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THIS INSTRUMENT PREPARED BY:
AND RECORD AND RETURN TO:

96214724

Joel A. Stein
Laser, Pokorny, Schwartz,
Friedman & Economos, P.C.
205 N. Michigan Ave., #3800
Chicago, IL 60601
(312) 540-0600



ADDRESS OF PROPERTY:
1123-25 Northwest Highway
Park Ridge, IL 60068

DEPT. OF RECORDING \$39.50
11/27/96 TRIM 2488 03/20/96 15:08:00
63255 2 CLK # 1124-12 1.4 724
COOK COUNTY RECORDER

MORTGAGE

THIS INDENTURE, made March 18, 1996, between HAROLD W. SCHOLIN and CLODOMERA SCHOLIN, his wife, (herein collectively referred to as "Mortgagor"), and UPTOWN NATIONAL BANK OF CHICAGO, a national banking association (herein sometimes referred to as "Mortgagee"), witnesseth:

THAT WHEREAS Scholin International, Inc., an Illinois corporation, (the "Company"), pursuant to the terms of a loan agreement dated May 1, 1992, (the "Loan Agreement"), executed a certain Master Note (the "Note") dated May 1, 1992, in the principal amount of \$1,300,000.00, and made payable to Mortgagee and delivered, in and by which Note the Company promises to pay to Uptown National Bank of Chicago, the principal sum of \$1,300,000.00 with interest as set forth in the Note, and

WHEREAS, pursuant to an Agreement of even date herewith ("the Agreement") by and among the Company, the Mortgagor, and the Mortgagee, the Mortgagor, in consideration of certain promises and agreements the e set forth, has agreed to grant to the Mortgagee, as additional collateral for the Note, a mortgage lien on the property commonly known as 1123-25 Northwest Highway, Park Ridge, Illinois, and

WHEREAS, the indebtedness, evidenced by the Note, including the principal thereof and interest and premium, if any thereon, and any extensions or 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 as herein, in the Note, are herein called the "Liabilities".

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NOW, THEREFORE, the Mortgagor, to secure the payment of the liabilities and the performance of the covenants and agreements herein contained by the Mortgagor to be performed, to the extent of the principal amount of \$200,000.00 plus interest thereon after June 30, 1996, or after that date to which the Agreement is extended, whichever is later, at the rate of prime rate plus one percent (1%) as defined and set forth in the Note do by these presents Mortgage and Warrant to the Mortgagee, its successors and assigns, that certain Real Estate located in the County of Cook and State of Illinois, and more fully described in Exhibit "A" which is attached hereto and made a part hereof which, with the property hereinafter described, is referred to herein as the "premises."

TOGETHER with all improvements thereon situate and which may hereafter be erected or placed thereon, and all appurtenances, rights, royalties, mineral, oil and gas rights, and easements thereunto belonging and the rents, issues and profits thereof, which are hereby expressly conveyed and assigned to the Mortgagee as additional security and as an equal and primary fund with the property herein conveyed for the repayment of the moneys secured by this Mortgage, and any and all appurtenances, fixtures and equipment in or that may at any time be placed in any building now or hereafter standing on said premises.

It is mutually covenanted and agreed, by and between the parties hereto that, in addition to all other things which at law or by convention are regarded as fixtures, and specifically but not by way of limitation all shades and awnings, screens and carpets, shrubbery, gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, bathtubs, sinks, water-closets, basins, pipes, faucets and other plumbing and heating fixtures, mirrors, mantels, refrigerating plants, iceboxes, electric refrigerators, air conditioning apparatus, cooking apparatus and appurtenances, and such other goods and chattels as may ever be furnished by a landlord in letting and operating an unfurnished building, similar to any building now or hereafter standing on said premises, whether or not the same are or shall be attached to said building by nails, screws, bolts, pipe connections, masonry, or in any other manner whatsoever, which are now or hereafter to be used upon said described premises shall be conclusively deemed to be "fixtures" and an accession to the freehold and a part of the realty, whether affixed or annexed or not, and conveyed by this Mortgage; and all the estate, right, title or interest of the said Mortgagor in and to said premises, property, improvements, furniture, apparatus, furnishings and fixtures, are hereby expressly conveyed, assigned and pledged; and as to any of the property aforesaid, which does not so form a part and parcel of the Real Estate or does not constitute a "fixture" as such term is defined in the Uniform Commercial Code. This Mortgage is hereby deemed to be as well a Security Agreement under the Uniform Commercial 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 the Uniform Commercial Code).

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TO HAVE AND TO HOLD the above described premises with the appurtenances and fixtures thereto appertaining or belonging unto the Mortgagee, its successors and assigns, forever, for the purposes herein set forth and for the security of the said Liabilities hereinbefore described, and interest thereon and free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, which said rights and benefits the said Mortgagor does hereby expressly release and waive.

In addition, the Mortgagor covenants with the Mortgagee as follows:

1. Mortgagor shall subject to the provisions of the Agreement, promptly pay when due without set-off, recoupment, or deduction, the principal and interest on the indebtedness evidenced by the Note, any and all modifications, extensions and renewals thereof, any late charges as provided in the Note, and all other Liabilities.

2. Mortgagor shall (1) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the premises which may become damaged or be destroyed; (2) keep said premises in good condition and repair, without waste, and free from mechanic's or other liens or claims for lien not expressly subordinated to the lien hereof, other than the \$200,000 first mortgage in favor of Mortgagee; (3) pay when due any indebtedness which may be secured by a lien or charge on the premises superior to the lien hereof, and, upon request, exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee; (4) complete within a reasonable time any building or buildings now or at any time in process of erection upon said premises; (5) comply with all requirements of law or municipal ordinances with respect to the premises and the use thereof; (6) make no material alterations in the premises except as required by law or municipal ordinance.

3. Mortgagor shall immediately pay, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer service charges, and other charges which may be levied against the premises, and furnish to Mortgagee duplicate receipts thereof within thirty (30) days after payment thereof.

4. Mortgagor shall keep all buildings and improvements now or hereafter situated on said premises insured against loss or damage by fire, lightning and such other risks and hazards that are insurable under the present and future forms of all-risk insurance policies providing for payment by the insurance companies of moneys sufficient to pay the greater of either the cost of replacing or repairing the same or to pay in full the indebtedness secured hereby, all in companies satisfactory to the Mortgagee, under insurance policies payable, in case of loss or damage, to Mortgagee, such rights to be evidenced by the standard mortgage clause to be attached to each policy, and shall deliver all policies, including additional and renewal policies, to Mortgagee, and in case of insurance about to expire, shall deliver renewal

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policies not less than ten days prior to the respective dates of expiration. All policies of insurance shall contain a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without thirty (30) days' prior written notice to the Mortgagee. If the insurance policies referenced herein contain a co-insurance clause or provision, Mortgagor agrees to maintain insurance coverage which is at all times in compliance with said clause or provision.

5. In case of loss by fire or other casualty, the Mortgagee (or after entry of decree of foreclosure, purchaser at the sale, or the decree creditor, as the case may be) is hereby authorized to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. However, the Mortgagee is authorized to collect and receipt for any such insurance money and apply said insurance proceeds in reduction of the indebtedness secured hereby, to the extent of \$200,000.00 plus interest as set forth above. All expenses and fees of collection shall first be deducted and paid to Mortgagee.

6. In the event that the Mortgagor fails to make any payment or perform any act required hereunder, Mortgagee may, but need not, make any payment or perform any act hereinbefore required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, 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 said premises or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and other moneys advanced by Mortgagee to protect the mortgaged premises and the lien hereof, plus reasonable compensation to Mortgagee for each matter concerning which action herein authorized may be taken, shall be additional Liabilities and shall become immediately due and payable without notice and with interest thereon at the Default Rate stated in the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default hereunder on the part of Mortgagor.

7. The Mortgagee making any payment hereby authorized relating to taxes or assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof.

as provided
8. At the option of Mortgagee, and on fourteen (14) ^{days} notice to Mortgagor, ~~and~~ in the Agreement, notwithstanding anything in the Note or in this Mortgage to the contrary, the Liabilities, limited to the extent of \$200,000.00 plus

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interest, as above provided, shall become due and payable if any of the following "Events of Default" have occurred: (a) immediately in the case of a Default under the Agreement; (b) immediately in the event Mortgagor shall, without the prior consent of Mortgagee, sell, transfer, convey, encumber, or assign the title to all or any portion of the premises, or the rents, issues, or profits therefrom, whether by operation of law, voluntarily or otherwise, or shall contract to do any of the foregoing; (c) when default shall occur and continue for fourteen (14) days in the performance of any other agreement of the Mortgagor contained herein or in any other agreement of the Mortgagor with the Mortgagee.

9. Upon the expiration of the Agreement and any extension thereof or upon the Liabilities becoming due as provided above, Mortgagee shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses relating thereto which may be paid or incurred by or on behalf of Mortgagee, including but not limited to attorneys' fees, Mortgagee's fees, appraiser's fees, broker's commissions, environmental audit costs, advertising expenses, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, guarantee policies, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the premises. All expenditures and expenses of the nature in this paragraph mentioned shall become additional Liabilities immediately due and payable, with interest thereon at the Default Rate as defined in the Loan Agreement (unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law), when paid or incurred by Mortgagee in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which either of them shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured; (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any threatened suit or proceeding which might affect the premises or the security hereof, whether or not actually commenced.

10. The proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including, but not limited to, all such items as are mentioned in the preceding paragraph hereof; second, the Liabilities to the extent of \$200,000.00 plus interest as provided above, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

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11. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

12. Mortgagee shall have the right to inspect the premises at all reasonable times and access thereto shall be permitted for that purpose.

13. As further security for payment of the Liabilities and performance of the covenants and agreements secured hereby, the Mortgagor hereby assigns to the Mortgagee all leases already in existence and to be created in the future, together with all rents to become due and under existing or future leases. This assignment, however, shall be operative only in the event of the occurrence of a default hereunder, or under the Agreement; and in any such case the Mortgagor hereby confers on the Mortgagee the exclusive power, to be used or not be used in its sole discretion, to act as agent, or to appoint a third person to act as agent for the Mortgagor, with power to take possession of, and collect all rents arising from, the Premises and apply such rents, at the option of the Mortgagee, to the payment of the mortgage debt, taxes, costs of maintenance, repairs, expenses incident to managing, and other expenses, in such order of priority as the Mortgagee may in its sole discretion determine, and to turn any balance remaining over to the Mortgagor; but such collection of rents shall not operate an affirmance of the tenant or lease in the event the Mortgagor's title to the Premises should be acquired by the Mortgagee. The Mortgagee shall be liable to account only for rents and profits actually received by the Mortgagee. In exercising any of the powers contained in this section, the Mortgagee may also take possession of, and for these purposes use, any and all personal property contained in the Premises and used by the Mortgagor in the rental or leasing thereof or any part thereof.

14. In case the premises, or any part thereof, shall be taken by eminent domain or condemnation, the Mortgagee is hereby empowered to collect and receive all compensation which may be paid for any property taken or for damages to any property not taken to the extent of \$200,000.00 plus interest as provided above and all compensation so received shall be forthwith applied by the Mortgagee as it may elect, to the immediate reduction of the indebtedness secured hereby, or to the repair and restoration of any property so damaged, provided that any excess over the amount of the indebtedness shall be delivered to the Mortgagors or their assignee. Notwithstanding anything herein stated to the contrary, and provided that no Event of Default then exists, Mortgagor shall be allowed to receive all such compensation to the extent such compensation is used to rebuild the improvements or structures located on the premises.

15. Mortgagee has no duty to examine the title, location, existence, or condition of the premises, nor shall Mortgagee be obligated to record this Mortgage or to exercise any power herein given unless expressly obligated by the terms

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hereof, nor be liable for any acts or omissions hereunder, and it may require indemnities satisfactory to it before exercising any power herein given.

16. Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon presentation of satisfactory evidence that all indebtedness secured by this Mortgage has been fully paid.

17. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagor and all persons claiming under or through Mortgagor, and the word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage. The use of any gender applies to all genders. If more than one party is named as the Mortgagor, the obligation hereunder of each such party is joint and several. Mortgagee may assign all or any portion of its rights and interests under this Mortgage without the consent of Mortgagor.

18. In the event of the passage after the date of this Mortgage of any law changing in any way the laws now in force for the taxation of mortgages, or debts secured thereby, or the manner of operation of such taxes, so as to affect the interest of Bank, then and in such event Mortgagor shall pay the full amount of such taxes.

19. To the fullest extent permitted by law, Mortgagor shall not and will not at any time apply for or in any manner attempt to claim or avail itself of any homestead laws, now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. To the fullest extent permitted by law, Mortgagor for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the premises sold as an entirety.

20. This Mortgage shall be governed by and interpreted according to the laws of the State of Illinois. In the event any provision of the Mortgage, the Agreement, the Loan Agreement, or Note, conflict with said law, such conflict shall not affect any other provision of the Mortgage, Agreement Loan Agreement or Note which can be given effect without reference to the conflict. In this regard, the provisions of the Mortgage, Agreement, Loan Agreement and Note shall be deemed severable.

21. Any notice, demand, request or other communication desired to be given or required pursuant to the terms hereof shall be in writing and shall be deemed to be delivered when delivered as provided for in the Agreement.

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22. The rights and remedies of Mortgagee under this Mortgage are cumulative and are not in lieu of, but are in addition to any other rights or remedies which Mortgagee shall have under the Loan Agreement, Note, any of the Loan Documents, as defined in the Agreement, Loan Agreement, or at law or in equity.

23. This Mortgage shall not be amended, modified or changed nor shall any waiver of any provision hereof be effective as against Mortgagee, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought.

24. Mortgagor, at its expense, will execute, acknowledge and deliver such instruments and take such actions as Mortgagee from time to time may reasonably request to carry out the intent and purpose of this Mortgage.

25. In the event of any inconsistencies between the terms of this Mortgage instrument and the terms of the Note which it secures, the terms and provisions of this Mortgage shall govern.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage the date first above written.


HAROLD W. SCHOLIN


CLODOMERA SCHOLIN

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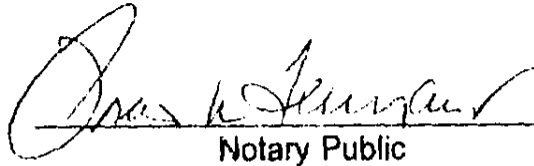
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STATE OF ILLINOIS)
)
COUNTY OF Cook) SS:

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that HAROLD W. SCHOLIN and CLODOMERA SCHOLIN, his wife, 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 acts, for the uses and purposes therein set forth.

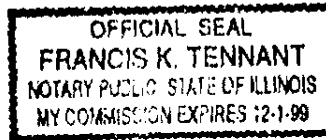
Given under my hand and official seal, this 18th day of MARCH, 1996.



Notary Public

Commission expires:

12-1-99



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EXHIBIT "A"

PARCEL 1:

Lots 24 and 25 in Charles A. Scott's Park Ridge Villas being a subdivision in the South half of Section 22, Township 41 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois.

PARCEL 2:

The South half of vacated alley lying North of and adjoining Lot 24 and the South Westerly half of vacated alley lying North Easterly of and adjoining Lot 25 in Charles A. Scott's Park Ridge Villa being a Subdivision in the South half of Section 22, Township 41 North, Range 12 East of the Third Principal Meridian, in Cook County, Illinois.

PIN: 09-22-321-017

Commonly known as: 1123-25 Northwest Highway, Park Ridge, Illinois 60068

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