of any other security for any Liabilities. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing the same in an action at law upon the Note hereby secured. Mortgagor acknowledges that the Premises do not include either agricultural real estate or owner-occupied residential real estate, and to the full extent permitted by law, Mortgagor voluntarily and knowingly waives its rights to reinstatement and redemption.

6.11 No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien hereof do not merge in fee simple title to the Premises, it is hereby understood and agreed that should Mortgagee acquire an additional or other interests in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

6.12 Mortgagee Not a Joint Venturer or Partner. Mortgagor and Mortgagee acknowledge and agree that in no event shall Mortgagee be deemed to be a partner or joint venture with Mortgagor. Without limitation of the foregoing, Mortgagee shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document evidencing or securing any of the Liabilities, or otherwise.

6.13 Time of Essence. Time is declared to be of the essence in this Mortgage, the Note and any Related Agreements and of every part hereof and thereof.

6.14 No Third Party Benefits. This Mortgage, the Note and the other Related Agreements, if any, are made for the sole benefit of Mortgagor and Mortgagee and their successors and assigns, and no other party shall have any legal interest of any kind under or by reason of any of the foregoing. Whether or not Mortgagee elects to employ any or all

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the rights, powers or remedies available to it under any of the foregoing, Mortgagee shall have no obligation or liability of any kind to any third party by reason of any of the foregoing or any of Mortgagee's actions or omissions pursuant thereto or otherwise in connection with this transaction.

6.15 Counterparts. This Mortgage may be executed in any number of counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Mortgage

6.16 Invalid Provisions. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage

6.17 Changes. Neither this Mortgage nor any term hereof may be released, changed, waived, discharged or terminated orally or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the release, change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Mortgagor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance. Any holder of a lien or encumbrance junior to the lien of this Mortgage shall take its lien subject to the right of Mortgagee to amend, modify or supplement this Mortgage, the Note or any of the Related Agreements to extend the maturity of the Liabilities or any portion thereof, to vary the rate of interest changeable under the Note and to increase the amount of the Liabilities, 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.

6.18 Compliance With Illinois Mortgage Foreclosure Law. If any provision in this Mortgage shall be inconsistent with any provision of the statutes or common law of the State of Illinois governing the foreclosure of this Mortgage (collectively, "Foreclosure Laws"), the provisions of the Foreclosure Laws shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Foreclosure Laws. If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Foreclosure Laws in the absence of said provision, Mortgagee shall be vested with the rights granted in the Foreclosure Laws to the full extent permitted by Law.

6.19 Waiver of Jury Trial Situs. MORTGAGOR AND MORTGAGEE WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (i) UNDER THIS MORTGAGE, THE RELATED AGREEMENTS OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH, OR (ii) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS MORTGAGE, THE NOTE OR THE RELATED AGREEMENTS. MORTGAGOR AND MORTGAGEE AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. ALL ACTIONS ARISING DIRECTLY AS A RESULT OR IN CONSEQUENCE OF THIS MORTGAGE OR THE RELATED AGREEMENTS SHALL BE INSTITUTED AND LITIGATED ONLY IN A COURT HAVING SITUS IN THE COUNTY IN WHICH THE PREMISES IS LOCATED, AND MORTGAGOR AND ALL PARTIES CLAIMING BY OR THROUGH MORTGAGOR OR GUARANTYING ANY PORTION OF THE LIABILITIES, HEREBY CONSENT TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT LOCATED AND HAVING ITS SITUS IN SAID COUNTY, AND WAIVE ANY OBJECTION BASED ON FORUM NON-CONVENIENS AND SUCH PARTIES, OR ANY ONE OF THEM, HEREBY WAIVE PERSONAL SERVICE OF ANY AND ALL PROCESS, AND CONSENTS THAT ALL SUCH SERVICES OF PROCESS MAY BE MADE BY CERTIFIED MAIL RETURN RECEIPT REQUESTED, DIRECTED TO SUCH PARTY AT THE ADDRESS FOR SUCH PARTY AND SERVICE SO MADE SHALL BE COMPLETE FIVE (5) DAYS AFTER THE SAME HAS BEEN DEPOSITED IN THE U.S. MAILS AS AFORESAID.

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IN WITNESS WHEREOF, the undersigned has executed and delivered this Mortgage as of the date and year first above written.


Timothy R. Callaghan


Matthew D. Mateja

This instrument was prepared
by and after recording return to:

Valerie A. Haugh
Assistant Resident Counselor
St. Paul Federal Bank for Savings
6700 W. North Avenue
Chicago, Illinois 60635
(312) 804-2213

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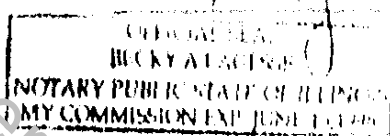
STATE OF Illinois)
COUNTY OF Cook)

SS.

I, Rocky A. Mateja, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Timothy R. Callaghan, personally known to me to be the same person whose name is subscribed to in the foregoing instrument, appeared before me this day in person and severally acknowledged that he signed and delivered the said instrument as his free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 3rd day of January, 1995.

Notary Public [SEAL]



My Commission expires: _____

STATE OF Illinois)
COUNTY OF Cook)

SS.

I, Rocky A. Mateja, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Matthew D. Mateja, personally known to me to be the same person whose name is subscribed to in the foregoing instrument, appeared before me this day in person and severally acknowledged that he signed and delivered the said instrument as his free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 3rd day of January, 1995.

Notary Public [SEAL]



My Commission expires: _____

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EXHIBIT A

Description of the Land

LOTS 8 AND 9 (EXCEPT THE EAST 7 FEET CONDEMNED FOR STREET PURPOSES) IN BLOCK 9 IN AUSTIN PARK BEING A SUBDIVISION OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Address

916-18 S. Austin Blvd, Oak Park, Illinois

Property Index Numbers

16-17-323-027

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