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MORTGAGE, SECURITY
AGREEMENT, AND
FINANCING STATEMENT

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DEPT-01 RECORDING \$81.00
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COOK COUNTY RECORDER

This Mortgage, Security Agreement, and Financing Statement ("Mortgage") is made as of March 15, 1996, by CHRISTOPHER BAMBULAS and DANIELA BAMBULAS, with a mailing address of 6315 North LaCrosse, Chicago, Illinois 60646, and for the benefit of FIRST MIDWEST BANK, NATIONAL ASSOCIATION and its successors and assigns (collectively "Mortgagee") with a mailing address of 50 West Jefferson Street, Joliet, Illinois 60432, and pertains to the real estate ("Real Estate") described in Exhibit "A" attached hereto and made a part hereof.

I RECITALS

1.01 Note. Whereas, Mortgagor has executed and delivered to Mortgagee a Promissory Note ("Note") of even date herewith, wherein Mortgagor (and, if applicable any others who may have executed the Note as co-makers) promises to pay to the order of FIRST MIDWEST BANK/ILLINOIS, NATIONAL ASSOCIATION, Mortgagee, the principal amount of Two Hundred Eighty Eight Thousand Seven Hundred Fifty and 00/100 Dollars (\$288,750.00) in repayment of a loan ("Loan") from Mortgagee to Mortgagor in like amount, or so much thereof as may now or hereafter be disbursed or advanced by Mortgagee under the Note, together with interest thereon, from March 15, 1996, at the rate set forth therein, in installments or otherwise as set forth in the Note, the entire unpaid principal balance and accrued interest being due and payable on March 15, 2001, with the terms and provisions of the Note being incorporated herein and made a part hereof by this reference with the same effect as if set forth at length in this Mortgage; and

1.02 Indebtedness. Whereas, all indebtedness of the Loan evidenced by the Note, including the principal, interest, and costs, and any extensions and renewals thereof, in whole or in part, and any and all other sums which may be at any time due or owing or required to be paid herein or under the Note or arising out of any other notes or advances (whether mandatory or discretionary) are herein called the "Indebtedness Hereby Secured"; and

1.03 Other Loan Documents. Whereas, as security for the repayment of the Indebtedness Hereby Secured, and in addition to this Mortgage, there may (but need not) have been executed, or may in the future be executed, and delivered to Mortgagee certain other loan documents, including without limitation a separate Assignment of Leases, Rents, and Contract Rights. Any such documents executed in relation to this Mortgage, including without limitation the said Assignment of Rents, Leases, and Contract Rights and the said Note, are hereinafter referred to collectively as the "Loan Documents".

II THE GRANT

Now, therefore, in order to secure the payment of the principal and interest and any other sums that may now or hereafter become owing from Mortgagor to Mortgagee under the Loan Documents, as well as the performance of all other covenants, provisions, agreements and obligations contained herein or under the Loan Documents (whether or not the Mortgagor is personally liable for such payment, performance, and observance), in consideration of Ten and No/100 (\$10.00) Dollars, in hand paid by the Mortgagee to the Mortgagor, the recitals stated hereinabove, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor hereby represents,

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warrants, grants, sells, assigns, releases, aliens, transfers, conveys, and mortgages to Mortgagee and its successors and assigns forever, up to a maximum of twice the amount of the Loan and Note, a continuing mortgage and security interest in and to all and each of the following rights, interests, claims, and properties (collectively the "Premises"):

- (1) (a) all of the Real Estate described in Exhibit "A", including without limitation all planted or unplanted (whether permanent or temporary) vegetation now or hereafter existing thereon of every kind and nature;
- (b) all buildings, structures, and other improvements of every kind and description now or hereafter erected, situated, or placed upon the Real Estate ("Improvements"), together with any and all Personal property (as defined in Paragraph (1) hereinbelow), attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with, or incorporated in any such Improvements including all extensions, additions, betterments, renewals, substitutions, and replacements to any of the foregoing;
- (c) all estate, claim, demand, right, title, and interest of Mortgagor now owned or hereafter acquired, including without limitation, any after-acquired title, franchise, license, remainder, or reversion, in and to (i) any lot or vaults lying within the right-of-way of any street, avenue, way, passage, highway, or alley, open or proposed, vacated or otherwise, adjoining the Real Estate; (ii) any and all alleys, sidewalks, streets, avenues, strips, and gores of land belonging, adjacent, or pertaining to the Real Estate and Improvements; (iii) storm and sanitary sewer, water, gas, electric, railway, and telephone services relating to the Real Estate and Improvements; (iv) all developmental 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 Real Estate or any part thereof; and (v) each and all of the tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances, and privileges relating to the Real Estate or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity;
- (d) all leasehold estates, right, title, and interest of the Mortgagor in any and all leases, subleases, management agreements, arrangements, concessions, or agreements, written or oral, relating to the use and occupancy of the Real Estate and Improvements or any portion thereof, now or hereafter existing or entered into (collectively "Leases");
- (e) all rents, issues, profits, royalties, revenue, advantages, income, avails, claims against guarantors, all cash or security deposits, advanced rentals, deposits, or payments given and other benefits now or hereafter derived directly or indirectly from the Real Estate and Improvements under the Leases or otherwise (collectively "Rents"), subject to the right, power, and authority in the Assignments (as hereinafter defined) to collect and apply the Rents;
- (f) all right, title, and interest of Mortgagor in and to all options to purchase or lease the Real Estate or Improvements or any portion thereof or interest therein, or any other rights, interests, or greater estates in the rights and properties comprising the Premises, now owned or hereafter acquired by the Mortgagor;
- (g) any interests, estates or other claims of every name, kind or nature, both in law and in equity, which Mortgagor now has or may acquire in the Real Estate and Improvements or other rights, interests, or properties comprising the Premises now owned or hereafter acquired;
- (h) all goodwill, trademarks, trade names, option rights, books and records, and general intangibles of the Mortgagor relating to the Estate or Improvements, and all accounts, contract rights, instruments, chattel paper, and other rights of the Mortgagor for payment of money, for property sold or lent, for services rendered, for money lent, or for advances or deposits made relating to the Real Estate or Improvements;

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- (i) all rights of the Mortgagor to any and all plans and specifications, designs, drawings, and other matters prepared for any construction on the Real Estate or to the Improvements;
- (j) all rights of the Mortgagor under any contracts executed by the Mortgagor 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 Improvements;
- (k) all rights of the Mortgagor as seller or borrower under any agreement, contract, understanding, or arrangement pursuant to which the Mortgagor has, with the prior written consent of the Mortgagee, obtained the agreement of any person or entity to pay or disburse any money for the Mortgagor's sale (or borrowing on the security) of the Premises or any part thereof;
- (l) all right, title, and interest of the Mortgagor in and to all tangible personal property ("Personal Property"), owned by Mortgagor and now or at any time hereafter located in, on, or at the Real Estate or Improvements or used or useful in connection herewith including, but not limited to:
 - (i) all furniture, furnishings, and equipment furnished by the Mortgagor to occupants of the Real Estate or Improvements, (but expressly excluded from the term Personal Property any furniture, equipment, trade fixtures, furnishings, or other property of or owned by the occupants of the Premises);
 - (ii) all building materials and equipment located upon the Real Estate and intended for construction, reconstruction, alteration, repair, or incorporation in or to the Improvements now or hereafter to be constructed thereon, whether or not yet incorporated in such Improvements (all of which shall be deemed to be included in the Premises upon delivery thereto);
 - (iii) all machines, machinery, fixtures, apparatus, equipment, or articles used in supplying heating, gas, electricity, air-conditioning, water, light, power, plumbing, sprinkler, waste removal, refrigeration, ventilation, and all fire sprinklers, alarm systems, protection, electronic monitoring equipment and devices;
 - (iv) all window, structural, and swimming pool maintenance and cleaning equipment and rigs and all equipment relating to the exclusion of vermin, pests, or insects and the removal of dust;
 - (v) all lobby and other indoor furniture, including without limitation, tables, chairs, planters, desks, sofas, shelves, lockers and cabinets, wall beds, wall sofas, and other furnishings;
 - (vi) all rugs, carpets, and other floor coverings, curtains, draperies, drapery rods and brackets, awnings, window shades, venetian blinds, and curtains;
 - (vii) all lamps, chandeliers, and other lights;
 - (viii) all recreational equipment and materials;
 - (ix) all office furniture, equipment and supplies;
 - (x) all kitchen equipment, including without limitation, refrigerators, ovens, stoves, dishwashers, range hoods, exhaust systems, and disposal units;
 - (xi) all laundry equipment and supplies including, without limitation, washers and dryers;
 - (xii) all tractors, mowers, sweepers, snow removers, motor vehicles, and other equipment used in the maintenance of the Real Estate or Improvements;

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(xiii) all fixtures, personal property, and other tangible property of any kind or character now or hereafter owned by Mortgagor and attached to or contained in and used or useful in connection with the Premises or the aforesaid Improvements thereon, including without limitation any and all antennae, appliances, apparatus, basins, bathtubs, bidets, boilers, bookcases, cabinets, compactors, coolers, dehumidifiers, doors, ducts, dynamos, elevators, engines, equipment, escalators, fans, fittings, furnaces, growing plants, hardware, heaters, humidifiers, incinerators, machinery, maintenance supplies and inventories, motors, pipes, pumps, radiators, screens, sinks, stokers, toilets, tools, ventilators, wall coverings, water fountains, windows, wiring, non-structural additions to the Real Estate, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same be attached to such improvements, it being intended, agreed, and declared that all such property owned by Mortgagor and placed by it on the Premises or used in connection with the operation or maintenance thereof shall, as far as permitted by law, be deemed for the purposes of this Mortgage to be part of the Real Estate constituting and located on the Premises and covered by this Mortgage and as to any of the aforesaid property that is not part of such Real Estate or does not constitute a "fixture," as such term is defined in the Uniform Commercial Code of the State in which the Premises are located ("Code") this Mortgage shall be deemed to be, as well, a security agreement under such code for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to the Mortgagee as Secured Party, as such term is defined in such Code, provided that the enumeration of any specific articles of Personal Property set forth herein shall in no way exclude or be held to exclude any items of property not specifically enumerated;

- (m) all of the estate, interest, right, title or other claim or demand which Mortgagor now has or may hereafter have or acquire with respect to (i) proceeds of insurance in effect with respect to the Premises and (ii) any and all awards, claims for damages, judgments, settlements, and other compensation made for or consequent upon the taking by condemnation, eminent domain, or any like proceeding, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Premises, including, without limitation, any awards and compensation resulting from a change of grade of streets and awards and compensation for severance damages (collectively "Awards");
- (n) all other property or rights of the Mortgagor of any kind or character related to the Premises;

To Have And To Hold the Premises hereby mortgaged and conveyed or so intended, together with the rents, issues, and profits thereof, unto the Mortgagee, its successors and assigns, forever, free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State or other jurisdiction in which the Premises are located (which rights and benefits are hereby expressly released and waived), for the uses and purposes herein set forth.

The Mortgagor hereby covenants with and warrants to the Mortgagee and with the purchaser at any foreclosure sale: that at the execution and delivery hereof, Mortgagor owns the Premises and has good, indefeasible estate therein, in fee simple; that the Premises are free from all encumbrances whatsoever (and any claim of any other person thereto) other than those encumbrances permitted by the Mortgagee in writing ("Permitted Exceptions"); that it has good and lawful right to sell, mortgage, and convey the Premises; and that Mortgagor and its successors and assigns shall forever warrant and defend the Premises against all claims and demands whatsoever.

Provided, however, that if and when Mortgagor has paid all of the Indebtedness Hereby Secured, has paid any and all other amounts required under the Loan Documents, and has strictly performed and observed all of the agreements, terms, conditions, provisions, and warranties contained herein and in all of the Loan Documents, and this Mortgage and the estate, right, and interest of the Mortgagee in and to the Premises shall cease and shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect. Mortgagee shall be entitled to charge a reasonable release fee.

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III GENERAL AGREEMENTS

To protect the security of this Mortgage, the Mortgagor further covenants and agrees as follows:

3.01 Recitals. The recitals set forth above are true and correct and are incorporated by reference herein.

3.02 Principal and Interest. Mortgagor shall pay promptly when due each and every installment of the principal and interest and any other sums required to be paid (including fees and charges), if any, on the Note at the times and in the manner provided in the Note, this Mortgage, or any of the other Loan Documents and shall pay all other Indebtedness Hereby Secured, as same becomes due, and shall duly perform and observe all of the covenants, agreements, and provisions contained herein, in the Note, or in the Loan Documents. All sums payable by Mortgagor shall be paid without demand, counterclaim, offset, deduction, or defense. Mortgagor hereby waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, deduction, or defense.

3.03 Maintenance, Repair, Restoration, Prior Liens, Parking. The Mortgagor shall:

- (a) promptly repair, restore, replace, or rebuild any portion of the Premises which may become damaged, destroyed, altered, removed, severed, or demolished, whether or not proceeds of insurance are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances on, or reservation of title thereto;
- (b) keep the Premises in good condition and repair, without waste, and free from mechanics', materialmen's or like liens or claims or other liens or claims for lien;
- (c) complete, within a reasonable time, any improvements now or hereafter in the process of erection upon the Premises;
- (d) comply with all statutes, rules, regulations, orders, decrees, and other requirements of any governmental body, federal, state, or local, having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions, and non-conforming uses), privileges, franchises, and concessions that are applicable to the Premises or its use and occupancy;
- (e) make no material alterations in the Premises, except as required by law or municipal ordinance;
- (f) suffer or permit no change in the general nature of the occupancy of the Premises without the Mortgagee's prior written consent;
- (g) pay when due all operating costs of the Premises;
- (h) initiate or acquiesce in no zoning reclassification with respect to the Premises, without the Mortgagee's prior written consent;
- (i) provide, improve, grade, surface and thereafter maintain, clean, repair, and adequately light parking areas within the Premises of sufficient size to accommodate not less than the amount of standard-size American-made automobiles as may be required by Mortgagee or as may be required by law, ordinance, or regulation (whichever may be greater), together with any sidewalks, aisles, streets, driveways, and sidewalk cuts and sufficient paved areas for ingress, egress, and right-of-way to and from the adjacent thoroughfares necessary or desirable for the use thereof;
- (j) reserve and use all such parking areas solely and exclusively for the purpose of providing ingress, egress, and parking facilities for automobiles and other motor vehicles of Mortgagor and tenants of the Premises and their invitees and licensees;

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- (k) not reduce, build upon, obstruct, redesignate, or relocate any such parking areas, sidewalks, aisles, streets, driveways, sidewalk cuts or paved areas, or rights-of-way or lease or grant any rights to use the same to any person (except tenants and invitees of tenants of the Premise) without the prior written consent of the Mortgagee;
- (l) not abandon the Premises nor do anything whatsoever to depreciate or impair the value of the Premises or the security of this Mortgage;
- (m) refrain from any action and correct any condition which would increase the risk of fire or other hazard to the Improvements or any portion thereof;
- (n) cause the Premises to be managed in a competent and professional manner;
- (o) not permit the granting of any easements, licenses, covenants, conditions, or declarations of use against the Premises other than use restrictions provided for or contained in Leases previously approved by the Mortgagee;
- (p) not permit execution of any Leases or creation of any tenancies without the prior written consent of the Mortgagee; and
- (q) not permit any unlawful use or nuisance to exist upon the Premises.

3.04 Other Payments. Unless waived by Mortgagee in writing, Mortgagor shall deposit, in addition to the monthly installments of principal and interest required by the Note, monthly until the Indebtedness Hereby Secured is paid:

- (a) a sum equal to all Taxes (as hereinafter defined) next due on the Premises, all as estimated by Mortgagee, divided by the whole number of months to elapse before the month prior to the date when such Taxes will become due and payable; and
- (b) a sum equal to an installment of the premium or premiums that will become due and payable to renew the insurance as hereinafter required, each installment to be in such an amount that the payment of approximately equal installments will result in the accumulation of a sufficient sum of money to pay renewal premiums for such insurance at least one (1) month prior to the expiration or renewal date or dates of the policy or policies to be renewed.

All such payments (collectively "Tax and Insurance Deposits") shall be held with no obligation to segregate such payments by the Mortgagee or a depository designated by Mortgagee, in trust, without any obligation arising for the payment of any interest thereon. The aggregate of the monthly Tax and Insurance Deposits, together with monthly payments of interest and/or principal payable on the Note, shall be paid in a single payment each month, to be applied to the following items in the order stated: (i) Taxes and insurance premiums; (ii) Indebtedness Hereby Secured other than principal and interest on the Note; (iii) interest on the Note; (iv) amortization of the principal balance of the Note. If the total Tax and Insurance Deposits on hand shall not be sufficient to pay all of the Taxes and insurance premiums, together with all penalties and interest thereon, when the same shall become due, then the Mortgagor shall pay to the Mortgagee on demand any amount necessary to make up the deficiency. If the total of such Tax and Insurance Deposits exceeds the amount required to pay the Taxes and insurance premiums, such excess shall be credited on subsequent payments to be made for such items.

In the Event of Default (as hereinafter defined) in any of the provisions contained in this Mortgage, the Loan Documents, or in the Note, the Mortgagee may, at its option, without being required to do so, apply any Tax and Insurance Deposits on hand on any of the Indebtedness Hereby Secured, in such order and manner as the Mortgagee may elect. When the Indebtedness Hereby Secured has been fully paid, then any remaining Tax and Insurance Deposits shall be paid to the Mortgagor. All Tax and Insurance Deposits are hereby pledged as additional security for the Indebtedness Hereby Secured and shall be held in trust to be irrevocably applied for the purposes for which made as herein provided, and shall not be subject to the direction or control of the Mortgagor.

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Notwithstanding anything contained herein to the contrary, neither the depository nor the Mortgagee shall be liable for any failure to apply to the payment of Taxes and insurance premiums any amounts deposited as Tax and Insurance Deposits unless the Mortgagor, while no Event of Default exists hereunder and within a reasonable time prior to the due date, shall have requested the Mortgagee in writing to make application of such Tax and Insurance Deposits on hand to the payment of the particular Taxes or insurance premiums and Taxes or shall, upon presentation of receipted bills therefor, reimburse the Mortgagor for such payments made by the Mortgagor.

3.05 Property Taxes and Contest of Liens. Mortgagor shall be responsible for the payment, when first due and owing and before any penalty attaches, of all taxes and assessments (general or special), water charges, sewer charges, and any other charges, fees, taxes, claims, levies, charges, expenses, liens, and assessments, ordinary or extraordinary, governmental or non-governmental, statutory or otherwise, that may be asserted against the Premises or any part thereof or interest ("Taxes"). Provided, however, that sufficient Tax and Insurance Deposits are available, Mortgagee, at its option, either may make such Tax and Insurance Deposits available to Mortgagor for the payments required under this Paragraph or may make such payments on behalf of Mortgagor. Notwithstanding anything contained herein to the contrary, Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such Taxes as well as any mechanics', materialmen's, or other liens or claims for lien upon the Premises (collectively "Contested Liens"), provided that:

- (a) such contest shall have the effect of preventing the collection of the Contested Liens and the sale or forfeiture of the Premises or any part thereof or interest therein to satisfy the same;
- (b) Mortgagor has notified Mortgagee in writing of the intention of Mortgagor to contest the same before any Contested Liens have been increased by any interest, penalties, or costs;
- (c) Mortgagor has obtained a title insurance endorsement over such Contested Liens insuring the Mortgagee against loss or damage by reason of the existence of such Contested Liens or Mortgagor has deposited with Mortgagee, at such place as Mortgagee may from time to time in writing designate, a sum of money or other security acceptable to Mortgagee that, when added to the money or other security, if any, deposited with Mortgagee as required hereinabove, is sufficient in Mortgagee's judgment, to pay in full such Contested Liens, increasing such amount to cover additional penalties and interest whenever, in Mortgagee's judgment, such increase is advisable; and
- (d) Mortgagor shall diligently prosecute the contest of such Contested Liens by appropriate legal proceedings and shall permit Mortgagee to be represented in any such contest and shall pay all expenses incurred by Mortgagee in so doing, including fees and expenses of Mortgagee's counsel (all of which shall constitute so much additional Indebtedness Hereby Secured bearing interest at the Default Rate (as hereinafter defined) until paid, and payable upon demand.

In the event Mortgagor fails to prosecute such contest with reasonable diligence or fails to maintain sufficient funds on deposit as hereinabove provided, Mortgagee may, as its option, apply the money and liquidate any securities deposited with Mortgagee, in payment of, or on account of, and interest thereon. If the amount of the money and any such security so deposited is insufficient for the payment in full of such contested Liens, together with all penalties and interest thereon, Mortgagor shall forthwith, upon demand, either deposit with Mortgagee a sum that, when added to such funds then on deposit, is sufficient to make such payment in full, or, if Mortgagee has applied funds on deposit on account of such contested Liens, restore such deposit to an amount satisfactory to Mortgagee. Mortgagee may, but shall not be required to, pay such deficiency in said deposit for Contested Liens and interest and penalties thereon and such other sums as may be necessary in the judgment of the Mortgagee to obtain the release and discharge of such Contested Liens; and any amount expended by Mortgagee in so doing shall be so much additional Indebtedness Hereby Secured bearing interest at the Default Rate until paid. Provided that there is not an Event of Default hereunder, Mortgagee shall, if so requested in writing by Mortgagor, after final disposition of such contest and upon Mortgagor's delivery to Mortgagee of an official bill of such Contested Liens, apply the money so deposited in full payment of such Contested Liens or that part thereof then unpaid, together with all penalties and interest thereon.

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3.06 Tax Payments by Mortgagee. Mortgagee is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to Taxes, that may be asserted against the Premises, or any part thereof, and may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy thereof or into the validity of any Taxes, sales, forfeiture, or title or claim relating thereto. Mortgagee is further authorized to make or advance, in the place and stead of Mortgagor, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Paragraph, whenever, in its judgment and discretion, such advance seems necessary or desirable to protect the full security intended to be created by this Mortgage. In connection with any such advance, Mortgagee is further authorized, at its option, to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Mortgagee's choosing. All such advances and indebtedness authorized by this Paragraph shall constitute additional Indebtedness Hereby Secured and shall be repayable by Mortgagor upon demand with interest at the Default Rate.

3.07 Insurance. The Mortgagor shall insure and keep insured the Premises and each and every part and parcel thereof against such perils and hazards as the Mortgagee may from time to time require, and in any event including:

- (a) Insurance against loss to the Improvements caused by fire, lightning, windstorms, vandalism, malicious mischief, and risks as the Mortgagee may reasonably require, in amounts (but in no event less than the initial stated principal amount of the Note) equal to the full replacement value of the Improvements, plus the cost of debris removal, with full replacement cost and inflation guard endorsement;
- (b) Comprehensive general public liability insurance against bodily injury and property damage in any way arising in connection with the Premises with such limits as the Mortgagee may reasonably require and in any event not less than \$1,000,000.00 single limit coverage;
- (c) Rent and rental value insurance (or, at the discretion of the Mortgagee, business interruption insurance) in amounts sufficient to pay during any period of up to one (1) year in which the Improvements may be damaged or destroyed (i) all rents derived from the Premises and (ii) all amounts (including, but not limited to, all Taxes, utility charges, and insurance premiums) required herein to be paid by the Mortgagor or by tenants of the Premises;
- (d) Broad form boiler and machinery insurance on all equipment and objects customarily covered by such insurance (if any thereof are located at the Premises), providing for full repair and replacement cost coverage, and other insurance of the types and in amounts as the Mortgagee may reasonably require, but in any event not less than that customarily carried by persons owning or operating like properties;
- (e) During the making of any alterations or improvements to the Premises (i) Builder's All Risk or other insurance covering claims based on the owner's or employer's contingents liability not covered by the insurance provided in subsection (b) above and (ii) Worker's Compensation insurance covering all persons engaged in making such alterations or improvements;
- (f) Federal Flood insurance in the maximum obtainable amount up to the amount of the Indebtedness Hereby Secured evidenced by the Note, if the Premises are in a "flood plain area" as defined by the Federal Insurance Administration pursuant to the Federal Flood Disaster Protection Act of 1973, as amended;
- (g) If any part of the Premises is now or hereafter used for the sale or dispensing of beer, wine, spirits, or any other alcoholic beverages, so-called "dram shop" or "innkeeper's liability" insurance against claims or liability arising directly or indirectly to persons or property on account of such sale or dispensing of beer, wine, spirits, or other alcoholic beverages, including in such coverage loss of means of support, all in amounts as may be required by law or as the Mortgagee may specify;
- (h) Plate glass, sprinkler leakage, and machinery and pressurized vessel insurance located or to be located on the Premises;

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- (i) Any other insurance coverage required under the Loan Documents.

All policies of insurance to be maintained and provided as required herein shall be in forms, companies, and amounts reasonably satisfactory to Mortgagee, and all policies of casualty insurance shall, at all times prior to and during foreclosure and at any time prior to confirmation of the foreclosure sale, have attached thereto waiver of subrogation and mortgagee clauses or endorsements in favor of and with loss payable to Mortgagee. Said policies shall contain endorsements that no act or negligence of the insured or any occupant and no occupancy or use of the Premises for purposes more hazardous than permitted by the terms of the policies will affect the validity or enforceability of such policies as against Mortgagee. All said insurance shall be written in amounts sufficient to prevent Mortgagee from becoming a co-insurer and shall provide for thirty (30) days' prior written notice of cancellation to Mortgagee. Mortgagee shall deliver all policies, including additional and renewal policies, to Mortgagee marked "paid," and, in case of insurance policies about to expire, the Mortgagee shall deliver renewal policies not less than thirty (30) days prior to the respective dates of expiration.

Mortgagee shall not carry any separate insurance, concurrent in kind or form and contributing in the event of a loss, with any insurance required herein. Mortgagee may, at any time and in its sole discretion, upon written notice to the Mortgagee, procure and substitute for any and all of the policies of insurance required herein, in such amounts and with such companies as Mortgagee may select, the cost of which shall be paid by Mortgagee to Mortgagee upon demand. In the event of a change in ownership or of occupancy of the Premises (if approved in writing by Mortgagee), immediate notice thereof shall be delivered to all insurers. All money paid by Mortgagee in procuring said insurance that is not reimbursed by the Mortgagee shall be additional Indebtedness Hereby Secured and shall be immediately due and payable without notice, with interest thereon at the Default Rate. In the event of foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the Indebtedness Hereby Secured, all right, title, and interest of the Mortgagee in and to any insurance policies then in force and any claims or proceeds thereunder shall pass to the Mortgagee or any purchaser or grantee at the foreclosure sale or after entry of decree of foreclosure.

The Mortgagee shall give the Mortgagee prompt notice of any damage to or destruction of the Premises.

In case of loss covered by policies of insurance, the Mortgagee (or, after entry of decree of foreclosure, the purchaser at the foreclosure sale or decree creditor, as the case may be) is hereby authorized at its option either (i) to settle and adjust any claim under such policies with the consent of the Mortgagee, which consent shall not be unreasonably withheld, or (ii) to allow the Mortgagee to agree with the insurance company or companies on the amount to be paid upon the loss, provided that the Mortgagee may itself adjust losses aggregating not in excess of Five Thousand Dollars (\$5,000.00), provided further that in any case the Mortgagee shall, and is hereby authorized to, collect and receipt for any such insurance proceeds; and the expenses incurred by the Mortgagee in the adjustment and collection of insurance proceeds shall be so much additional Indebtedness Hereby Secured and shall be reimbursed to the Mortgagee upon demand.

In the event of any insured damage to or destruction of the Premises or any part thereof ("Insured Casualty") and if, in the reasonable judgment of the Mortgagee, the Premises can be restored to an architectural and economic unit of the same character and not less valuable than existed prior to the Insured Casualty and adequately securing the outstanding balance of the Indebtedness Hereby Secured, and if the insurers do not deny liability to the insureds, and if no Event of Default shall have occurred and be then continuing, and if all then existing Leases shall continue in full force and effect without reduction or abatement of rentals (except during the period of untenability), and if Mortgagee determines in its sole judgment that the Premises may be reconstructed at least 120 days prior to the maturity date of each of the Indebtednesses Hereby Secured, then the proceeds of insurance shall be applied to reimburse the Mortgagee for the cost of restoring, repairing, replacing, or rebuilding (herein generally called "Restoring") the Premises or any part thereof.

If in the reasonable judgment of Mortgagee, the Premises cannot be restored to an architectural and economic unit as provided and within the time set forth above, then at any time from and after the Insured Casualty, upon thirty (30) days' written notice to Mortgagee, Mortgagee may declare the entire balance of the Indebtedness Hereby Secured to be, and at the expiration of such thirty (30) day period the Indebtedness Hereby Secured shall be and become, immediately due and payable.

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Except as may be otherwise provided herein, Mortgagee shall apply the proceeds of insurance (including amounts not required for Restoring) resulting from any Insured Casualty upon the Indebtedness Hereby Secured, in such order or manner as the Mortgagee may elect; provided that no premium or penalty shall be payable in connection with any prepayment of the Indebtedness Hereby Secured made out of insurance proceeds as aforesaid.

In the event that proceeds of insurance, if any, shall be made available to the Mortgagor for the Restoring of the Premises, Mortgagor hereby covenants to restore the same to be of at least equal value and of substantially the same character as prior to such damage or destruction in accordance with plans and specifications to be first submitted to and approved by the Mortgagee. In the event Mortgagor shall fail within a reasonable time, subject to delays beyond its control, to restore or rebuild the Improvements, then Mortgagee, at its option, may, but under no circumstance shall be obligated to, restore and rebuild said Improvements, for or on behalf of the Mortgagor, and for such purpose may do all necessary acts including, without limitation, using the insurance proceeds or any other amounts deposited by the Mortgagor.

Any portion of the insurance proceeds remaining after deduction for all expenses incurred in the collection and administration of the insurance proceeds (including attorneys' fees) and after payment in full of the Indebtedness Hereby Secured shall be paid to Mortgagor or as ordered by a court of competent jurisdiction.

No interest shall be payable by Mortgagee on account of any insurance proceeds at any time held by Mortgagee.

3.08 Condemnation and Eminent Domain. The Mortgagor shall give Mortgagee prompt notice of any proceedings, instituted or threatened, seeking condemnation or taking by eminent domain or any like process (generally "Taking"), of all or any part of the Premises or affecting any easement thereon or appurtenance thereof (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceeding, and

- (a) Mortgagor hereby assigns, transfers, and sets over unto Mortgagee the proceeds of any and all Awards resulting from any Taking up to the amount of the indebtedness then secured. Mortgagee is hereby authorized to collect and receive from the condemnation authorities said Awards and is further authorized to give appropriate receipts and acquittances therefor;
- (b) If in the reasonable judgment of the Mortgagee the Premises can be restored to an architectural and economic unit of the same character and not less valuable than existed prior to such Taking and adequately securing the outstanding balance of the Indebtedness Hereby Secured, then if no Event of Default shall have occurred and be then continuing, the Award shall be applied to reimburse Mortgagor for the cost of Restoring the portion of the Premises remaining after such Taking as provided for hereinafter;
- (c) If in the reasonable judgment of Mortgagee the Premises cannot be restored to an architectural and economic unit, then at any time from and after the Taking, upon thirty (30) days' written notice to Mortgagor, Mortgagee may declare the entire balance of the Indebtedness Hereby Secured to be due and at the expiration of such thirty (30) day period the Indebtedness Hereby Secured shall be and become immediately due and payable;
- (d) Except as provided for in Subparagraph (b) above, Mortgagee shall apply any Award (including the amount not required for Restoring effected in accordance with Subparagraph (b) above) upon the Indebtedness Hereby Secured in such order or manner as Mortgagee may elect; provided that no premium or penalty shall be payable in connection with any prepayment of the Indebtedness Hereby Secured made out of any Award as aforesaid;
- (e) In the event that any Award shall be made available to the Mortgagor for Restoring the portion of the Premises remaining after a Taking, Mortgagor hereby covenants to restore the remaining portion of the Premises to be of at least equal value and of substantially the same character as existed prior to such Taking, all to be effected in accordance with the provisions for disbursement as hereinafter set forth. In the event the Mortgagor shall fail within a reasonable time, subject to delays beyond its control, to commence and complete the Restoring, Mortgagee may, but under no circumstance shall become obligated to, rebuild the Premises for or on behalf of the Mortgagor and for such purpose may do all necessary acts including, without limitation, using the Awards;

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- (f) Any portion of any Award remaining after deduction for all expenses incurred in the collection and administration of the Award (including attorneys' fees) and after payment in full of the Indebtedness Hereby Secured shall be paid to Mortgagor or as ordered by a court of competent jurisdiction;
- (g) No interest shall be payable by Mortgagee on account of any Award at any time held by Mortgagee;
- (h) Mortgagor agrees to make, execute and deliver to Mortgagee, at any time upon request, free, clear, and discharged of any encumbrances of any kind whatsoever, any and all further assignments and other instruments deemed necessary by the Mortgagee for the purpose of validly and sufficiently assigning all Awards and other compensation heretofore and hereafter made to Mortgagor for any Taking, either permanent or temporary, under any such proceeding.

3.09 Disbursement of Insurance Proceeds and Awards. In the event the Mortgagor is entitled to reimbursement out of insurance proceeds or any Award held by the Mortgagee, such proceeds shall be disbursed from time to time upon the Mortgagee's being furnished with satisfactory evidence of the estimated cost of completion of the Restoring, with funds (or assurances satisfactory to the Mortgagee that such funds are available) sufficient in addition to the proceeds of insurance or Award to complete the proposed Restoring, and with such architect's certificates, waivers of lien, contractor's sworn statements, and such other evidences of cost and payment as the Mortgagee may reasonably require and approve; and the Mortgagee may require that all contractors and subcontractors, in addition to all plans and specifications for such Restoring, be approved by the Mortgagee prior to commencement of work. No payment made prior to the final completion of the Restoring shall exceed eighty percent (80%) of the value of the work performed from time to time; funds other than proceeds of insurance or the Award shall be disbursed prior to disbursement of such proceeds, except as may otherwise be provided in any loan agreement expressly approved by the Mortgagee; and at all times the undisbursed balance of such proceeds remaining in the hands of the Mortgagee, together with funds deposited for the purpose or irrevocably committed to the satisfaction of the Mortgagee by or on behalf of the Mortgagor for the Restoring, shall be at least sufficient in the reasonable judgment of the Mortgagee to pay for the cost of completion of the Restoring, free and clear of all liens or claims for lien.

3.10 Restrictions on Transfer. It shall be an immediate Event of Default if, without the prior written consent of the Mortgagee, any of the following shall occur:

- (a) If the Mortgagor shall create, effect, contract for, commit to or consent to, or shall suffer or permit any conveyance, sale, assignment, transfer, hypothecation, lien, pledge, mortgage, security interest, or other encumbrance or alienation (or any agreement to do any of the foregoing) of the Premises or any part thereof, or interest therein or title thereto, (excepting, however, "Obsolete Collateral" which shall be sales or other dispositions of Collateral (as hereinafter defined) no longer useful in connection with the operation of the Premises, provided that prior to the sale or other disposition thereof, such Obsolete Collateral has been replaced by Collateral subject to the first and prior lien hereof, with at least equal value and utility); or
- (b) If the Mortgagor is a land trustee ("Trustee Mortgagor"), then if any beneficiary of the Mortgagor shall create, effect, contract for, commit to, or consent to, or shall suffer or permit, any sale, assignment, collateral assignment, transfer, lien, pledge, mortgage, security interest, removal, or other encumbrance or alienation of such beneficiary's beneficial interest in the Mortgagor; or
- (c) If the Mortgagor is a corporation, or if any corporation is a beneficiary of a Trustee Mortgagor, then if any shareholder of such corporation shall create, effect, contract for, commit to, or consent to, or shall suffer or permit any sale, assignment, transfer, lien, pledge, mortgage, security interest, removal, or other encumbrance or alienation of any such shareholder's shares of such corporation (provided that if such corporation is a corporation whose stock is publicly traded on a national securities exchange or on the "Over the Counter" market, then this subparagraph (c) shall be inapplicable); or
- (d) If the Mortgagor is a partnership or joint venture, or if any beneficiary of a Trustee Mortgagor is a partnership or joint venture, then if any general partner or joint venturer in such partnership or joint venture shall create, effect, consent to, suffer, or permit any sale, assignment, transfer, lien, pledge, mortgage, security interest,

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removal, or other encumbrance or alienation of any part of the partnership interest or joint venture interest, as the case may be, of such partner or joint venturer; or

- (e) If there shall be any change in control (by way of transfers of stock ownership, partnership interests, or otherwise) in any corporation or partnership constituting or included within the Mortgagor which directly or indirectly controls any corporation or partnership constituting or included within the Mortgagor that results in a material change in the identity of the person(s) in control of such entity;

In each case whether any such conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, removal, encumbrance, or alienation is effected directly, indirectly, voluntarily or involuntarily, by operation of law, or otherwise; provided that the foregoing provisions of this Paragraph shall not apply (i) to liens securing the Indebtedness Hereby Secured, (ii) to the lien of current Taxes not in default, or (iii) to any transfers of the Premises, or part thereof, or interest therein, or any beneficial interests, or shares of stock or partnership or joint venture interests as the case may be, in the Mortgagor or any beneficiary of a Trustee Mortgagor by or on behalf of an owner thereof who is deceased or declared judicially incompetent, to such owner's heirs, legatees, devisees, executors, administrators, estate, personal representatives, and/or committee. The provisions of this Paragraph shall be operative with respect to, and shall be binding upon, any persons who, in accordance with the terms hereof or otherwise, shall acquire any part of or interest in or encumbrance upon the Premises, or such beneficial interest in, share of stock of, or partnership or joint venture interest in the Mortgagor or any beneficiary of a Trustee Mortgagor. Any waiver by Mortgagee of the provisions of this Paragraph shall not be deemed to be a waiver of the right of the Mortgagee in the future to insist upon strict compliance with the provisions hereof. Mortgagee may condition any consent upon such increase in rate of interest payable upon the Indebtedness Hereby Secured, change in monthly payments thereon, change in maturity thereof, ensure the payment of a fee, all as Mortgagee may in its sole discretion require.

3.11 Non-Discrimination. Mortgagor covenants and agrees at all times to be in full compliance with provisions of law prohibiting discrimination on the basis of race, color, creed, or national origin including, but not limited to, the requirements of Title VIII of the 1968 Civil Rights Act or any substitution, amendment, or replacement thereof.

3.12 Mortgagee's Dealings with Transferees. In the event Mortgagee gives its written consent to the sale or transfer, whether by operation of law, voluntarily, or otherwise of all of any part of the Premises, Mortgagee shall be authorized and empowered to deal with the vendee or transferee with regard to the Premises, the Indebtedness Hereby Secured, and any of the terms or conditions hereof as fully and to the same extent as it might with Mortgagor, without in any way releasing or discharging Mortgagor from any of its covenants hereunder, and without waiving Mortgagor's right of acceleration as provided herein.

3.13 Changes in Tax Law. If, by the laws of the United States of America or of any state, county, or municipal governmental subdivision having jurisdiction over Mortgagee, Mortgagor, or the Premises, any tax is imposed or becomes due in respect of the issuance of the Note or the recording of this Mortgage, Mortgagor shall pay such tax in the manner required by such law. In the event that any law, statute, rule, regulation, order, or court decree has the effect of deducting from the value of the Premises for the purpose of taxation any lien thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes required to be paid by the Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the interest of Mortgagee in the Premises, or the manner of collection of taxes, so as to affect this Mortgage, the Indebtedness Hereby Secured, Mortgagee, or any subsequent holder of the Note, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes, or reimburse Mortgagee therefor on demand, unless Mortgagee determines, in Mortgagee's sole and exclusive judgment, that such payment or reimbursement by Mortgagor is unlawful; in which event the Indebtedness Hereby Secured shall be due and payable within thirty (30) days after written demand by Mortgagee to Mortgagor. Nothing in this Paragraph shall require Mortgagor to pay any income, franchise, or excise tax imposed upon Mortgagee, excepting only such which may be levied against the income of Mortgagee as a complete or partial substitute for taxes required to be paid by Mortgagor pursuant hereto.

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3.14 Inspection of Premises. The Mortgagor shall at all times: permit the Mortgagee and its agents and designees, at all reasonable times, to enter on and inspect the Premises and undertake such environmental and other audits and tests as it may deem appropriate; deliver to the 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 creating or evidencing Personal Property, all amendments and supplements thereto, and any other document which is, or which evidences, governs, or creates the Premises; permit access by the Mortgagee to its books and records, construction progress reports, tenant registers, sales records, offices, insurance policies, supporting data, vouchers, and other papers for examination and the making of copies and extracts; and prepare such schedules, summaries, reports, and progress schedules as the Mortgagee may request.

3.15 Certified Annual Operating Statements. Mortgagor, at Mortgagor's expense, shall furnish (i) an annual statement of the operation of the Premises prepared and certified by an independent public accountant acceptable to Mortgagee, showing in reasonable detail satisfactory to Mortgagee, among other things, total rents and other income received and total expenses together with an annual balance sheet and profits and loss statement, within ninety (90) 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) within 30 days after the end of each calendar quarter (March 31, June 30, September 30, December 31) interim statements of the operation of the Premises showing in reasonable detail satisfactory to Mortgagee, among other things, total rents and other income received and total expenses for the previous quarter, certified by a certified public accountant, (iii) copies of Mortgagor's annual State and Federal Income Tax filings within thirty (30) days of filing, (iv) annual financial statements for Mortgagor certified by a certified public accountant, including a balance sheet showing assets and liabilities, all in reasonable detail satisfactory to Mortgagee, within ninety (90) days after the close of each fiscal year of Mortgagor. Mortgagee may, by notice in writing to the Mortgagor, require that the same be prepared and certified, pursuant to audit, by a firm of independent certified public accountants satisfactory to Mortgagee, in which case such accountants shall state whether or not, in their opinion, any Event of Default exists hereunder or under the Note. If the statements furnished shall not be prepared in accordance with generally accepted principles consistently applied or if the Mortgagor fails to furnish the same when due, Mortgagee may audit or cause to be audited the books of the Premises and/or the Mortgagor, at Mortgagor's expense, and the costs of such audit shall be so much additional Indebtedness Hereby secured bearing interest at the Default Rate until paid, with all payable upon demand.

3.16 Acknowledgement of Default. Mortgagor, within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish (i) a written statement duly acknowledged of all amounts due on any Indebtedness Hereby secured, whether for principal or interest on the Note or otherwise, and stating whether any offsets or defenses exist against the Indebtedness Hereby Secured and covering such other matters as Mortgagee may reasonably require; and (ii) a certificate of Mortgagor setting forth the names of all leasees under any Leases, the terms of their respective Leases, the space occupied, the rents payable thereunder, and the dates through which any and all rents have been paid.

3.17 Other Amounts Secured. At all times, regardless of whether any proceeds of the Loan have been disbursed, this Mortgage shall secure any advances made pursuant to the provisions of the Loan Documents and any other amounts as provided herein, and the payment of any and all commissions, service charges, liquidated damages, expenses, and advances due to or paid or incurred by Mortgagee in connection with the Loan secured hereby, all in accordance with the application and loan commitment issued in connection with this transaction, if any, and the other Loan Documents.

3.18 Assignment of Rents. All right, title, and interest of the Mortgagor in and to all present Leases affecting the Premises, and including and together with any and all future Leases, written or oral, upon all or any part of the Premises, and together with all of the rents, income, receipts, revenues, issues, avails, and profits from or due or arising out of the Premises are hereby transferred and assigned simultaneously herewith to the Mortgagee as further security for the payment of the Indebtedness Hereby Secured. All future Leases affecting the Premises shall be submitted by the Mortgagor to the Mortgagee for its approval prior to the execution thereof. All approved and executed Leases shall be specifically assigned to Mortgagee by instrument in form satisfactory to Mortgagee. All or any such Leases shall, at the option of Mortgagee, be paramount or subordinate to this Mortgage. Although it is the intention of the parties that the assignment contained in this paragraph shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred

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upon it by this paragraph until an Event of Default shall exist under this Mortgage. From time to time, Mortgagor shall furnish Mortgagee with executed copies of each of the Leases and with estoppel letters from each tenant under each of the Leases, which estoppel letters shall be in a form satisfactory to Mortgagee and shall be delivered within thirty (30) days after Mortgagee's written demand therefor. In the event Mortgagee requires that Mortgagor execute and record a separate collateral Assignment of Rents or separate collateral Assignment of Leases to Mortgagee, the terms and provisions of those assignments shall control in the event of a conflict between the terms of this Mortgage and the terms thereof.

Mortgagee shall have the right to assign Mortgagor's right, title and interest in any Leases to any subsequent holder of this Mortgage or the Note or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Mortgagee. Upon the occurrence of any Event of Default, Mortgagee shall have such rights and powers as are provided herein. Upon the occurrence of an Event of Default, this Mortgage shall constitute a direction to each lessee under the Leases and each guarantor thereof to pay all Rents directly to Mortgagee without proof of the Event of Default relied upon. 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 bid Mortgagor on all papers and documents relating to the operation, leasing, and maintenance of the Premises.

In the event the Mortgagor, as the lessor in said Lease or Leases, shall neglect or refuse to perform, observe, and keep all of the covenants, provisions, and agreements contained in said Lease or Leases, the Mortgagee may perform and comply with any such Lease covenants, agreements, and provisions, in which event all costs and expenses incurred by the Mortgagee in complying with such covenants, agreements, and provisions shall become a part of the principal secured by this Mortgage and shall become immediately due and payable with interest at the Default Rate.

The Mortgagee, however, shall not be obligated to perform or discharge any obligation, duty, or liability under any Leases, and the Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless of and from any and all liability, loss, or damage which it may or might incur under said Leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of all alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in said Leases. Should the Mortgagee incur any such liability, loss, or damage under said Leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby at the Default Rate, and the Mortgagor shall reimburse the Mortgagee therefor immediately upon demand.

In the Event of Default, Mortgagee shall have such powers and rights as are contained in said Assignment of Rents in addition to any nonconflicting rights and powers as provided herein. All other Leases affecting the Premises shall be submitted by the Mortgagor to the Mortgagee for its approval prior to the execution thereof. All approved and executed Leases shall be specifically assigned to the Mortgagee by instrument in form satisfactory to Mortgagee. All or any such Leases shall, at the option of the Mortgagee, be paramount or subordinate to this Mortgage.

If at Mortgagee's sole option the Mortgagor has executed and Mortgagee has received a separate Assignment of Rents, Leases, and Contract Rights ("the Separate Agreement") as additional security for the Indebtedness Hereby Secured, then all provisions of the Separate Assignment and all rights granted to Mortgagee therein shall be deemed independent of and in addition to (and not in lieu of or in limitation of) the rights granted to Mortgagee in this Section 3.18; and Mortgagee may proceed independently under the provisions of the this Mortgage or under the provisions of the Separate Assignment, or may at its option proceed under both of said documents concurrently, it being understood and agreed that Mortgagee's rights and remedies under the Separate Assignment and under this Mortgage are cumulative.

3.19 Assignment of Leases. As additional security for payment of the Indebtedness Hereby Secured, Mortgagor hereby assigns to Mortgagee any and all interest of the Mortgagor, as lessor or otherwise, in all Leases to the Premises or any part thereof, including without limitation those Leases identified on a Schedule of Leases which may be attached hereto as Exhibit 3.19. However, this assignment shall be effective as to all existing and future leases and tenancies whether or not a Schedule of Leases is attached to this Mortgage and whether or not any such lease or tenancy is identified, listed, or omitted from the Schedule of Leases.

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Although it is the intention of the parties that the assignment contained in this paragraph shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee, shall not exercise any of the rights or powers conferred upon it by this paragraph until an Event of Default shall exist under this Mortgage. From time to time, Mortgagor shall furnish Mortgagee with executed copies of each of the Leases and with estoppel letters from each tenant under each of the Leases, which estoppel letters shall be in a form satisfactory to Mortgagee and shall be delivered within thirty (30) days after Mortgagee's written demand therefor. In the event Mortgagee requires that Mortgagor execute and record a separate collateral Assignment of Leases to Mortgagee, the terms and provisions of those assignments shall control in the event of a conflict between the terms of this Mortgage and the terms thereof.

Mortgagee shall have the right to assign Mortgagor's right, title, and interest in any Leases to any subsequent holder of this Mortgage or the note or any participating interest therein or to any person acquiring title to all or any part of the Premises through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Mortgagee. Upon the occurrence of any Event of Default, Mortgagee shall have such rights and powers as are provided herein. 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 Premises.

In the event Mortgagor, as the lessor in said Lease or Leases, shall neglect or refuse to perform, observe, and keep all of the covenants, provisions, and agreements contained therein, Mortgagee may perform and comply with any such Lease covenants, agreements, and provisions, in which event all costs and expenses incurred by Mortgagee in complying with said covenants, agreements, and provisions shall become a part of the principal secured by this Mortgage and shall be immediately due and payable to the Mortgagee at the Default Rate.

The Mortgagee shall not be obligated to perform or discharge any obligation, duty, or liability under any Leases, and the Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless of and from any and all liability, loss, or damage which it may or might incur under said Leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of all alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in said Leases. Should the Mortgagee incur any such liability, loss, or damage under said Leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby, at the Default Rate, and the Mortgagor shall reimburse the Mortgagee therefor immediately upon demand.

If at Mortgagee's sole option the Mortgagor has executed and Mortgagee has received a separate Assignment of Rents, Leases, and Contract Rights ("the Separate Assignment") as additional security for the Indebtedness Hereby Secured, then all provisions of the Separate Assignment and all rights granted to Mortgagee therein shall be deemed independent of and in addition to (and not in lieu of or in limitation of) the rights granted to Mortgagee in this Section 3.19; and Mortgagee may proceed independently under the provisions of this Mortgage or under the provisions of the Separate Assignment, or may at its option proceed under both of said documents concurrently, it being understood and agreed that Mortgagee's rights and remedies under the Separate Assignment and under this Mortgage are cumulative.

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

3.21 Declaration of Subordination. At the sole option of Mortgagee, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or any Award) to any and all Leases of all or any part of the Premises upon the execution by Mortgagee and recording thereof, at any time hereafter and in the appropriate official records of the county wherein the Premises are situated, of a unilateral declaration to that effect.

3.22 Uniform Commercial Code. This Mortgage constitutes a Security Agreement as that term is used in the Code of the State in which the Premises are located with respect to: (i) any and all sums at any time on deposit for the benefit of the Mortgagee pursuant to any of the provisions of this Mortgage or any of the Loan Documents; and (ii) any

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part of the premises which may or might now or hereafter be or be deemed to be personal property, fixtures, or property (including all replacements, additions, and substitutions) other than real estate (collectively "Collateral"). All of Mortgagor's right, title, and interest in the Collateral are hereby assigned to the Mortgagee to secure the payment of the Indebtedness Hereby Secured and the performance of all of the Mortgagor's obligations, and all of the terms, provisions, conditions, and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Premises. The following provisions of this Paragraph shall not limit the generality or applicability of any other provision of this Mortgage but shall be in addition thereto:

- (a) The Mortgagor (being the Debtor as that term is used in the Code) is and shall be the true and lawful owner of the Collateral, subject to no liens, charges, or encumbrances other than the lien hereof;
- (b) The Collateral is to be used by the Mortgagor solely for business purposes, being installed upon the Premises for Mortgagor's own use or as the equipment and furnishings furnished by Mortgagor, as landlord, to tenants of the Premises;
- (c) The Collateral shall be kept at the Real Estate except for Obsolete Collateral and shall not be removed therefrom without the consent of the Mortgagee, as Secured Party, by Mortgagor or any other person; and the Collateral may be affixed to such Real Estate but shall not be affixed to any other real estate;
- (d) No Financing Statement (as that term is used in the Code) covering any of the Collateral or any proceeds thereof is on file in any public office (except Financing Statements showing Mortgagee as the sole Secured Party, or with respect to the liens or encumbrances, if any, expressly permitted by any approved loan agreement or this Mortgage); and Mortgagor shall at its own cost and expense, upon demand, furnish to the Mortgagee such further information and shall execute and deliver to the Mortgagee such Financing Statement and other documents in form satisfactory to the Mortgagee and shall do all such acts and things as the Mortgagee may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Indebtedness Hereby Secured, subject to no adverse liens or encumbrances (except Financing Statements showing Mortgagee as the sole Secured Party, or with respect to the liens or encumbrances, if any, expressly permitted by an approved loan agreement or this Mortgage); and the Mortgagor shall pay the cost of filing the same or filing or recording such Financing Statements or other documents as well as this instrument, in all public offices wherever filing or recording is deemed by the Mortgagee to be necessary or desirable;
- (e) Upon any Event of Default hereunder (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted) and at any time thereafter (such Event of Default not having previously been cured), the Mortgagee at its option may declare the Indebtedness Hereby Secured immediately due and payable, all as more fully set forth hereinafter, and thereupon Mortgagee shall have the remedies of a Secured Party under the Code, including without limitation the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose, may, so far as the Mortgagor can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace) upon any place in which the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to the Real Estate, such removal shall be subject to the conditions stated in the Code); and the Mortgagee shall be entitled to hold, maintain, preserve, and prepare the Collateral for sale, until disposed of, or may propose to retain the collateral subject to the Mortgagor's right of redemption in satisfaction of the Mortgagor's obligations as provided in the Code. The Mortgagee without removal may render the Collateral unusable and dispose of the Collateral on the Premises. The Mortgagee may require the Mortgagor to assemble the Collateral and make it available to the Mortgagee for its possession at a place to be designated by Mortgagee which is reasonably convenient to both parties. The Mortgagee will give Mortgagor at least five (5) days' notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified mail or equivalent, postage prepaid, to the address of Mortgagor as provided hereinafter, at least five (5) days before the time of the sale or disposition. The Mortgagee may buy at any public sale, and if the Collateral is a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, Mortgagee may buy at any private sale. Any such sale may be held as per

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of and in conjunction with any foreclosure sale of the Real Estate comprised within the Premises, the Collateral and Real Estate to be sold as one lot if Mortgagee so elects. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like, and the reasonable attorneys' fees and legal expenses incurred by Mortgagee, shall be applied in satisfaction of the Indebtedness Hereby Secured. The Mortgagee will account to the Mortgagor for any surplus realized on such disposition;

- (f) The remedies of the Mortgagee hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Mortgagee, including having the Collateral deemed part of the realty upon any foreclosure thereof as long as any part of the Indebtedness Hereby Secured remains unsatisfied;
- (g) The terms and provisions contained in this Paragraph shall, unless the context otherwise requires, have the meaning and be construed as provided in the Code;
- (h) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover and include all Leases between the Mortgagor, as lessor, and various tenants named therein, as lessee, including all extensions and renewals of the terms thereof, as well as any amendments to or replacements of said Leases, together with all of the right, title, and interest of the Mortgagor as lessor thereunder, including, without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and receipt for any and all of the Rents, and money payable as damages or in lieu of the Rents and money payable as the purchase price of the Premises or any part thereof or claims for money and other sums of money payable or receivable thereunder howsoever payable, and to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Mortgagor or any lessor is or may become entitled to do under the Leases.

3.23. Future Advances. This Mortgage also secures the payment of and includes all future or further advances as shall be made at all times, regardless of whether Loan proceeds have been disbursed, by the Mortgagee herein or its successors or assigns, to and for the benefit of the Mortgagor, its heirs, personal representatives, or assigns, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of Indebtedness Hereby Secured by this Mortgage may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed the maximum principal sum permitted by the laws of the state in which the Premises are located or Five Hundred Seventy Seven Thousand Five Hundred and 00/100 Dollars (\$577,500.00) (whichever is the lesser if a specific amount is specified) together with interest thereon and any and all disbursements made by the Mortgagee for the payment of Taxes, or insurance on the Premises covered by the lien of this Mortgage and for reasonable attorneys' fees, Loan commissions, service charges, liquidated damages, expenses, and court costs incurred in the collection of any or all of such sums of money. Such further or future advances shall be wholly optional with the Mortgagee and the same shall bear interest at the same rate as specified in the Note referred to herein unless said interest rate shall be modified by subsequent agreement. Mortgagee has bound itself and by acceptance hereof does bind itself to make advances pursuant to and subject to the terms of the commitment. The parties hereby acknowledge and intend that all advances, including future advances wherever hereafter made, shall be a lien from the time this Mortgage is recorded, as provided in Section 15-1302(b)(1) of the Act.

3.24 Prepayment Privilege. At such time as there is no Event of Default under the terms of the Note, the Loan Documents, or this Mortgage, the Mortgagor shall have the privilege of making prepayments on the principal of the Note (in addition to the required payments thereunder) in accordance with the terms and conditions, if any, set forth in the Note, but not otherwise.

3.25. Effects of Extension of Time, Amendments on Junior Liens and Others. If the payment of the Indebtedness Hereby Secured or any part thereof shall be extended or varied, or if any of the security shall be released, all persons now or at any time hereafter liable therefor or interested in the Premises shall be held to assent to such extension, variation, or release, and their liability, if any, and the lien and all provisions hereof shall continue in full force and effect, the right of recourse against all such persons being expressly reserved by the Mortgagee, notwithstanding any such extension, variation, or release. Any person, firm, or corporation taking a junior mortgage or

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other lien upon the Premises or any interest therein shall take the said lien subject to the rights of the Mortgagee herein to amend, modify, and supplement this Mortgage, the Note, the Loan Documents, or any other document or instrument evidencing, securing, or guaranteeing the Indebtedness Hereby Secured and to vary the rate of interest and the method of computing the same, and to impose additional fees and other charges, and to extend the maturity of the Indebtedness Hereby Secured, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien. Nothing in this Paragraph contained shall be construed as waiving any provision contained herein which provides, among other things, that it shall constitute an Event of Default if the Premises be sold, conveyed, or encumbered.

3.26 Release. Mortgagee, without notice and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior liens thereon, may release from the lien of the Mortgage all or any part of the Premises, or release from liability any person obligated to repay and Indebtedness Hereby Secured, without in any way affecting the liability of any party to any of the note, this Mortgage, or any of the other Loan Documents, including without limitation any guaranty given as additional security for the Indebtedness Hereby Secured, and without in any way affecting the priority of the lien of this Mortgage. Any such agreement shall not in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the Indebtedness Hereby Secured but shall extend the lien hereof as against the title of all parties having any interest, subject to the Indebtedness Hereby Secured, in the Premises.

3.27 Interest Laws. It being the intention of Mortgagee and Mortgagor to comply with the laws of the State of Illinois, it is agreed that notwithstanding any provision to the contrary in the Note, this Mortgage, or any of the other Loan Documents, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the Indebtedness Hereby Secured. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Note, this Mortgage, or any of the other Loan Documents, then in such event (a) the provisions of this Paragraph shall govern and control; (b) neither mortgagor nor any of the other obligors under the note shall be obligated to pay any Excess Interest; (c) any Excess Interest that Mortgagee may have received hereunder shall, at the option of Mortgagee, be (i) applied as a credit against the then unpaid principal balance under the Note, accrued and unpaid interest thereon (not to exceed the maximum amount permitted by law), or both, (ii) refunded to the payor thereof, or (ii) combination of the foregoing; (d) the rate of interest under the Note shall be automatically subject to reduction to the maximum lawful rate allowed under the applicable laws of the aforesaid State, and the Note, this Mortgage, and the other Loan Documents shall be deemed to have been and shall be, reformed and modified to reflect such reduction in the rate of interest under the Note; and (e) neither Mortgagee nor any of the other obligors under the Note shall have any action against Mortgagee for any damages whatsoever arising out of the payment or collection of any Excess Interest.

IV

REPRESENTATIONS AND WARRANTIES

To induce the Mortgagee to make the Loan secured hereby, in addition to any representations and warranties in the Note, in this Mortgage, or in any Loan Documents, Mortgagor hereby further represents and warrants (delete "warrants" if Mortgagor is a Trustee Mortgagor) that as of the date hereof and until the Indebtedness Hereby Secured is paid in full and all obligations under this Mortgage are performed:

4.01 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, if Mortgagor is a corporation, is qualified to do business and is in good standing in the State in which the Premises are located, and has full power and due authority to execute, deliver, and perform this Mortgage, the Note, and all Loan Documents in accordance with their terms. Such execution, delivery, and performance has been fully authorized by all necessary corporate or partnership action and approved by each required governmental authority or other party, and the obligations of Mortgagor and every other party thereto under each are the legal, valid, and binding obligations of each, enforceable by the 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.

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4.02. No Event of Default or Violations. No Event of Default or event which, with notice or passage of time or both, would constitute an Event of Default has occurred nor is continuing under this Mortgage, the Note, or any of the Loan Documents. Neither Mortgagor, nor any party constituting Mortgagor, nor any general partner in any such party, is in violation of any governmental regulation (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, and the use and occupancy of the Premises and the execution, delivery, and performance of this Mortgage, the Note, or any of the Loan Documents, in accordance with their terms, shall 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 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 to and previously approved by Mortgagee.

4.03 No Litigation or Government Controls. There are no proceedings of any kind pending, or threatened against, or affecting, Mortgagor, the Premises (including any attempt or threat by any governmental authority to condemn or re-zone all or any portion of the Premises), any party constituting Mortgagor, or any general partner in any such party, or involving the validity, enforceability, or priority of this Mortgage, the Note, or any of the Loan Documents or enjoining or preventing or threatening to enjoin or prevent the use and occupancy of the Premises or the performance by Mortgagor of its obligations hereunder and there are no rent controls, governmental moratoria, or environment controls presently in existence threatening or affecting the Premises, except as identified in writing to and previously approved by Mortgagee.

4.04 Liens. Title to the Premises, or any part thereof, is not subject to any liens, encumbrances, or defects of any nature whatsoever, whether or not of record except for those exceptions shown on title commitment insuring Mortgagee against loss or damage by reason of defects in title protected by said commitment, issued by a title guaranty company satisfactory to Mortgagee and insuring Mortgagee in an amount not less than the Maximum Loan Amount herein provided.

4.05 Financial and Operating Statements. All financial and operating statements submitted to Mortgagee in connection with this Loan are true and correct in all respects, have been prepared in accordance with the provisions herein set forth, 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.

4.06 Other Statements to Mortgagee. Neither this Mortgage, the Note, any Loan Document, nor any document, agreement, report, schedule, notice, or other writing furnished to the 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 fact material to any of the foregoing.

4.07 Leases. The only persons having any interest in the Premises are the Mortgagor, Mortgagee, and persons occupying the premises as tenants only. Mortgagor represents and warrants as to each of the Leases now covering all or any part of the Premises: (i) that each of the Leases is in full force and effect; (ii) that no default exists on the part of any of the lessees and the Leases or the Mortgagor, (iii) that no Rents have been collected more than one month in advance under more than ten percent (10%) of the Leases; (iv) that none of the Leases or any interest therein has been previously assigned or pledged; (v) that no lessee under any of the Leases has any defense, setoff, or counterclaim against Mortgagor; (vi) except as disclosed to and previously approved by Mortgagee in writing, that all Rents due to date under each of the Leases has been collected and no concession has been granted to any lessee in the form of a waiver, release, reduction, discount, or other alteration of Rents due or to become due; (vii) that the interest of the lessee under each of the Leases is as lessee only, with no options to purchase or rights of first refusal; and (viii) that, except as disclosed to and approved by mortgagee in writing, the term under each of the Leases is no greater than one (1) year, with no options to extend the term of any such Lease being greater than one year.

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4.08 Purpose of Loan. The Loan evidenced by the Note and secured hereby is a business loan within the purview of Paragraph 6404 of Chapter 17 of Revised Statutes of the State of Illinois (or any substitute, amended, or replacement statutes) transacted solely for the purpose of carrying on or acquiring the business of the Mortgagor or, if the Mortgagor is a trustee, for the purpose of carrying on or acquiring the business of the beneficiaries of the Mortgagor.

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

4.10 Environmental Compliance. Mortgagor hereby represents, warrants, and covenants to Mortgagee that:

- (a) The Premises, and the use and operation thereof, are currently in compliance and will remain in compliance with all applicable laws and regulations (including but not limited to all environmental, health, and safety laws and regulations);
- (b) All required governmental permits are in effect and will remain in effect. The Premises, and the use and operation thereof, comply and will continue to comply therewith;
- (c) There are and will be no environmental, health, or safety hazards that pertain to any of the Premises or the business or operations conducted thereon. No use, treatment, storage, or disposal of hazardous wastes or hazardous substances has or will occur on, in, or underneath the Premises. The terms "hazardous wastes" and "hazardous substances" are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*, The Resource Conservation and Recovery Act, 42 U.S.C. §6901, *et seq.*, and §311(6)(2)(A) of the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1321(b)(2)(A), and the regulations adopted and publications promulgated pursuant to said laws;
- (d) There are no pending or threatened actions or proceedings (or notices of potential actions or proceedings) from any governmental agency or any other entity regarding the condition or use of the Premises, or regarding any environmental, health, or safety law. Mortgagor will promptly notify Mortgagee of any notices, and any pending or threatened action or proceeding in the future, and Mortgagor will promptly cure and have dismissed with prejudice any such actions and proceedings to the satisfaction of Mortgagee;
- (e) The business and all operations conducted on the Premises have and will lawfully dispose of their hazardous wastes and hazardous substances. There are no pending or threatened actions or proceedings concerning the disposal of hazardous wastes or hazardous substances that pertain to any of the Premises or the business or operations conducted thereon. Mortgagor will promptly notify Mortgagee of any such proceedings in the future, and Mortgagor will promptly cure and have dismissed with prejudice any such actions or proceedings to the satisfaction of Mortgagee;
- (f) There are no underground storage tanks, PCB's, asbestos, hazardous wastes, or hazardous substances present on or underneath the Premises and none will be on the Premises in the future and Mortgagor will satisfy any and all notice obligations that may arise under Section 21(n) of the Illinois Environmental Protection Act, Ill. Rev.Stat., Ch. 111, §§1001-1052, *et seq.*;
- (g) There are no pending or threatened "superliens," governmental actions, notices of violation, notices of noncompliance, or other proceedings of any kind that could impair the value of either of the Premises or the priority of the lien of this Mortgage or of any of the other Loan Documents. Mortgagor will promptly notify Mortgagee of any such future actions and proceedings, and Mortgagor will promptly cure and have dismissed with prejudice any such actions and proceedings to the satisfaction of Mortgagee; and

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- (h) Mortgagor assumes all obligations of compliance with all environmental requirements imposed by federal, state, and local authorities that affect the Premises or any business or other activity conducted thereon or therewith. Any fees, costs, and expenses imposed upon or incurred by Mortgagee at any time and from time to time on account of any breach of any of the covenants, representations, or warranties contained in this Section 4.10 shall be immediately due and payable by Mortgagor to Mortgagee upon demand for reimbursement for same and shall (together with interest thereon at the Default Rate accruing from the date such fees, costs, and expenses are so imposed upon or incurred by Mortgagee) become part of the Indebtedness Hereby Secured. Mortgagor hereby covenants and agrees to protect, defend, indemnify, and hold harmless Mortgagee from any and all such costs and expenses.

V.

EVENT OF DEFAULT AND REMEDIES

5.01 Event of Default. The occurrence of any of the following shall constitute an event of default ("Event of Default") under this Mortgage:

- (a) Failure of Mortgagor to pay any amount due herein or secured hereby, interest thereon, or any installment of principal thereof or interest thereon as and when same becomes due and payable whether at maturity or by acceleration or otherwise under the Note, this Mortgage, or any of the other Loan Documents; or
- (b) Failure of Mortgagor to perform or observe any other covenant, agreement, representation, warranty, or other provision contained in the Note, this Mortgage, or the other Loan Documents after the expiration of any grace period expressly allowed in said instrument relative to the cure of such default; or
- (c) Untruth or material deceptiveness of any representation, covenant, or warranty contained in any of the Note, this Mortgage, or the other Loan Documents; or
- (d) If (and for the purpose of this Subparagraph (d) only), the term Mortgagor shall mean and include not only Mortgagor, but also any beneficiary of a Trustee Mortgagor, any general partner in a partnership Mortgagor or in a partnership which is a beneficiary of a Trustee Mortgagor, any owner of more than ten percent (10%) of the stock in a corporate Mortgagor or a corporation which is the beneficiary of a Trustee Mortgagor, and each person who, as guarantor, co-maker, or otherwise, shall be or become liable for or obligated upon all or any part of the Indebtedness Hereby Secured or any of the covenants or agreements contained herein or in the Note or in any of the Loan Documents:
- (i) Mortgagor shall file a voluntary petition in bankruptcy, insolvency, debtor relief, or for arrangement, reorganization, or other relief under any chapter of the Federal Bankruptcy Act or any similar law, state or federal, 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 the Mortgagor or for any part of the Premises or any substantial part of the 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;
- (ii) Mortgagor shall admit in writing or shall file an answer or other pleading in any proceeding admitting insolvency, bankruptcy, or inability to pay its debts as they mature;
- (iii) A court having jurisdiction shall enter a decree or order for relief in respect of the Mortgagor in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Mortgagor shall consent to or shall fail to oppose any such proceeding, or any such court shall enter a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Mortgagor or for any part of the Premises or any substantial part of the Mortgagor's property, or ordering the winding up or liquidation of the affairs of the Mortgagor, and such decree or order shall not be dismissed within thirty (30) days after the entry thereof;

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(iv) Mortgagor shall fail to pay any money judgment against it within thirty (30) days following the day it becomes a lien against the Premises;

(v) Any termination or voluntary suspension of the transaction of the business of the Mortgagor, or all or a substantial part of Mortgagor's assets are attached, seized, subjected to a writ or distress warrant, or are levied upon, unless such attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or

(vi) Mortgagor shall abandon the Premises;

- (e) In the event Mortgagor is a limited or general partnership or a joint venture, a change of any constituent general partner or any joint venturer, whether voluntarily, involuntarily, or otherwise, or the sale, conveyance, transfer, disposition, charging, or encumbrance of any such general partner or joint venture interests, without the prior written consent of Mortgagee; provided, however, that in the event Mortgagor is a limited partnership, the death of a general partner shall not constitute a default if (a) such limited partnership is not dissolved or terminated and (b) within 60 days after the death of such general partner a replacement general partner is chosen who fulfills the following conditions: (i) the replacement general partner has a net worth acceptable to Mortgagee; (ii) Mortgagee is satisfied that the replacement general partner has adequate experience with similar projects; and (iii) the replacement general partner is otherwise acceptable to Mortgagee in Mortgagee's sole discretion; or
- (f) 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 of Mortgagor or otherwise; (b) the amendment or modification in any respect of Mortgagor's articles or agreement of partnership or its corporate resolutions relating to this transaction or its articles of incorporation or bylaws; or (c) the distribution of any of the Mortgagor's capital, except for distributions of the proceeds of the Loan and cash from operations (meaning any cash of the Mortgagor earned from operation of the Premises, but not from a sale or refinancing of the Premises or from borrowing, available after paying all ordinary and necessary current expenses of the Mortgagor, including expenses incurred in the maintenance of the Premises and after establishing reserves to meet current or reasonably expected obligations of the Mortgagor); or
- (g) Any other event occurring (including, without limitation, default in order to avoid prepayment penalty or premium) or failing to occur which, under this Mortgage, under the Note, under any of the Loan Documents, or under any document or instrument referenced herein or related hereto, constitutes a default by Mortgagor or gives Mortgagee the right to accelerate the maturity or any part thereof of the Indebtedness Hereby Secured.

5.02 Acceleration of Maturity. At any time during the existence of any Event of Default, Mortgagee is hereby authorized and empowered, at its option and without affecting the lien hereby created or the priority of said lien or any right of the Mortgagee hereunder, to declare, without further notice, all Indebtedness Hereby Secured (which shall include any prepayment premium or penalty provided for in the Note) to be immediately due and payable, whether or not such Event of Default is thereafter remedied by the Mortgagor with interest thereon at the annual rate ("Default Rate") of 5.0% in excess of the rate of interest from time to time prevailing under the Note, and the Mortgagee may immediately proceed to foreclose this Mortgage and/or exercise any right, power, or remedy provided by this Mortgage, the Note, the Assignment of Rents, the Assignment of Leases, any approved loan agreement hereto or any of the Loan Documents, or by law or in equity conferred.

5.03 Foreclosure of Mortgage. Upon occurrence of any Event of Default, or at any time thereafter, Mortgagee may, at its option, proceed to foreclose the lien of this Mortgage and pursue all remedies afforded to a mortgagee under and pursuant to the Act (as hereinafter defined).

5.04 Remedies Cumulative and Non-Waiver. No remedy or right of the Mortgagee hereunder or under the Note, or any Loan Documents 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

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right accruing on any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every such remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by the Mortgagee. All obligations of the Mortgagor and all rights, powers, and remedies of the Mortgagee expressed herein shall be in addition to, and not in limitation of, those provided by law or in the Note or any Loan Documents or any other written agreement or instrument relating to any of the Indebtedness Hereby Secured or any security therefor.

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

5.06 Mortgagee's Performance of Mortgagor's Obligations. In case of any Event of Default herein, the Mortgagee, either before or after acceleration of the indebtedness Hereby Secured or the foreclosure of the lien hereof and during the period of redemption, if any, may, but shall not be required to, make any payment or perform any act herein, in the Note, any of the Loan Documents, or any document or instrument related thereto which is required of the Mortgagor (whether or not the Mortgagor is personally liable therefor) in any form and manner deemed expedient to the Mortgagee; and the Mortgagee may, but shall not be required to, make full or partial payments of principal or interest on any permitted prior mortgage or encumbrances and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises, or contest any Taxes and may, but shall not be required to, complete construction, furnishing, and equipping of the Improvements upon the Premises and rent, operate, and manage the premises and such Improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and Improvements shall be operational and usable for their intended purposes. The Mortgagee may, but shall not be required to, notify any person obligated to the Mortgagor under or with respect to any third party agreements of the existence of the Event of Default and require that performance be made directly to the Mortgagee at the Mortgagor's expense and advance such sums as are necessary or appropriate to satisfy the Mortgagor's obligations thereunder; and Mortgagor agrees to cooperate with the Mortgagee to accomplish the foregoing. All money paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including attorneys' fees and any other money advanced by the Mortgagee to protect the Premises and the lien hereof, or to complete construction, furnishing, and equipping or to rent, operate, and manage the Premises and such Improvements or to pay any such operating costs and expenses thereof or to keep the Premises and Improvements operational and usable for their intended purposes, shall be so much additional Indebtedness Hereby Secured; whether or not they exceed the amount of the Note, and shall become immediately due and payable without notice, and with interest thereon at the Default Rate. The Mortgagee, in making any payment hereby authorized for: (a) taxes, may do so according to any bill, statement, or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof; or (b) the purchase, discharge, compromise, or settlement of any other prior lien may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) the completion of construction, furnishing, or equipping of the improvements or the Premises or the rental, operation, or management of the Premises or the payment of operating costs and expenses thereof, may do so in such amounts and to such persons as Mortgagee may deem appropriate and may enter into such contracts therefor as Mortgagee may deem appropriate or may perform the same itself.

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All advances, disbursements, and expenditures (collectively "advances"), made by Mortgagee before and during foreclosure, prior to sale, and where applicable, after sale, for the following purposes, including interest thereon at the post-maturity rate, are hereinafter referred to as "Protective Advances" and include, without limitation:

- (a) Advances pursuant to this Section 5.06;
- (b) "Excess Restoration Costs" which shall be any amount expended by Mortgagee in restoring the Premises in excess of the actual or estimated proceeds of insurance or condemnation, which excess shall constitute additional indebtedness Hereby Secured;
- (c) Advances in accordance with the terms of this Mortgage to: (i) protect, preserve, or restore the mortgaged real estate; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 15-1302 of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101, et seq., as amended from time to time ("Act");
- (d) Payments when due of installments of principal, interest, or other obligations in accordance with the terms of any senior mortgage (as described in Subsection (i) of Section 15-1505 of the Act) or other lien or encumbrance upon the Premises or any part thereof on a parity with or prior or superior to the lien hereof ("Prior Encumbrance"); when due, installments of real estate taxes and other impositions; other obligations authorized by this Mortgage; or, with court approval, any other amounts in connection with other liens, encumbrances, or interest reasonably necessary to preserve the status of title, all as referred to in this section of this Mortgage and in Section 15-1505 of the Act;
- (e) Attorneys' fees and other costs incurred in connection with: (i) exercise of Mortgagee's rights to make Protective Advances; (ii) the foreclosure of this Mortgage as referred to in Sections 15-1504(d)(2) and 15-1510 of the Act; (iii) any other litigation or administrative proceeding to which the Mortgagee may be or become or be threatened or contemplated to be a party, including probate and bankruptcy proceedings; or (iv) the preparation for the commencement or defense of any such suit or proceeding, including filing fees, appraisers' fees, outlays for documents and expert evidence, witnesses' fees, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of judgment) of procuring all such abstracts of title, title charges and examinations, foreclosure minutes, title insurance policies, Torrens certificates, appraisals, and similar data and assurances with respect to title and value as Mortgagee may deem reasonably necessary either to prosecute or defend such suit or, in case of foreclosure, to evidence to bidders at any sale which may be had pursuant to the foreclosure judgment the true condition of the title to or the value of the Premises;
- (f) Mortgagee's fees and costs arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 15-1508 of the Act;
- (g) Payment by Mortgagee of any impositions as may be required by this Mortgage;
- (h) Mortgagee's advances of any amount required to make up a deficiency in deposits for installments of impositions as may be required by this Mortgage;
- (i) Expenses deductible from proceeds of sale referred to in Subsections (a) and (b) of Section 15-1512 of the Act; and
- (j) Expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the owner thereof; (ii) if any of the Premises consists of an interest in a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under casualty and liability insurance made by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required without regard to the limitation to maintaining of insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Subsection (c)(1) of Section 15-1704 of the Act; (iv) expenditures in

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connection with restoration in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Mortgagee to be for the benefit of the Premises or required to be made by the owner of the Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining landowners, or instruments creating covenants or restrictions for the benefit of or affecting the Premises; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; (vii) operating deficits incurred by Mortgagee in possession or reimbursed by Mortgagee to any receiver; (viii) if the Loan secured is a construction loan, costs incurred by Mortgagee for completion of construction as may be authorized by the applicable commitment or loan agreement more fully described in this Mortgage; and (ix) any money expended in excess of the Note.

All Protective Advances shall be so much additional Indebtedness Hereby Secured by this Mortgage and shall become immediately due and payable without notice and with interest thereon at the Default Rate.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time the Mortgage is recorded pursuant to Subsection (b)(1) of Section 15-1302 of the Act.

The Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to:

(a) Determination of amount of Indebtedness Hereby Secured by this Mortgage at any time;

(b) Inclusion of the same in the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent amendment of such judgment, supplemental judgments, orders, adjudications, or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being hereby agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

(c) If right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 15-1601 of the Act;

(d) Determination of amounts deductible from sale proceeds pursuant to Section 15-1512 of the Act;

(e) Application of income in the hands of any receiver or mortgagee in possession; and

(f) Computation of any deficiency judgment pursuant to Subsections (e) and (b)(2) of the Section 15-1508 and Section 15-1511 of the Act.

§.07 Right of Possession. In any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether or not the entire Indebtedness Hereby Secured becomes immediately due and payable as aforesaid, or whether before or after the institution of proceedings to foreclose the lien hereof or before or after judgment thereunder and at all times until the confirmation of sale, Mortgagor shall, forthwith upon demand of Mortgagee, surrender to mortgagee, and Mortgagee shall be entitled to take and upon Mortgagee's request to be placed by the court in actual possession of the Premises or any part thereof, personally or by its agent or attorneys, and as provided in Subsections (b)(2) and (c) of Section 15-1701 of the Act. Mortgagee, in its discretion, may enter upon and take and maintain possession or may apply to the court in which a Foreclosure is pending to be placed in possession of all or any part of the Premises, together with all documents, books, records, papers, and accounts of Mortgagor or the then owner of the Premises relating thereto, and may exclude Mortgagor, such owner, and any agents and servants thereof wholly therefrom and may, as attorney-in-fact or agent of Mortgagor or such owner, or in its own name as Mortgagee and under the powers herein granted:

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

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- (b) cancel or terminate any Lease or sublease of all or any part of the Premises for any cause or on any ground that would entitle Mortgagor to cancel the same;
- (c) elect to disaffirm any Lease or sublease of all or any part of the Premises made subsequent to this Mortgage or subordinated to the lien hereof;
- (d) extend or modify any then existing Leases and make new Leases of all or any part of the Premises, which extensions, modifications, and new Leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Loan evidenced by the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such Leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor, all persons whose interests in the Premises are subject to the lien hereof, and the purchaser or purchasers at any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and
- (e) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments, and improvements in connection with the Premises as may seem judicious to Mortgagee, to insure and reinsure the Premises and all risks incidental to Mortgagee's possession, operation, and management thereof, and to receive all Rents therefrom.

Without limiting the generality of the foregoing provisions of this section, Mortgagee shall also have all power, authority, and duties as provided in Section 15-1703 of the Act.

5.08 Priority of Rent Payments. Any Rents of the Premises received by Mortgagee after taking possession of all or any part of the premises, or pursuant to any assignment thereof to Mortgagee under the provisions of this Mortgage, any document or instrument referenced herein or any of the other Loan Documents shall be applied in payment of or on account of the following, in such order as Mortgagee or, in case of a receivership, as the court, may determine:

- (a) all costs and expenses (including attorneys' fees) incidental to the foreclosure proceedings;
- (b) operating expenses of the Premises (including reasonable compensation to Mortgagee, any receiver of the Premises, any agent or agents to whom management of the Premises has been delegated, and also including lease commissions and other compensation for and expenses of seeking and procuring tenants and entering into Leases, establishing claims for damages, if any, and paying premiums on insurance hereinabove authorized);
- (c) Taxes now due or that may hereafter become due on the Premises, or that may become a lien thereon prior to the lien of this Mortgage;
- (d) any and all repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises (including without limitation the cost, from time to time, of installing or replacing ranges, refrigerators, and other appliances and other reasonable property therein, and of placing the Premises in such condition as will, in the judgment of Mortgagee or any receiver thereof, make it readily rentable or salable);
- (e) any Indebtedness Hereby Secured or any deficiency that may result from any foreclosure sale pursuant hereto; and
- (f) any remaining funds to Mortgagor or its successors or assigns, as their interests and rights may appear.

5.09 Appointment of Receiver. Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed shall appoint a receiver of the Premises whenever Mortgagee when entitled to possession so requests pursuant to Section 15-1702(a) of the Act. Such receiver shall have all powers and duties prescribed by Section 15-1704 of the Act, including the power to make leases to be binding upon all parties, including the Mortgagor after redemption, the purchaser at a sale pursuant to a judgment of foreclosure, and any person acquiring an interest in the mortgaged real estate after entry of a judgment of foreclosure, and any person acquiring an

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interest in the mortgaged real estate after entry of a judgment of foreclosure, all as provided in Subsection (g) of Section 15-1701 of the Act. In addition, such receiver shall also have the following powers: (a) to extend or modify any then existing leases, which extensions and modifications may provide for terms to expire, or for options to leasees to extend or renew terms to expire, beyond the maturity date of the Indebtedness Hereby Secured and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption, discharge of the mortgage indebtedness, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser; and (b) 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 the period of receivership. The court from time to time, either before or after entry of judgment of foreclosure, may authorize the receiver to apply the net income in his hands in payment in whole or in part of (a) the Indebtedness Hereby Secured, or by or included in any judgment of foreclosure or supplemental judgment or other item for which Mortgagor is authorized to make a Protective Advance, and (b) the deficiency in case of a sale and deficiency.

5.10 Foreclosure Sale. In the event of any foreclosure sale of the Premises, the same may be sold in one or more parcels. The Mortgagee may be the purchaser at any foreclosure sale of the Premises or any part thereof.

5.11 Application of Proceeds. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in accordance with the provisions of Subsection (c) of Section 15-1512 of the Act. The judgment of foreclosure or order confirming the sale shall provide (after application pursuant to Subsections (a) and (b) of said Section 15-1512) for application of sale proceeds in the following order of priority: First, all items not covered by the provisions of said Subsections (a) and (b), which under the terms hereof constitute Indebtedness Hereby Secured additional to that evidenced by the Note, with interest thereon as herein provided; and Second, all principal and interest remaining unpaid on the Note.

5.12 Application of Deposits. In the event of any Event of Default, Mortgagee may, at its option, without being required to do so, apply any money or securities that constitute deposits made to or held by Mortgagee or any depository pursuant to any of the provisions of this Mortgage toward payment of any of Mortgagor's obligations under the Note, this Mortgage, or any of the other Loan Documents, in such order and manner as Mortgagee may elect. When the Indebtedness Hereby Secured has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Premises.

5.13 Insurance upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in Restoring the Improvements, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In case of the foreclosure of this Mortgage, the court in its judgment may provide that the judgment creditor may cause a new or additional loss clause to be attached to each of said policies making the loss thereunder payable to said judgment creditor; and any such foreclosure judgment may further provide unless the right of redemption has been waived pursuant to Section 15-1601(b) of the Act, that in case of redemption under said judgment, pursuant to the Act, then, and in every such case, the redeemer may cause the preceding loss clause attached to each insurance policy to be canceled and a new loss clause to be attached thereto, making the loss thereunder payable to such redeemer. In the event of foreclosure sale, Mortgagee is hereby authorized, but not required, without the consent of Mortgagor, to assign or cause a receiver to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

5.14 Waiver. The Mortgagor hereby covenants and agrees that it shall not at any time insist upon or plead, or in any manner whatever claim or take any advantage of, any stay, exemption, or extension law, including, but not by way of limitation, any Homestead Exemption Law, or any so-called "Moratorium Law" now or at any time hereafter in force, nor claim, take, or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Premises, or any part thereof, prior to any sale of sales thereof to be made pursuant to any provisions herein contained, or to decree, judgment, or order of any court of competent jurisdiction; or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to redeem the Premises

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so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. The Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person, excepting only decree or judgment creditors of the Mortgagor acquiring any interest or title to the Premises or beneficial interest in Mortgage subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of the Mortgagor and of all other persons are and shall be deemed to be hereby waived to the full extent permitted by the provisions of applicable law or replacement statutes. The Mortgagor shall not invoke or utilize any such law or laws or otherwise hinder, delay, or impede the execution of any right, power, or remedy herein or otherwise granted or delegated to the Mortgagee, but shall permit the execution of every such right, power, and remedy as though no such law or laws had been made or enacted. If the Mortgagor is a Trustee Mortgagor, then it represents that the provisions of this Paragraph (including the waiver of redemption rights) were made at the express direction of Mortgagee's beneficiaries and the persons having the power of direction over Mortgagor and are made on behalf of the Trust Estate of Mortgagor and all beneficiaries of Mortgagor, as well as all other persons mentioned above. Mortgagor agrees that no action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid in an action upon the Note. Mortgagor acknowledges that the Premises do not constitute agricultural real estate, as said term is defined in Section 5-1201 of the Act, or residential real estate as defined in Section 15-1219 of the Act. Mortgagor hereby waives any and all right of redemption pursuant to Section 15-1601(b) of the Act.

VI MISCELLANEOUS

6.01 Notices, Consents, and Approvals. Any notice, consent, or approval that Mortgagee or Mortgagor may desire or be required to give to the other shall be in writing and shall be mailed or delivered to the intended recipient thereof at its address set forth below or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice, consent, or approval shall be deemed to have been delivered two (2) business days after mailing by United States registered or certified mail, return receipt requested, or when delivered in person with written acknowledgment of the receipt thereof. Except as otherwise specifically required herein, notice of the exercise of any right or option granted to Mortgagee by this Mortgage is not required to be given.

- (a) If to Mortgagee: FIRST MIDWEST BANK, NATIONAL ASSOCIATION
ATTN: MANAGER, COMMERCIAL LOAN DEPT.
50 WEST JEFFERSON STREET
JOLIET, IL 60432
- (b) If to Mortgagor: CHRISTOPHER BAMBULAS
DANIELA BAMBULAS
6315 NORTH LaCROSS
CHICAGO, IL 60646

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

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

6.04 Governing Law. The place of negotiation, execution, and delivery of this Mortgage, the location of the Premises, and the place of payment and performance under the Loan Documents being the State of Illinois, this Mortgage shall be construed and enforced according to the laws of that State. To the extent that this Mortgage may operate as a security agreement under the Code, Mortgagee shall have all rights and remedies conferred therein for the benefit of a Secured Party.

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

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

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

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

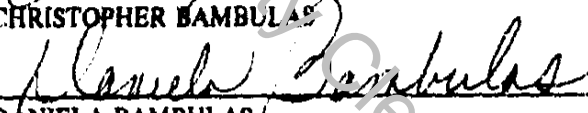
6.09 Successors and Assigns. This Mortgage and all provisions hereof shall be binding upon Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor, and the word "Mortgagor," when used herein, shall include all such persons and entities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

6.10 Grace Periods. Mortgagee shall be entitled to enforce the remedies herein provided in the event of any default by Mortgagor only after such default shall have continued uncorrected for five (5) days with respect to a default in the payment of principal and interest or other economic requirements and for fifteen (15) days with respect to other defaults.

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

Mortgagor:


CHRISTOPHER BAMBULAS


DANIELA BAMBULAS

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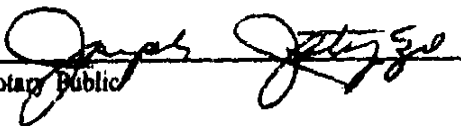
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STATE OF ILLINOIS)
) SS.
 COUNTY OF WILL)

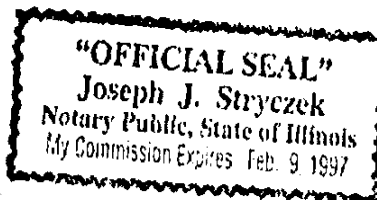
I, the undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that CHRISTPHER BAMBULAS and DANIELA BAMBULAS, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 15 day of March, 1996.

(SEAL)


 Notary Public

My Commission expires:



THIS INSTRUMENT PREPARED BY
 AND RETURN TO:
 Attorney Robert H. Schenk
 58 North Chicago Street
 Joliet, Illinois 60432
 (815)727-9215

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96202315

BOX 335-CTI

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LEGAL DESCRIPTION:

LOTS 8, 9 AND 10 (EXCEPT THAT PART USED AS AN ALLEY) IN BLOCK 12 IN UNION PARK SECOND ADDITION TO CHICAGO IN THE SOUTHWEST 1/4 OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT FROM SAID PREMISES THE EAST 10 FEET THEREOF RESERVED FOR ALLEY). TOGETHER WITH THAT PART OF THE SOUTH 3/8 INCHES OF LOT 6 (EXCEPT FROM SAID PREMISES THE EAST 10 FEET THEREOF RESERVED FOR ALLEY) IN THE RESUBDIVISION OF LOTS 3 TO 7, INCLUSIVE, IN BLOCK 12 AFORESAID IN UNION PARK 2ND ADDITION TO CHICAGO, IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX NUMBER: 17-08-309-003

COMMONLY KNOWN AS: 1520 West Fulton Street, Chicago, Illinois

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EXHIBIT "A"

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